

HOUSE BILL NO. 7

INTRODUCED BY THOFT

BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

IN THE HOUSE

MARCH 4, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON APPROPRIATIONS.
MARCH 21, 1987	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
MARCH 23, 1987	PRINTING REPORT.
MARCH 25, 1987	SECOND READING, DO PASS.
MARCH 26, 1987	ENGROSSING REPORT.
	THIRD READING, PASSED. AYES, 83; NOES, 6.
	TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 27, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON FINANCE & CLAIMS.
APRIL 3, 1987	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
APRIL 6, 1987	SECOND READING, CONCURRED IN.
APRIL 7, 1987	THIRD READING, CONCURRED IN. AYES, 46; NOES, 4.
	RETURNED TO HOUSE.

IN THE HOUSE

APRIL 8, 1987	RECEIVED FROM SENATE.
	SENT TO ENROLLING.



Montana Legislative Council

-2-

INTRODUCED BILL
HB-7

1 from money available in the water development state special
 2 revenue account and renewable resource development account
 3 for grants and from the water development or renewable
 4 resource accounts for loans for water development projects
 5 and activities under 85-1-604(3)(c) and this act. The funds
 6 appropriated in this section must be awarded by the
 7 department to the named entities for the described purposes
 8 and in the described grant amounts set out in subsection
 9 (4), subject to the conditions set forth in this act and the
 10 contingencies described in the renewable resource or water
 11 development programs January 1987 report. The legislature,
 12 pursuant to 85-1-605, approves the grants listed in
 13 subsection (4), with grants to be made in the order
 14 indicated in the prioritized list of projects and
 15 activities. Funds must be awarded up to the amounts approved
 16 in this section in order of priority until available funds
 17 are expended. Funds not accepted or used by higher ranked
 18 projects and activities must be provided for projects and
 19 activities further down the priority list that would not
 20 otherwise receive funding. If the total expenditure of funds
 21 appropriated under this section results in a cutoff that
 22 ends at a point at which more than one project or activity
 23 is ranked equal in priority, the decision regarding which
 24 project or projects will receive funding must be made by the
 25 department with the advice of the water development advisory

1 committee formed pursuant to 2-15-122. Any projects that are
 2 funded by the resource indemnity trust grants program must
 3 not be funded under this act. Actual rank and score of the
 4 various projects and activities are contained within the
 5 renewable resource and water development program project
 6 evaluations and recommendations report for the 1988-89
 7 biennium.

8 (4) The following are the grant and loan prioritized
 9 projects and activities:

10 WATER DEVELOPMENT PROGRAM	
11 G: Grant L: Loan	
12 <u>Applicant/Project</u>	13 <u>Recommended Funding</u>
14 MONTANA STATE LIBRARY	
15 Montana Water Resources Data Management	G \$ 97,712
16 PRIVATE COMPANY	
17 Lima Dam Rehabilitation	G 64,000
18 MONTANA BUREAU OF MINES	
19 Mobility of Agricultural Chemicals	G 98,500
20 HILL COUNTY	
21 Lower Beaver Creek Dam Rehabilitation	
22 Study	G 35,000
23 TREASURE COUNTY CONSERVATION DISTRICT	
24 Conservation Practice Loan Program	G 100,000
25 PRIVATE COMPANY	
Edgar Canal Erosion Control	G 10,000

<u>Applicant/Project</u>	<u>Recommended Funding</u>
MONTANA STATE UNIVERSITY	
Plastic Irrigation Canal Lining	G 37,500
FLATHEAD CONSERVATION DISTRICT	
Rehabilitation of East Spring Creek	G 75,000
MINERAL COUNTY	
St. Regis Park Irrigation	G 35,000
CARBON COUNTY	
Roberts Water System Improvements	G 47,500
GREENFIELDS IRRIGATION DISTRICT	
Willow Creek Measuring Device	G 2,074
PRIVATE CORPORATION	
Nilan Canal Lining	G 25,000
EASTERN SANDERS CONSERVATION DISTRICT	
Little Bitterroot Recharge Enhancement	G 86,300
PRIVATE NONPROFIT CORPORATION	
Technical Assistance Advisor	G 60,000
TOWN OF CASCADE	
Water Distribution and Supply Improvements	G 50,000
CITY OF SHELBY	
Shelby Water Rehabilitation	G 25,000
SUN PRAIRIE VILLAGE WATER AND SEWER ASSOCIATION	
Wastewater Lagoon Dike Repair	L 162,000
LAKESIDE WATER DISTRICT	
Lakeside Water Well and Main Extension	L 133,300

Section 2. Appropriations under the renewable resource development program. (1) There are appropriated to the department of natural resources and conservation all available funds from the renewable resource development account during the 1988-89 biennium for projects under the renewable resource development program.

(2) The department shall award grants to the named entities for the described purposes and in the described amounts set out in subsection (3). The legislature, pursuant to 90-2-111, approves the listed grants, with grants to be made in order of priority ranking within each renewable resource development category, except renewable resource development grants for water development projects and activities that must be made in the order of priority listed in section 1. The funds appropriated under this section must be divided among the categories and in the percentages as required by 90-2-113. Funds not accepted or used by higher ranked projects in each category must be provided for projects further down the priority list in each category that would not otherwise receive funding. If the total expenditure of funds appropriated under this section results in a cutoff that ends at a point at which more than one project is ranked equal in priority, the decision regarding which project or projects will receive funding must be made by the department of natural resources and conservation with

the advice of the water development advisory committee formed pursuant to 2-15-122. If a project in the category of "other" is funded by the resource indemnity trust grants program, it must not be funded under this act. Actual rank and score of the various projects are contained within the department of natural resources and conservation's renewable resource and water development programs project evaluations and recommendations report for the 1988-89 biennium.

(3) The following are the grant and loan prioritized projects and activities listed by category:

RENEWABLE RESOURCE DEVELOPMENT PROGRAM

G: Grant L: Loan

Applicant/Project Recommended Funding

I. Agricultural Land Improvement Category

HILL COUNTY CONSERVATION DISTRICT

Grass Drill Purchase G \$ 8,000

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

Conservation Districts Division

Electronic Survey Equipment Purchase G 9,300

II. Timber Improvement Category

ANACONDA-DEER LODGE COUNTY

Soil Stabilization and Erosion Control G 63,650

MADISON CONSERVATION DISTRICT

Mobile Saw for Forest Land Management G 23,850

III. Water Reservation Development Category

Applicant/Project Recommended Funding

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

Conservation Districts Division

Water Reservations Development Program G 50,000

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

Section 4. Approval of loans from bond proceeds and completion of appropriation. (1) The legislature, pursuant to 85-1-605, 85-1-606, and 90-2-107, hereby approves loans to private sponsors approved by the department of natural resources and conservation during the 1988-89 biennium and the loans for projects and activities identified and described in section 1 to public entities from water development bond proceeds, interest earnings on such proceeds deposited in the water development debt service fund, and loans from renewable resource development bond proceeds deposited in the renewable resource development account. Bond proceeds may be used for the payment of bond

1 issuance costs. Funds are appropriated for these costs to a
2 maximum of 4% of the amount of each bond sale.

3 (2) The approval of specific loans completes an
4 appropriation of the coal severance tax proceeds allocated
5 by 15-35-108 to the water development bond account for the
6 purpose of paying, in the manner established by 85-1-619,
7 principal of and interest and redemption premiums on any
8 water development bonds issued to provide the proceeds for
9 the loans to private and public entities for projects and
10 activities approved in section 1, and it also completes an
11 appropriation to the renewable resource debt service fund
12 for the purpose of paying, in the manner established by
13 90-2-123, principal of and interest and redemption premiums
14 on any renewable resource development bonds issued to
15 provide the proceeds for the loans to political subdivisions
16 and local government entities for projects and activities
17 approved in sections 1 and 2.

18 Section 5. Reauthorization of loans approved by 1985
19 legislature. The 1985 legislature, in Chapter 717, Laws of
20 1985, approved loans from the water development and
21 renewable resource development bond accounts for the Box
22 Elder rural improvement district in the amount of \$142,000,
23 Cascade County RID No. 26 in the amount of \$167,000, Custer
24 County in the amount of \$92,380, Cut Bank North Glacier
25 water and sewer district in the amount of \$125,000, Glen

1 Lake irrigation district in the amount of \$123,000, City of
2 Polson in the amount of \$158,000, and Sheridan
3 County--Reserve sewer district in the amount of \$117,000.
4 Loans for the entities described in this section are hereby
5 reauthorized.

6 Section 6. Coal severance tax bonds authorized. (1)
7 The legislature finds that Title 17, chapter 5, part 7,
8 provides for the issuance of coal severance tax bonds for
9 financing specific approved water resource development
10 projects and activities as part of the state water
11 development program. Available funds from previous sales of
12 coal severance tax bonds may also be used for the projects
13 approved in this act. The legislature finds that the water
14 development projects in this act meet the provisions of
15 17-5-702. The board of examiners may issue coal severance
16 tax bonds in an amount not to exceed \$82,843,531 for the
17 purpose of making loans and financing state projects,
18 establishing a reserve for the bonds, and paying the costs
19 of issuance. Funds are appropriated for these costs of
20 issuance to a maximum of 4% of the amount of each bond sale.

