

HOUSE BILL NO. 947

INTRODUCED BY BARDANOUVE, THOFT, SCHYE, ERNST
BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

IN THE HOUSE

March 25, 1985

Introduced and referred to
Committee on Appropriations.

April 5, 1985

Committee recommend bill do pass
as amended. Report adopted.

On motion, rules suspended and
bill placed on second reading
this day.

Second reading, do pass as
amended.

On motion, rules suspended and
bill placed on third reading this
day.

Third reading, passed.
Ayes, 84; Noes, 10.

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 20, 1985

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

April 22, 1985

Second reading, pass
consideration.

April 23, 1985

Second reading, concurred in.

On motion, taken from third
reading and rereferred to second
reading.

Second reading, concurred in as
amended.

Third reading, concurred in.
Ayes, 45; Noes, 3.

Returned to House with
amendments.

IN THE HOUSE

April 23, 1985

Received from Senate.

April 24, 1985

Second reading, amendments
concurred in.

Third reading, amendments
concurred in.

Sent to enrolling.

Reported correctly enrolled.

1 in the water development state special revenue account and
2 the renewable resource development account, respectively.

3 (3) There are appropriated to the Department of
4 Natural Resources and Conservation all other funds not
5 appropriated under subsection (1) and available for grants
6 to state and local government entities from the water
7 development state special revenue account during the
8 biennium ending June 30, 1987. This appropriation is from
9 money available in the water development state special
10 revenue account and renewable resource development account
11 for grants and from the water development or renewable
12 resource accounts for loans for water development projects
13 and activities under 85-1-604(3)(c) and section 13 of this
14 act. The funds appropriated in this subsection must be
15 awarded by the Department of Natural Resources and
16 Conservation to the following entities for the described
17 purposes and in the described grant amounts, subject to the
18 conditions set forth in this act. The Legislature, pursuant
19 to 85-1-605, approves the grants listed below, with grants
20 to be made in the order indicated in the following
21 prioritized list of projects and activities. Funds must be
22 awarded up to the amounts approved in this section in order
23 of priority until available funds are expended. Funds not
24 accepted or utilized by higher ranked projects and
25 activities must be provided for projects and activities

1 farther down the priority list that would not otherwise
2 receive funding. If the total expenditure of funds
3 appropriated under this subsection results in a cutoff that
4 ends at a point at which more than one project or activity
5 is ranked equal in priority, the decision regarding which
6 project or projects will receive funding must be made by the
7 Department of Natural Resources and Conservation, with the
8 advice of the water development advisory committee formed
9 pursuant to 2-15-122. Actual rank and score of the various
10 projects and activities are contained within the
11 Department's renewable resource and water development
12 program project evaluations and recommendations report for
13 the 1986-87 biennium.

14 Water Development Program Prioritized Projects and
15 Activities
16 G: Grant L: Loan
17 APPLICANT/PROJECT
18 MONTANA BUREAU OF MINES AND GEOLOGY G \$100,000
19 Statewide Ground Water Information Center
20 TRIANGLE CONSERVATION DISTRICT G 100,000
21 Triangle Saline Seep
22 CARBON CONSERVATION DISTRICT G 68,000
23 Willow Creek Stream Corridor Management
24 UNIVERSITY OF MONTANA -- MONTANA FOREST AND G 85,000
25 EXPERIMENT STATION/Riparian Vegetation

Line	System	Agency	Amount
1	System		
2	ROSEBUD CONSERVATION DISTRICT	G	5,500
3	Vegetative Streambank Stabilization		
4	TETON COUNTY CONSERVATION DISTRICT	G	100,000
5	Upper Teton Aquifer Study		
6	MONTANA STATE UNIVERSITY	G	69,000
7	Hydrological Assess of Pony and Cow Creeks		
8	TOWN OF EKALAKA	G	17,000
9	Water and Sewer Facilities Plan		
10	LEWIS & CLARK/JEFFERSON VALLEY CONSERVATION DISTRICT/Prickly Pear Stream Stabilization	G	100,000
11	CUT BANK NORTH GLACIER WATER AND SEWER DISTRICT/North Cut Bank Sewer System	G	50,000
12		L	125,000
13	SEELEY LAKE MISSOULA COUNTY WATER DISTRICT	G	9,000
14	Development of Water and Sewer System Facilities Plan		
15	UNIVERSITY OF MONTANA	G	100,000
16	Missoula Aquifer Study		
17	STILLWATER CONSERVATION DISTRICT & BEARTOOTH	G	80,000
18	RC&D/Saline Seep Reclamation and Plowout		
19	GREENFIELDS IRRIGATION DISTRICT	G	17,000
20	Rehabilitation & Automation of Bifurcation	L	32,244
21	Structure (new)		
22	GREENFIELDS IRRIGATION DISTRICT	G	54,000
23	Rehabilitation & Automation of Bifurcation		

Line	Structure (old)	Agency	Amount
1	Structure (old)		
2	CARBON CONSERVATION DISTRICT	G	19,000
3	Cottonwood Creek Stream Corridor Management		
4	MONTANA STATE UNIVERSITY	G	97,000
5	Impacts of Small Hydropower on Trout		
6	ANTELOPE WATER/SEWER DISTRICT	G	60,000
7	Water/Sewer System Construction	L	100,000
8	DANIELS COUNTY CONSERVATION DISTRICT	G	99,000
9	Poplar River Monitoring		
10	TOWN OF CASCADE/Landfill Rehabilitation and Park Development	G	44,000
11		L	66,000
12	SHERIDAN COUNTY	G	75,000
13	Northeast Montana Ground Water Study		
14	TREASURE COUNTY CONSERVATION DISTRICT	G	17,000
15	Irrigation System Reorganization		
16	TOWN OF SACO	G	41,800
17	Water Systems Improvement	L	158,200
18	PRIVATE WATER USERS ASSOCIATION	G	20,000
19	Weed and Moss Catcher	L	100,000
20	BOX ELDER RURAL IMPROVEMENT DISTRICT	G	28,000
21	Well Development	L	142,000
22	SHERIDAN COUNTY -- RESERVE SEWER DISTRICT	G	33,000
23	Reserve Sewer System	L	117,000
24	PIPESTONE DITCH COMPANY	G	6,000
25	Gravity Irrigation System	L	29,000

LC 1869/01

LC 1869/01

1	MONTANA DEPARTMENT OF FISH, WILDLIFE,	G	100,000
2	AND PARKS/Gartside Dam Repair		
3	BUTTE/SILVER BOW	G	82,000
4	Sewer Sludge Application and Plant Trials		
5	DEER LODGE VALLEY CONSERVATION DISTRICT	G	15,000
6	Gilman Wilberly Group Flood Protection		
7	PRIVATE WATER SYSTEM ASSISTANCE CORPORATION	G	16,700
8	Potable Water System Technical Advisor		
9	MONTANA DEPARTMENT OF FISH, WILDLIFE,	G	56,000
10	AND PARKS/McNeil Slough Dam Restoration		
11	FORT BELKNAP INDIAN COMMUNITY	G	57,000
12	Ground Water Study		
13	MONTANA BUREAU OF MINES AND GEOLOGY	G	44,000
14	Madison Valley Arsenic Ground Water Study		
15	PRIVATE WATER USERS ASSOCIATION	G	33,000
16	Ditch Rehabilitation	L	167,000
17	MONTANA STATE UNIVERSITY	G	85,000
18	Ground Water Exploration of Bozeman Fan		
19	WHITEFISH WATER & SEWER DISTRICT	G	100,000
20	Whitefish Lake Critical Area Study		
21	MEAGHER COUNTY/Newlan Creek Dam	G	100,000
22	and Irrigation Feasibility		
23	MONTANA STATE UNIVERSITY SOUTHERN AG	G	10,000
24	RESEARCH CENTER/Cablegation Demonstration		
25	PRIVATE RURAL WATER CORPORATION		

1	Water System and Supply	G	88,000
2	MONTANA DEPARTMENT OF FISH, WILDLIFE,	G	35,000
3	AND PARKS/Streambank Preservation		
4	TREASURE COUNTY CONSERVATION DISTRICT	G	100,000
5	Low Interest Loans for Underground Pipe		
6	Placement		
7	MONTANA DEPARTMENT OF NATURAL RESOURCES AND	G	66,500
8	CONSERVATION -- CONSERVATION DISTRICTS		
9	DIVISION/Riparian Management Program		
10	CUSTER COUNTY	G	25,000
11	Fairgrounds Sewer System	L	92,380
12	MONTANA STATE UNIVERSITY DEPARTMENT OF	G	25,000
13	ENGINEERING/Guidelines for Community Water		
14	Demands		
15	GLEN LAKE IRRIGATION DISTRICT	G	32,000
16	Therriault Creek Siphon Construction	L	123,000
17	COOKE CITY WATER USERS ASSOCIATION	G	42,000
18	Water System Improvements	L	158,000
19	RED LODGE/Park & Irrigation	G	100,000
20	System Development		
21	CITY OF BELT	G	33,000
22	Sewage System Lift Station	L	127,000
23	CITY OF POLSON	G	42,000
24	South Polson Water Collection Project	L	158,000
25	MONTANA DEPARTMENT OF NATURAL RESOURCES AND	G	38,500

1	CONSERVATION -- CONSERVATION DISTRICTS		
2	DIVISION/Streambank Reclamation		
3	FAIRFIELD/Open Ditch Conversion	G	80,500
4		L	34,500
5	PONDERA CANAL AND RESERVOIR COMPANY	G	8,350
6	Canal Dredging for Conrad Water Supply	L	41,650
7	MONTANA BUREAU OF MINES AND GEOLOGY	G	96,000
8	Butte Mine Flooding Monitoring		
9	TOWN OF DUTTON	G	19,300
10	Municipal Water Supply Study		
11	CITY OF PLENTYWOOD	G	37,000
12	Water System Improvement Facility		
13	EAST BENCH IRRIGATION DISTRICT	G	39,000
14	Hydropower Development Feasibility Study		
15	PRIVATE INDIVIDUAL	G	2,500
16	Low Pressure Sprinkler System Installation	L	27,500
17	CITY OF HAMILTON	G	24,500
18	Water System Renovation	L	24,568
19	CITY OF MILES CITY	G	3,800
20	Park Irrigation System Conversion		
21	CITY OF SHELBY	G	25,000
22	Water Supply Development	L	56,625
23	CASCADE COUNTY RID #26	G	33,000
24	Water Line Replacement	L	167,000
25	CITY OF MILES CITY	G	26,000

1	Upgrade Recreation Lake Boat Facilities		
2	CITY OF CHOTEAU		0
3	Water Supply Study		
4	GORE HILL WATER DISTRICT	G	27,000
5	Water System Improvements	L	135,000
6	TOWN OF SCOBAY	G	5,000
7	Water System Improvements	L	3,990
8	GREENFIELDS IRRIGATION DISTRICT	G	28,000
9	Hydropower Feasibility Study		
10	TOWN OF KEVIN	G	25,000
11	Water Storage Reservoir Repair	L	175,000
12	TOWN OF WEST YELLOWSTONE	G	21,000
13	Storm Sewer/Water System Study		
14	PRIVATE PARTNERSHIP	G	22,000
15	Small Hydropower Development	L	138,000
16	PRIVATE HOMEOWNERS ASSOCIATION	G	3,400
17	New Well and Pump	L	16,000
18	CITY OF HELENA	G	21,000
19	Sewage Treatment Plant Effluent Pipeline	L	133,525
20	SUN PRAIRIE ESTATES COUNTY WATER DISTRICT	G	20,000
21	Water System Improvements	L	101,000
22	MEAGHER COUNTY	G	94,000
23	Golf Course Gravity Flow Irrigation System		
24	CASCADE COUNTY		0
25	Gibson Flats Flood Control Study		

1 CITY OF HELENA G 17,000
 2 Water System Storage Improvement L 85,310

3 NEW SECTION. Section 2. Appropriations under the
 4 renewable resource development program. (1) There are
 5 appropriated to the Department of Natural Resources and
 6 Conservation all available funds from the renewable resource
 7 development account during the biennium ending July 30,
 8 1987, for projects under the renewable resource development
 9 program.

10 (2) The Department of Natural Resources and
 11 Conservation shall award grants to the following entities
 12 for the described purposes and in the described amounts. The
 13 Legislature, pursuant to 90-2-111, approves the grants
 14 listed below, with grants to be made in order of priority
 15 ranking within each renewable resource development category,
 16 except renewable resource development grants for water
 17 development projects and activities, which must be made with
 18 the order of priority listed in section 1. The funds
 19 appropriated under this section must be divided among the
 20 categories and in the percentages as required by 90-2-113.
 21 Funds not accepted or used by higher ranked projects in each
 22 category must be provided for projects further down the
 23 priority list in each category that would not otherwise
 24 receive funding. If the total expenditure of funds
 25 appropriated under this section results in a cutoff that

1 ends at a point at which more than one project is ranked
 2 equal in priority, the decision regarding which project or
 3 projects will receive funding must be made by the Department
 4 of Natural Resources and Conservation, with the advice of
 5 the water development advisory committee formed pursuant to
 6 2-15-122. Actual rank and score of the various projects are
 7 contained within the Department's renewable resource and
 8 water development programs project evaluations and
 9 recommendations report for the 1986-87 biennium.

Renewable Resource Development Program

Prioritized Projects by Category for Funding

G: Grant

I. TIMBER STAND IMPROVEMENT

APPLICANT/PROJECT/APPLICANT

15 UNIVERSITY OF MONTANA G \$19,000

16 Montana Forest and Conservation
 17 Experiment Station

18 MONTANA DEPARTMENT OF STATE LANDS G 91,000

19 State Timber Stand Improvement

II. IMPROVEMENTS ON AGRICULTURAL LAND

APPLICANT/PROJECT

22 TOOLE COUNTY -- Marias River Basin Weed G 46,000

23 Control

24 MILE HIGH CONSERVATION DISTRICT G 88,400

25 Reclamation of Heavy Metal Contaminated

1	Agricultural Lands		
2	MONTANA STATE UNIVERSITY/TETON COUNTY	G	14,000
3	Leafy Spurge; Biological Control		
4	JEFFERSON COUNTY CONSERVATION DISTRICT	G	46,000
5	Cooperative Noxious Weed Control		
6	MCCONE COUNTY CONSERVATION DISTRICT	G	34,000
7	Conservation Tillage Demonstration Project		
8	MONTANA DEPARTMENT OF FISH, WILDLIFE,	G	42,000
9	AND PARKS/Mt. Haggin Fencing Project		
10	MONTANA DEPARTMENT OF FISH, WILDLIFE,	G	83,000
11	AND PARKS/Noxious Plant Control on State		
12	Wildlife Management Areas		
13	MONTANA DEPARTMENT OF NATURAL RESOURCES AND	G	7,000
14	CONSERVATION -- CONSERVATION DISTRICTS		
15	DIVISION/Grazing Management for Noxious		
16	Weed Control		
17	MONTANA DEPARTMENT OF AGRICULTURE	G	65,000
18	Coordinated Weed Management Project		
19	MONTANA DEPARTMENT OF NATURAL RESOURCES AND	G	90,000
20	CONSERVATION -- CONSERVATION DISTRICTS		
21	DIVISION/Rangeland Weed Control Cost		
22	Assistance		
23	VALLEY COUNTY CONSERVATION DISTRICT	G	13,000
24	Leafy Spurge Control Project		
25	III. CONSERVATION DISTRICTS, FOR DEVELOPMENT		

1	OF THEIR WATER RESERVATIONS		
2	<u>APPLICANT/PROJECT</u>		
3	LOWER YELLOWSTONE CONSERVATION DISTRICT	G	25,000
4	DEVELOPMENT COMMITTEE/Reserved Water		
5	Development Investigation		
6	MONTANA DEPARTMENT OF NATURAL RESOURCES	G	70,000
7	AND CONSERVATION -- CONSERVATION DISTRICTS		
8	DIVISION/Water Reservation Development		
9	Program		
10	IV. OTHER		
11	<u>APPLICANT/PROJECT</u>		
12	GALLATIN COUNTY -- West Yellowstone/Hebgen	G	70,000
13	Basin		
14	Bear-Proof Refuse Container		
15	MISSOULA, CITY OF -- Missoula Open Space and	G	27,500
16	Agricultural Land Conservation Program		
17	MONTANA STATE UNIVERSITY DEPARTMENT OF	G	14,000
18	AGRICULTURAL ECONOMICS AND ECONOMICS		
19	Economics of On-Farm Wind Generation		
20	WEST YELLOWSTONE, CITY OF -- Rendezvous Ski	G	27,300
21	Trail		
22	CASCADE COUNTY PARK BOARD -- King's Hill	G	7,000
23	Nordic Ski Center		
24	MONTANA DEPARTMENT OF NATURAL RESOURCES AND	G	24,000
25	CONSERVATION -- Conservation Education		

1 Grants Program

2 NEW SECTION. Section 3. Opportunity to receive loans
3 for projects that do not receive grants. Sponsors of
4 recommended projects and activities on the prioritized lists
5 in sections 1 and 2 that are not recipients of available
6 grant funds must be offered the opportunity to receive loan
7 funds for up to the total recommended project, subject to
8 the conditions described in this act. The interest rate
9 applicable to these loans must be the rate paid on bonds
10 issued pursuant to this act.

11 NEW SECTION. Section 4. Approval of loans from bond
12 proceeds and completion of appropriation. (1) The
13 Legislature, pursuant to 85-1-605 and 90-2-107, hereby
14 approves loans to private sponsors approved by the Director
15 of the Department of Natural Resources and Conservation
16 during the 1985-86 biennium and the loans identified and
17 described in section 1 for projects and activities to public
18 entities from water development bond proceeds [and interest
19 earnings on such proceeds deposited in the water development
20 account] and loans from renewable resource development bond
21 proceeds deposited in the renewable resource development
22 account. Bond proceeds may be used for the payment of bond
23 issuance costs. Funds are appropriated for these costs to a
24 maximum of 4% of the amount of each bond sale.

25 (2) The approval of specific loans completes an

1 appropriation of the coal severance tax proceeds allocated
2 by 15-35-108 to the water development bond account for the
3 purpose of paying, in the manner established by 85-1-619,
4 principal of and interest and redemption premiums on any
5 water development bonds issued to provide the proceeds for
6 the loans to private and public entities approved in section
7 1, and also an appropriation to the renewable resource debt
8 service fund for the purpose of paying, in the manner
9 established by 90-2-124, principal of and interest and
10 redemption premium on any renewable resource development
11 bonds issued to provide the proceeds for the loans to public
12 entities approved in sections 1 and 2.