21 (2) The board of examiners may issue coal severance
22 tax bonds for loans to political subdivisions and local
23 government entities not to exceed the loan amount listed for
24 the project.

25 GROUP A Notwithstanding the conditions set forth in section

1 15, the interest rate for the project in this group must be
2 3% over a 30-year term.

3 Loan Amount

4 MILL CREEK WATER AND SEWER DISTRICT

5 Water Distribution and Supply Improvements \$999,223

6 GROUP B Notwithstanding the conditions set forth in section
7 15, the interest rate for projects in this group may be 2
8 percentage points below the long-term bond rate at which the
9 state bond is sold for the first 5 years of an anticipated
10 20-year term and must be at the rate at which the state bond
11 is sold for the remaining 15 years.

12 Loan Amount

13 HARLEM

14 Water System Improvements \$403,125

15 LIMA

16 Water System Improvements 250,000

17 GROUP C Notwithstanding the conditions set forth in section
18 15, the interest rate for the project in this group may be 1
19 percentage point below the long-term bond rate at which the
20 state bond is sold for the first 5 years of an anticipated
21 20-year term and must be at the rate at which the state bond
22 is sold for the remaining 15 years.

23 Loan Amount

24 HELENA

25 Ten-Mile Water Improvements \$10,202,600

1 GROUP D Notwithstanding the conditions set forth in section
2 15, the interest rate for the project in this group may be
3 0.5 percentage point below the long-term bond rate at which
4 the state bond is sold for the first 5 years of an
5 anticipated 20-year term and must be at the rate at which
6 the state bond is sold for the remaining 15 years.

7 Loan Amount

8 BROWNING

9 Water Treatment and Transmission Facilities \$1,294,900

10 GROUP E Notwithstanding the conditions set forth in section
11 15, the interest rate for projects in this group must be the
12 rate at which the state bond is sold for 20 years.

13 Loan Amount

14 DEPARTMENT OF FISH, WILDLIFE, AND PARKS

15 Gartside Dam \$ 257,000

16 WEST YELLOWSTONE

17 Water System Improvements 1,500,000

18 (3) (a) The legislature finds that the following state
19 water project for rehabilitation and repair for which coal
20 severance tax bonds were authorized by the 1985 legislature
21 in Chapter 717, Laws of 1985, has not been completed.
22 Further, inflation or additional feasibility studies have
23 precipitated revised cost estimates for this project. The
24 board of examiners is authorized to issue coal severance tax
25 bonds for this project to a maximum amount listed in this

section. The state bond rate must be paid on this loan.

Loan Amount

MIDDLE CREEK DAM REHABILITATION \$5,100,000

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

(4) The legislature finds that the following state hydroelectric project for which coal severance tax bonds were authorized by the 1985 legislature in Chapter 717, Laws of 1985, has not been completed; further, inflation and additional feasibility studies have precipitated revised cost estimates for this project:

(a) The board of examiners is authorized to issue coal severance tax bonds for this project up to the amount listed in this section.

Loan Amount

BROADWATER DAM \$26,000,000

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

resources and conservation has determined that a project is feasible and has otherwise complied with the requirements of Title 85, chapter 1, part 5, for the development of hydropower at water projects under the control of the department. The board of natural resources and conservation and the board of examiners must find that on the average, over the life of the project, revenues will be generated to repay a loan at the rate at which the state bond is sold. However, in some years the appropriation of funds from the coal severance tax bond account may be required.

(c) The board of examiners may allocate a portion of the bond proceeds for a specific project for the operation and maintenance of the hydropower facility.

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

(e) The hydropower revenues from each project are pledged, dedicated, and appropriated to a debt service account established in the state treasury for the benefit of bonds approved to finance the project. Revenues in excess of

the amount required to meet the debt service requirements may be allocated to the water development special revenue account to operate, maintain, and rehabilitate state-owned projects.

Section 7. Appropriation -- creation of debt for coal severance tax bonds. (1) The legislature, through the enactment of this section by a vote of three-fourths of the members of each house of the legislature as required by Article IX, section 5, of the Montana constitution, pledges, dedicates, and appropriates from the coal severance tax bond subfund all money necessary for the payment of principal and interest not otherwise provided for on the coal severance tax bonds authorized by this act to be issued pursuant to Title 17, chapter 5, part 7, and pursuant to the provisions of this act and the general resolution for this bond program which has been adopted by the board of examiners under the authority provided in Title 17, chapter 5, part 7.

(2) The legislature, through the enactment of this section, in accordance with Article VIII, section 8, of the Montana constitution, authorizes the creation of a state debt in an amount not to exceed \$26,000,000 for the development of the state hydroelectric projects approved in this act, in an amount not to exceed \$5,100,000 for the rehabilitation of state water projects approved in this act, and in an amount not to exceed \$51,743,531 for loans to

political subdivisions and local government entities for water development projects approved in this act, all for the issuance of up to \$82,843,531 in coal severance tax bonds authorized by this act.

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

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

(5) Notwithstanding provisions in section 6(4)(e), loan repayments from loans financed with coal severance tax bonds, loan principal, interest, and bond issuance fees borrowed from bond proceeds are pledged, dedicated, and appropriated to the debt service account in the state treasury for the benefit of bonds approved for loans under

1 this section.

2 Section 8. Projects not completing requirements --
3 loans reauthorized. The legislature finds that the following
4 water development projects for which coal severance tax
5 bonds were authorized to be issued by the 1985 legislature
6 in Chapter 717, Laws of 1985, may not complete the
7 requirements necessary for the loan transaction prior to
8 June 30, 1987. Coal severance tax bonds for the projects
9 described in this section are reauthorized in the amounts
10 listed at the interest rates authorized by the 1985
11 legislature in Chapter 717, Laws of 1985, and described in
12 this section to enable financing during the 1988-89
13 biennium, if necessary.

14 GROUP A Notwithstanding the conditions set forth in section
15 15, the interest rate for the project in this group may be 4
16 percentage points below the long-term bond rate at which the
17 state bond is sold for the first 5 years of an anticipated
18 20-year term and must be at the rate at which the state bond
19 is sold for the remaining 15 years.

20 Loan Amount

21 DUTTON

22 Water Supply Construction \$150,000

23 GROUP B Notwithstanding the conditions set forth in section
24 15, the interest rate for projects in this group may be 3
25 percentage points below the long-term bond rate at which the

1 state bond is sold for the first 5 years of an anticipated
2 20-year term and must be at the rate at which the state bond
3 is sold for the remaining 15 years.

4 Loan Amount

5 BOZEMAN

6 Lyman Creek Water Improvements \$ 726,079

7 EAST HELENA

8 Water System Improvement 434,434

9 EVERGREEN WATER AND SEWER DISTRICT

10 Wastewater Facilities 3,226,900

11 GROUP C Notwithstanding the conditions set forth in section
12 15, the interest rate for projects in this group may be 2
13 percentage points below the long-term bond rate at which the
14 state bond is sold for the first 5 years of an anticipated
15 20-year term and must be at the rate at which the state bond
16 is sold for the remaining 15 years.

17 Loan Amount

18 DENTON

19 Water Supply System \$ 185,000

20 EAST GLACIER

21 Water System 484,270

22 GLASGOW

23 Water System 3,200,000

24 PONDERA CONSERVATION DISTRICT

25 Irrigation System Rehabilitation 750,000

GROUP D Notwithstanding the conditions set forth in section 15, the interest rate for projects in this group must be the rate at which the state bond is sold.

Loan Amount

HILL COUNTY WATER DISTRICT

Rural Water Supply \$ 1,410,000

MILK RIVER IRRIGATION DISTRICT

Tiber Dam Power Project 25,600,000

CITY OF BELGRADE

Water Well Improvements 115,000

Interest rate 7% for 5 years,

10.26% for the remaining 15 years

of the bond term

PONDERA CONSERVATION DISTRICT 555,000

6% for the term of 20 years

Section 9. Extension of initial interest rate for Sage Creek water district. The interest rate for the Sage Creek water district, which was approved at 7% for the first 5 years following bond issuance and at the full bond rate thereafter in Chapter 705, Laws of 1983, is approved at 7% for the first 10 years following bond issuance and at the full bond rate thereafter.

Section 10. Reallocation of resource indemnity trust account interest income. Except for special departmental appropriation and notwithstanding any provisions of 85-1-604

to the contrary, all remaining interest income allocated to the water development state special revenue account from the resource indemnity trust fund by 15-38-202(2) during the 1988-89 biennium may be used only for the purposes set out in 85-1-604(3)(c).

Section 11. Emergency grants. There is appropriated to the department of natural resources and conservation up to \$125,000 from the water development state special revenue account to be used for emergency projects. If these funds are not needed for emergencies, they may be used for grants approved in section 1 of this act.

Section 12. Conditions of loans and grants. Disbursement of funds under this act for both loans and grants is subject to the following conditions that must be met by project sponsors:

(1) approval of a scope of work and budget for the project by the department of natural resources and conservation. Reductions in a scope of work or budget may not affect priority activities or improvements.

(2) documented commitment of other funds required for project completion;

(3) satisfactory completion of conditions described in the recommendation section of the project narrative in the renewable resource and water development program project evaluations and recommendations report for the 1988-89

1 biennium or, in the case of emergency applications,
2 conditions specified at the time of written notification of
3 approved loan authority;

4 (4) execution of a loan or grant agreement with the
5 department of natural resources and conservation; and

6 (5) accomplishment of other specific requirements
7 considered necessary by the department to accomplish the
8 purpose of the loan or grant as evidenced from the
9 application to the department or from the proposal to the
10 legislature.

11 Section 13. Conditions for grants. Notwithstanding the
12 conditions described in section 1, grant funds are disbursed
13 in the order of priority listed in section 1 as coal tax
14 revenues are received. No project approved by this act is
15 entitled to receive grant funds not collected and allocated
16 to the water development state special revenue account or
17 the renewable resource development account.

18 Section 14. Conditions for loans. Each sponsor
19 authorized for a loan from water development bond proceeds,
20 renewable resource development bond proceeds, or coal
21 severance tax bond proceeds may be required to pay to the
22 department of natural resources and conservation a pro rata
23 share of the bond issuance costs and the administrative
24 costs incurred by the department to complete the loan
25 transaction.

1 Section 15. Interest rates on loans. Loans made from
2 proceeds of coal severance tax bonds must be at interest
3 rates specified in section 6, except that when loan requests
4 are reduced, interest rates must be recalculated based on
5 the methodology described in the renewable resource and
6 water development program project evaluations and
7 recommendations report for the 1988-89 biennium. If the
8 bonds or notes bear interest at an adjustable rate, the
9 department of natural resources and conservation shall
10 establish, at the time of the sale of the bond, an assured
11 rate of interest thereon as if the bonds bore interest at a
12 fixed rate. The assured rate of interest so established must
13 be the rate of interest on the bonds for the purpose of
14 calculating the interest rates on the loans pursuant to
15 section 6.

16 Section 16. Private and discount purchase of loans.
17 Loans to political subdivisions and local government
18 entities and bonds, warrants, and notes issued in evidence
19 thereof may be made and purchased by and sold to the
20 department of natural resources and conservation at a
21 discount and at private negotiated sale, notwithstanding the
22 provisions of any other law applicable to such political
23 subdivisions or local government entities.

24 Section 17. Appropriations established. For any entity
25 of state government that receives a grant or loan under this

LC 0797/01

1 act, an appropriation is established for the amount of the
2 grant or loan upon award of the grant or loan by the
3 department.

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

10 Section 19. Effective date. This act is effective on
11 passage and approval.

-End-

1 HOUSE BILL NO. 7

2 INTRODUCED BY THOPT

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 AUTHORIZE LOANS FROM WATER
10 DEVELOPMENT BOND PROCEEDS AND APPROPRIATE FUNDS FOR DEBT
11 SERVICE; TO REAUTHORIZE GRANTS AND LOANS APPROVED BY THE
12 1985 LEGISLATURE; TO APPROVE THE ISSUANCE OF STATE OF
13 MONTANA COAL SEVERANCE TAX BONDS TO PROVIDE FUNDS FOR LOANS
14 TO POLITICAL SUBDIVISIONS AND LOCAL GOVERNMENTS FOR CERTAIN
15 APPROVED WATER DEVELOPMENT PROJECTS; TO REAUTHORIZE STATE OF
16 MONTANA COAL SEVERANCE TAX BONDS FOR CERTAIN PROJECTS
17 APPROVED BY THE 1985 LEGISLATURE; TO APPROPRIATE COAL
18 SEVERANCE TAX INCOME FOR DEBT SERVICE; TO AUTHORIZE THE
19 CREATION OF A STATE DEBT; TO REALLOCATE CERTAIN RESOURCE
20 INDEMNITY TRUST ACCOUNT INTEREST INCOME FOR WATER
21 DEVELOPMENT PROGRAM GRANTS DURING THE BIENNIUM ENDING JUNE
22 30, 1989; TO PLACE CERTAIN CONDITIONS UPON GRANTS AND LOANS;
23 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

24
25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

1 Section 1. Appropriations from the water development
2 state special revenue account. (1) Because the legislature
3 cannot appropriate individual grants to private entities,
4 there is appropriated to the department of natural resources
5 and conservation up to \$159,000 from the water development
6 state special revenue account during the 1988-89 biennium
7 for grants to private persons for water development projects
8 and activities pursuant to the provisions of Title 85,
9 chapter 1, part 6. This appropriation is from money
10 available in the water development state special revenue
11 account for grants for water development projects and
12 activities under 85-1-604(3)(c) and according to priorities
13 established in subsections (3) and (4).

14 (2) There are appropriated to the department the
15 interest earnings from the proceeds of water development
16 bonds and renewable resource development bonds issued to
17 finance loans authorized by this act. Interest earnings must
18 be deposited in the water development debt service fund and
19 the renewable resource development debt service fund,
20 respectively.

21 (3) There are appropriated to the department all other
22 funds not appropriated under subsection (1) and available
23 for grants to political subdivisions and local government
24 entities from the water development state special revenue
25 account during the 1988-89 biennium. This appropriation is

1 from money available in the water development state special
 2 revenue account and renewable resource development account
 3 for grants and from the water development or renewable
 4 resource accounts for loans for water development projects
 5 and activities under 85-1-604(3)(c) and this act. The funds
 6 appropriated in this section must be awarded by the
 7 department to the named entities for the described purposes
 8 and in the described grant amounts set out in subsection
 9 (4), subject to the conditions set forth in this act and the
 10 contingencies described in the renewable resource or water
 11 development programs January 1987 report. The legislature,
 12 pursuant to 85-1-605, approves the grants listed in
 13 subsection (4), with grants to be made in the order
 14 indicated in the prioritized list of projects and
 15 activities. Funds must be awarded up to the amounts approved
 16 in this section in order of priority until available funds
 17 are expended. Funds not accepted or used by higher ranked
 18 projects and activities must be provided for projects and
 19 activities further down the priority list that would not
 20 otherwise receive funding. If the total expenditure of funds
 21 appropriated under this section results in a cutoff that
 22 ends at a point at which more than one project or activity
 23 is ranked equal in priority, the decision regarding which
 24 project or projects will receive funding must be made by the
 25 department with the advice of the water development advisory

1 committee formed pursuant to 2-15-122. Any projects that are
 2 funded by the resource indemnity trust grants program must
 3 not be funded under this act. Actual rank and score of the
 4 various projects and activities are contained within the
 5 renewable resource and water development program project
 6 evaluations and recommendations report for the 1988-89
 7 biennium.

8 (4) The following are the grant and loan prioritized
 9 projects and activities:

10 WATER DEVELOPMENT PROGRAM	
11 G: Grant L: Loan	
12 <u>Applicant/Project</u>	13 <u>Recommended Funding</u>
14 MONTANA STATE LIBRARY	
15 Montana Water Resources Data Management	G \$ 97,712
16 PRIVATE COMPANY	
17 Lima Dam Rehabilitation	G 64,000
18 MONTANA BUREAU OF MINES	
19 Mobility of Agricultural Chemicals	G 98,500
20 HILL COUNTY	
21 Lower Beaver Creek Dam Rehabilitation	
22 Study	G 35,000
23 TREASURE COUNTY CONSERVATION DISTRICT	
24 Conservation Practice Loan Program	G 100,000
25 PRIVATE COMPANY	
Edgar Canal Erosion Control	G 10,000

<u>Applicant/Project</u>	<u>Recommended Funding</u>
MONTANA STATE UNIVERSITY	
Plastic Irrigation Canal Lining	G 37,500
FLATHEAD CONSERVATION DISTRICT	
Rehabilitation of East Spring Creek	G 75,000
MINERAL COUNTY	
St. Regis Park Irrigation	G 35,000
CARBON COUNTY	
Roberts Water System Improvements	G 47,500
	L 142,500
GREENFIELDS IRRIGATION DISTRICT	
Willow Creek Measuring Device	G 2,074
PRIVATE CORPORATION	
Nilan Canal Lining	G 25,000
EASTERN SANDERS CONSERVATION DISTRICT	
Little Bitterroot Recharge Enhancement	G 86,300
PRIVATE NONPROFIT CORPORATION	
Technical Assistance Advisor	G 60,000
TOWN OF CASCADE	
Water Distribution and Supply Improvements	G 50,000
	L 150,000
CITY OF SHELBY	
Shelby Water Rehabilitation	G 25,000
	L 75,000
SUN PRAIRIE VILLAGE WATER AND SEWER ASSOCIATION	