13 NEW SECTION. Section 5. Reauthorization of loans
14 approved by the 1983 Legislature. The 1983 Legislature in
15 House Bill 897 approved loans from the water development
16 bond account for the Antelope water and sewer district in
17 the amount of \$100,000, the Geraldine water district in the
18 amount of \$100,000, the town of Culbertson in the amount of
19 \$100,000, and the town of Hamilton in the amount of
20 \$182,000. Eighty-two thousand dollars of the Hamilton loan
21 was a grant for which revenues were not collected and which
22 was offered and accepted as a loan. Loans for the entities
23 described in this section, from proceeds of the water
24 development program general obligation bond, October 1983,
25 are hereby authorized.

1 NEW SECTION. Section 6. Coal severance tax bond
 2 authorized. (1) The Legislature finds that Title 17, chapter
 3 5, part 7, provides for the issuance of coal severance tax
 4 bonds for financing specific approved water resource
 5 development projects and activities as part of the state
 6 water development program. The Legislature finds that the
 7 water development projects in this section meet the
 8 provisions of 17-5-702. The Board of Examiners may issue
 9 State of Montana coal severance tax bonds in an amount not
 10 to exceed \$51,152,528 for the purposes of making loans and
 11 financing state projects and of paying the costs of
 12 issuance. Funds are appropriated for these costs of issuance
 13 to a maximum of 4% of the amount of each bond sale.

14 (2) The Board of Examiners may issue State of Montana
 15 coal severance tax bonds for loans to political subdivisions
 16 and local government entities not to exceed the loan amount
 17 listed for the project.

18 GROUP A Notwithstanding the conditions set forth in section
 19 14, the interest rate for projects in this group must be
 20 four percentage points below the long-term bond rate at
 21 which the state bond is sold for the first 7 years of an
 22 anticipated 20-year term and must be at the rate at which
 23 the state bond is sold for the remaining 13 years.

24	<u>LOAN AMOUNT</u>
25 DENTON, TOWN OF	\$185,000

1	Water Supply System	
2	DODSON, TOWN OF	170,000
3	New Water Well	
4	DRUMMOND, TOWN OF	304,600
5	Fire and Water Project	
6	DUTTON, TOWN OF	652,000
7	Water Supply Construction	
8	EAST BENCH IRRIGATION DISTRICT	400,000
9	Gravity Irrigation System	
10	EAST BENCH IRRIGATION DISTRICT	1,317,295
11	McHessor Dry Gulch Gravity Irrigation System	
12	EVERGREEN WATER AND SEWER DISTRICT	3,226,900
13	Flathead County Sewer System	
14	GERALDINE COUNTY WATER DISTRICT	313,910
15	Rural Water System	
16	GLASGOW, CITY OF	5,662,000
17	Water Supply Source	
18	HUNGRY HORSE WATER AND SEWER DISTRICT	762,430
19	Water System Improvements	
20	LAKESIDE COUNTY SEWER DISTRICT	1,190,000
21	Wastewater Treatment Facility	
22	NEIHART, TOWN OF	550,000
23	Water System Improvement	
24	YELLOWSTONE COUNTY	555,000
25	Cedar Park Water System	

1	YELLOWSTONE COUNTY	1,100,000
2	Oxbow Area Water Supply	
3	<u>GROUP B</u> Notwithstanding the conditions set forth in section	
4	14, the interest rate for projects in this group must be	
5	three percentage points below the long-term bond rate at	
6	which the state bond is sold for the first 7 years of an	
7	anticipated 20-year term and must be at the rate at which	
8	the state bond is sold for the remaining 13 years.	
9		<u>LOAN AMOUNT</u>
10	COOKE PASS-COOKE CITY-SILVER GATE	\$336,730
11	County Water/Sewer District Sewer Improvements	
12	FORT BENTON, CITY OF	753,060
13	Water System Improvement	
14	JUDITH GAP, TOWN OF	100,000
15	Water Supply Source	
16	LIMA, TOWN OF	376,500
17	Water Facilities Update	
18	POPLAR, TOWN OF	477,260
19	Water System Improvement	
20	ROOSEVELT COUNTY RURAL WATER DISTRICT	2,219,124
21	Rural Water System	
22	WORDEN/BALLENTINE YELLOWSTONE COUNTY	500,000
23	Water and Sewer District Reservoir Construction	
24	<u>GROUP C</u> Notwithstanding the conditions set forth in section	
25	14, the interest rate for projects in this group must be two	

1	percentage points below the long-term bond rate at which the	
2	state bond is sold for the first 7 years of an anticipated	
3	20-year term and must be at the rate at which the state bond	
4	is sold for the remaining 13 years.	
5		<u>LOAN AMOUNT</u>
6	BOZEMAN, CITY OF	\$726,079
7	Lyman Creek Water System Improvements	
8	CHARLO WATER USERS ASSOCIATION	269,440
9	Distribution System Replacement	
10	EAST HELENA, CITY OF	434,434
11	Water System Improvement	
12	EKALAKA, TOWN OF	395,250
13	Water System Renovation	
14	HAVRE, CITY OF	2,590,000
15	Water System Improvement	
16	HILL COUNTY WATER DISTRICT	1,410,000
17	Rural Water Supply	
18	LOCKWOOD IRRIGATION DISTRICT	247,000
19	System Renovation	
20	PONDERA COUNTY CONSERVATION DISTRICT	750,000
21	Lower Birch Creek Watershed	
22	SEELEY LAKE WATER DISTRICT	310,706
23	Water Storage Tank	
24	TIBER COUNTY WATER DISTRICT	559,260
25	New Control and Monitoring System	

1	WHITEHALL, TOWN OF	300,400
2	Sewer Project	
3	WHITE SULPHUR SPRINGS, TOWN OF	639,150
4	Water System Improvements	
5	<u>GROUP D</u> Notwithstanding the conditions set forth in section	
6	14, the interest rate for projects in this group must be the	
7	rate at which the state bond is sold.	
8		<u>LOAN AMOUNT</u>
9	MIDDLE CREEK DAM REHABILITATION	\$3,500,000
10	MILK RIVER IRRIGATION DISTRICT	17,869,000
11	Tiber Dam Power Project	

12 (3) State of Montana coal severance tax bonds to
 13 finance the gravity-fed sprinkler system project for the
 14 East Bench irrigation district were authorized by the 1983
 15 Legislature in an amount not to exceed \$3,230,000. The
 16 district plans to borrow \$1,250,000, and the district is
 17 still expecting to receive confirmation of a federal loan
 18 for the remainder. The Legislature reauthorizes the Board of
 19 Examiners to issue State of Montana coal severance tax bonds
 20 in an amount not to exceed \$1,980,000 if the loan from the
 21 U.S. Bureau of Reclamation is not authorized. The loan must
 22 carry the interest rate of 3% for the term of the loan, as
 23 authorized by the 1983 Legislature. Remaining grant funds
 24 approved for this project by the 47th Legislature in House
 25 Bill 709 are reappropriated for the project for the biennium

1 ending June 30, 1987.

2 (4) (a) The Legislature finds that the following state
 3 water projects for rehabilitation and repair for which coal
 4 severance tax bonds were authorized by the 1983 Legislature
 5 in House Bill 885 have not been completed. Further,
 6 inflation or additional feasibility studies have
 7 precipitated revised cost estimates for some of these
 8 projects. The Board of Examiners is authorized to issue
 9 State of Montana coal severance tax bonds for these projects
 10 to a maximum amount listed in this section. The state bond
 11 rate must be paid on these loans. The list describes both
 12 the 1983 authorized amount and a revised amount when
 13 appropriate.

14	YELLOW WATER DAM in	
15	Petroleum County	
16	1985 authorization amount	\$110,000
17	COTTONWOOD DAM in	
18	Park County	
19	1985 authorization amount	230,000

20 (b) Bonds may be issued by the Board of Examiners
 21 after the water users for each project have entered into
 22 contractual agreements providing for the repayment of the
 23 cost of repair and rehabilitation at a rate of interest
 24 equal to that which must be paid on bonds issued pursuant to
 25 this section. The repayment money from each project is

1 pledged, dedicated, and appropriated to the special debt
2 service bond account established in the state treasury for
3 the benefit of the bonds approved for such projects.

4 (5) The Legislature finds that the following state
5 hydroelectric projects for which coal severance tax bonds
6 were authorized by the 1983 Legislature in House Bill 885
7 have not been completed; further, inflation and additional
8 feasibility studies have precipitated revised cost estimates
9 for some of these projects:

10 (a) The Board of Examiners is authorized to issue
11 State of Montana coal severance tax bonds for these projects
12 up to the amounts listed in this section.

13 PAINTED ROCK DAM under
14 the authorization granted by
15 the federal energy regulatory
16 commission for project number 4657:
17 1985 authorization \$10,047,000

18 BROADWATER DAM under
19 authorization pending before
20 the federal energy regulatory
21 commission for project number 2853:
22 1985 authorization 23,044,000

23 COONEY DAM under an
24 authorization from the federal
25 energy regulatory commission

1 to be applied for pursuant to the
2 preliminary permit issued for project number 4700:
3 1985 authorization 4,512,000

4 (b) Bonds approved in this section may not be issued
5 by the Board of Examiners until the Board of Natural
6 Resources and Conservation has determined that a project is
7 feasible and has otherwise complied with the requirements of
8 Title 85, chapter 1, part 5, for the development of
9 hydropower at water projects under the control of the
10 Department. The Board of Natural Resources and Conservation
11 and the Board of Examiners must find that on the average,
12 over the life of the project, revenues will be generated to
13 repay a loan at the rate at which the state bond is sold.
14 However, in some years the appropriation of funds from the
15 coal severance tax bond account may be required.

16 (c) The Board of Examiners may allocate a portion of
17 the bond proceeds for a specific project for the operation
18 and maintenance of the hydropower facility.

19 (d) The maximum amount of bond proceeds for each
20 project approved in this section must also include all and
21 any relocation, reconstruction, habilitation, or other costs
22 for which the Department is legally liable that affect
23 existing irrigation systems, private lands, utility lines,
24 mines, roads, highways, and railroads which are subsequently
25 affected by the development of a respective hydroelectric

1 project.

2 (e) The hydropower revenues from each project are
3 pledged, dedicated, and appropriated to a debt service
4 account established in the state treasury for the benefit of
5 bonds approved to finance the project. Revenues in excess of
6 the amount required to meet the debt service requirements
7 may be allocated to the water development special revenue
8 account to operate, maintain, and rehabilitate state-owned
9 projects.

10 NEW SECTION. Section 7. Appropriation and creation of
11 debt for coal severance tax bonds. (1) The Legislature,
12 through the enactment of this section by a vote of
13 three-fourths of the members of each house of the
14 Legislature as required by Article IX, section 5, of the
15 Montana Constitution, pledges, dedicates, and appropriates
16 from the coal severance tax bond subfund all money necessary
17 for the payment of principal and interest not otherwise
18 provided for on the State of Montana coal severance tax
19 bonds authorized by this act to be issued pursuant to Title
20 17, chapter 5, part 7, and pursuant to the further
21 provisions of this act.

22 (2) The Legislature, through the enactment of this
23 section, in accordance with Article VIII, section 8, of the
24 Montana Constitution, authorizes the creation of a state
25 debt in an amount not to exceed \$37,603,000 for the

1 development of the state hydroelectric projects approved in
2 section 6, in an amount not to exceed \$3,840,000 for the
3 rehabilitation of state water projects approved in section
4 6, and in an amount not to exceed \$47,652,528 for loans to
5 political subdivisions of the state and local government
6 entities for water development projects approved in section
7 6, all for the issuance of state of Montana coal severance
8 tax bonds authorized by this act.

9 (3) In connection with the issuance of coal severance
10 tax bonds, the Board of Examiners may pay the principal and
11 interest on the bonds when due from the debt service account
12 and in all other respects manage and use the funds within
13 each special bond account for the benefit of the bonds. The
14 Board of Examiners shall exercise its discretion to enhance
15 the 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 must be allocated to the debt service account to
19 pay the debt service on the bonds during this period.
20 Earnings in excess of debt service, if any, must be
21 allocated to the water development state special revenue
22 account and may be used for the purposes allowed under
23 85-1-604(3)(b).

24 (5) Notwithstanding provisions in section 6(5)(e),
25 loan repayments from loans financed with State of Montana

1 coal severance tax bonds, loan principal, interest, and bond
 2 issuance fees borrowed from bond proceeds are pledged,
 3 dedicated, and appropriated to the debt service account in
 4 the state treasury for the benefit of bonds approved for
 5 loans under this section. Repayment, both principal and
 6 interest, of administrative fees borrowed from bond proceeds
 7 must be made to the water development state special revenue
 8 account created in 85-1-604 to be reused for the
 9 administration of the water development loan and grant
 10 program.

11 NEW SECTION. Section 8. Projects not completing
 12 requirements -- loans reauthorized. The Legislature finds
 13 that the following water development projects for which coal
 14 severance tax bonds were authorized to be issued by the 1983
 15 Legislature in House Bill 885 might not complete the
 16 requirements necessary for the loan transaction prior to
 17 June 30, 1985. State of Montana, Coal Severance Tax Bonds,
 18 1984 Series A, were sold in August 1984 to finance these
 19 loans. Loans from the proceeds of the State of Montana, Coal
 20 Severance Tax Bonds, 1984 Series A, for the projects
 21 described in this section are reauthorized in the amounts
 22 listed at the interest rates authorized by the 1983
 23 Legislature in House Bill 885 and described in this section
 24 to enable financing during the 1986-87 biennium, if
 25 necessary.

1	GERALDINE COUNTY WATER DISTRICT	
2	Rural Water System	\$1,733,200
3	Interest rate: 6.5% for the	
4	20-year term of the bond	
5	EAST BENCH IRRIGATION DISTRICT	
6	Conversion from pumped to	1,250,000
7	Gravity-Fed Sprinkler System	
8	Interest rate: 3% for the	
9	30-year term of the bond	
10	PONDERA CONSERVATION DISTRICT	
11	Irrigation System Rehabilitation	555,000
12	Interest rate: 6% for the	
13	20-year term of the bond	
14	BIG FORK COUNTY WATER AND	
15	SEWER DISTRICT	
16	Sewer System	250,000
17	Interest rate: 7% for	
18	5 years, and 10.26%	
19	for the remaining 15 years of the bond term	
20	CITY OF BELGRADE	
21	Water Well Improvements	115,000
22	Interest rate: 7% for	
23	5 years, 10.26% for	
24	the remaining 15 years	
25	of the bond term	

1 TOWN OF THREE FORKS
 2 New Water Supply System 435,000
 3 Interest rate: 7% for
 4 5 years, and 10.26%
 5 for the remaining 15 years
 6 of the bond term
 7 MARTINSDALE STATE PROJECT
 8 In Meagher and Wheatland Counties 250,000
 9 Interest rate: state bond rate
 10 NEW SECTION. Section 9. Reallocation of resource
 11 indemnity trust account interest income. Except for special
 12 departmental appropriation and notwithstanding any
 13 provisions of 85-1-604 to the contrary, all remaining
 14 interest income allocated to the water development state
 15 special revenue account from the resource indemnity trust
 16 fund by 15-38-202(2) during the biennium ending June 30,
 17 1987, may be used only for the purposes set out in
 18 85-1-604(3)(c).
 19 NEW SECTION. Section 10. Emergency grants. There is
 20 appropriated to the Department of Natural Resources and
 21 Conservation up to \$125,000 from the water development state
 22 special revenue account to be used for emergency projects
 23 pursuant to Senate Bill 283. If these funds are not needed
 24 for emergencies, they may be used for grants approved in
 25 section 1 of this act.

1 NEW SECTION. Section 11. Conditions of loans and
 2 grants. Disbursement of funds under this act for both loans
 3 and grants is subject to the following conditions, which
 4 must be met by project sponsors:
 5 (1) approval of a scope of work and budget for the
 6 project by the Department; reductions in a scope of work or
 7 budget must not affect priority activities or improvements;
 8 (2) other funds required for project completion have
 9 been committed and the commitment is documented;
 10 (3) satisfactory completion of conditions described in
 11 the recommendation section of the project narrative in the
 12 renewable resource and water development program project
 13 evaluations and recommendations report for the 1986-87
 14 biennium or, in the case of emergency applications,
 15 conditions specified at the time of written notification of
 16 approved loan authority;
 17 (4) execution of a loan or grant agreement with the
 18 Department of Natural Resources and Conservation; and
 19 (5) other specific requirements are accomplished as
 20 considered necessary by the Department of Natural Resources
 21 and Conservation to accomplish the purpose of the loan or
 22 grant as evidenced from the application to the Department of
 23 Natural Resources and Conservation or the proposal to the
 24 Legislature.
 25 NEW SECTION. Section 12. Conditions for grants.

1 Notwithstanding the conditions described in section 1, grant
 2 funds are disbursed in the order of priority listed in
 3 section 1 as coal tax revenues are received. No project
 4 approved by this act is entitled to receive grant funds not
 5 collected and allocated to the water development state
 6 special revenue account or the renewable resource
 7 development account.

8 NEW SECTION. Section 13. Conditions for loans. Each
 9 sponsor authorized for a loan from water development bond
 10 proceeds, renewable resource development bond proceeds, or
 11 coal severance tax bond proceeds may be required to pay to
 12 the Department of Natural Resources and Conservation a pro
 13 rata share of the bond issuance costs and the administrative
 14 costs incurred by the Department to complete the loan
 15 transaction.

16 NEW SECTION. Section 14. Interest rates on loans.
 17 Loans made from proceeds of State of Montana coal severance
 18 tax bonds must be at interest rates specified in section 6,
 19 except that when loan requests are reduced, interest rates
 20 must be recalculated based on the methodology described in
 21 the renewable resource and water development program project
 22 evaluations and recommendations report for the 1986-87
 23 biennium. If the bonds or notes bear interest at an
 24 adjustable rate, the Department shall establish, at the time
 25 of the sale of the bond, an assured rate of interest thereon

1 as if the bonds bore interest at a fixed rate. The assured
 2 rate of interest so established must be the rate of interest
 3 on the bonds for the purpose of calculating the interest
 4 rates on the loans pursuant to section 6.

5 NEW SECTION. Section 15. Private and discount
 6 purchase of loans. Loans to local government entities and
 7 political subdivisions and bonds, warrants, and notes issued
 8 in evidence thereof may be made and purchased by and sold to
 9 the Department at a discount and at private negotiated sale,
 10 notwithstanding the provisions of any other law applicable
 11 to such local government entities or political subdivisions.

12 Section 16. Section 90-2-107, MCA, is amended to read:
 13 "90-2-107. State and local renewable resource
 14 development loans. (1) The department of natural resources
 15 and conservation may recommend to the governor that loans be
 16 made from the renewable resource development account
 17 established by this part to any department, agency, board,
 18 commission, or other division of state government or to any
 19 city, county, or other political subdivision or local
 20 government body of the state.

21 (2) The department shall solicit and consider in its
 22 evaluation of proposed projects the views of interested and
 23 affected departments, boards, agencies, and other
 24 subdivisions of state and federal government and of other
 25 interested and affected persons.

1 (3) The governor shall submit those loan proposals
2 having his approval to the legislature by ~~the 20th day of~~
3 January 1 of the year of any regular legislative session.
4 Those loan proposals approved by the legislature shall be
5 administered by the department.

6 (4) The provisions of 90-2-104, 90-2-108, 90-2-109,
7 and 90-2-128 shall govern and apply to the local renewable
8 resource loans herein provided for.

9 (5) Both the loans provided for by this section and
10 the grants provided for by 90-2-111 may be submitted to the
11 governor and approved by the legislature as may be necessary
12 to jointly finance any project."

13 NEW SECTION. Section 17. Coordination instruction.

14 (1) If Senate Bill No. 283 is not passed and approved,
15 including its provisions authorizing the deposit of interest
16 earned on water development bond proceeds and renewable
17 resource development bond proceeds in the water development
18 state special revenue account and the renewable resource
19 development account, respectively, section 1(2) and the
20 bracketed material in section 4 are void.

21 (2) If Senate Bill No. 283 is not passed and approved,
22 including its provisions authorizing the department to use
23 for emergency grants, pursuant to 85-1-605, up to 10% of the
24 funds available for grants from the water development state
25 special revenue account, section 10 is void.

1 NEW SECTION. Section 18. Severability. If a part of
2 this act is invalid, all valid parts that are severable from
3 the invalid part remain in effect. If a part of this act is
4 invalid in one or more of its applications, the part remains
5 in effect in all valid applications that are severable from
6 the invalid applications.

7 NEW SECTION. Section 19. Effective date. This act is
8 effective on passage and approval.

-End-

1 HOUSE BILL NO. 947
 2 INTRODUCED BY BARDANOUVE, THOFT, SCHYE, ERNST
 3 BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES
 4 AND CONSERVATION
 5
 6 A BILL FOR AN ACT ENTITLED: "AN ACT TO APPROPRIATE MONEY TO
 7 THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR
 8 LOANS AND GRANTS UNDER THE WATER DEVELOPMENT PROGRAM AND THE
 9 RENEWABLE RESOURCE PROGRAM; TO APPROVE LOANS FROM WATER
 10 DEVELOPMENT BOND PROCEEDS AND APPROPRIATE FUNDS FOR DEBT
 11 SERVICE; TO APPROVE LOANS FROM RENEWABLE RESOURCE
 12 DEVELOPMENT BOND PROCEEDS AND APPROPRIATE FUNDS FOR DEBT
 13 SERVICE; TO REAUTHORIZE LOANS APPROVED BY THE 1983
 14 LEGISLATURE; TO APPROVE THE ISSUANCE OF STATE OF MONTANA
 15 COAL SEVERANCE TAX BONDS TO FINANCE THE REHABILITATION AND
 16 REPAIR OF THE STATE MIDDLE CREEK DAM PROJECT AND PROVIDE
 17 FUNDS FOR LOANS TO POLITICAL SUBDIVISIONS AND LOCAL
 18 GOVERNMENTS FOR CERTAIN APPROVED WATER DEVELOPMENT PROJECTS;
 19 TO AUTHORIZE USE OF INTEREST EARNINGS ON PROCEEDS OF WATER
 20 DEVELOPMENT BONDS TO FINANCE GRANTS APPROVED IN THIS ACT; TO
 21 REAUTHORIZE STATE OF MONTANA COAL SEVERANCE TAX BONDS FOR
 22 CERTAIN PROJECTS APPROVED BY THE 1983 LEGISLATURE; TO
 23 APPROPRIATE COAL SEVERANCE TAX INCOME FOR DEBT SERVICE; TO
 24 AUTHORIZE THE CREATION OF A STATE DEBT; TO REAUTHORIZE LOANS
 25 FOR CERTAIN PROJECTS APPROVED BY THE 1983 LEGISLATURE FOR

1 WHICH STATE OF MONTANA COAL SEVERANCE TAX BONDS HAVE BEEN
 2 SOLD; TO REALLOCATE CERTAIN RESOURCE INDEMNITY TRUST ACCOUNT
 3 INTEREST INCOME FOR WATER DEVELOPMENT PROGRAM GRANTS DURING
 4 THE BIENNIUM ENDING JUNE 30, 1987; TO PLACE CERTAIN
 5 CONDITIONS UPON GRANTS AND LOANS; AMENDING SECTION 90-2-107,
 6 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."
 7

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

9 NEW SECTION. Section 1. Appropriations from the water
 10 development state special revenue account. (1) There is
 11 appropriated to the Department of Natural Resources and
 12 Conservation up to \$196,550 from the water development state
 13 special revenue account during the biennium ending June 30,
 14 1987, for grants to private persons for water development
 15 projects and activities pursuant to the provisions of Title
 16 85, chapter 1, part 6. This appropriation is from money
 17 available in the water development state special revenue
 18 account for grants for water development projects and
 19 activities under 85-1-604(3)(c) and sections 3 and 4 of this
 20 act.

21 (2) There are appropriated to the Department of
 22 Natural Resources and Conservation the interest earnings
 23 from the proceeds of water development bonds and renewable
 24 resource development bonds issued to finance loans
 25 authorized by this act. Interest earnings must be deposited

ON MOTION RULES SUSPENDED
 YELLOW PRINTING DISPENSED
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1 in the water development state special revenue account and
 2 the renewable resource development account, respectively.

3 (3) There are appropriated to the Department of
 4 Natural Resources and Conservation all other funds not
 5 appropriated under subsection (1) and available for grants
 6 to state and local government entities from the water
 7 development state special revenue account during the
 8 biennium ending June 30, 1987. This appropriation is from
 9 money available in the water development state special
 10 revenue account and renewable resource development account
 11 for grants and from the water development or renewable
 12 resource accounts for loans for water development projects
 13 and activities under 85-1-604(3)(c) and section 13 of this
 14 act. The funds appropriated in this subsection must be
 15 awarded by the Department of Natural Resources and
 16 Conservation to the following entities for the described
 17 purposes and in the described grant amounts, subject to the
 18 conditions set forth in this act. The Legislature, pursuant
 19 to 85-1-605, approves the grants listed below, with grants
 20 to be made in the order indicated in the following
 21 prioritized list of projects and activities. Funds must be
 22 awarded up to the amounts approved in this section in order
 23 of priority until available funds are expended. Funds not
 24 accepted or utilized by higher ranked projects and
 25 activities must be provided for projects and activities

1 farther down the priority list that would not otherwise
 2 receive funding. If the total expenditure of funds
 3 appropriated under this subsection results in a cutoff that
 4 ends at a point at which more than one project or activity
 5 is ranked equal in priority, the decision regarding which
 6 project or projects will receive funding must be made by the
 7 Department of Natural Resources and Conservation, with the
 8 advice of the water development advisory committee formed
 9 pursuant to 2-15-122. Actual rank and score of the various
 10 projects and activities are contained within the
 11 Department's renewable resource and water development
 12 program project evaluations and recommendations report for
 13 the 1986-87 biennium.

14 Water Development Program Prioritized Projects and
 15 Activities

16 G: Grant L: Loan

17 <u>APPLICANT/PROJECT</u>	
18 <u>SWAN RIVER YOUTH CAMP</u>	G \$444,100
19 <u>SEWAGE TREATMENT PLANT</u>	
20 <u>MONTANA STATE PRISON</u>	G 68,500
21 <u>EXPANSION OF SEWER</u>	
22 MONTANA BUREAU OF MINES AND GEOLOGY	G 100,000
23 Statewide Ground Water Information Center	
24 TRIANGLE CONSERVATION DISTRICT	G 100,000
25 Triangle Saline Seep	

1	CARBON CONSERVATION DISTRICT	G	68,000
2	Willow Creek Stream Corridor Management		
3	UNIVERSITY OF MONTANA -- MONTANA FOREST AND	G	85,000
4	EXPERIMENT STATION/Riparian Vegetation		
5	System		
6	ROSEBUD CONSERVATION DISTRICT	G	5,500
7	Vegetative Streambank Stabilization		
8	TETON COUNTY CONSERVATION DISTRICT	G	100,000
9	Upper Teton Aquifer Study		
10	MONTANA-STATE-UNIVERSITY	G	69,000
11	Hydrological--Assess-of-Pony-and-Cow-Creeks		
12	TOWN OF EKALAKA	G	17,000
13	Water and Sewer Facilities Plan		
14	LEWIS & CLARK/JEFFERSON VALLEY CONSERVATION	G	100,000
15	DISTRICT/Prickly Pear Stream Stabilization		
16	CUT BANK NORTH GLACIER WATER AND SEWER	G	50,000
17	DISTRICT/North Cut Bank Sewer System	L	125,000
18	SEELEY LAKE MISSOULA COUNTY WATER DISTRICT	G	9,000
19	Development of Water and Sewer System		
20	Facilities Plan		
21	UNIVERSITY OF MONTANA	G	100,000
22	Missoula Aquifer Study		
23	STILLWATER CONSERVATION DISTRICT & BEARTOOTH	G	80,000
24	RC&D/Saline Seep Reclamation and Plowout		
25	GREENFIELDS IRRIGATION DISTRICT	G	17,000

1	Rehabilitation & Automation of Bifurcation	L	32,244
2	Structure (new)		
3	GREENFIELDS IRRIGATION DISTRICT	G	54,000
4	Rehabilitation & Automation of Bifurcation		
5	Structure (old)		
6	CARBON CONSERVATION DISTRICT	G	19,000
7	Cottonwood Creek Stream Corridor Management		
8	MONTANA-STATE-UNIVERSITY	G	97,000
9	Impacts-of-Small-Hydropower-on-Trout		
10	ANTELOPE WATER/SEWER DISTRICT	G	60,000
11	Water/Sewer System Construction	L	100,000
12	DANIELS COUNTY CONSERVATION DISTRICT	G	99,000
13			<u>90,000</u>
14	Poplar River Monitoring		
15	TOWN OF CASCADE/Landfill	G	44,000
16	Rehabilitation and Park Development	L	66,000
17	SHERIDAN COUNTY	G	75,000
18	Northeast Montana Ground Water Study		
19	TREASURE COUNTY CONSERVATION DISTRICT	G	17,000
20	Irrigation System Reorganization		
21	TOWN OF SACO	G	41,800
22	Water Systems Improvement	L	158,200
23	PRIVATE WATER USERS ASSOCIATION	G	20,000
24	Weed and Moss Catcher	L	100,000
25	BOX ELDER RURAL IMPROVEMENT DISTRICT	G	28,000

1	Well Development	L	142,000
2	SHERIDAN COUNTY -- RESERVE SEWER DISTRICT	G	33,000
3	Reserve Sewer System	L	117,000
4	PIPESTONE DITCH COMPANY	G	6,000
5	Gravity Irrigation System	L	29,000
6	MONTANA DEPARTMENT OF FISH, WILDLIFE,	G	100,000
7	AND PARKS/Gartside Dam Repair		
8	BUTTE/SILVER BOW	G	82,000
9	Sewer Sludge Application and Plant Trials		
10	DEER LODGE VALLEY CONSERVATION DISTRICT	G	15,000
11	Gilman Wilberly Group Flood Protection		
12	PRIVATE WATER SYSTEM ASSISTANCE CORPORATION	G	16,700
13	Potable Water System Technical Advisor		
14	MONTANA DEPARTMENT OF FISH, WILDLIFE,	G	56,000
15	AND PARKS/McNeil Slough Dam Restoration		
16	FORT-BEKNAP-INDIAN-COMMUNITY	G	57,000
17	Ground-Water-Study		
18	MONTANA BUREAU OF MINES AND GEOLOGY	G	44,000
19	Madison Valley Arsenic Ground Water Study		
20	PRIVATE WATER USERS ASSOCIATION	G	33,000
21	Ditch Rehabilitation	L	167,000
22	MONTANA STATE UNIVERSITY	G	85,000
23	Ground Water Exploration of Bozeman Fan		
24	WHITEFISH WATER & SEWER DISTRICT	G	100,000
25	Whitefish Lake Critical Area Study		

1	MEAGHER COUNTY/Newlan Creek Dam	G	100,000
2	and Irrigation Feasibility		
3	MONTANA-STATE-UNIVERSITY-SOUTHERN-AG	G	10,000
4	RESEARCH--CENTER/Cablegation--Demonstration		
5	PRIVATE RURAL WATER CORPORATION		
6	Water System and Supply	G	88,000
7	MONTANA DEPARTMENT OF FISH, WILDLIFE,	G	35,000
8	AND PARKS/Streambank Preservation		
9	TREASURE COUNTY CONSERVATION DISTRICT	G	100,000
10	Low Interest Loans for Underground Pipe		
11	Placement		
12	MONTANA DEPARTMENT OF NATURAL RESOURCES AND	G	66,500
13	CONSERVATION -- CONSERVATION DISTRICTS		
14	DIVISION/Riparian Management Program		
15	CUSTER COUNTY	G	25,000
16	Fairgrounds Sewer System	L	92,380
17	MONTANA STATE UNIVERSITY DEPARTMENT OF	G	25,000
18	ENGINEERING/Guidelines for Community Water		
19	Demands		
20	GLEN LAKE IRRIGATION DISTRICT	G	32,000
21	Therriault Creek Siphon Construction	L	123,000
22	COOKE CITY WATER USERS ASSOCIATION	G	42,000
23	Water System Improvements	L	158,000
24	RED LODGE/Park & Irrigation	G	100,000
25	System Development		

1	CITY OF BELT	G	33,000
2	Sewage System Lift Station	L	127,000
3	CITY OF POLSON	G	42,000
4	South Polson Water Collection Project	L	158,000
5	MONTANA DEPARTMENT OF NATURAL RESOURCES AND	G	38,500
6	CONSERVATION -- CONSERVATION DISTRICTS		
7	DIVISION/Streambank Reclamation		
8	FAIRFIELD/Open Ditch Conversion	G	80,500
9		L	34,500
10	PONDERA PRIVATE CANAL AND RESERVOIR COMPANY	G	8,350
11	Canal Dredging for Conrad Water Supply	L	41,650
12	<u>CITY OF PLENTYWOOD</u>	<u>G</u>	<u>37,000</u>
13	<u>WATER SYSTEM IMPROVEMENT FACILITY</u>		
14	<u>TOWN OF SCOBEX</u>	<u>G</u>	<u>5,000</u>
15	<u>WATER SYSTEM IMPROVEMENTS</u>	<u>L</u>	<u>3,990</u>
16	MONTANA BUREAU OF MINES AND GEOLOGY	G	96,000
17	Butte Mine Flooding Monitoring		
18	TOWN OF DUTTON	G	19,300
19	Municipal Water Supply Study		
20	CITY OF PLENTYWOOD	G	37,000
21	Water-System-Improvement-Facility		
22	<u>CITY OF HAMILTON</u>	<u>G</u>	<u>24,500</u>
23	<u>WATER SYSTEM RENOVATION</u>	<u>L</u>	<u>24,568</u>
24	<u>CITY OF SHELBY</u>	<u>G</u>	<u>25,000</u>
25	<u>WATER SUPPLY DEVELOPMENT</u>	<u>L</u>	<u>56,625</u>

1	<u>CASCADE COUNTY RID #26</u>	<u>G</u>	<u>33,000</u>
2	<u>WATER LINE REPLACEMENT</u>	<u>L</u>	<u>167,000</u>
3	<u>GORE HILL WATER DISTRICT</u>	<u>G</u>	<u>27,000</u>
4	<u>WATER SYSTEM IMPROVEMENTS</u>	<u>L</u>	<u>135,000</u>
5	<u>TOWN OF KEVIN</u>	<u>G</u>	<u>25,000</u>
6	<u>WATER STORAGE RESERVOIR REPAIR</u>	<u>L</u>	<u>175,000</u>
7	<u>PRIVATE HOMEOWNERS ASSOCIATION</u>	<u>G</u>	<u>3,400</u>
8	<u>NEW WELL AND PUMP</u>	<u>L</u>	<u>16,000</u>
9	<u>SUN PRAIRIE ESTATES COUNTY WATER DISTRICT</u>	<u>G</u>	<u>20,000</u>
10	<u>WATER SYSTEM IMPROVEMENTS</u>	<u>L</u>	<u>101,000</u>
11	<u>CITY OF HELENA</u>	<u>G</u>	<u>17,000</u>
12	<u>WATER SYSTEM STORAGE IMPROVEMENT</u>	<u>L</u>	<u>85,310</u>
13	<u>EAST BENCH IRRIGATION DISTRICT</u>	<u>G</u>	<u>39,000</u>
14	Hydropower Development Feasibility Study		
15	PRIVATE INDIVIDUAL	G	2,500
16	Low Pressure Sprinkler System Installation	L	27,500
17	CITY OF HAMILTON	G	24,500
18	Water-System-Renovation	E	24,568
19	<u>CITY OF MILES CITY</u>	<u>G</u>	<u>3,800</u>
20	Park Irrigation System Conversion		
21	CITY OF SHELBY	G	25,000
22	Water-Supply-Development	E	56,625
23	<u>CASCADE COUNTY RID #26</u>	<u>G</u>	<u>33,000</u>
24	<u>Water-Line-Replacement</u>	<u>E</u>	<u>167,000</u>
25	<u>CITY OF MILES CITY</u>	<u>G</u>	<u>26,000</u>

1	Upgrade Recreation Lake Boat Facilities		
2	CITY-OF-CHOTEAU		0
3	Water-Supply-Study		
4	GORE-HILL-WATER-DISTRICT	G	27,000
5	Water-System-Improvements	B	135,000
6	TOWN-OF-SCOBEE	G	5,000
7	Water-System-Improvements	B	3,990
8	GREENFIELDS IRRIGATION DISTRICT	G	20,000
9	Hydropower Feasibility Study		
10	TOWN-OF-KEVIN	G	25,000
11	Water-Storage-Reservoir-Repair	B	175,000
12	TOWN OF WEST YELLOWSTONE	G	21,000
13	Storm Sewer/Water System Study		
14	PRIVATE PARTNERSHIP	G	22,000
15	Small Hydropower Development	L	138,000
16	PRIVATE-HOMEOWNERS-ASSOCIATION	G	3,400
17	New-Well-and-Pump	B	16,000
18	CITY OF HELENA	G	21,000
19	Sewage Treatment Plant Effluent Pipeline	L	133,525
20	SUN-PRAIRIE-ESTATES-COUNTY-WATER-DISTRICT	G	20,000
21	Water-System-Improvements	B	101,000
22	MEAGHER COUNTY	G	94,000
23	Golf Course Gravity Flow Irrigation System		
24	EASEDALE-COUNTY		0
25	Gibson-Plats-Flood-Control-Study		

1 CITY-OF-HELENA G 17,000

2 Water-System-Storage-Improvement B 85,310

3 NEW SECTION. Section 2. Appropriations under the

4 renewable resource development program. (1) There are

5 appropriated to the Department of Natural Resources and

6 Conservation all available funds from the renewable resource

7 development account during the biennium ending July 30,

8 1987, for projects under the renewable resource development

9 program.