<u>Applicant/Project</u>	<u>Recommended Funding</u>
Wastewater Lagoon Dike Repair	L 162,000
LAKESIDE WATER DISTRICT	
Lakeside Water Well and Main Extension	L 133,300
WIBAUX	
WATER STORAGE AND DISTRIBUTION IMPROVEMENTS	L 95,000
SAGE CREEK COUNTY WATER DISTRICT	
SAGE CREEK WATER DISTRICT EXPANSION	L 158,600
YELLOWSTONE COUNTY	
HILLCREST WATER SYSTEM	L 99,934
MONTANA STATE UNIVERSITY	
RED BLUFF RANCH IRRIGATION	L 129,387
Section 2. Appropriations under the renewable resource development program. (1) There are appropriated to the department of natural resources and conservation all available funds from the renewable resource development account during the 1988-89 biennium for projects under the renewable resource development program.	
(2) The department shall award grants to the named entities for the described purposes and in the described amounts set out in subsection (3). The legislature, pursuant to 90-2-111, approves the listed grants, with grants to be made in order of priority ranking within each renewable resource development category, except renewable resource development grants for water development projects and	

activities that must be made in the order of priority listed in section 1. The funds appropriated under this section must be divided among the categories and in the percentages as required by 90-2-113. Funds not accepted or used by higher ranked projects in each category must be provided for projects further down the priority list in each category that would not otherwise receive funding. If the total expenditure of funds appropriated under this section results in a cutoff that ends at a point at which more than one project is ranked equal in priority, the decision regarding which project or projects will receive funding must be made by the department of natural resources and conservation with the advice of the water development advisory committee formed pursuant to 2-15-122. If a project in the category of "other" is funded by the resource indemnity trust grants program, it must not be funded under this act. Actual rank and score of the various projects are contained within the department of natural resources and conservation's renewable resource and water development programs project evaluations and recommendations report for the 1988-89 biennium.

(3) The following are the grant and loan prioritized projects and activities listed by category:

RENEWABLE RESOURCE DEVELOPMENT PROGRAM			
G: Grant L: Loan			
<u>Applicant/Project</u>		<u>Recommended Funding</u>	
I. Agricultural Land Improvement Category			
HILL COUNTY CONSERVATION DISTRICT			
Grass Drill Purchase	G	\$	8,000
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION			
Conservation Districts Division			
Electronic Survey Equipment Purchase	G		9,300
II. Timber Improvement Category			
ANACONDA-DEER LODGE COUNTY			
Soil Stabilization and Erosion Control	G		63,650
MADISON CONSERVATION DISTRICT			
Mobile Saw for Forest Land Management	G		23,850
III. Water Reservation Development Category			
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION			
Conservation Districts Division			
Water Reservations Development Program	G		50,000
Section 3. Opportunity to receive loans for projects that do not receive grants. Sponsors of recommended projects and activities on the prioritized lists in sections 1 and 2 that are not recipients of available grant funds must be offered the opportunity to receive loan funds for up to the total recommended project amount, subject to the conditions described in this act. The interest rate applicable to these			

1 loans must be the rate paid on bonds issued pursuant to this
2 act.

3 Section 4. Approval of loans from bond proceeds and
4 completion of appropriation. (1) The legislature, pursuant
5 to 85-1-605, 85-1-606, and 90-2-107, hereby approves loans
6 to private sponsors approved by the department of natural
7 resources and conservation during the 1988-89 biennium and
8 the loans for projects and activities identified and
9 described in section 1 to public entities from water
10 development bond proceeds, interest earnings on such
11 proceeds deposited in the water development debt service
12 fund, and loans from renewable resource development bond
13 proceeds deposited in the renewable resource development
14 account. Bond proceeds may be used for the payment of bond
15 issuance costs. Funds are appropriated for these costs to a
16 maximum of 4% of the amount of each bond sale.

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

1 for the purpose of paying, in the manner established by
2 90-2-123, principal of and interest and redemption premiums
3 on any renewable resource development bonds issued to
4 provide the proceeds for the loans to political subdivisions
5 and local government entities for projects and activities
6 approved in sections 1 and 2.

7 Section 5. Reauthorization of loans approved by 1985
8 legislature. The 1985 legislature, in Chapter 717, Laws of
9 1985, approved loans from the water development and
10 renewable resource development bond accounts for the Box
11 Elder rural improvement district in the amount of \$142,000,
12 Cascade County RID No. 26 in the amount of \$167,000, Custer
13 County in the amount of \$92,380, Cut Bank North Glacier
14 water and sewer district in the amount of \$125,000, Glen
15 Lake irrigation district in the amount of \$123,000, City of
16 Polson in the amount of \$158,000, and Sheridan
17 County--Reserve sewer district in the amount of \$117,000.
18 Loans for the entities described in this section are hereby
19 reauthorized.

20 Section 6. Coal severance tax bonds authorized. (1)
21 The legislature finds that Title 17, chapter 5, part 7,
22 provides for the issuance of coal severance tax bonds for
23 financing specific approved water resource development
24 projects and activities as part of the state water
25 development program. Available funds from previous sales of

1 coal severance tax bonds may also be used for the projects
 2 approved in this act. The legislature finds that the water
 3 development projects in this act meet the provisions of
 4 17-5-702. The board of examiners may issue coal severance
 5 tax bonds in an amount not to exceed ~~\$82,843,531~~ \$57,243,531
 6 for the purpose of making loans and financing state
 7 projects, establishing a reserve for the bonds, and paying
 8 the costs of issuance. Funds are appropriated for these
 9 costs of issuance to a maximum of 4% of the amount of each
 10 bond sale.

11 (2) The board of examiners may issue coal severance
 12 tax bonds for loans to political subdivisions and local
 13 government entities not to exceed the loan amount listed for
 14 the project.

15 GROUP A Notwithstanding the conditions set forth in section
 16 15, the interest rate for the project in this group must be
 17 3% over a 30-year term.

18 Loan Amount

19 MILL CREEK WATER AND SEWER DISTRICT

20 Water Distribution and Supply Improvements \$999,223

21 GROUP B Notwithstanding the conditions set forth in section
 22 15, the interest rate for projects in this group may be 2
 23 percentage points below the long-term bond rate at which the
 24 state bond is sold for the first 5 years of an anticipated
 25 20-year term and must be at the rate at which the state bond

1 is sold for the remaining 15 years.

2 Loan Amount

3 HARLEM

4 Water System Improvements \$403,125

5 LIMA

6 Water System Improvements 250,000

7 GROUP C Notwithstanding the conditions set forth in section
 8 15, the interest rate for the project in this group may be 1
 9 percentage point below the long-term bond rate at which the
 10 state bond is sold for the first 5 years of an anticipated
 11 20-year term and must be at the rate at which the state bond
 12 is sold for the remaining 15 years.

13 Loan Amount

14 HELENA

15 Ten-Mile Water Improvements \$10,202,600

16 GROUP D Notwithstanding the conditions set forth in section
 17 15, the interest rate for the project in this group may be
 18 0.5 percentage point below the long-term bond rate at which
 19 the state bond is sold for the first 5 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 15 years.

22 Loan Amount

23 BROWNING

24 Water Treatment and Transmission Facilities \$1,294,900

25 GROUP E Notwithstanding the conditions set forth in section

15, the interest rate for projects in this group must be the rate at which the state bond is sold for 20 years.

Loan Amount

DEPARTMENT OF FISH, WILDLIFE, AND PARKS

Gartside Dam \$ 257,000

WEST YELLOWSTONE

Water System Improvements 1,500,000

(3) (a) The legislature finds that the following state water project for rehabilitation and repair for which coal severance tax bonds were authorized by the 1985 legislature in Chapter 717, Laws of 1985, has not been completed. Further, inflation or additional feasibility studies have precipitated revised cost estimates for this project. The board of examiners is authorized to issue coal severance tax bonds for this project to a maximum amount listed in this section. The state bond rate must be paid on this loan.

Loan Amount

MIDDLE CREEK DAM REHABILITATION \$5,100,000

(b) Bonds may be issued by the board of examiners after the water users for this project have entered into contractual agreements providing for the repayment of the cost of repair and rehabilitation at a rate of interest equal to that which must be paid on bonds issued pursuant to this section. The repayment money from this project is pledged, dedicated, and appropriated to the special debt

service bond account established in the state treasury for the benefit of the bonds approved for such projects.

(C) THERE IS REAPPROPRIATED \$27,354 OF AVAILABLE BOND PROCEEDS FOR THE MARTINSDALE DAM AND RESERVOIR PROJECT.

(4) The legislature finds that the following state hydroelectric project for which coal severance tax bonds were authorized by the 1985 legislature in Chapter 717, Laws of 1985, has not been completed; further, inflation and additional feasibility studies have precipitated revised cost estimates for this project:

(a) The board of examiners is authorized to issue coal severance tax bonds for this project up to the amount listed in this section.

Loan Amount

BROADWATER DAM \$26,000,000

(b) Bonds approved in this section may not be issued by the board of examiners until the board of natural resources and conservation has determined that a project is feasible and has otherwise complied with the requirements of Title 85, chapter 1, part 5, for the development of hydropower at water projects under the control of the department. The board of natural resources and conservation and the board of examiners must find that on the average, over the life of the project, revenues will be generated to repay a loan at the rate at which the state bond is sold.

1 However, in some years the appropriation of funds from the
2 coal severance tax bond account may be required.

3 (c) The board of examiners may allocate a portion of
4 the bond proceeds for a specific project for the operation
5 and maintenance of the hydropower facility.

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

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

22 Section 7. Appropriation -- creation of debt for coal
23 severance tax bonds. (1) The legislature, through the
24 enactment of this section by a vote of three-fourths of the
25 members of each house of the legislature as required by

1 Article IX, section 5, of the Montana constitution, pledges,
2 dedicates, and appropriates from the coal severance tax bond
3 subfund all money necessary for the payment of principal and
4 interest not otherwise provided for on the coal severance
5 tax bonds authorized by this act to be issued pursuant to
6 Title 17, chapter 5, part 7, and pursuant to the provisions
7 of this act and the general resolution for this bond program
8 which has been adopted by the board of examiners under the
9 authority provided in Title 17, chapter 5, part 7.

10 (2) The legislature, through the enactment of this
11 section, in accordance with Article VIII, section 8, of the
12 Montana constitution, authorizes the creation of a state
13 debt in an amount not to exceed \$26,000,000 for the
14 development of the state hydroelectric projects approved in
15 this act, in an amount not to exceed \$5,100,000 for the
16 rehabilitation of state water projects approved in this act,
17 and in an amount not to exceed ~~\$51,743,531~~ \$26,143,531 for
18 loans to political subdivisions and local government
19 entities for water development projects approved in this
20 act, all for the issuance of up to ~~\$82,843,531~~ \$57,243,531
21 in coal severance tax bonds authorized by this act.

22 (3) In connection with the issuance of coal severance
23 tax bonds, the board of examiners may pay the principal and
24 interest on the bonds when due from the debt service account
25 and in all other respects manage and use the funds within

1 each special bond account for the benefit of the bonds. The
 2 board of examiners shall exercise its discretion to enhance
 3 the marketability of the bonds and to secure the most
 4 advantageous financial arrangements for the state.

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

12 (5) Notwithstanding provisions in section 6(4)(e),
 13 loan repayments from loans financed with coal severance tax
 14 bonds, loan principal, interest, and bond issuance fees
 15 borrowed from bond proceeds are pledged, dedicated, and
 16 appropriated to the debt service account in the state
 17 treasury for the benefit of bonds approved for loans under
 18 this section.

19 Section 8. Projects not completing requirements --
 20 loans reauthorized. The legislature finds that the following
 21 water development projects for which coal severance tax
 22 bonds were authorized to be issued by the 1985 legislature
 23 in Chapter 717, Laws of 1985, may not complete the
 24 requirements necessary for the loan transaction prior to
 25 June 30, 1987. Coal severance tax bonds for the projects

1 described in this section are reauthorized in the amounts
 2 listed at the interest rates authorized by the 1985
 3 legislature in Chapter 717, Laws of 1985, and described in
 4 this section to enable financing during the 1988-89
 5 biennium, if necessary.

6 GROUP A Notwithstanding the conditions set forth in section
 7 15, the interest rate for the project in this group may be 4
 8 percentage points below the long-term bond rate at which the
 9 state bond is sold for the first 5 years of an anticipated
 10 20-year term and must be at the rate at which the state bond
 11 is sold for the remaining 15 years.

12 Loan Amount

13 DUTTON

14 Water Supply Construction \$150,000

15 GROUP B Notwithstanding the conditions set forth in section
 16 15, the interest rate for projects in this group may be 3
 17 percentage points below the long-term bond rate at which the
 18 state bond is sold for the first 5 years of an anticipated
 19 20-year term and must be at the rate at which the state bond
 20 is sold for the remaining 15 years.

21 Loan Amount

22 BOZEMAN

23 Lyman Creek Water Improvements \$ 726,079

24 EAST HELENA

25 Water System Improvement 434,434

1 EVERGREEN WATER AND SEWER DISTRICT

2 Wastewater Facilities 3,226,900

3 GROUP C Notwithstanding the conditions set forth in section

4 15, the interest rate for projects in this group may be 2

5 percentage points below the long-term bond rate at which the

6 state bond is sold for the first 5 years of an anticipated

7 20-year term and must be at the rate at which the state bond

8 is sold for the remaining 15 years.

9 Loan Amount

10 DENTON

11 Water Supply System \$ 185,000

12 EAST GLACIER

13 Water System 484,270

14 GLASGOW

15 Water System 3,200,000

16 PONDERA CONSERVATION DISTRICT

17 Irrigation System Rehabilitation 750,000

18 GROUP D Notwithstanding the conditions set forth in section

19 15, the interest rate for projects in this group must be the

20 rate at which the state bond is sold.

21 Loan Amount

22 HILL COUNTY WATER DISTRICT

23 Rural Water Supply \$ 1,410,000

24 ~~MILK RIVER IRRIGATION DISTRICT~~

25 ~~Fiber Dam Power Project-----25,600,000~~

1 GROUP E

2 CITY OF BELGRADE

3 Water Well Improvements 115,000

4 Interest rate 7% for 5 years,

5 10.26% for the remaining 15 years

6 of the bond term

7 PONDERA CONSERVATION DISTRICT 555,000

8 6% for the term of 20 years

9 Section 9. Extension of initial interest rate for Sage

10 Creek water district. The interest rate for the Sage Creek

11 water district, which was approved at 7% for the first 5

12 years following bond issuance and at the full bond rate

13 thereafter in Chapter 705, Laws of 1983, is approved at 7%

14 for the first 10 years following bond issuance and at the

15 full bond rate thereafter.

16 Section 10. Reallocation of resource indemnity trust

17 account interest income. Except for special departmental

18 appropriation and notwithstanding any provisions of 85-1-604

19 to the contrary, all remaining interest income allocated to

20 the water development state special revenue account from the

21 resource indemnity trust fund by 15-38-202(2) during the

22 1988-89 biennium may be used only for the purposes set out

23 in 85-1-604(3)(c).

24 Section 11. Emergency grants. There is appropriated to

25 the department of natural resources and conservation up to

1 \$125,000 from the water development state special revenue
2 account to be used for emergency projects. If these funds
3 are not needed for emergencies, they may be used for grants
4 approved in section 1 of this act.

5 Section 12. Conditions of loans and grants.
6 Disbursement of funds under this act for both loans and
7 grants is subject to the following conditions that must be
8 met by project sponsors:

9 (1) approval of a scope of work and budget for the
10 project by the department of natural resources and
11 conservation. Reductions in a scope of work or budget may
12 not affect priority activities or improvements.

13 (2) documented commitment of other funds required for
14 project completion;

15 (3) satisfactory completion of conditions described in
16 the recommendation section of the project narrative in the
17 renewable resource and water development program project
18 evaluations and recommendations report for the 1988-89
19 biennium or, in the case of emergency applications,
20 conditions specified at the time of written notification of
21 approved loan authority;

22 (4) execution of a loan or grant agreement with the
23 department of natural resources and conservation; and

24 (5) accomplishment of other specific requirements
25 considered necessary by the department to accomplish the

1 purpose of the loan or grant as evidenced from the
2 application to the department or from the proposal to the
3 legislature.

4 Section 13. Conditions for grants. Notwithstanding the
5 conditions described in section 1, grant funds are disbursed
6 in the order of priority listed in section 1 as coal tax
7 revenues are received. No project approved by this act is
8 entitled to receive grant funds not collected and allocated
9 to the water development state special revenue account or
10 the renewable resource development account.

11 Section 14. Conditions for loans. Each sponsor
12 authorized for a loan from water development bond proceeds,
13 renewable resource development bond proceeds, or coal
14 severance tax bond proceeds may be required to pay to the
15 department of natural resources and conservation a pro rata
16 share of the bond issuance costs and the administrative
17 costs incurred by the department to complete the loan
18 transaction.

19 Section 15. Interest rates on loans. Loans made from
20 proceeds of coal severance tax bonds must be at interest
21 rates specified in section 6, except that when loan requests
22 are reduced, interest rates must be recalculated based on
23 the methodology described in the renewable resource and
24 water development program project evaluations and
25 recommendations report for the 1988-89 biennium. If the

1 bonds or notes bear interest at an adjustable rate, the
2 department of natural resources and conservation shall
3 establish, at the time of the sale of the bond, an assured
4 rate of interest thereon as if the bonds bore interest at a
5 fixed rate. The assured rate of interest so established must
6 be the rate of interest on the bonds for the purpose of
7 calculating the interest rates on the loans pursuant to
8 section 6.

9 Section 16. Private and discount purchase of loans.
10 Loans to political subdivisions and local government
11 entities and bonds, warrants, and notes issued in evidence
12 thereof may be made and purchased by and sold to the
13 department of natural resources and conservation at a
14 discount and at private negotiated sale, notwithstanding the
15 provisions of any other law applicable to such political
16 subdivisions or local government entities.