10 (2) The Department of Natural Resources and

11 Conservation shall award grants to the following entities

12 for the described purposes and in the described amounts. The

13 Legislature, pursuant to 90-2-111, approves the grants

14 listed below, with grants to be made in order of priority

15 ranking within each renewable resource development category,

16 except renewable resource development grants for water

17 development projects and activities, which must be made with

18 the order of priority listed in section 1. The funds

19 appropriated under this section must be divided among the

20 categories and in the percentages as required by 90-2-113.

21 Funds not accepted or used by higher ranked projects in each

22 category must be provided for projects further down the

23 priority list in each category that would not otherwise

24 receive funding. If the total expenditure of funds

25 appropriated under this section results in a cutoff that

1 ends at a point at which more than one project is ranked
 2 equal in priority, the decision regarding which project or
 3 projects will receive funding must be made by the Department
 4 of Natural Resources and Conservation, with the advice of
 5 the water development advisory committee formed pursuant to
 6 2-15-122. IF THE PROJECTS APPROVED IN THE CATEGORIES OF
 7 "TIMBER STAND IMPROVEMENT" AND "CONSERVATION DISTRICTS, FOR
 8 DEVELOPMENT OF THEIR WATER RESERVATIONS" DO NOT USE UP THE
 9 TOTAL ALLOCATIONS FOR THOSE CATEGORIES, AS PROVIDED IN
 10 90-2-113(1)(A) AND (1)(D), ANY EXCESS FUNDS MUST FIRST BE
 11 USED FOR THE PROJECT APPROVED IN THE CATEGORY OF "OTHER".
 12 AFTER THE PROJECT IN "OTHER" IS FUNDED, ANY REMAINING FUNDS
 13 MUST BE USED FOR THE PROJECTS APPROVED IN THE CATEGORY OF
 14 "IMPROVEMENTS ON AGRICULTURAL LAND". ANY PROJECTS IN THE
 15 CATEGORY OF "IMPROVEMENTS ON AGRICULTURAL LAND" THAT ARE
 16 FUNDED BY THE MONTANA LEGACY PROGRAM UNDER SB 277 OR BY THE
 17 MONTANA MINERAL LEGACY PROGRAM UNDER HB 913 MUST NOT BE
 18 FUNDED UNDER THIS ACT. Actual rank and score of the various
 19 projects are contained within the Department's renewable
 20 resource and water development programs project evaluations
 21 and recommendations report for the 1986-87 biennium.

22 Renewable Resource Development Program

23 Prioritized Projects by Category for Funding

24 G: Grant

25 I. TIMBER STAND IMPROVEMENT

1	<u>APPLICANT/PROJECT/APPLICANT</u>		
2	UNIVERSITY OF MONTANA	G	\$19,000
3	Montana Forest and Conservation		
4	Experiment Station		
5	MONTANA DEPARTMENT OF STATE LANDS	G	91,000
6	State Timber Stand Improvement		
7	II. IMPROVEMENTS ON AGRICULTURAL LAND		
8	<u>APPLICANT/PROJECT</u>		
9	TOOLE COUNTY -- Marias River Basin Weed	G	46,000
10	Control		
11	MILE HIGH CONSERVATION DISTRICT	G	88,400
12	Reclamation of Heavy Metal Contaminated		
13	Agricultural Lands		
14	MONTANA STATE UNIVERSITY/TETON COUNTY	G	14,000
15	Leafy Spurge; Biological Control		
16	JEFFERSON COUNTY CONSERVATION DISTRICT	G	46,000
17	Cooperative Noxious Weed Control		
18	MCCONE-COUNTY-CONSERVATION-DISTRICT	G	34,000
19	Conservation-Tillage-Demonstration--Project		
20	MONTANA-DEPARTMENT-OF-FISH,-WILDLIFE,	G	42,000
21	AND-PARKS/Mt.-Haggin-Fencing-Project		
22	MONTANA DEPARTMENT OF FISH, WILDLIFE,	G	83,000
23	AND PARKS/Noxious Plant Control on State		
24	Wildlife Management Areas		
25	MONTANA DEPARTMENT OF NATURAL RESOURCES AND	G	7,000

1 CONSERVATION -- CONSERVATION DISTRICTS
 2 DIVISION/Grazing Management for Noxious
 3 Weed Control
 4 MONTANA DEPARTMENT OF AGRICULTURE G 65,000
 5 Coordinated Weed Management Project
 6 MONTANA DEPARTMENT OF NATURAL RESOURCES AND G 90,000
 7 CONSERVATION -- CONSERVATION DISTRICTS
 8 DIVISION/Rangeland Weed Control Cost
 9 Assistance
 10 VALLEY COUNTY CONSERVATION DISTRICT G 13,000
 11 Leafy Spurge Control Project
 12 III. CONSERVATION DISTRICTS, FOR DEVELOPMENT
 13 OF THEIR WATER RESERVATIONS
 14 APPLICANT/PROJECT
 15 LOWER YELLOWSTONE CONSERVATION DISTRICT G 25,000
 16 DEVELOPMENT COMMITTEE/Reserved Water
 17 Development Investigation
 18 MONTANA DEPARTMENT OF NATURAL RESOURCES G 70,000
 19 AND CONSERVATION -- CONSERVATION DISTRICTS
 20 DIVISION/Water Reservation Development
 21 Program
 22 IV. OTHER
 23 APPLICANT/PROJECT
 24 GALLATIN COUNTY -- West Yellowstone/Hebgen G 70,000
 25 Basin

1 Bear-Proof Refuse Container
 2 MISSOULA7--CITY-OF---Missoula-Open-Space-and G 27,500
 3 Agricultural-band-Conservation-Program
 4 MONTANA-STATE-UNIVERSITY-DEPARTMENT-OF G 14,000
 5 AGRICULTURAL-ECONOMICS-AND-ECONOMICS
 6 Economics-of-On-Farm-Wind-Generation
 7 WEST-YELLOWSTONE7-CITY-OF-----Rendezvous--Ski G 27,300
 8 Trail
 9 CASCADE-COUNTY-PARK-BOARD---King's-Hill G 7,000
 10 Nordic-Ski-Center
 11 MONTANA--DEPARTMENT--OF-NATURAL-RESOURCES-AND G 24,000
 12 CONSERVATION-----Conservation---Education
 13 Grants-Program
 14 NEW SECTION. Section 3. Opportunity to receive loans
 15 for projects that do not receive grants. Sponsors of
 16 recommended projects and activities on the prioritized lists
 17 in sections 1 and 2 that are not recipients of available
 18 grant funds must be offered the opportunity to receive loan
 19 funds for up to the total recommended project, subject to
 20 the conditions described in this act. The interest rate
 21 applicable to these loans must be the rate paid on bonds
 22 issued pursuant to this act.
 23 NEW SECTION. Section 4. Approval of loans from bond
 24 proceeds and completion of appropriation. (1) The
 25 Legislature, pursuant to 85-1-605 and 90-2-107, hereby

1 approves loans to private sponsors approved by the Director
 2 of the Department of Natural Resources and Conservation
 3 during the 1985-86 biennium and the loans identified and
 4 described in section 1 for projects and activities to public
 5 entities from water development bond proceeds [and interest
 6 earnings on such proceeds deposited in the water development
 7 account] and loans from renewable resource development bond
 8 proceeds deposited in the renewable resource development
 9 account. Bond proceeds may be used for the payment of bond
 10 issuance costs. Funds are appropriated for these costs to a
 11 maximum of 4% of the amount of each bond sale.

12 (2) The approval of specific loans completes an
 13 appropriation of the coal severance tax proceeds allocated
 14 by 15-35-108 to the water development bond account for the
 15 purpose of paying, in the manner established by 85-1-619,
 16 principal of and interest and redemption premiums on any
 17 water development bonds issued to provide the proceeds for
 18 the loans to private and public entities approved in section
 19 1, and also an appropriation to the renewable resource debt
 20 service fund for the purpose of paying, in the manner
 21 established by 90-2-124, principal of and interest and
 22 redemption premium on any renewable resource development
 23 bonds issued to provide the proceeds for the loans to public
 24 entities approved in sections 1 and 2.

25 NEW SECTION. Section 5. Reauthorization of loans

1 approved by the 1983 Legislature. The 1983 Legislature in
 2 House Bill 897 approved loans from the water development
 3 bond account for the Antelope water and sewer district in
 4 the amount of \$100,000, the Geraldine water district in the
 5 amount of \$100,000, the town of Culbertson in the amount of
 6 \$100,000, and the town of Hamilton in the amount of
 7 \$182,000. Eighty-two thousand dollars of the Hamilton loan
 8 was a grant for which revenues were not collected and which
 9 was offered and accepted as a loan. Loans for the entities
 10 described in this section, from proceeds of the water
 11 development program general obligation bond, October 1983,
 12 are hereby authorized.

13 NEW SECTION. Section 6. Coal severance tax bond
 14 authorized. (1) The Legislature finds that Title 17, chapter
 15 5, part 7, provides for the issuance of coal severance tax
 16 bonds for financing specific approved water resource
 17 development projects and activities as part of the state
 18 water development program. The Legislature finds that the
 19 water development projects in this section meet the
 20 provisions of 17-5-702. The Board of Examiners may issue
 21 State of Montana coal severance tax bonds in an amount not
 22 to exceed \$51,152,528 for the purposes of making loans and
 23 financing state projects, ESTABLISHING A RESERVE FOR THE
 24 BONDS, and of paying the costs of issuance. Funds are
 25 appropriated for these costs of issuance to a maximum of 4%

1 of the amount of each bond sale.

2 (2) The Board of Examiners may issue State of Montana
3 coal severance tax bonds for loans to political subdivisions
4 and local government entities not to exceed the loan amount
5 listed for the project.

6 GROUP A Notwithstanding the conditions set forth in section
7 14, the interest rate for projects in this group must MAY be
8 four percentage points below the long-term bond rate at
9 which the state bond is sold for the first 7 years of an
10 anticipated 20-year term and must be at the rate at which
11 the state bond is sold for the remaining 13 years.

	<u>LOAN AMOUNT</u>
13 DENTON, TOWN OF	\$185,000
14 Water Supply System	
15 DODSON, TOWN OF	170,000
16 New Water Well	
17 DRUMMOND, TOWN OF	304,600
18 Fire and Water Project	
19 DUTTON, TOWN OF	652,000
20 Water Supply Construction	
21 EAST BENCH IRRIGATION DISTRICT	400,000
22 Gravity Irrigation System	
23 EAST-BENCH-IRRIGATION-DISTRICT	1,317,295
24 McHessor-Dry-Guich-Gravity-Irrigation-System	
25 EVERGREEN-WATER-AND-SEWER-DISTRICT	3,226,900

<u>Flathead-County-Sewer-System</u>	
2 GERALDINE COUNTY WATER DISTRICT	313,910
3 Rural Water System	
4 GLASGOW, CITY OF	5,662,000
5 Water Supply Source	
6 HUNGRY-HORSE-WATER-AND-SEWER-DISTRICT	762,430
7 Water-System-Improvements	
8 LAKESIDE COUNTY SEWER DISTRICT	1,190,000
9 Wastewater Treatment Facility	
10 NEIHART, TOWN OF	550,000
11 Water System Improvement	
12 YELLOWSTONE COUNTY	555,000
13 Cedar Park Water System	
14 YELLOWSTONE COUNTY	1,100,000
15 Oxbow Area Water Supply	
16 <u>GROUP B</u> Notwithstanding the conditions set forth in section 17 14, the interest rate for projects in this group must <u>MAY</u> be 18 three percentage points below the long-term bond rate at 19 which the state bond is sold for the first 7 years of an 20 anticipated 20-year term and must be at the rate at which 21 the state bond is sold for the remaining 13 years.	
	<u>LOAN AMOUNT</u>
23 COOKE PASS-COOKE CITY-SILVER GATE	\$336,730
24 County Water/Sewer District Sewer Improvements	
25 FORT BENTON, CITY OF	753,060

1	Water System Improvement	
2	JUDITH GAP, TOWN OF	100,000
3	Water Supply Source	
4	LIMA, TOWN OF	376,500
5	Water Facilities Update	
6	POPLAR, TOWN OF	477,260
7	Water System Improvement	
8	ROOSEVELT COUNTY RURAL WATER DISTRICT	2,219,124
9	Rural Water System	
10	WORDEN/BALLENTINE YELLOWSTONE COUNTY	500,000
11	Water and Sewer District Reservoir Construction	
12	<u>EVERGREEN WATER AND SEWER DISTRICT</u>	<u>3,226,900</u>
13	<u>FLATHEAD COUNTY SEWER SYSTEM</u>	
14	<u>HUNGRY HORSE WATER AND SEWER DISTRICT</u>	<u>762,430</u>
15	<u>WATER SYSTEM IMPROVEMENTS</u>	
16	<u>GROUP C</u> Notwithstanding the conditions set forth in section	
17	14, the interest rate for projects in this group must <u>MAY</u> be	
18	two percentage points below the long-term bond rate at which	
19	the state bond is sold for the first 7 years of an	
20	anticipated 20-year term and must be at the rate at which	
21	the state bond is sold for the remaining 13 years.	
22		<u>LOAN AMOUNT</u>
23	BOZEMAN, CITY OF	\$726,079
24	Lyman Creek Water System Improvements	
25	CHARLO WATER USERS ASSOCIATION	269,440

1	Distribution System Replacement	
2	EAST HELENA, CITY OF	434,434
3	Water System Improvement	
4	EKALAKA, TOWN OF	395,250
5	Water System Renovation	
6	HAVRE, CITY OF	2,590,000
7	Water System Improvement	
8	HILL COUNTY WATER DISTRICT	1,410,000
9	Rural Water Supply	
10	LOCKWOOD IRRIGATION DISTRICT	247,000
11	System Renovation	
12	PONDERA COUNTY CONSERVATION DISTRICT	750,000
13	Lower Birch Creek Watershed	
14	SEELEY LAKE WATER DISTRICT	310,706
15	Water Storage Tank	
16	TIBER COUNTY WATER DISTRICT	559,260
17	New Control and Monitoring System	
18	WHITEHALL, TOWN OF	300,400
19	Sewer Project	
20	WHITE SULPHUR SPRINGS, TOWN OF	639,150
21	Water System Improvements	
22	<u>GROUP D</u> Notwithstanding the conditions set forth in section	
23	14, the interest rate for projects in this group must be the	
24	rate at which the state bond is sold.	
25		<u>LOAN AMOUNT</u>

1 MIDDLE CREEK DAM REHABILITATION \$3,500,000
 2 MILK RIVER IRRIGATION DISTRICT 17,869,000
 3 Tiber Dam Power Project
 4 GROUP E NOTWITHSTANDING THE CONDITIONS SET FORTH IN SECTION
 5 14, THE INTEREST RATE FOR THE PROJECT IN THIS GROUP MUST BE
 6 3% OVER A 30-YEAR TERM.

7 LOAN AMOUNT

8 EAST BENCH IRRIGATION DISTRICT \$1,317,295
 9 MCHESOR DRY GULCH GRAVITY IRRIGATION SYSTEM

10 (3) State of Montana coal severance tax bonds to
 11 finance the gravity-fed sprinkler system project for the
 12 East Bench irrigation district were authorized by the 1983
 13 Legislature in an amount not to exceed \$3,230,000. The
 14 district plans to borrow \$1,250,000, and the district is
 15 still expecting to receive confirmation of a federal loan
 16 for the remainder. The Legislature reauthorizes the Board of
 17 Examiners to issue State of Montana coal severance tax bonds
 18 in an amount not to exceed \$1,980,000 if the loan from the
 19 U.S. Bureau of Reclamation is not authorized. The loan must
 20 carry the interest rate of 3% for the term of the loan, as
 21 authorized by the 1983 Legislature. Remaining grant funds
 22 approved for this project by the 47th Legislature in House
 23 Bill 709 are reappropriated for the project for the biennium
 24 ending June 30, 1987.

25 (4) (a) The Legislature finds that the following state

1 water projects for rehabilitation and repair for which coal
 2 severance tax bonds were authorized by the 1983 Legislature
 3 in House Bill 885 have not been completed. Further,
 4 inflation or additional feasibility studies have
 5 precipitated revised cost estimates for some of these
 6 projects. The Board of Examiners is authorized to issue
 7 State of Montana coal severance tax bonds for these projects
 8 to a maximum amount listed in this section. The state bond
 9 rate must be paid on these loans. The list describes both
 10 the 1983 authorized amount and a revised amount when
 11 appropriate.

12 YELLOW WATER DAM in
 13 Petroleum County
 14 1985 authorization amount \$110,000
 15 COTTONWOOD DAM in
 16 Park County
 17 1985 authorization amount 230,000

18 (b) 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 rate of interest
 22 equal to that which must be paid on bonds issued pursuant to
 23 this section. The repayment money from each project is
 24 pledged, dedicated, and appropriated to the special debt
 25 service bond account established in the state treasury for

1 the benefit of the bonds approved for such projects.

2 (5) The Legislature finds that the following state
3 hydroelectric projects for which coal severance tax bonds
4 were authorized by the 1983 Legislature in House Bill 885
5 have not been completed; further, inflation and additional
6 feasibility studies have precipitated revised cost estimates
7 for some of these projects:

8 (a) The Board of Examiners is authorized to issue
9 State of Montana coal severance tax bonds for these projects
10 up to the amounts listed in this section.

11 PAINTED ROCK DAM under
12 the authorization granted by
13 the federal energy regulatory
14 commission for project number 4657:
15 1985 authorization \$10,047,000

16 BROADWATER DAM under
17 authorization pending before
18 the federal energy regulatory
19 commission for project number 2853:
20 1985 authorization 23,044,000

21 COONEY DAM under an
22 authorization from the federal
23 energy regulatory commission
24 to be applied for pursuant to the
25 preliminary permit issued for project number 4700:

1 1985 authorization 4,512,000

2 (b) Bonds approved in this section may not be issued
3 by the Board of Examiners until the Board of Natural
4 Resources and Conservation has determined that a project is
5 feasible and has otherwise complied with the requirements of
6 Title 85, chapter 1, part 5, for the development of
7 hydropower at water projects under the control of the
8 Department. The Board of Natural Resources and Conservation
9 and the Board of Examiners must find that on the average,
10 over the life of the project, revenues will be generated to
11 repay a loan at the rate at which the state bond is sold.
12 However, in some years the appropriation of funds from the
13 coal severance tax bond account may be required.