17 Section 17. Appropriations established. For any entity
18 of state government that receives a grant or loan under this
19 act, an appropriation is established for the amount of the
20 grant or loan upon award of the grant or loan by the
21 department.

22 Section 18. Severability. If a part of this act is
23 invalid, all valid parts that are severable from the invalid
24 part remain in effect. If a part of this act is invalid in
25 one or more of its applications, the part remains in effect

1 in all valid applications that are severable from the
2 invalid applications.

3 Section 19. Effective date. This act is effective on
4 passage and approval.

-End-

1 HOUSE BILL NO. 7

2 INTRODUCED BY THOFT

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 AUTHORIZE LOANS FROM WATER
10 DEVELOPMENT BOND PROCEEDS AND APPROPRIATE FUNDS FOR DEBT
11 SERVICE; TO REAUTHORIZE GRANTS AND LOANS APPROVED BY THE
12 1985 LEGISLATURE; TO APPROVE THE ISSUANCE OF STATE OF
13 MONTANA COAL SEVERANCE TAX BONDS TO PROVIDE FUNDS FOR LOANS
14 TO POLITICAL SUBDIVISIONS AND LOCAL GOVERNMENTS FOR CERTAIN
15 APPROVED WATER DEVELOPMENT PROJECTS; TO REAUTHORIZE STATE OF
16 MONTANA COAL SEVERANCE TAX BONDS FOR CERTAIN PROJECTS
17 APPROVED BY THE 1985 LEGISLATURE; TO APPROPRIATE COAL
18 SEVERANCE TAX INCOME FOR DEBT SERVICE; TO AUTHORIZE THE
19 CREATION OF A STATE DEBT; TO REALLOCATE CERTAIN RESOURCE
20 INDEMNITY TRUST ACCOUNT INTEREST INCOME FOR WATER
21 DEVELOPMENT PROGRAM GRANTS DURING THE BIENNIUM ENDING JUNE
22 30, 1989; TO PLACE CERTAIN CONDITIONS UPON GRANTS AND LOANS;
23 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

24
25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

1 Section 1. Appropriations from the water development
2 state special revenue account. (1) Because the legislature
3 cannot appropriate individual grants to private entities,
4 there is appropriated to the department of natural resources
5 and conservation up to \$159,000 from the water development
6 state special revenue account during the 1988-89 biennium
7 for grants to private persons for water development projects
8 and activities pursuant to the provisions of Title 85,
9 chapter 1, part 6. This appropriation is from money
10 available in the water development state special revenue
11 account for grants for water development projects and
12 activities under 85-1-604(3)(c) and according to priorities
13 established in subsections (3) and (4).

14 (2) There are appropriated to the department the
15 interest earnings from the proceeds of water development
16 bonds and renewable resource development bonds issued to
17 finance loans authorized by this act. Interest earnings must
18 be deposited in the water development debt service fund and
19 the renewable resource development debt service fund,
20 respectively.

21 (3) There are appropriated to the department all other
22 funds not appropriated under subsection (1) and available
23 for grants to political subdivisions and local government
24 entities from the water development state special revenue
25 account during the 1988-89 biennium. This appropriation is

1 from money available in the water development state special
 2 revenue account and renewable resource development account
 3 for grants and from the water development or renewable
 4 resource accounts for loans for water development projects
 5 and activities under 85-1-604(3)(c) and this act. The funds
 6 appropriated in this section must be awarded by the
 7 department to the named entities for the described purposes
 8 and in the described grant amounts set out in subsection
 9 (4), subject to the conditions set forth in this act and the
 10 contingencies described in the renewable resource or water
 11 development programs January 1987 report. The legislature,
 12 pursuant to 85-1-605, approves the grants listed in
 13 subsection (4), with grants to be made in the order
 14 indicated in the prioritized list of projects and
 15 activities. Funds must be awarded up to the amounts approved
 16 in this section in order of priority until available funds
 17 are expended. Funds not accepted or used by higher ranked
 18 projects and activities must be provided for projects and
 19 activities further down the priority list that would not
 20 otherwise receive funding. If the total expenditure of funds
 21 appropriated under this section results in a cutoff that
 22 ends at a point at which more than one project or activity
 23 is ranked equal in priority, the decision regarding which
 24 project or projects will receive funding must be made by the
 25 department with the advice of the water development advisory

1 committee formed pursuant to 2-15-122. Any projects that are
 2 funded by the resource indemnity trust grants program must
 3 not be funded under this act. Actual rank and score of the
 4 various projects and activities are contained within the
 5 renewable resource and water development program project
 6 evaluations and recommendations report for the 1988-89
 7 biennium.

8 (4) The following are the grant and loan prioritized
 9 projects and activities:

10 WATER DEVELOPMENT PROGRAM	
11 G: Grant L: Loan	
12 <u>Applicant/Project</u>	13 <u>Recommended Funding</u>
14 MONTANA STATE LIBRARY	
15 Montana Water Resources Data Management	G \$ 97,712
16 PRIVATE COMPANY	
17 Lima Dam Rehabilitation	G 64,000
18 MONTANA BUREAU OF MINES	
19 Mobility of Agricultural Chemicals	G 98,500
20 HILL COUNTY	
21 Lower Beaver Creek Dam Rehabilitation	
22 Study	G 35,000
23 TREASURE COUNTY CONSERVATION DISTRICT	
24 Conservation Practice Loan Program	G 100,000
25 PRIVATE COMPANY	
Edgar Canal Erosion Control	G 10,000

<u>Applicant/Project</u>	<u>Recommended Funding</u>
MONTANA STATE UNIVERSITY	
Plastic Irrigation Canal Lining	G 37,500
FLATHEAD CONSERVATION DISTRICT	
Rehabilitation of East Spring Creek	G 75,000
MINERAL COUNTY	
St. Regis Park Irrigation	G 35,000
CARBON COUNTY	
Roberts Water System Improvements	G 47,500
	<u>L 142,500</u>
GREENFIELDS IRRIGATION DISTRICT	
Willow Creek Measuring Device	G 2,074
PRIVATE CORPORATION	
Nilan Canal Lining	G 25,000
EASTERN SANDERS CONSERVATION DISTRICT	
Little Bitterroot Recharge Enhancement	G 86,300
PRIVATE NONPROFIT CORPORATION	
Technical Assistance Advisor	G 60,000
TOWN OF CASCADE	
Water Distribution and Supply Improvements	G 50,000
	<u>L 150,000</u>
CITY OF SHELBY	
Shelby Water Rehabilitation	G 25,000
	<u>L 75,000</u>
SUN PRAIRIE VILLAGE WATER AND SEWER ASSOCIATION	

<u>Applicant/Project</u>	<u>Recommended Funding</u>
Wastewater Lagoon Dike Repair	L 162,000
LAKE SIDE WATER DISTRICT	
Lakeside Water Well and Main Extension	L 133,300
WIBAU	
WATER STORAGE AND DISTRIBUTION IMPROVEMENTS	<u>L 95,000</u>
SAGE CREEK COUNTY WATER DISTRICT	
SAGE CREEK WATER DISTRICT EXPANSION	<u>L 158,600</u>
YELLOWSTONE COUNTY	
HILLCREST WATER SYSTEM	<u>L 99,934</u>
MONTANA STATE UNIVERSITY	
RED BLUFF RANCH IRRIGATION	<u>L 129,387</u>
Section 2. Appropriations under the renewable resource development program. (1) There are appropriated to the department of natural resources and conservation all available funds from the renewable resource development account during the 1988-89 biennium for projects under the renewable resource development program.	
(2) The department shall award grants to the named entities for the described purposes and in the described amounts set out in subsection (3). The legislature, pursuant to 90-2-111, approves the listed grants, with grants to be made in order of priority ranking within each renewable resource development category, except renewable resource development grants for water development projects and	

activities that must be made in the order of priority listed in section 1. The funds appropriated under this section must be divided among the categories and in the percentages as required by 90-2-113. Funds not accepted or used by higher ranked projects in each category must be provided for projects further down the priority list in each category that would not otherwise receive funding. If the total expenditure of funds appropriated under this section results in a cutoff that ends at a point at which more than one project is ranked equal in priority, the decision regarding which project or projects will receive funding must be made by the department of natural resources and conservation with the advice of the water development advisory committee formed pursuant to 2-15-122. If a project in the category of "other" is funded by the resource indemnity trust grants program, it must not be funded under this act. Actual rank and score of the various projects are contained within the department of natural resources and conservation's renewable resource and water development programs project evaluations and recommendations report for the 1988-89 biennium.

(3) The following are the grant and loan prioritized projects and activities listed by category:

RENEWABLE RESOURCE DEVELOPMENT PROGRAM		
G: Grant L: Loan		
<u>Applicant/Project</u>	<u>Recommended Funding</u>	
I. Agricultural Land Improvement Category		
HILL COUNTY CONSERVATION DISTRICT		
Grass Drill Purchase	G	\$ 8,000
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION		
Conservation Districts Division		
Electronic Survey Equipment Purchase	G	9,300
II. Timber Improvement Category		
ANACONDA-DEER LODGE COUNTY		
Soil Stabilization and Erosion Control	G	63,650
MADISON CONSERVATION DISTRICT		
Mobile Saw for Forest Land Management	G	23,850
III. Water Reservation Development Category		
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION		
Conservation Districts Division		
Water Reservations Development Program	G	50,000
Section 3. Opportunity to receive loans for projects that do not receive grants. Sponsors of recommended projects and activities on the prioritized lists in sections 1 and 2 that are not recipients of available grant funds must be offered the opportunity to receive loan funds for up to the total recommended project amount, subject to the conditions described in this act. The interest rate applicable to these		

1 loans must be the rate paid on bonds issued pursuant to this
2 act.

3 Section 4. Approval of loans from bond proceeds and
4 completion of appropriation. (1) The legislature, pursuant
5 to 85-1-605, 85-1-606, and 90-2-107, hereby approves loans
6 to private sponsors approved by the department of natural
7 resources and conservation during the 1988-89 biennium and
8 the loans for projects and activities identified and
9 described in section 1 to public entities from water
10 development bond proceeds, interest earnings on such
11 proceeds deposited in the water development debt service
12 fund, and loans from renewable resource development bond
13 proceeds deposited in the renewable resource development
14 account. Bond proceeds may be used for the payment of bond
15 issuance costs. Funds are appropriated for these costs to a
16 maximum of 4% of the amount of each bond sale.

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

1 for the purpose of paying, in the manner established by
2 90-2-123, principal of and interest and redemption premiums
3 on any renewable resource development bonds issued to
4 provide the proceeds for the loans to political subdivisions
5 and local government entities for projects and activities
6 approved in sections 1 and 2.

7 Section 5. Reauthorization of loans approved by 1985
8 legislature. The 1985 legislature, in Chapter 717, Laws of
9 1985, approved loans from the water development and
10 renewable resource development bond accounts for the Box
11 Elder rural improvement district in the amount of \$142,000,
12 Cascade County RID No. 26 in the amount of \$167,000, Custer
13 County in the amount of \$92,380, Cut Bank North Glacier
14 water and sewer district in the amount of \$125,000, Glen
15 Lake irrigation district in the amount of \$123,000, City of
16 Polson in the amount of \$158,000, and Sheridan
17 County--Reserve sewer district in the amount of \$117,000.
18 Loans for the entities described in this section are hereby
19 reauthorized.

20 Section 6. Coal severance tax bonds authorized. (1)
21 The legislature finds that Title 17, chapter 5, part 7,
22 provides for the issuance of coal severance tax bonds for
23 financing specific approved water resource development
24 projects and activities as part of the state water
25 development program. Available funds from previous sales of

1 coal severance tax bonds may also be used for the projects
 2 approved in this act. The legislature finds that the water
 3 development projects in this act meet the provisions of
 4 17-5-702. The board of examiners may issue coal severance
 5 tax bonds in an amount not to exceed ~~\$82,043,531~~ \$57,243,531
 6 for the purpose of making loans and financing state
 7 projects, establishing a reserve for the bonds, and paying
 8 the costs of issuance. Funds are appropriated for these
 9 costs of issuance to a maximum of 4% of the amount of each
 10 bond sale.

11 (2) The board of examiners may issue coal severance
 12 tax bonds for loans to political subdivisions and local
 13 government entities not to exceed the loan amount listed for
 14 the project.

15 GROUP A Notwithstanding the conditions set forth in section
 16 15, the interest rate for the project in this group must be
 17 3% over a 30-year term.

18 Loan Amount

19 MILL CREEK WATER AND SEWER DISTRICT

20 Water Distribution and Supply Improvements \$999,223

21 GROUP B Notwithstanding the conditions set forth in section
 22 15, the interest rate for projects in this group may be 2
 23 percentage points below the long-term bond rate at which the
 24 state bond is sold for the first 5 years of an anticipated
 25 20-year term and must be at the rate at which the state bond

1 is sold for the remaining 15 years.

2 Loan Amount

3 HARLEM

4 Water System Improvements \$403,125

5 LIMA

6 Water System Improvements 250,000

7 GROUP C Notwithstanding the conditions set forth in section
 8 15, the interest rate for the project in this group may be 1
 9 percentage point below the long-term bond rate at which the
 10 state bond is sold for the first 5 years of an anticipated
 11 20-year term and must be at the rate at which the state bond
 12 is sold for the remaining 15 years.

13 Loan Amount

14 HELENA

15 Ten-Mile Water Improvements \$10,202,600

16 GROUP D Notwithstanding the conditions set forth in section
 17 15, the interest rate for the project in this group may be
 18 0.5 percentage point below the long-term bond rate at which
 19 the state bond is sold for the first 5 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 15 years.

22 Loan Amount

23 BROWNING

24 Water Treatment and Transmission Facilities \$1,294,900

25 GROUP E Notwithstanding the conditions set forth in section

15, the interest rate for projects in this group must be the rate at which the state bond is sold for 20 years.

	<u>Loan Amount</u>
DEPARTMENT OF FISH, WILDLIFE, AND PARKS	
Gartside Dam	\$ 257,000
WEST YELLOWSTONE	
Water System Improvements	1,500,000

(3) (a) The legislature finds that the following state water project for rehabilitation and repair for which coal severance tax bonds were authorized by the 1985 legislature in Chapter 717, Laws of 1985, has not been completed. Further, inflation or additional feasibility studies have precipitated revised cost estimates for this project. The board of examiners is authorized to issue coal severance tax bonds for this project to a maximum amount listed in this section. The state bond rate must be paid on this loan.

	<u>Loan Amount</u>
MIDDLE CREEK DAM REHABILITATION	\$5,100,000

(b) Bonds may be issued by the board of examiners after the water users for this project have entered into contractual agreements providing for the repayment of the cost of repair and rehabilitation at a rate of interest equal to that which must be paid on bonds issued pursuant to this section. The repayment money from this project is pledged, dedicated, and appropriated to the special debt

service bond account established in the state treasury for the benefit of the bonds approved for such projects.

(C) THERE IS REAPPROPRIATED \$27,354 OF AVAILABLE BOND PROCEEDS FOR THE MARTINDALE DAM AND RESERVOIR PROJECT.

(4) The legislature finds that the following state hydroelectric project for which coal severance tax bonds were authorized by the 1985 legislature in Chapter 717, Laws of 1985, has not been completed; further, inflation and additional feasibility studies have precipitated revised cost estimates for this project:

(a) The board of examiners is authorized to issue coal severance tax bonds for this project up to the amount listed in this section.

	<u>Loan Amount</u>
BROADWATER DAM	\$26,000,000

(b) Bonds approved in this section may not be issued by the board of examiners until the board of natural resources and conservation has determined that a project is feasible and has otherwise complied with the requirements of Title 85, chapter 1, part 5, for the development of hydropower at water projects under the control of the department. The board of natural resources and conservation and the board of examiners must find that on the average, over the life of the project, revenues will be generated to repay a loan at the rate at which the state bond is sold.

1 However, in some years the appropriation of funds from the
2 coal severance tax bond account may be required.

3 (c) The board of examiners may allocate a portion of
4 the bond proceeds for a specific project for the operation
5 and maintenance of the hydropower facility.

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

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

22 Section 7. Appropriation -- creation of debt for coal
23 severance tax bonds. (1) The legislature, through the
24 enactment of this section by a vote of three-fourths of the
25 members of each house of the legislature as required by

1 Article IX, section 5, of the Montana constitution, pledges,
2 dedicates, and appropriates from the coal severance tax bond
3 subfund all money necessary for the payment of principal and
4 interest not otherwise provided for on the coal severance
5 tax bonds authorized by this act to be issued pursuant to
6 Title 17, chapter 5, part 7, and pursuant to the provisions
7 of this act and the general resolution for this bond program
8 which has been adopted by the board of examiners under the
9 authority provided in Title 17, chapter 5, part 7.

10 (2) The legislature, through the enactment of this
11 section, in accordance with Article VIII, section 8, of the
12 Montana constitution, authorizes the creation of a state
13 debt in an amount not to exceed \$26,000,000 for the
14 development of the state hydroelectric projects approved in
15 this act, in an amount not to exceed \$5,100,000 for the
16 rehabilitation of state water projects approved in this act,
17 and in an amount not to exceed ~~\$51,743,531~~ \$26,143,531 for
18 loans to political subdivisions and local government
19 entities for water development projects approved in this
20 act, all for the issuance of up to ~~\$82,843,531~~ \$57,243,531
21 in coal severance tax bonds authorized by this act.

22 (3) In connection with the issuance of coal severance
23 tax bonds, the board of examiners may pay the principal and
24 interest on the bonds when due from the debt service account
25 and in all other respects manage and use the funds within

1 each special bond account for the benefit of the bonds. The
2 board of examiners shall exercise its discretion to enhance
3 the marketability of the bonds and to secure the most
4 advantageous financial arrangements for the state.