14 (c) The Board of Examiners may allocate a portion of
15 the bond proceeds for a specific project for the operation
16 and maintenance of the hydropower facility.

17 (d) The maximum amount of bond proceeds for each
18 project approved in this section must also include all and
19 any relocation, reconstruction, ~~habilitation~~ REHABILITATION,
20 or other costs for which the Department is legally liable
21 that affect existing irrigation systems, private lands,
22 utility lines, mines, roads, highways, and railroads which
23 are subsequently affected by the development of a respective
24 hydroelectric project.

25 (e) The hydropower revenues from each project are

1 pledged, dedicated, and appropriated to a debt service
 2 account established in the state treasury for the benefit of
 3 bonds approved to finance the project. Revenues in excess of
 4 the amount required to meet the debt service requirements
 5 may be allocated to the water development special revenue
 6 account to operate, maintain, and rehabilitate state-owned
 7 projects.

8 NEW SECTION. Section 7. Appropriation and creation of
 9 debt for coal severance tax bonds. (1) The Legislature,
 10 through the enactment of this section by a vote of
 11 three-fourths of the members of each house of the
 12 Legislature as required by Article IX, section 5, of the
 13 Montana Constitution, pledges, dedicates, and appropriates
 14 from the coal severance tax bond subfund all money necessary
 15 for the payment of principal and interest not otherwise
 16 provided for on the State of Montana coal severance tax
 17 bonds authorized by this act to be issued pursuant to Title
 18 17, chapter 5, part 7, and pursuant to the further
 19 provisions of this act.

20 (2) The Legislature, through the enactment of this
 21 section, in accordance with Article VIII, section 8, of the
 22 Montana Constitution, authorizes the creation of a state
 23 debt in an amount not to exceed \$37,603,000 for the
 24 development of the state hydroelectric projects approved in
 25 section 6, in an amount not to exceed \$3,840,000 for the

1 rehabilitation of state water projects approved in section
 2 6, and in an amount not to exceed \$47,652,528 for loans to
 3 political subdivisions of the state and local government
 4 entities for water development projects approved in section
 5 6, all for the issuance of state of Montana coal severance
 6 tax bonds authorized by this act.

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

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

22 (5) Notwithstanding provisions in section 6(5)(e),
 23 loan repayments from loans financed with State of Montana
 24 coal severance tax bonds, loan principal, interest, and bond
 25 issuance fees borrowed from bond proceeds are pledged,

1 dedicated, and appropriated to the debt service account in
 2 the state treasury for the benefit of bonds approved for
 3 loans under this section. Repayment, both principal and
 4 interest, of administrative fees borrowed from bond proceeds
 5 must be made to the water development state special revenue
 6 account created in 85-1-604 to be reused for the
 7 administration of the water development loan and grant
 8 program.

9 NEW SECTION. Section 8. Projects not completing
 10 requirements -- loans reauthorized. The Legislature finds
 11 that the following water development projects for which coal
 12 severance tax bonds were authorized to be issued by the 1983
 13 Legislature in House Bill 885 might not complete the
 14 requirements necessary for the loan transaction prior to
 15 June 30, 1985. State of Montana, Coal Severance Tax Bonds,
 16 1984 Series A, were sold in August 1984 to finance these
 17 loans. Loans from the proceeds of the State of Montana, Coal
 18 Severance Tax Bonds, 1984 Series A, for the projects
 19 described in this section are reauthorized in the amounts
 20 listed at the interest rates authorized by the 1983
 21 Legislature in House Bill 885 and described in this section
 22 to enable financing during the 1986-87 biennium, if
 23 necessary.

24 GERALDINE COUNTY WATER DISTRICT
 25 Rural Water System \$1,733,200

1 Interest rate: 6.5% for the
 2 20-year term of the bond
 3 EAST BENCH IRRIGATION DISTRICT
 4 Conversion from pumped to 1,250,000
 5 Gravity-Fed Sprinkler System
 6 Interest rate: 3% for the
 7 30-year term of the bond
 8 PONDERA CONSERVATION DISTRICT
 9 Irrigation System Rehabilitation 555,000
 10 Interest rate: 6% for the
 11 20-year term of the bond
 12 BIGFORK COUNTY WATER AND
 13 SEWER DISTRICT
 14 Sewer System 250,000
 15 Interest rate: 7% for
 16 5 years, and 10.26%
 17 for the remaining 15 years of the bond term
 18 CITY OF BELGRADE
 19 Water Well Improvements 115,000
 20 Interest rate: 7% for
 21 5 years, 10.26% for
 22 the remaining 15 years
 23 of the bond term
 24 TOWN OF THREE FORKS
 25 New Water Supply System 435,000

1 Interest rate: 7% for
2 5 years, and 10.26%
3 for the remaining 15 years
4 of the bond term

5 MARTINSDALE STATE PROJECT

6 In Meagher and Wheatland Counties 250,000

7 Interest rate: state bond rate

8 NEW SECTION. Section 9. Reallocation of resource
9 indemnity trust account interest income. Except for special
10 departmental appropriation and notwithstanding any
11 provisions of 85-1-604 to the contrary, all remaining
12 interest income allocated to the water development state
13 special revenue account from the resource indemnity trust
14 fund by 15-38-202(2) during the biennium ending June 30,
15 1987, may be used only for the purposes set out in
16 85-1-604(3)(c).

17 NEW SECTION. Section 10. Emergency grants. There is
18 appropriated to the Department of Natural Resources and
19 Conservation up to \$125,000 from the water development state
20 special revenue account to be used for emergency projects
21 pursuant to Senate Bill 283. If these funds are not needed
22 for emergencies, they may be used for grants approved in
23 section 1 of this act.

24 NEW SECTION. Section 11. Conditions of loans and
25 grants. Disbursement of funds under this act for both loans

1 and grants is subject to the following conditions, which
2 must be met by project sponsors:

3 (1) approval of a scope of work and budget for the
4 project by the Department; reductions in a scope of work or
5 budget must not affect priority activities or improvements;

6 (2) other funds required for project completion have
7 been committed and the commitment is documented;

8 (3) satisfactory completion of conditions described in
9 the recommendation section of the project narrative in the
10 renewable resource and water development program project
11 evaluations and recommendations report for the 1986-87
12 biennium or, in the case of emergency applications,
13 conditions specified at the time of written notification of
14 approved loan authority;

15 (4) execution of a loan or grant agreement with the
16 Department of Natural Resources and Conservation; and

17 (5) other specific requirements are accomplished as
18 considered necessary by the Department of Natural Resources
19 and Conservation to accomplish the purpose of the loan or
20 grant as evidenced from the application to the Department of
21 Natural Resources and Conservation or the proposal to the
22 Legislature.

23 NEW SECTION. Section 12. Conditions for grants.
24 Notwithstanding the conditions described in section 1, grant
25 funds are disbursed in the order of priority listed in

1 section 1 as coal tax revenues are received. No project
 2 approved by this act is entitled to receive grant funds not
 3 collected and allocated to the water development state
 4 special revenue account or the renewable resource
 5 development account.

6 NEW SECTION. Section 13. Conditions for loans. Each
 7 sponsor authorized for a loan from water development bond
 8 proceeds, renewable resource development bond proceeds, or
 9 coal severance tax bond proceeds may be required to pay to
 10 the Department of Natural Resources and Conservation a pro
 11 rata share of the bond issuance costs and the administrative
 12 costs incurred by the Department to complete the loan
 13 transaction.

14 NEW SECTION. Section 14. Interest rates on loans.
 15 Loans made from proceeds of State of Montana coal severance
 16 tax bonds must be at interest rates specified in section 6,
 17 except that when loan requests are reduced, interest rates
 18 must be recalculated based on the methodology described in
 19 the renewable resource and water development program project
 20 evaluations and recommendations report for the 1986-87
 21 biennium. If the bonds or notes bear interest at an
 22 adjustable rate, the Department shall establish, at the time
 23 of the sale of the bond, an assured rate of interest thereon
 24 as if the bonds bore interest at a fixed rate. The assured
 25 rate of interest so established must be the rate of interest

1 on the bonds for the purpose of calculating the interest
 2 rates on the loans pursuant to section 6.

3 NEW SECTION. Section 15. Private and discount
 4 purchase of loans. Loans to local government entities and
 5 political subdivisions and bonds, warrants, and notes issued
 6 in evidence thereof may be made and purchased by and sold to
 7 the Department at a discount and at private negotiated sale,
 8 notwithstanding the provisions of any other law applicable
 9 to such local government entities or political subdivisions.

10 Section 16. Section 90-2-107, MCA, is amended to read:

11 "90-2-107. State and local renewable resource
 12 development loans. (1) The department of natural resources
 13 and conservation may recommend to the governor that loans be
 14 made from the renewable resource development account
 15 established by this part to any department, agency, board,
 16 commission, or other division of state government or to any
 17 city, county, or other political subdivision or local
 18 government body of the state.

19 (2) The department shall solicit and consider in its
 20 evaluation of proposed projects the views of interested and
 21 affected departments, boards, agencies, and other
 22 subdivisions of state and federal government and of other
 23 interested and affected persons.

24 (3) The governor shall submit those loan proposals
 25 having his approval to the legislature by ~~the 20th day of~~

1 January 1 of the year of any regular legislative session.
 2 Those loan proposals approved by the legislature shall be
 3 administered by the department.

4 (4) The provisions of 90-2-104, 90-2-108, 90-2-109,
 5 and 90-2-128 shall govern and apply to the local renewable
 6 resource loans herein provided for.

7 (5) Both the loans provided for by this section and
 8 the grants provided for by 90-2-111 may be submitted to the
 9 governor and approved by the legislature as may be necessary
 10 to jointly finance any project."

11 NEW SECTION. Section 17. Coordination instruction.

12 (1) If Senate Bill No. 283 is not passed and approved,
 13 including its provisions authorizing the deposit of interest
 14 earned on water development bond proceeds and renewable
 15 resource development bond proceeds in the water development
 16 state special revenue account and the renewable resource
 17 development account, respectively, section 1(2) and the
 18 bracketed material in section 4 are void.

19 (2) If Senate Bill No. 283 is not passed and approved,
 20 including its provisions authorizing the department to use
 21 for emergency grants, pursuant to 85-1-605, up to 10% of the
 22 funds available for grants from the water development state
 23 special revenue account, section 10 is void.

24 NEW SECTION. Section 18. Severability. If a part of
 25 this act is invalid, all valid parts that are severable from

1 the invalid part remain in effect. If a part of this act is
 2 invalid in one or more of its applications, the part remains
 3 in effect in all valid applications that are severable from
 4 the invalid applications.

5 NEW SECTION. Section 19. Effective date. This act is
 6 effective on passage and approval.

-End-

STANDING COMMITTEE REPORT

SENATE

April 20 19 85

MR. PRESIDENT

We, your committee on Finance and Claims

having had under consideration House Bill No. 947

third reading copy (Blue color)

WATER DEVELOPMENT PROGRAM: PROJECT APPROPRIATIONS

BARDANOUVE (Fuller)

Respectfully report as follows: That House Bill No. 947

be amended as follows:

- Page 7, line 7.
Following: "Repair"
Insert: "with Possible Emergency Breach"
- Page 13, line 14.
Following: "LAND"
Insert: "and then for the projects approved in the category of "water development"
- Page 13, lines 16 and 17.
Following: line 15
Strike: line 16 through "HB 913" on line 17
Insert: "fully funded by House Bill 922"
- Page 18, line 22.
Following: "exceed"
Strike: "\$51,152,528"
Insert: "\$51,652,528"
- Page 19, line 2 through line 9 of page 23.
Following: "(2)"
Strike: the remainder of subsection (2) in its entirety
Insert: "The Board of Examiners may issue State of Montana coal severance tax bonds for loans to political subdivisions and local government entities not to exceed the loan amount listed for the project."

CKK:KASG

CKK:KASG

(continued)

SENATOR PAT BREGAN Chairman

April 20, 1985

GROUP A Notwithstanding the conditions set forth in section 14, the interest rate for projects in this group may be four percentage points below the long-term bond rate at which the state bond is sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the state bond is sold for the remaining 15 years.

	<u>LOAN AMOUNT</u>
DUTTON, TOWN OF	\$652,000
Water Supply Construction	
EAST BENCH IRRIGATION DISTRICT	400,000
Gravity Irrigation System	
GLASGOW, CITY OF	5,662,000
Water Supply Source	
NEIHART, TOWN OF	550,000
Water System Improvement	
YELLOWSTONE COUNTY	555,000
Cedar Park Water System	
YELLOWSTONE COUNTY	1,100,000
Oxbow Area Water Supply	

GROUP B Notwithstanding the conditions set forth in section 14, the interest rate for projects in this group may be three percentage points below the long-term bond rate at which the state bond is sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the state bond is sold for the remaining 15 years.

	<u>LOAN AMOUNT</u>
COOKE PASS-COOKE CITY-SILVER GATE	\$336,730
County Water/Sewer District Sewer Improvements	
FORT BENTON, CITY OF	753,060
Water System Improvement	
POPLAR, TOWN OF	477,260
Water System Improvement	
WORDEN/BALLENTINE YELLOWSTONE COUNTY	500,000
Water and Sewer District Reservoir Construction	
EVERGREEN WATER AND SEWER DISTRICT	3,226,900
Flathead County Sewer System	
HUNGRY HORSE WATER AND SEWER DISTRICT	762,430
Water System Improvements	
DODSON, TOWN OF	170,000
New Water Well	
DRUMMOND, TOWN OF	304,600
Fire and Water Project	
LAKE SIDE COUNTY SEWER DISTRICT	1,190,000
Wastewater Treatment Facility	
BOZEMAN, CITY OF	726,079
Lyman Creek Water System Improvement	
CHARLO WATER USERS ASSOCIATION	269,440
Distribution System Replacement	

(continued)

Pat Bregan

April 20, 1985 19

	April 20, 1985
EAST HELENA, CITY OF	434,434
Water System Improvement	
EKALAKA, TOWN OF	395,250
Water System Renovation	
HAVRE, CITY OF	2,590,000
Water System Improvement	
GROUP C Notwithstanding the conditions set forth in section 14, the interest rate for projects in this group may be two percentage points below the long-term bond rate at which the state bond is sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the state bond is sold for the remaining 15 years.	
	<u>LOAN AMOUNT</u>
LOCKWOOD IRRIGATION DISTRICT	\$247,000
System Renovation	
PONDERA COUNTY CONSERVATION DISTRICT	750,000
Lower Birch Creek Watershed	
SEELEY LAKE WATER DISTRICT	310,706
Water Storage Tank	
WHITEHALL, TOWN OF	300,400
Sewer Project	
WHITE SULPHUR SPRINGS, TOWN OF	639,150
Water System Improvements	
DENTON, TOWN OF	185,000
Water Supply System	
JUDITH GAP, TOWN OF	100,000
Water Supply Source	
LIMA, TOWN OF	376,500
Water Facilities Update	
GROUP D Notwithstanding the conditions set forth in section 14, the interest rate for projects in this group must be the rate at which the state bond is sold.	
	<u>LOAN AMOUNT</u>
MIDDLE CREEK DAM REHABILITATION	\$3,500,000
MILK RIVER IRRIGATION DISTRICT	17,869,000
Tiber Dam Power Project	
ANACONDA/DEER LODGE COUNTY	500,000
Sewage Facilities	
HILL COUNTY WATER DISTRICT	1,410,000
Rural Water Supply	
GROUP E Notwithstanding the conditions set forth in section 14, the interest rate for the project in this group must be 3% over a 30-year term.	
	<u>LOAN AMOUNT</u>
EAST BENCH IRRIGATION DISTRICT	\$1,317,295
McHessor Dry Gulch Gravity Irrigation System	
GROUP F Notwithstanding the conditions set forth in	

section 14, the interest rate for the project in this group must be 8% over a 20-year term.

LOAN AMOUNT
\$559,260

TIBER COUNTY WATER DISTRICT
New Control and Monitoring System
GROUP G Notwithstanding the conditions set forth in section 14, the interest rate for projects in this group must be 6% over a 30-year term.

LOAN AMOUNT
\$313,910

GERALDINE COUNTY WATER DISTRICT
Rural Water System
ROOSEVELT COUNTY RURAL WATER DISTRICT
Rural Water System" 2,219,124

6. Page 27.

Following: line 7

Insert: "(6) There is approved a loan for the amount of \$484,270 for a slow sand filter on Midvale Creek necessary for improving the water supply to the town of East Glacier. The Department of Natural Resources and Conservation is directed to classify this loan into one of the groups set forth in subsection (2) and report this classification to the Legislative Finance Committee."

7. Page 35.

Following: line 10

Insert: "**NEW SECTION.** Section 17. Water development program direction -- future preference for appropriations. (1) The Department of Natural Resources and Conservation is directed to recognize in particular the primary role of agriculture in the state's economy and the needs of its agricultural constituency when it formulates its promotion, assistance, and development programs.

(2) In evaluating proposals for use of funds from the water development state special revenue account for the biennium ending June 30, 1989, the Department of Natural Resources and Conservation and the Legislature shall give preferential consideration to proposals that promote:

(a) the water reservation program established by 85-2-316;

(b) the development of the state water plan required by 85-1-203; and

(c) other state water programs recommended by the Legislative Water Policy Committee established in section 19 of House Bill No. 680."