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

12 (5) Notwithstanding provisions in section 6(4)(e),
13 loan repayments from loans financed with coal severance tax
14 bonds, loan principal, interest, and bond issuance fees
15 borrowed from bond proceeds are pledged, dedicated, and
16 appropriated to the debt service account in the state
17 treasury for the benefit of bonds approved for loans under
18 this section.

19 Section 8. Projects not completing requirements --
20 loans reauthorized. The legislature finds that the following
21 water development projects for which coal severance tax
22 bonds were authorized to be issued by the 1985 legislature
23 in Chapter 717, Laws of 1985, may not complete the
24 requirements necessary for the loan transaction prior to
25 June 30, 1987. Coal severance tax bonds for the projects

1 described in this section are reauthorized in the amounts
2 listed at the interest rates authorized by the 1985
3 legislature in Chapter 717, Laws of 1985, and described in
4 this section to enable financing during the 1988-89
5 biennium, if necessary.

6 GROUP A Notwithstanding the conditions set forth in section
7 15, the interest rate for the project in this group may be 4
8 percentage points below the long-term bond rate at which the
9 state bond is sold for the first 5 years of an anticipated
10 20-year term and must be at the rate at which the state bond
11 is sold for the remaining 15 years.

12 Loan Amount

13 DUTTON

14 Water Supply Construction \$150,000

15 GROUP B Notwithstanding the conditions set forth in section
16 15, the interest rate for projects in this group may be 3
17 percentage points below the long-term bond rate at which the
18 state bond is sold for the first 5 years of an anticipated
19 20-year term and must be at the rate at which the state bond
20 is sold for the remaining 15 years.

21 Loan Amount

22 BOZEMAN

23 Lyman Creek Water Improvements \$ 726,079

24 EAST HELENA

25 Water System Improvement 434,434

1 EVERGREEN WATER AND SEWER DISTRICT

2 Wastewater Facilities 3,226,900

3 GROUP C Notwithstanding the conditions set forth in section

4 15, the interest rate for projects in this group may be 2

5 percentage points below the long-term bond rate at which the

6 state bond is sold for the first 5 years of an anticipated

7 20-year term and must be at the rate at which the state bond

8 is sold for the remaining 15 years.

9 Loan Amount

10 DENTON

11 Water Supply System \$ 185,000

12 EAST GLACIER

13 Water System 484,270

14 GLASGOW

15 Water System 3,200,000

16 PONDERA CONSERVATION DISTRICT

17 Irrigation System Rehabilitation 750,000

18 GROUP D Notwithstanding the conditions set forth in section

19 15, the interest rate for projects in this group must be the

20 rate at which the state bond is sold.

21 Loan Amount

22 HILL COUNTY WATER DISTRICT

23 Rural Water Supply \$ 1,410,000

24 ~~MILK-RIVER-IRRIGATION-DISTRICT~~

25 ~~Tiber-Dam-Power-Project-----25,600,000~~

1 GROUP E

2 CITY OF BELGRADE

3 Water Well Improvements 115,000

4 Interest rate 7% for 5 years,

5 10.26% for the remaining 15 years

6 of the bond term

7 PONDERA CONSERVATION DISTRICT 555,000

8 6% for the term of 20 years

9 Section 9. Extension of initial interest rate for Sage

10 Creek water district. The interest rate for the Sage Creek

11 water district, which was approved at 7% for the first 5

12 years following bond issuance and at the full bond rate

13 thereafter in Chapter 705, Laws of 1983, is approved at 7%

14 for the first 10 years following bond issuance and at the

15 full bond rate thereafter.

16 Section 10. Reallocation of resource indemnity trust

17 account interest income. Except for special departmental

18 appropriation and notwithstanding any provisions of 85-1-604

19 to the contrary, all remaining interest income allocated to

20 the water development state special revenue account from the

21 resource indemnity trust fund by 15-38-202(2) during the

22 1988-89 biennium may be used only for the purposes set out

23 in 85-1-604(3)(c).

24 Section 11. Emergency grants. There is appropriated to

25 the department of natural resources and conservation up to

1 \$125,000 from the water development state special revenue
2 account to be used for emergency projects. If these funds
3 are not needed for emergencies, they may be used for grants
4 approved in section 1 of this act.

5 Section 12. Conditions of loans and grants.
6 Disbursement of funds under this act for both loans and
7 grants is subject to the following conditions that must be
8 met by project sponsors:

9 (1) approval of a scope of work and budget for the
10 project by the department of natural resources and
11 conservation. Reductions in a scope of work or budget may
12 not affect priority activities or improvements.

13 (2) documented commitment of other funds required for
14 project completion;

15 (3) satisfactory completion of conditions described in
16 the recommendation section of the project narrative in the
17 renewable resource and water development program project
18 evaluations and recommendations report for the 1988-89
19 biennium or, in the case of emergency applications,
20 conditions specified at the time of written notification of
21 approved loan authority;

22 (4) execution of a loan or grant agreement with the
23 department of natural resources and conservation; and

24 (5) accomplishment of other specific requirements
25 considered necessary by the department to accomplish the

1 purpose of the loan or grant as evidenced from the
2 application to the department or from the proposal to the
3 legislature.

4 Section 13. Conditions for grants. Notwithstanding the
5 conditions described in section 1, grant funds are disbursed
6 in the order of priority listed in section 1 as coal tax
7 revenues are received. No project approved by this act is
8 entitled to receive grant funds not collected and allocated
9 to the water development state special revenue account or
10 the renewable resource development account.

11 Section 14. Conditions for loans. Each sponsor
12 authorized for a loan from water development bond proceeds,
13 renewable resource development bond proceeds, or coal
14 severance tax bond proceeds may be required to pay to the
15 department of natural resources and conservation a pro rata
16 share of the bond issuance costs and the administrative
17 costs incurred by the department to complete the loan
18 transaction.

19 Section 15. Interest rates on loans. Loans made from
20 proceeds of coal severance tax bonds must be at interest
21 rates specified in section 6, except that when loan requests
22 are reduced, interest rates must be recalculated based on
23 the methodology described in the renewable resource and
24 water development program project evaluations and
25 recommendations report for the 1988-89 biennium. If the

1 bonds or notes bear interest at an adjustable rate, the
2 department of natural resources and conservation shall
3 establish, at the time of the sale of the bond, an assured
4 rate of interest thereon as if the bonds bore interest at a
5 fixed rate. The assured rate of interest so established must
6 be the rate of interest on the bonds for the purpose of
7 calculating the interest rates on the loans pursuant to
8 section 6.

9 Section 16. Private and discount purchase of loans.
10 Loans to political subdivisions and local government
11 entities and bonds, warrants, and notes issued in evidence
12 thereof may be made and purchased by and sold to the
13 department of natural resources and conservation at a
14 discount and at private negotiated sale, notwithstanding the
15 provisions of any other law applicable to such political
16 subdivisions or local government entities.

17 Section 17. Appropriations established. For any entity
18 of state government that receives a grant or loan under this
19 act, an appropriation is established for the amount of the
20 grant or loan upon award of the grant or loan by the
21 department.

22 Section 18. Severability. If a part of this act is
23 invalid, all valid parts that are severable from the invalid
24 part remain in effect. If a part of this act is invalid in
25 one or more of its applications, the part remains in effect

1 in all valid applications that are severable from the
2 invalid applications.

3 Section 19. Effective date. This act is effective on
4 passage and approval.

-End-

1 HOUSE BILL NO. 7

2 INTRODUCED BY THOFT

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 AUTHORIZE LOANS FROM WATER
10 DEVELOPMENT BOND PROCEEDS AND APPROPRIATE FUNDS FOR DEBT
11 SERVICE; TO REAUTHORIZE GRANTS AND LOANS APPROVED BY THE
12 1985 LEGISLATURE; TO APPROVE THE ISSUANCE OF STATE OF
13 MONTANA COAL SEVERANCE TAX BONDS TO PROVIDE FUNDS FOR LOANS
14 TO POLITICAL SUBDIVISIONS AND LOCAL GOVERNMENTS FOR CERTAIN
15 APPROVED WATER DEVELOPMENT PROJECTS; TO REAUTHORIZE STATE OF
16 MONTANA COAL SEVERANCE TAX BONDS FOR CERTAIN PROJECTS
17 APPROVED BY THE 1985 LEGISLATURE; TO APPROPRIATE COAL
18 SEVERANCE TAX INCOME FOR DEBT SERVICE; TO AUTHORIZE THE
19 CREATION OF A STATE DEBT; TO REALLOCATE CERTAIN RESOURCE
20 INDEMNITY TRUST ACCOUNT INTEREST INCOME FOR WATER
21 DEVELOPMENT PROGRAM GRANTS DURING THE BIENNIUM ENDING JUNE
22 30, 1989; TO PLACE CERTAIN CONDITIONS UPON GRANTS AND LOANS;
23 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

24
25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

THERE ARE NO CHANGES ON HB 7 - AND DUE
TO LENGTH WILL NOT BE REPRINTED. PLEASE
REFER TO SECOND READING (YELLOW) OR
THIRD READING (BLUE) FOR COMPLETE TEXT.

REFERENCE BILL