HB947.86
PC/5:111

AND AS AMENDED
BE CONCURRED IN

(continued)

SENATOR PAT REGAN, CHAIRMAN

1 HOUSE BILL NO. 947

2 INTRODUCED BY BARDANOUE, THOFT, SCHYE, ERNST

3 BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES

4 AND CONSERVATION

5
6 A BILL FOR AN ACT ENTITLED: "AN ACT TO APPROPRIATE MONEY TO
7 THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR
8 LOANS AND GRANTS UNDER THE WATER DEVELOPMENT PROGRAM AND THE
9 RENEWABLE RESOURCE PROGRAM; TO APPROVE LOANS FROM WATER
10 DEVELOPMENT BOND PROCEEDS AND APPROPRIATE FUNDS FOR DEBT
11 SERVICE; TO APPROVE LOANS FROM RENEWABLE RESOURCE
12 DEVELOPMENT BOND PROCEEDS AND APPROPRIATE FUNDS FOR DEBT
13 SERVICE; TO REAUTHORIZE LOANS APPROVED BY THE 1983
14 LEGISLATURE; TO APPROVE THE ISSUANCE OF STATE OF MONTANA
15 COAL SEVERANCE TAX BONDS TO FINANCE THE REHABILITATION AND
16 REPAIR OF THE STATE MIDDLE CREEK DAM PROJECT AND PROVIDE
17 FUNDS FOR LOANS TO POLITICAL SUBDIVISIONS AND LOCAL
18 GOVERNMENTS FOR CERTAIN APPROVED WATER DEVELOPMENT PROJECTS;
19 TO AUTHORIZE USE OF INTEREST EARNINGS ON PROCEEDS OF WATER
20 DEVELOPMENT BONDS TO FINANCE GRANTS APPROVED IN THIS ACT; TO
21 REAUTHORIZE STATE OF MONTANA COAL SEVERANCE TAX BONDS FOR
22 CERTAIN PROJECTS APPROVED BY THE 1983 LEGISLATURE; TO
23 APPROPRIATE COAL SEVERANCE TAX INCOME FOR DEBT SERVICE; TO
24 AUTHORIZE THE CREATION OF A STATE DEBT; TO REAUTHORIZE LOANS
25 FOR CERTAIN PROJECTS APPROVED BY THE 1983 LEGISLATURE FOR

1 WHICH STATE OF MONTANA COAL SEVERANCE TAX BONDS HAVE BEEN
2 SOLD; TO REALLOCATE CERTAIN RESOURCE INDEMNITY TRUST ACCOUNT
3 INTEREST INCOME FOR WATER DEVELOPMENT PROGRAM GRANTS DURING
4 THE BIENNIUM ENDING JUNE 30, 1987; TO PLACE CERTAIN
5 CONDITIONS UPON GRANTS AND LOANS; AMENDING SECTION 90-2-107,
6 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 NEW SECTION. Section 1. Appropriations from the water
10 development state special revenue account. (1) There is
11 appropriated to the Department of Natural Resources and
12 Conservation up to \$196,550 from the water development state
13 special revenue account during the biennium ending June 30,
14 1987, for grants to private persons for water development
15 projects and activities pursuant to the provisions of Title
16 B5, chapter 1, part 6. This appropriation is from money
17 available in the water development state special revenue
18 account for grants for water development projects and
19 activities under 85-1-604(3)(c) and sections 3 and 4 of this
20 act.

21 (2) There are appropriated to the Department of
22 Natural Resources and Conservation the interest earnings
23 from the proceeds of water development bonds and renewable
24 resource development bonds issued to finance loans
25 authorized by this act. Interest earnings must be deposited

1 in the water development state special revenue account and
 2 the renewable resource development account, respectively.

3 (3) There are appropriated to the Department of
 4 Natural Resources and Conservation all other funds not
 5 appropriated under subsection (1) and available for grants
 6 to state and local government entities from the water
 7 development state special revenue account during the
 8 biennium ending June 30, 1987. This appropriation is from
 9 money available in the water development state special
 10 revenue account and renewable resource development account
 11 for grants and from the water development or renewable
 12 resource accounts for loans for water development projects
 13 and activities under 85-1-604(3)(c) and section 13 of this
 14 act. The funds appropriated in this subsection must be
 15 awarded by the Department of Natural Resources and
 16 Conservation to the following entities for the described
 17 purposes and in the described grant amounts, subject to the
 18 conditions set forth in this act. The Legislature, pursuant
 19 to 85-1-605, approves the grants listed below, with grants
 20 to be made in the order indicated in the following
 21 prioritized list of projects and activities. Funds must be
 22 awarded up to the amounts approved in this section in order
 23 of priority until available funds are expended. Funds not
 24 accepted or utilized by higher ranked projects and
 25 activities must be provided for projects and activities

1 farther down the priority list that would not otherwise
 2 receive funding. If the total expenditure of funds
 3 appropriated under this subsection results in a cutoff that
 4 ends at a point at which more than one project or activity
 5 is ranked equal in priority, the decision regarding which
 6 project or projects will receive funding must be made by the
 7 Department of Natural Resources and Conservation, with the
 8 advice of the water development advisory committee formed
 9 pursuant to 2-15-122. Actual rank and score of the various
 10 projects and activities are contained within the
 11 Department's renewable resource and water development
 12 program project evaluations and recommendations report for
 13 the 1986-87 biennium.

14 Water Development Program Prioritized Projects and
 15 Activities
 16 G: Grant L: Loan

17 <u>APPLICANT/PROJECT</u>		
18 <u>SWAN RIVER YOUTH CAMP</u>	G	<u>\$444,100</u>
19 <u>SEWAGE TREATMENT PLANT</u>		
20 <u>MONTANA STATE PRISON</u>	G	<u>68,500</u>
21 <u>EXPANSION OF SEWER</u>		
22 MONTANA BUREAU OF MINES AND GEOLOGY	G	100,000
23 Statewide Ground Water Information Center		
24 TRIANGLE CONSERVATION DISTRICT	G	100,000
25 Triangle Saline Seep		

1	CARBON CONSERVATION DISTRICT	G	68,000
2	Willow Creek Stream Corridor Management		
3	UNIVERSITY OF MONTANA -- MONTANA FOREST AND	G	85,000
4	EXPERIMENT STATION/Riparian Vegetation		
5	System		
6	ROSEBUD CONSERVATION DISTRICT	G	5,500
7	Vegetative Streambank Stabilization		
8	TETON COUNTY CONSERVATION DISTRICT	G	100,000
9	Upper Teton Aquifer Study		
10	MONTANA-STATE-UNIVERSITY	G	69,000
11	Hydrological--Assess-of-Pony-and-Cow-Creeks		
12	TOWN OF EKALAKA	G	17,000
13	Water and Sewer Facilities Plan		
14	LEWIS & CLARK/JEFFERSON VALLEY CONSERVATION	G	100,000
15	DISTRICT/Prickly Pear Stream Stabilization		
16	CUT BANK NORTH GLACIER WATER AND SEWER	G	50,000
17	DISTRICT/North Cut Bank Sewer System	L	125,000
18	SEELEY LAKE MISSOULA COUNTY WATER DISTRICT	G	9,000
19	Development of Water and Sewer System		
20	Facilities Plan		
21	UNIVERSITY OF MONTANA	G	100,000
22	Missoula Aquifer Study		
23	STILLWATER CONSERVATION DISTRICT & BEARTOOTH	G	80,000
24	RC&D/Saline Seep Reclamation and Plowout		
25	GREENFIELDS IRRIGATION DISTRICT	G	17,000

1	Rehabilitation & Automation of Bifurcation	L	32,244
2	Structure (new)		
3	GREENFIELDS IRRIGATION DISTRICT	G	54,000
4	Rehabilitation & Automation of Bifurcation		
5	Structure (old)		
6	CARBON CONSERVATION DISTRICT	G	19,000
7	Cottonwood Creek Stream Corridor Management		
8	MONTANA-STATE-UNIVERSITY	G	97,000
9	Impacts-of-Small-Hydropower-on-Trout		
10	ANTELOPE WATER/SEWER DISTRICT	G	60,000
11	Water/Sewer System Construction	L	100,000
12	DANIELS COUNTY CONSERVATION DISTRICT	G	99,000
13			<u>90,000</u>
14	Poplar River Monitoring		
15	TOWN OF CASCADE/Landfill	G	44,000
16	Rehabilitation and Park Development	L	66,000
17	SHERIDAN COUNTY	G	75,000
18	Northeast Montana Ground Water Study		
19	TREASURE COUNTY CONSERVATION DISTRICT	G	17,000
20	Irrigation System Reorganization		
21	TOWN OF SACO	G	41,800
22	Water Systems Improvement	L	158,200
23	PRIVATE WATER USERS ASSOCIATION	G	20,000
24	Weed and Moss Catcher	L	100,000
25	BOX ELDER RURAL IMPROVEMENT DISTRICT	G	28,000

1	Well Development	L	142,000
2	SHERIDAN COUNTY -- RESERVE SEWER DISTRICT	G	33,000
3	Reserve Sewer System	L	117,000
4	PIPESTONE DITCH COMPANY	G	6,000
5	Gravity Irrigation System	L	29,000
6	MONTANA DEPARTMENT OF FISH, WILDLIFE,	G	100,000
7	AND PARKS/Gartside Dam Repair <u>WITH POSSIBLE</u>		
8	<u>EMERGENCY BREACH</u>		
9	BUTTE/SILVER BOW	G	82,000
10	Sewer Sludge Application and Plant Trials		
11	DEER LODGE VALLEY CONSERVATION DISTRICT	G	15,000
12	Gilman Wilberly Group Flood Protection		
13	PRIVATE WATER SYSTEM ASSISTANCE CORPORATION	G	16,700
14	Potable Water System Technical Advisor		
15	MONTANA DEPARTMENT OF FISH, WILDLIFE,	G	56,000
16	AND PARKS/McNeil Slough Dam Restoration		
17	FORT-BEBKNAP-INDIAN-COMMUNITY	G	57,000
18	Ground-Water-Study		
19	MONTANA BUREAU OF MINES AND GEOLOGY	G	44,000
20	Madison Valley Arsenic Ground Water Study		
21	PRIVATE WATER USERS ASSOCIATION	G	33,000
22	Ditch Rehabilitation	L	167,000
23	MONTANA STATE UNIVERSITY	G	85,000
24	Ground Water Exploration of Bozeman Fan		
25	WHITEFISH WATER & SEWER DISTRICT	G	100,000

1	Whitefish Lake Critical Area Study		
2	MEAGHER COUNTY/Newlan Creek Dam	G	100,000
3	and Irrigation Feasibility		
4	MONTANA-STATE-UNIVERSITY-SOUTHERN-AG	G	107,000
5	RESEARCH--CENTER/Cablegation--Demonstration		
6	PRIVATE RURAL WATER CORPORATION		
7	Water System and Supply	G	88,000
8	MONTANA DEPARTMENT OF FISH, WILDLIFE,	G	35,000
9	AND PARKS/Streambank Preservation		
10	TREASURE COUNTY CONSERVATION DISTRICT	G	100,000
11	Low Interest Loans for Underground Pipe		
12	Placement		
13	MONTANA DEPARTMENT OF NATURAL RESOURCES AND	G	66,500
14	CONSERVATION -- CONSERVATION DISTRICTS		
15	DIVISION/Riparian Management Program		
16	CUSTER COUNTY	G	25,000
17	Fairgrounds Sewer System	L	92,380
18	MONTANA STATE UNIVERSITY DEPARTMENT OF	G	25,000
19	ENGINEERING/Guidelines for Community Water		
20	Demands		
21	GLEN LAKE IRRIGATION DISTRICT	G	32,000
22	Therriault Creek Siphon Construction	L	123,000
23	COOKE CITY WATER USERS ASSOCIATION	G	42,000
24	Water System Improvements	L	158,000
25	RED LODGE/Park & Irrigation	G	100,000

1	System Development		
2	CITY OF BELT	G	33,000
3	Sewage System Lift Station	L	127,000
4	CITY OF POLSON	G	42,000
5	South Polson Water Collection Project	L	158,000
6	MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION -- CONSERVATION DISTRICTS DIVISION/Streambank Reclamation	G	38,500
7	FAIRFIELD/Open Ditch Conversion	G	80,500
8		L	34,500
9	PONDERA PRIVATE CANAL AND RESERVOIR COMPANY	G	8,350
10	Canal Dredging for Conrad Water Supply	L	41,650
11	CITY OF PLENTYWOOD	G	37,000
12	<u>WATER SYSTEM IMPROVEMENT FACILITY</u>		
13	TOWN OF SCOBAY	G	5,000
14	<u>WATER SYSTEM IMPROVEMENTS</u>	L	3,990
15	MONTANA BUREAU OF MINES AND GEOLOGY	G	96,000
16	Butte Mine Flooding Monitoring		
17	TOWN OF DUTTON	G	19,300
18	Municipal Water Supply Study		
19	CITY-OF-PLENTYWOOD	G	37,000
20	Water-System-Improvement-Facility		
21	CITY OF HAMILTON	G	24,500
22	<u>WATER SYSTEM RENOVATION</u>	L	24,568
23	CITY OF SHELBY	G	25,000

1	<u>WATER SUPPLY DEVELOPMENT</u>	L	56,625
2	CASCADE COUNTY RID #26	G	33,000
3	<u>WATER LINE REPLACEMENT</u>	L	167,000
4	GORE HILL WATER DISTRICT	G	27,000
5	<u>WATER SYSTEM IMPROVEMENTS</u>	L	135,000
6	TOWN OF KEVIN	G	25,000
7	<u>WATER STORAGE RESERVOIR REPAIR</u>	L	175,000
8	<u>PRIVATE HOMEOWNERS ASSOCIATION</u>	G	3,400
9	<u>NEW WELL AND PUMP</u>	L	16,000
10	SUN PRAIRIE ESTATES COUNTY WATER DISTRICT	G	20,000
11	<u>WATER SYSTEM IMPROVEMENTS</u>	L	101,000
12	CITY OF HELENA	G	17,000
13	<u>WATER SYSTEM STORAGE IMPROVEMENT</u>	L	85,310
14	EAST BENCH IRRIGATION DISTRICT	G	39,000
15	Hydropower Development Feasibility Study		
16	PRIVATE INDIVIDUAL	G	2,500
17	Low Pressure Sprinkler System Installation	L	27,500
18	CITY-OF-HAMILTON	G	24,500
19	Water-System-Renovation	B	24,568
20	CITY OF MILES CITY	G	3,800
21	Park Irrigation System Conversion		
22	CITY-OF-SHELBY	G	25,000
23	Water-Supply-Development	B	56,625
24	CASCADE-COUNTY-RID-#26	G	33,000
25	Water-Line-Replacement	B	167,000

1	CITY OF MILES CITY	G	26,000
2	Upgrade Recreation Lake Boat Facilities		
3	CITY-OF-CHOATEAU		0
4	Water-Supply-Study		
5	GORE-HILL-WATER-DISTRICT	G	277,000
6	Water-System-Improvements	B	1357,000
7	TOWN-OF-SEEBY	G	57,000
8	Water-System-Improvements	B	37,990
9	GREENFIELDS IRRIGATION DISTRICT	G	28,000
10	Hydropower Feasibility Study		
11	TOWN-OF-KEVIN	G	257,000
12	Water-Storage-Reservoir-Repair	B	1757,000
13	TOWN OF WEST YELLOWSTONE	G	21,000
14	Storm Sewer/Water System Study		
15	PRIVATE PARTNERSHIP	G	22,000
16	Small Hydropower Development	L	138,000
17	PRIVATE-HOMEOWNERS-ASSOCIATION	G	37,400
18	New-Well-and-Pump	B	167,000
19	CITY OF HELENA	G	21,000
20	Sewage Treatment Plant Effluent Pipeline	L	133,525
21	SUN-PRAIRIE-ESTATES-COUNTY-WATER-DISTRICT	G	207,000
22	Water-System-Improvements	B	1017,000
23	MEAGHER COUNTY	G	94,000
24	Golf Course Gravity Flow Irrigation System		
25	CASCADE-COUNTY		

1	Gibson-Plats-Flood-Control-Study		
2	CITY-OF-HELENA	G	177,000
3	Water-System-Storage-Improvement	B	857,310
4	<u>NEW SECTION.</u> Section 2. Appropriations under the		
5	renewable resource development program. (1) There are		
6	appropriated to the Department of Natural Resources and		
7	Conservation all available funds from the renewable resource		
8	development account during the biennium ending July 30,		
9	1987, for projects under the renewable resource development		
10	program.		
11	(2) The Department of Natural Resources and		
12	Conservation shall award grants to the following entities		
13	for the described purposes and in the described amounts. The		
14	Legislature, pursuant to 90-2-111, approves the grants		
15	listed below, with grants to be made in order of priority		
16	ranking within each renewable resource development category,		
17	except renewable resource development grants for water		
18	development projects and activities, which must be made with		
19	the order of priority listed in section 1. The funds		
20	appropriated under this section must be divided among the		
21	categories and in the percentages as required by 90-2-113.		
22	Funds not accepted or used by higher ranked projects in each		
23	category must be provided for projects further down the		
24	priority list in each category that would not otherwise		
25	receive funding. If the total expenditure of funds		

1 appropriated under this section results in a cutoff that
 2 ends at a point at which more than one project is ranked
 3 equal in priority, the decision regarding which project or
 4 projects will receive funding must be made by the Department
 5 of Natural Resources and Conservation, with the advice of
 6 the water development advisory committee formed pursuant to
 7 2-15-122. IF THE PROJECTS APPROVED IN THE CATEGORIES OF
 8 "TIMBER STAND IMPROVEMENT" AND "CONSERVATION DISTRICTS, FOR
 9 DEVELOPMENT OF THEIR WATER RESERVATIONS" DO NOT USE UP THE
 10 TOTAL ALLOCATIONS FOR THOSE CATEGORIES, AS PROVIDED IN
 11 90-2-113(1)(A) AND (1)(D), ANY EXCESS FUNDS MUST FIRST BE
 12 USED FOR THE PROJECT APPROVED IN THE CATEGORY OF "OTHER".
 13 AFTER THE PROJECT IN "OTHER" IS FUNDED, ANY REMAINING FUNDS
 14 MUST BE USED FOR THE PROJECTS APPROVED IN THE CATEGORY OF
 15 "IMPROVEMENTS ON AGRICULTURAL LAND" AND THEN FOR THE
 16 PROJECTS APPROVED IN THE CATEGORY OF "WATER DEVELOPMENT".
 17 ANY PROJECTS IN THE CATEGORY OF "IMPROVEMENTS ON
 18 AGRICULTURAL LAND" THAT ARE FUNDED--BY--THE--MONTANA--LEGACY
 19 PROGRAM--UNDER--SB--277--OR--BY--THE--MONTANA--MINERAL--LEGACY
 20 PROGRAM--UNDER--HB--913 FULLY FUNDED BY HOUSE BILL 922 MUST NOT
 21 BE FUNDED UNDER THIS ACT. Actual rank and score of the
 22 various projects are contained within the Department's
 23 renewable resource and water development programs project
 24 evaluations and recommendations report for the 1986-87
 25 biennium.

1	Renewable Resource Development Program		
2	Prioritized Projects by Category for Funding		
3	G: Grant		
4	I. TIMBER STAND IMPROVEMENT		
5	<u>APPLICANT/PROJECT/APPLICANT</u>		
6	UNIVERSITY OF MONTANA	G	\$19,000
7	Montana Forest and Conservation		
8	Experiment Station		
9	MONTANA DEPARTMENT OF STATE LANDS	G	91,000
10	State Timber Stand Improvement		
11	II. IMPROVEMENTS ON AGRICULTURAL LAND		
12	<u>APPLICANT/PROJECT</u>		
13	TOOLE COUNTY -- Marias River Basin Weed	G	46,000
14	Control		
15	MILE HIGH CONSERVATION DISTRICT	G	88,400
16	Reclamation of Heavy Metal Contaminated		
17	Agricultural Lands		
18	MONTANA STATE UNIVERSITY/TETON COUNTY	G	14,000
19	Leafy Spurge; Biological Control		
20	JEFFERSON COUNTY CONSERVATION DISTRICT	G	46,000
21	Cooperative Noxious Weed Control		
22	MCCONE COUNTY CONSERVATION DISTRICT	G	34,000
23	Conservation Tillage Demonstration--Project		
24	MONTANA DEPARTMENT OF FISH & WILDLIFE	G	42,000
25	AND PARKS/MT. Haggin Fencing Project		

1 MONTANA DEPARTMENT OF FISH, WILDLIFE, G 83,000
 2 AND PARKS/Noxious Plant Control on State
 3 Wildlife Management Areas
 4 MONTANA DEPARTMENT OF NATURAL RESOURCES AND G 7,000
 5 CONSERVATION -- CONSERVATION DISTRICTS
 6 DIVISION/Grazing Management for Noxious
 7 Weed Control
 8 MONTANA DEPARTMENT OF AGRICULTURE G 65,000
 9 Coordinated Weed Management Project
 10 MONTANA DEPARTMENT OF NATURAL RESOURCES AND G 90,000
 11 CONSERVATION -- CONSERVATION DISTRICTS
 12 DIVISION/Rangeland Weed Control Cost
 13 Assistance
 14 VALLEY COUNTY CONSERVATION DISTRICT G 13,000
 15 Leafy Spurge Control Project
 16 III. CONSERVATION DISTRICTS, FOR DEVELOPMENT
 17 OF THEIR WATER RESERVATIONS
 18 APPLICANT/PROJECT
 19 LOWER YELLOWSTONE CONSERVATION DISTRICT G 25,000
 20 DEVELOPMENT COMMITTEE/Reserved Water
 21 Development Investigation
 22 MONTANA DEPARTMENT OF NATURAL RESOURCES G 70,000
 23 AND CONSERVATION -- CONSERVATION DISTRICTS
 24 DIVISION/Water Reservation Development
 25 Program

1 IV. OTHER
 2 APPLICANT/PROJECT
 3 GALLATIN COUNTY -- West Yellowstone/Hebgen G 70,000
 4 Basin
 5 Bear-Proof Refuse Container
 6 MISSOULA, -- CITY OF --- Missoula Open Space and G 27,500
 7 Agricultural Land Conservation Program
 8 MONTANA STATE UNIVERSITY DEPARTMENT OF G 14,000
 9 AGRICULTURAL ECONOMICS AND ECONOMIES
 10 Economics of On-Farm Wind Generation
 11 WEST YELLOWSTONE, -- CITY OF --- Rendezvous -- Ski G 27,300
 12 Trail
 13 CASCADE COUNTY PARK BOARD --- King's Hill G 7,000
 14 Nordic Ski Center
 15 MONTANA -- DEPARTMENT -- OF NATURAL RESOURCES AND G 24,000
 16 CONSERVATION --- Conservation --- Education
 17 Grants Program
 18 NEW SECTION. Section 3. Opportunity to receive loans
 19 for projects that do not receive grants. Sponsors of
 20 recommended projects and activities on the prioritized lists
 21 in sections 1 and 2 that are not recipients of available
 22 grant funds must be offered the opportunity to receive loan
 23 funds for up to the total recommended project, subject to
 24 the conditions described in this act. The interest rate
 25 applicable to these loans must be the rate paid on bonds

1 issued pursuant to this act.

2 NEW SECTION. Section 4. Approval of loans from bond
3 proceeds and completion of appropriation. (1) The
4 Legislature, pursuant to 85-1-605 and 90-2-107, hereby
5 approves loans to private sponsors approved by the Director
6 of the Department of Natural Resources and Conservation
7 during the 1985-86 biennium and the loans identified and
8 described in section 1 for projects and activities to public
9 entities from water development bond proceeds [and interest
10 earnings on such proceeds deposited in the water development
11 account] and loans from renewable resource development bond
12 proceeds deposited in the renewable resource development
13 account. Bond proceeds may be used for the payment of bond
14 issuance costs. Funds are appropriated for these costs to a
15 maximum of 4% of the amount of each bond sale.

16 (2) The approval of specific loans completes an
17 appropriation of the coal severance tax proceeds allocated
18 by 15-35-108 to the water development bond account for the
19 purpose of paying, in the manner established by 85-1-619,
20 principal of and interest and redemption premiums on any
21 water development bonds issued to provide the proceeds for
22 the loans to private and public entities approved in section
23 1, and also an appropriation to the renewable resource debt
24 service fund for the purpose of paying, in the manner
25 established by 90-2-124, principal of and interest and

1 redemption premium on any renewable resource development
2 bonds issued to provide the proceeds for the loans to public
3 entities approved in sections 1 and 2.

4 NEW SECTION. Section 5. Reauthorization of loans
5 approved by the 1983 Legislature. The 1983 Legislature in
6 House Bill 897 approved loans from the water development
7 bond account for the Antelope water and sewer district in
8 the amount of \$100,000, the Geraldine water district in the
9 amount of \$100,000, the town of Culbertson in the amount of
10 \$100,000, and the town of Hamilton in the amount of
11 \$182,000. Eighty-two thousand dollars of the Hamilton loan
12 was a grant for which revenues were not collected and which
13 was offered and accepted as a loan. Loans for the entities
14 described in this section, from proceeds of the water
15 development program general obligation bond, October 1983,
16 are hereby authorized.

17 NEW SECTION. Section 6. Coal severance tax bond
18 authorized. (1) The Legislature finds that Title 17, chapter
19 5, part 7, provides for the issuance of coal severance tax
20 bonds for financing specific approved water resource
21 development projects and activities as part of the state
22 water development program. The Legislature finds that the
23 water development projects in this section meet the
24 provisions of 17-5-702. The Board of Examiners may issue
25 State of Montana coal severance tax bonds in an amount not

1 to exceed \$51,715,280 \$51,652,528 for the purposes of making
2 loans and financing state projects, ESTABLISHING A RESERVE
3 FOR THE BONDS, and of paying the costs of issuance. Funds
4 are appropriated for these costs of issuance to a maximum of
5 4% of the amount of each bond sale.

6 (2) The Board of Examiners may issue State of Montana
7 coal-severance tax bonds for loans to political subdivisions
8 and local government entities not to exceed the loan amount
9 listed for the project:

10 GROUP A - Notwithstanding the conditions set forth in section
11 14, the interest rate for projects in this group must MAY be
12 four percentage points below the long-term bond rate at
13 which the state bond is sold for the first 7 years of an
14 anticipated 20-year term and must be at the rate at which
15 the state bond is sold for the remaining 13 years:

16		<u>LOAN AMOUNT</u>
17	BENTON, TOWN OF-----	\$185,000
18	--Water Supply System	
19	BOBSON, TOWN OF-----	170,000
20	--New Water Well	
21	BRIMMOND, TOWN OF-----	304,600
22	--Fire and Water Project	
23	BUTTON, TOWN OF-----	652,000
24	--Water Supply Construction	
25	EAST BENCH IRRIGATION DISTRICT-----	400,000

1	--Gravity Irrigation System	
2	EAST BENCH IRRIGATION DISTRICT-----	1,317,295
3	--McHessor Dry Gulch Gravity Irrigation System	
4	EVERGREEN WATER AND SEWER DISTRICT-----	3,226,900
5	--Flathead County Sewer System	
6	GERALDINE COUNTY WATER DISTRICT-----	313,910
7	--Rural Water System	
8	GLASSBORO CITY OF-----	5,662,000
9	--Water Supply Source	
10	HUNGRY HORSE WATER AND SEWER DISTRICT-----	762,430
11	--Water System Improvements	
12	LAKESIDE COUNTY SEWER DISTRICT-----	1,190,000
13	--Wastewater Treatment Facility	
14	NEIHART, TOWN OF-----	550,000
15	--Water System Improvement	
16	YELLOWSTONE COUNTY-----	555,000
17	--Cedar Park Water System	
18	YELLOWSTONE COUNTY-----	1,100,000
19	--Oxbow Area Water Supply	
20	<u>GROUP B</u> - Notwithstanding the conditions set forth in section 21 14, the interest rate for projects in this group must <u>MAY</u> be 22 three percentage points below the long-term bond rate at 23 which the state bond is sold for the first 7 years of an 24 anticipated 20-year term and must be at the rate at which 25 the state bond is sold for the remaining 13 years:	

1	<u>LOAN-AMOUNT</u>
2	COOKE-PASS-COOKE-CITY-SILVER-GATE-----\$336,730
3	--County-Water/Sewer-District-Sewer-Improvements
4	PORT-BENTON, CITY-OF-----753,060
5	--Water-System-Improvement
6	JUDITH-GAP, TOWN-OF-----100,000
7	--Water-Supply-Source
8	LIMA, TOWN-OF-----376,500
9	--Water-Facilities-Update
10	POPLAR, TOWN-OF-----477,260
11	--Water-System-Improvement
12	ROOSEVELT-COUNTY-RURAL-WATER-DISTRICT-----2,219,124
13	--Rural-Water-System
14	WORDEN/BALLENTINE-YELLOWSTONE-COUNTY-----500,000
15	--Water-and-Sewer-District-Reservoir-Construction
16	<u>EVERGREEN-WATER-AND-SEWER-DISTRICT-----3,226,900</u>
17	<u>--PLATHEAD-COUNTY-SEWER-SYSTEM</u>
18	<u>HUNGRY-HORSE-WATER-AND-SEWER-DISTRICT-----762,430</u>
19	<u>--WATER-SYSTEM-IMPROVEMENTS</u>
20	<u>GROUP-C--Notwithstanding-the-conditions-set-forth-in-section</u>
21	<u>14, the interest rate for projects in this group must <u>MAX</u> be</u>
22	<u>two percentage points below the long-term bond rate at which</u>
23	<u>the state bond is sold for the first 7 years of an</u>
24	<u>anticipated 20-year term and must be at the rate at which</u>
25	<u>the state bond is sold for the remaining 13 years.</u>

1	<u>LOAN-AMOUNT</u>
2	BOBBMAN, CITY-OF-----\$726,079
3	--Lyman-Creek-Water-System-Improvements
4	CHARBO-WATER-USERS-ASSOCIATION-----269,440
5	--Distribution-System-Replacement
6	EAST-HELENA, CITY-OF-----434,434
7	--Water-System-Improvement
8	EKALAKA, TOWN-OF-----395,250
9	--Water-System-Renovation
10	HAYRE, CITY-OF-----2,590,000
11	--Water-System-Improvement
12	HIBB-COUNTY-WATER-DISTRICT-----1,741,000
13	--Rural-Water-Supply
14	LOCKWOOD-IRRIGATION-DISTRICT-----247,000
15	--System-Renovation
16	PONDERA-COUNTY-CONSERVATION-DISTRICT-----750,000
17	--Lower-Birch-Creek-Watershed
18	SEELEY-LAKE-WATER-DISTRICT-----310,700
19	--Water-Storage-Tank
20	TIBER-COUNTY-WATER-DISTRICT-----559,260
21	--New-Control-and-Monitoring-System
22	WHITEHALL, TOWN-OF-----300,400
23	--Sewer-Project
24	WHITE-SULPHUR-SPRINGS, TOWN-OF-----639,150
25	--Water-System-Improvements

1 GROUP B--Notwithstanding the conditions set forth in section
2 147 the interest rate for projects in this group must be the
3 rate at which the state bond is sold:

	<u>LOAN AMOUNT</u>
4 MIDDLE CREEK DAM REHABILITATION-----	\$3,500,000
5 MILK RIVER IRRIGATION DISTRICT-----	17,869,000
6 --Tiber Dam Power Project	

7
8 GROUP E NOTWITHSTANDING THE CONDITIONS SET FORTH IN SECTION
9 147--THE INTEREST RATE FOR THE PROJECT IN THIS GROUP MUST BE
10 3% OVER A 30-YEAR TERM:

	<u>LOAN AMOUNT</u>
11 EAST BENCH IRRIGATION DISTRICT-----	\$1,317,295

12 --MEHESSOR DRY GULCH GRAVITY IRRIGATION SYSTEM
13
14 THE BOARD OF EXAMINERS MAY ISSUE STATE OF MONTANA COAL
15 SEVERANCE TAX BONDS FOR LOANS TO POLITICAL SUBDIVISIONS AND
16 LOCAL GOVERNMENT ENTITIES NOT TO EXCEED THE LOAN AMOUNT
17 LISTED FOR THE PROJECT.

18 GROUP A NOTWITHSTANDING THE CONDITIONS SET FORTH IN SECTION
19 14, THE INTEREST RATE FOR PROJECTS IN THIS GROUP M^y BE FOUR
20 PERCENTAGE POINTS BELOW THE LONG-TERM BOND RATE AT WHICH THE
21 STATE BOND IS SOLD FOR THE FIRST 5 YEARS OF AN ANTICIPATED
22 20-YEAR TERM AND MUST BE AT THE RATE AT WHICH THE STATE BOND
23 IS SOLD FOR THE REMAINING 15 YEARS.

	<u>LOAN AMOUNT</u>
24 DUTTON, TOWN OF	\$652,000

	<u>LOAN AMOUNT</u>
1 <u>WATER SUPPLY CONSTRUCTION</u>	
2 <u>EAST BENCH IRRIGATION DISTRICT</u>	400,000
3 <u>GRAVITY IRRIGATION SYSTEM</u>	
4 <u>GLASGOW, CITY OF</u>	5,662,000
5 <u>WATER SUPPLY SOURCE</u>	
6 <u>NEIHART, TOWN OF</u>	550,000
7 <u>WATER SYSTEM IMPROVEMENT</u>	
8 <u>YELLOWSTONE COUNTY</u>	555,000
9 <u>CEDAR PARK WATER SYSTEM</u>	
10 <u>YELLOWSTONE COUNTY</u>	1,100,000
11 <u>OXBOW AREA WATER SUPPLY</u>	
12 <u>GROUP B NOTWITHSTANDING THE CONDITIONS SET FORTH IN SECTION</u>	
13 <u>14, THE INTEREST RATE FOR PROJECTS IN THIS GROUP MAY BE</u>	
14 <u>THREE PERCENTAGE POINTS BELOW THE LONG-TERM BOND RATE AT</u>	
15 <u>WHICH THE STATE BOND IS SOLD FOR THE FIRST 5 YEARS OF AN</u>	
16 <u>ANTICIPATED 20-YEAR TERM AND MUST BE AT THE RATE AT WHICH</u>	
17 <u>THE STATE BOND IS SOLD FOR THE REMAINING 15 YEARS.</u>	
18	<u>LOAN AMOUNT</u>
19 <u>COOKE PASS-COOKE CITY-SILVER GATE</u>	\$336,730
20 <u>COUNTY WATER/SEWER DISTRICT SEWER IMPROVEMENTS</u>	
21 <u>FORT BENTON, CITY OF</u>	753,060
22 <u>WATER SYSTEM IMPROVEMENT</u>	
23 <u>POPLAR, TOWN OF</u>	477,260
24 <u>WATER SYSTEM IMPROVEMENT</u>	
25 <u>WORDEN/BALLENTINE YELLOWSTONE COUNTY</u>	500,000

1	<u>WATER AND SEWER DISTRICT RESERVOIR CONSTRUCTION</u>	
2	<u>EVERGREEN WATER AND SEWER DISTRICT</u>	<u>3,226,900</u>
3	<u>FLATHEAD COUNTY SEWER SYSTEM</u>	
4	<u>HUNGRY HORSE WATER AND SEWER DISTRICT</u>	<u>762,430</u>
5	<u>WATER SYSTEM IMPROVEMENTS</u>	
6	<u>DODSON, TOWN OF</u>	<u>170,000</u>
7	<u>NEW WATER WELL</u>	
8	<u>DRUMMOND, TOWN OF</u>	<u>304,600</u>
9	<u>FIRE AND WATER PROJECT</u>	
10	<u>LAKESIDE COUNTY SEWER DISTRICT</u>	<u>1,190,000</u>
11	<u>WASTEWATER TREATMENT FACILITY</u>	
12	<u>BOZEMAN, CITY OF</u>	<u>726,079</u>
13	<u>LYMAN CREEK WATER SYSTEM IMPROVEMENT</u>	
14	<u>CHARLO WATER USERS ASSOCIATION</u>	<u>269,440</u>
15	<u>DISTRIBUTION SYSTEM REPLACEMENT</u>	
16	<u>EAST HELENA, CITY OF</u>	<u>434,434</u>
17	<u>WATER SYSTEM IMPROVEMENT</u>	
18	<u>EKALAKA, TOWN OF</u>	<u>395,250</u>
19	<u>WATER SYSTEM RENOVATION</u>	
20	<u>HAVRE, CITY OF</u>	<u>2,590,000</u>
21	<u>WATER SYSTEM IMPROVEMENT</u>	
22	<u>GROUP C NOTWITHSTANDING THE CONDITIONS SET FORTH IN SECTION</u>	
23	<u>14, THE INTEREST RATE FOR PROJECTS IN THIS GROUP MAY BE TWO</u>	
24	<u>PERCENTAGE POINTS BELOW THE LONG-TERM BOND RATE AT WHICH THE</u>	
25	<u>STATE BOND IS SOLD FOR THE FIRST 5 YEARS OF AN ANTICIPATED</u>	

1	<u>20-YEAR TERM AND MUST BE AT THE RATE AT WHICH THE STATE BOND</u>	
2	<u>IS SOLD FOR THE REMAINING 15 YEARS.</u>	
3		<u>LOAN AMOUNT</u>
4	<u>LOCKWOOD IRRIGATION DISTRICT</u>	<u>\$247,000</u>
5	<u>SYSTEM RENOVATION</u>	
6	<u>PONDERA COUNTY CONSERVATION DISTRICT</u>	<u>750,000</u>
7	<u>LOWER BIRCH CREEK WATERSHED</u>	
8	<u>SEELEY LAKE WATER DISTRICT</u>	<u>310,706</u>
9	<u>WATER STORAGE TANK</u>	
10	<u>WHITEHALL, TOWN OF</u>	<u>300,400</u>
11	<u>SEWER PROJECT</u>	
12	<u>WHITE SULPHUR SPRINGS, TOWN OF</u>	<u>639,150</u>
13	<u>WATER SYSTEM IMPROVEMENTS</u>	
14	<u>DENTON, TOWN OF</u>	<u>185,000</u>
15	<u>WATER SUPPLY SYSTEM</u>	
16	<u>JUDITH GAP, TOWN OF</u>	<u>100,000</u>
17	<u>WATER SUPPLY SOURCE</u>	
18	<u>LIMA, TOWN OF</u>	<u>376,500</u>
19	<u>WATER FACILITIES UPDATE</u>	
20	<u>GROUP D NOTWITHSTANDING THE CONDITIONS SET FORTH IN SECTION</u>	
21	<u>14, THE INTEREST RATE FOR PROJECTS IN THIS GROUP MUST BE THE</u>	
22	<u>RATE AT WHICH THE STATE BOND IS SOLD.</u>	
23		<u>LOAN AMOUNT</u>
24	<u>MIDDLE CREEK DAM REHABILITATION</u>	<u>\$3,500,000</u>
25	<u>MILK RIVER IRRIGATION DISTRICT</u>	<u>17,869,000</u>

1	<u>TIBER DAM POWER PROJECT</u>	
2	<u>ANACONDA/DEER LODGE COUNTY</u>	500,000
3	<u>SEWAGE FACILITIES</u>	
4	<u>HILL COUNTY WATER DISTRICT</u>	1,410,000
5	<u>RURAL WATER SUPPLY</u>	
6	<u>GROUP E NOTWITHSTANDING THE CONDITIONS SET FORTH IN SECTION</u>	
7	<u>14, THE INTEREST RATE FOR THE PROJECT IN THIS GROUP MUST BE</u>	
8	<u>3% OVER A 30-YEAR TERM.</u>	
9		<u>LOAN AMOUNT</u>
10	<u>EAST BENCH IRRIGATION DISTRICT</u>	\$1,317,295
11	<u>MCHESOR DRY GULCH GRAVITY IRRIGATION SYSTEM</u>	
12	<u>GROUP F NOTWITHSTANDING THE CONDITIONS SET FORTH IN SECTION</u>	
13	<u>14, THE INTEREST RATE FOR THE PROJECT IN THIS GROUP MUST BE</u>	
14	<u>8% OVER A 20-YEAR TERM.</u>	
15		<u>LOAN AMOUNT</u>
16	<u>TIBER COUNTY WATER DISTRICT</u>	\$559,260
17	<u>NEW CONTROL AND MONITORING SYSTEM</u>	
18	<u>GROUP G NOTWITHSTANDING THE CONDITIONS SET FORTH IN SECTION</u>	
19	<u>14, THE INTEREST RATE FOR PROJECTS IN THIS GROUP MUST BE 6%</u>	
20	<u>OVER A 30-YEAR TERM.</u>	
21		<u>LOAN AMOUNT</u>
22	<u>GERALDINE COUNTY WATER DISTRICT</u>	\$313,910
23	<u>RURAL WATER SYSTEM</u>	
24	<u>ROOSEVELT COUNTY RURAL WATER DISTRICT</u>	2,219,12-
25	<u>RURAL WATER SYSTEM</u>	

1 (3) State of Montana coal severance tax bonds to
 2 finance the gravity-fed sprinkler system project for the
 3 East Bench irrigation district were authorized by the 1983
 4 Legislature in an amount not to exceed \$3,230,000. The
 5 district plans to borrow \$1,250,000, and the district is
 6 still expecting to receive confirmation of a federal loan
 7 for the remainder. The Legislature reauthorizes the Board of
 8 Examiners to issue State of Montana coal severance tax bonds
 9 in an amount not to exceed \$1,980,000 if the loan from the
 10 U.S. Bureau of Reclamation is not authorized. The loan must
 11 carry the interest rate of 3% for the term of the loan, as
 12 authorized by the 1983 Legislature. Remaining grant funds
 13 approved for this project by the 47th Legislature in House
 14 Bill 709 are reappropriated for the project for the biennium
 15 ending June 30, 1987.

16 (4) (a) The Legislature finds that the following state
 17 water projects for rehabilitation and repair for which coal
 18 severance tax bonds were authorized by the 1983 Legislature
 19 in House Bill 885 have not been completed. Further,
 20 inflation or additional feasibility studies have
 21 precipitated revised cost estimates for some of these
 22 projects. The Board of Examiners is authorized to issue
 23 State of Montana coal severance tax bonds for these projects
 24 to a maximum amount listed in this section. The state bond
 25 rate must be paid on these loans. The list describes both

1 the 1983 authorized amount and a revised amount when
 2 appropriate.
 3 YELLOW WATER DAM in
 4 Petroleum County
 5 1985 authorization amount \$110,000
 6 COTTONWOOD DAM in
 7 Park County
 8 1985 authorization amount 230,000

9 (b) Bonds may be issued by the Board of Examiners
 10 after the water users for each project have entered into
 11 contractual agreements providing for the repayment of the
 12 cost of repair and rehabilitation at a rate of interest
 13 equal to that which must be paid on bonds issued pursuant to
 14 this section. The repayment money from each project is
 15 pledged, dedicated, and appropriated to the special debt
 16 service bond account established in the state treasury for
 17 the benefit of the bonds approved for such projects.

18 (5) The Legislature finds that the following state
 19 hydroelectric projects for which coal severance tax bonds
 20 were authorized by the 1983 Legislature in House Bill 885
 21 have not been completed; further, inflation and additional
 22 feasibility studies have precipitated revised cost estimates
 23 for some of these projects:

24 (a) The Board of Examiners is authorized to issue
 25 State of Montana coal severance tax bonds for these projects

1 up to the amounts listed in this section.
 2 PAINTED ROCK DAM under
 3 the authorization granted by
 4 the federal energy regulatory
 5 commission for project number 4657:
 6 1985 authorization \$10,047,000
 7 BROADWATER DAM under
 8 authorization pending before
 9 the federal energy regulatory
 10 commission for project number 2853:
 11 1985 authorization 23,044,000
 12 COONEY DAM under an
 13 authorization from the federal
 14 energy regulatory commission
 15 to be applied for pursuant to the
 16 preliminary permit issued for project number 4700:
 17 1985 authorization 4,512,000

18 (b) Bonds approved in this section may not be issued
 19 by the Board of Examiners until the Board of Natural
 20 Resources and Conservation has determined that a project is
 21 feasible and has otherwise complied with the requirements of
 22 Title 85, chapter 1, part 5, for the development of
 23 hydropower at water projects under the control of the
 24 Department. The Board of Natural Resources and Conservation
 25 and the Board of Examiners must find that on the average,

1 over the life of the project, revenues will be generated to
2 repay a loan at the rate at which the state bond is sold.
3 However, in some years the appropriation of funds from the
4 coal severance tax bond account may be required.

5 (c) The Board of Examiners may allocate a portion of
6 the bond proceeds for a specific project for the operation
7 and maintenance of the hydropower facility.

8 (d) The maximum amount of bond proceeds for each
9 project approved in this section must also include all and
10 any relocation, reconstruction, ~~habilitation~~ REHABILITATION,
11 or other costs for which the Department is legally liable
12 that affect existing irrigation systems, private lands,
13 utility lines, mines, roads, highways, and railroads which
14 are subsequently affected by the development of a respective
15 hydroelectric project.

16 (e) The hydropower revenues from each project are
17 pledged, dedicated, and appropriated to a debt service
18 account established in the state treasury for the benefit of
19 bonds approved to finance the project. Revenues in excess of
20 the amount required to meet the debt service requirements
21 may be allocated to the water development special revenue
22 account to operate, maintain, and rehabilitate state-owned
23 projects.

24 (6) THERE IS APPROVED A LOAN FOR THE AMOUNT OF \$484,270
25 FOR A SLOW-SAND-FILTER-ON-MIDVALE-CREEK-NECESSARY-FOR

1 IMPROVING THE WATER SUPPLY TO THE TOWN OF EAST GLACIER. THE
2 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION IS DIRECTED
3 TO CLASSIFY THIS LOAN INTO ONE OF THE GROUPS SET FORTH IN
4 SUBSECTION (2) AND REPORT THIS CLASSIFICATION TO THE
5 LEGISLATIVE FINANCE COMMITTEE.

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

18 (2) The Legislature, through the enactment of this
19 section, in accordance with Article VIII, section 8, of the
20 Montana Constitution, authorizes the creation of a state
21 debt in an amount not to exceed \$37,603,000 for the
22 development of the state hydroelectric projects approved in
23 section 6, in an amount not to exceed \$3,840,000 for the
24 rehabilitation of state water projects approved in section
25 6, and in an amount not to exceed \$47,652,528 for loans to

1 political subdivisions of the state and local government
 2 entities for water development projects approved in section
 3 6, all for the issuance of state of Montana coal severance
 4 tax bonds authorized by this act.

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

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

20 (5) Notwithstanding provisions in section 6(5)(e),
 21 loan repayments from loans financed with State of Montana
 22 coal severance tax bonds, loan principal, interest, and bond
 23 issuance fees borrowed from bond proceeds are pledged,
 24 dedicated, and appropriated to the debt service account in
 25 the state treasury for the benefit of bonds approved for

1 loans under this section. Repayment, both principal and
 2 interest, of administrative fees borrowed from bond proceeds
 3 must be made to the water development state special revenue
 4 account created in 85-1-604 to be reused for the
 5 administration of the water development loan and grant
 6 program.

7 NEW SECTION. Section 8. Projects not completing
 8 requirements -- loans reauthorized. The Legislature finds
 9 that the following water development projects for which coal
 10 severance tax bonds were authorized to be issued by the 1983
 11 Legislature in House Bill 885 might not complete the
 12 requirements necessary for the loan transaction prior to
 13 June 30, 1985. State of Montana, Coal Severance Tax Bonds,
 14 1984 Series A, were sold in August 1984 to finance these
 15 loans. Loans from the proceeds of the State of Montana, Coal
 16 Severance Tax Bonds, 1984 Series A, for the projects
 17 described in this section are reauthorized in the amounts
 18 listed at the interest rates authorized by the 1983
 19 Legislature in House Bill 885 and described in this section
 20 to enable financing during the 1986-87 biennium, if
 21 necessary.

22 GERALDINE COUNTY WATER DISTRICT
 23 Rural Water System \$1,733,200
 24 Interest rate: 6.5% for the
 25 20-year term of the bond

1 EAST BENCH IRRIGATION DISTRICT
 2 Conversion from pumped to 1,250,000
 3 Gravity-Fed Sprinkler System
 4 Interest rate: 3% for the
 5 30-year term of the bond
 6 PONDERA CONSERVATION DISTRICT
 7 Irrigation System Rehabilitation 555,000
 8 Interest rate: 6% for the
 9 20-year term of the bond
 10 BIGFORK COUNTY WATER AND
 11 SEWER DISTRICT
 12 Sewer System 250,000
 13 Interest rate: 7% for
 14 5 years, and 10.26%
 15 for the remaining 15 years of the bond term
 16 CITY OF BELGRADE
 17 Water Well Improvements 115,000
 18 Interest rate: 7% for
 19 5 years, 10.26% for
 20 the remaining 15 years
 21 of the bond term
 22 TOWN OF THREE FORKS
 23 New Water Supply System 435,000
 24 Interest rate: 7% for
 25 5 years, and 10.26%

1 for the remaining 15 years
 2 of the bond term
 3 MARTINSDALE STATE PROJECT
 4 In Meagher and Wheatland Counties 250,000
 5 Interest rate: state bond rate
 6 NEW SECTION. Section 9. Reallocation of resource
 7 indemnity trust account interest income. Except for special
 8 departmental appropriation and notwithstanding any
 9 provisions of 85-1-604 to the contrary, all remaining
 10 interest income allocated to the water development state
 11 special revenue account from the resource indemnity trust
 12 fund by 15-38-202(2) during the biennium ending June 30,
 13 1987, may be used only for the purposes set out in
 14 85-1-604(3)(c).
 15 NEW SECTION. Section 10. Emergency grants. There is
 16 appropriated to the Department of Natural Resources and
 17 Conservation up to \$125,000 from the water development state
 18 special revenue account to be used for emergency projects
 19 pursuant to Senate Bill 283. If these funds are not needed
 20 for emergencies, they may be used for grants approved in
 21 section 1 of this act.
 22 NEW SECTION. Section 11. Conditions of loans and
 23 grants. Disbursement of funds under this act for both loans
 24 and grants is subject to the following conditions, which
 25 must be met by project sponsors:

1 (1) approval of a scope of work and budget for the
 2 project by the Department; reductions in a scope of work or
 3 budget must not affect priority activities or improvements;

4 (2) other funds required for project completion have
 5 been committed and the commitment is documented;

6 (3) satisfactory completion of conditions described in
 7 the recommendation section of the project narrative in the
 8 renewable resource and water development program project
 9 evaluations and recommendations report for the 1986-87
 10 biennium or, in the case of emergency applications,
 11 conditions specified at the time of written notification of
 12 approved loan authority;

13 (4) execution of a loan or grant agreement with the
 14 Department of Natural Resources and Conservation; and

15 (5) other specific requirements are accomplished as
 16 considered necessary by the Department of Natural Resources
 17 and Conservation to accomplish the purpose of the loan or
 18 grant as evidenced from the application to the Department of
 19 Natural Resources and Conservation or the proposal to the
 20 Legislature.

21 NEW SECTION. Section 12. Conditions for grants.
 22 Notwithstanding the conditions described in section 1, grant
 23 funds are disbursed in the order of priority listed in
 24 section 1 as coal tax revenues are received. No project
 25 approved by this act is entitled to receive grant funds not

1 collected and allocated to the water development state
 2 special revenue account or the renewable resource
 3 development account.

4 NEW SECTION. Section 13. Conditions for loans. Each
 5 sponsor authorized for a loan from water development bond
 6 proceeds, renewable resource development bond proceeds, or
 7 coal severance tax bond proceeds may be required to pay to
 8 the Department of Natural Resources and Conservation a pro
 9 rata share of the bond issuance costs and the administrative
 10 costs incurred by the Department to complete the loan
 11 transaction.

12 NEW SECTION. Section 14. Interest rates on loans.
 13 Loans made from proceeds of State of Montana coal severance
 14 tax bonds must be at interest rates specified in section 6,
 15 except that when loan requests are reduced, interest rates
 16 must be recalculated based on the methodology described in
 17 the renewable resource and water development program project
 18 evaluations and recommendations report for the 1986-87
 19 biennium. If the bonds or notes bear interest at an
 20 adjustable rate, the Department shall establish, at the time
 21 of the sale of the bond, an assured rate of interest thereon
 22 as if the bonds bore interest at a fixed rate. The assured
 23 rate of interest so established must be the rate of interest
 24 on the bonds for the purpose of calculating the interest
 25 rates on the loans pursuant to section 6.

1 NEW SECTION. Section 15. Private and discount
 2 purchase of loans. Loans to local government entities and
 3 political subdivisions and bonds, warrants, and notes issued
 4 in evidence thereof may be made and purchased by and sold to
 5 the Department at a discount and at private negotiated sale,
 6 notwithstanding the provisions of any other law applicable
 7 to such local government entities or political subdivisions.

8 Section 16. Section 90-2-107, MCA, is amended to read:
 9 "90-2-107. State and local renewable resource
 10 development loans. (1) The department of natural resources
 11 and conservation may recommend to the governor that loans be
 12 made from the renewable resource development account
 13 established by this part to any department, agency, board,
 14 commission, or other division of state government or to any
 15 city, county, or other political subdivision or local
 16 government body of the state.

17 (2) The department shall solicit and consider in its
 18 evaluation of proposed projects the views of interested and
 19 affected departments, boards, agencies, and other
 20 subdivisions of state and federal government and of other
 21 interested and affected persons.

22 (3) The governor shall submit those loan proposals
 23 having his approval to the legislature by ~~the 20th day of~~
 24 January 1 of the year of any regular legislative session.
 25 Those loan proposals approved by the legislature shall be

1 administered by the department.

2 (4) The provisions of 90-2-104, 90-2-108, 90-2-109,
 3 and 90-2-128 shall govern and apply to the local renewable
 4 resource loans herein provided for.

5 (5) Both the loans provided for by this section and
 6 the grants provided for by 90-2-111 may be submitted to the
 7 governor and approved by the legislature as may be necessary
 8 to jointly finance any project."

9 NEW SECTION. SECTION 17. WATER DEVELOPMENT PROGRAM
 10 DIRECTION -- FUTURE PREFERENCE FOR APPROPRIATIONS. (1) THE
 11 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION IS DIRECTED
 12 TO RECOGNIZE IN PARTICULAR THE PRIMARY ROLE OF AGRICULTURE
 13 IN THE STATE'S ECONOMY AND THE NEEDS OF ITS AGRICULTURAL
 14 CONSTITUENCY WHEN IT FORMULATES ITS PROMOTION, ASSISTANCE,
 15 AND DEVELOPMENT PROGRAMS.

16 (2) IN EVALUATING PROPOSALS FOR USE OF FUNDS FROM THE
 17 WATER DEVELOPMENT STATE SPECIAL REVENUE ACCOUNT FOR THE
 18 BIENNIUM ENDING JUNE 30, 1989, THE DEPARTMENT OF NATURAL
 19 RESOURCES AND CONSERVATION AND THE LEGISLATURE SHALL GIVE
 20 PREFERENTIAL CONSIDERATION TO PROPOSALS THAT PROMOTE:

21 (A) THE WATER RESERVATION PROGRAM ESTABLISHED BY
 22 85-2-316;

23 (B) THE DEVELOPMENT OF THE STATE WATER PLAN REQUIRED
 24 BY 85-1-203; AND

25 (C) OTHER STATE WATER PROGRAMS RECOMMENDED BY THE

1 LEGISLATIVE WATER POLICY COMMITTEE ESTABLISHED IN SECTION 19
2 OF HOUSE BILL NO. 680.

3 NEW SECTION. Section 18. Coordination instruction.

4 (1) If Senate Bill No. 283 is not passed and approved,
5 including its provisions authorizing the deposit of interest
6 earned on water development bond proceeds and renewable
7 resource development bond proceeds in the water development
8 state special revenue account and the renewable resource
9 development account, respectively, section 1(2) and the
10 bracketed material in section 4 are void.

11 (2) If Senate Bill No. 283 is not passed and approved,
12 including its provisions authorizing the department to use
13 for emergency grants, pursuant to 85-1-605, up to 10% of the
14 funds available for grants from the water development state
15 special revenue account, section 10 is void.

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

22 NEW SECTION. Section 20. Effective date. This act is
23 effective on passage and approval.

-End-