

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.

1 *House* BILL NO. 7
 2 INTRODUCED BY *Deft*
 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 BIENNIAL ENDING JUNE
 22 30, 1989; TO PLACE CERTAIN CONDITIONS UPON GRANTS AND LOANS;
 23 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

24 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

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:

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

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

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

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

11 RENEWABLE RESOURCE DEVELOPMENT PROGRAM

12 G: Grant L: Loan

13 Applicant/Project Recommended Funding

14 I. Agricultural Land Improvement Category

15 HILL COUNTY CONSERVATION DISTRICT

16 Grass Drill Purchase G \$ 8,000

17 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

18 Conservation Districts Division

19 Electronic Survey Equipment Purchase G 9,300

20 II. Timber Improvement Category

21 ANACONDA-DEER LODGE COUNTY

22 Soil Stabilization and Erosion Control G 63,650

23 MADISON CONSERVATION DISTRICT

24 Mobile Saw for Forest Land Management G 23,850

25 III. Water Reservation Development Category

1 Applicant/Project Recommended Funding
 2 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
 3 Conservation Districts Division
 4 Water Reservations Development Program G 50,000
 5 Section 3. Opportunity to receive loans for projects
 6 that do not receive grants. Sponsors of recommended projects
 7 and activities on the prioritized lists in sections 1 and 2
 8 that are not recipients of available grant funds must be
 9 offered the opportunity to receive loan funds for up to the
 10 total recommended project amount, subject to the conditions
 11 described in this act. The interest rate applicable to these
 12 loans must be the rate paid on bonds issued pursuant to this
 13 act.

14 Section 4. Approval of loans from bond proceeds and
 15 completion of appropriation. (1) The legislature, pursuant
 16 to 85-1-605, 85-1-606, and 90-2-107, hereby approves loans
 17 to private sponsors approved by the department of natural
 18 resources and conservation during the 1988-89 biennium and
 19 the loans for projects and activities identified and
 20 described in section 1 to public entities from water
 21 development bond proceeds, interest earnings on such
 22 proceeds deposited in the water development debt service
 23 fund, and loans from renewable resource development bond
 24 proceeds deposited in the renewable resource development
 25 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

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

Loan Amount

3 MIDDLE CREEK DAM REHABILITATION \$5,100,000

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

Loan Amount

23 BROADWATER DAM \$26,000,000

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

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

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

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

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

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

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

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 \$26,000,000 for the
22 development of the state hydroelectric projects approved in
23 this act, in an amount not to exceed \$5,100,000 for the
24 rehabilitation of state water projects approved in this act,
25 and in an amount not to exceed \$51,743,531 for loans to

1 political subdivisions and local government entities for
2 water development projects approved in this act, all for the
3 issuance of up to \$82,843,531 in coal severance tax bonds
4 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(4)(e),
21 loan repayments from loans financed with coal severance tax
22 bonds, loan principal, interest, and bond issuance fees
23 borrowed from bond proceeds are pledged, dedicated, and
24 appropriated to the debt service account in the state
25 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, 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
 15, the interest rate for projects in this group may be 3
 24 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

1 GROUP D Notwithstanding the conditions set forth in section
 2 15, the interest rate for projects in this group must be the
 3 rate at which the state bond is sold.

	<u>Loan Amount</u>
5 HILL COUNTY WATER DISTRICT	
6 Rural Water Supply	\$ 1,410,000
7 MILK RIVER IRRIGATION DISTRICT	
8 Tiber Dam Power Project	25,600,000
9 CITY OF BELGRADE	
10 Water Well Improvements	115,000
11 Interest rate 7% for 5 years,	
12 10.26% for the remaining 15 years	
13 of the bond term	
14 PONDERA CONSERVATION DISTRICT	555,000
15 6% for the term of 20 years	

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

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

1 to the contrary, all remaining interest income allocated to
 2 the water development state special revenue account from the
 3 resource indemnity trust fund by 15-38-202(2) during the
 4 1988-89 biennium may be used only for the purposes set out
 5 in 85-1-604(3)(c).

6 Section 11. Emergency grants. There is appropriated to
 7 the department of natural resources and conservation up to
 8 \$125,000 from the water development state special revenue
 9 account to be used for emergency projects. If these funds
 10 are not needed for emergencies, they may be used for grants
 11 approved in section 1 of this act.

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

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

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

22 (3) satisfactory completion of conditions described in
 23 the recommendation section of the project narrative in the
 24 renewable resource and water development program project
 25 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

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 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
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 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
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 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
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 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:

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

1	<u>Applicant/Project</u>	<u>Recommended Funding</u>		1	<u>Applicant/Project</u>	<u>Recommended Funding</u>	
2	MONTANA STATE UNIVERSITY			2	Wastewater Lagoon Dike Repair	L	162,000
3	Plastic Irrigation Canal Lining	G	37,500	3	LAKESIDE WATER DISTRICT		
4	FLATHEAD CONSERVATION DISTRICT			4	Lakeside Water Well and Main Extension	L	133,300
5	Rehabilitation of East Spring Creek	G	75,000	5	<u>WIBAUX</u>		
6	MINERAL COUNTY			6	<u>WATER STORAGE AND DISTRIBUTION IMPROVEMENTS</u>	L	<u>95,000</u>
7	St. Regis Park Irrigation	G	35,000	7	<u>SAGE CREEK COUNTY WATER DISTRICT</u>		
8	CARBON COUNTY			8	<u>SAGE CREEK WATER DISTRICT EXPANSION</u>	L	<u>158,600</u>
9	Roberts Water System Improvements	G	47,500	9	<u>YELLOWSTONE COUNTY</u>		
10		L	<u>142,500</u>	10	<u>HILLCREST WATER SYSTEM</u>	L	<u>99,934</u>
11	GREENFIELDS IRRIGATION DISTRICT			11	<u>MONTANA STATE UNIVERSITY</u>		
12	Willow Creek Measuring Device	G	2,074	12	<u>RED BLUFF RANCH IRRIGATION</u>	L	<u>129,387</u>
13	PRIVATE CORPORATION			13	Section 2. Appropriations under the renewable resource		
14	Nilan Canal Lining	G	25,000	14	development program. (1) There are appropriated to the		
15	EASTERN SANDERS CONSERVATION DISTRICT			15	department of natural resources and conservation all		
16	Little Bitterroot Recharge Enhancement	G	86,300	16	available funds from the renewable resource development		
17	PRIVATE NONPROFIT CORPORATION			17	account during the 1988-89 biennium for projects under the		
18	Technical Assistance Advisor	G	60,000	18	renewable resource development program.		
19	TOWN OF CASCADE			19	(2) The department shall award grants to the named		
20	Water Distribution and Supply Improvements	G	50,000	20	entities for the described purposes and in the described		
21		L	<u>150,000</u>	21	amounts set out in subsection (3). The legislature, pursuant		
22	CITY OF SHELBY			22	to 90-2-111, approves the listed grants, with grants to be		
23	Shelby Water Rehabilitation	G	25,000	23	made in order of priority ranking within each renewable		
24		L	<u>75,000</u>	24	resource development category, except renewable resource		
25	SUN PRAIRIE VILLAGE WATER AND SEWER ASSOCIATION			25	development grants for water development projects and		

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

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

1 RENEWABLE RESOURCE DEVELOPMENT PROGRAM
 2 G: Grant L: Loan
 3 Applicant/Project Recommended Funding
 4 I. Agricultural Land Improvement Category
 5 HILL COUNTY CONSERVATION DISTRICT
 6 Grass Drill Purchase G \$ 8,000
 7 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
 8 Conservation Districts Division
 9 Electronic Survey Equipment Purchase G 9,300
 10 II. Timber Improvement Category
 11 ANACONDA-DEER LODGE COUNTY
 12 Soil Stabilization and Erosion Control G 63,650
 13 MADISON CONSERVATION DISTRICT
 14 Mobile Saw for Forest Land Management G 23,850
 15 III. Water Reservation Development Category
 16 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
 17 Conservation Districts Division
 18 Water Reservations Development Program G 50,000
 19 Section 3. Opportunity to receive loans for projects
 20 that do not receive grants. Sponsors of recommended projects
 21 and activities on the prioritized lists in sections 1 and 2
 22 that are not recipients of available grant funds must be
 23 offered the opportunity to receive loan funds for up to the
 24 total recommended project amount, subject to the conditions
 25 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

1 15, the interest rate for projects in this group must be the
 2 rate at which the state bond is sold for 20 years.

	<u>Loan Amount</u>
4 DEPARTMENT OF FISH, WILDLIFE, AND PARKS	
5 Gartside Dam	\$ 257,000

6 WEST YELLOWSTONE	
7 Water System Improvements	1,500,000

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

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

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

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

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

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

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

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

16 (b) Bonds approved in this section may not be issued
 17 by the board of examiners until the board of natural
 18 resources and conservation has determined that a project is
 19 feasible and has otherwise complied with the requirements of
 20 Title 85, chapter 1, part 5, for the development of
 21 hydropower at water projects under the control of the
 22 department. The board of natural resources and conservation
 23 and the board of examiners must find that on the average,
 24 over the life of the project, revenues will be generated to
 25 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.

	<u>Loan Amount</u>
12 DUTTON	
14 Water Supply Construction	\$150,000
15 <u>GROUP B</u> 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.	

	<u>Loan Amount</u>
21 BOZEMAN	
23 Lyman Creek Water Improvements	\$ 726,079
24 EAST HELENA	
25 Water System Improvement	434,434

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-

HOUSE BILL NO. 7

INTRODUCED BY THOFT

BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

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 BIENNIAL 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:

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

1	<u>Applicant/Project</u>	<u>Recommended Funding</u>
2	MONTANA STATE UNIVERSITY	
3	Plastic Irrigation Canal Lining	G 37,500
4	FLATHEAD CONSERVATION DISTRICT	
5	Rehabilitation of East Spring Creek	G 75,000
6	MINERAL COUNTY	
7	St. Regis Park Irrigation	G 35,000
8	CARBON COUNTY	
9	Roberts Water System Improvements	G 47,500
10		L <u>142,500</u>
11	GREENFIELDS IRRIGATION DISTRICT	
12	Willow Creek Measuring Device	G 2,074
13	PRIVATE CORPORATION	
14	Nilan Canal Lining	G 25,000
15	EASTERN SANDERS CONSERVATION DISTRICT	
16	Little Bitterroot Recharge Enhancement	G 86,300
17	PRIVATE NONPROFIT CORPORATION	
18	Technical Assistance Advisor	G 60,000
19	TOWN OF CASCADE	
20	Water Distribution and Supply Improvements	G 50,000
21		L <u>150,000</u>
22	CITY OF SHELBY	
23	Shelby Water Rehabilitation	G 25,000
24		L <u>75,000</u>
25	SUN PRAIRIE VILLAGE WATER AND SEWER ASSOCIATION	

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

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

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

1 RENEWABLE RESOURCE DEVELOPMENT PROGRAM		
2 G: Grant L: Loan		
3 <u>Applicant/Project</u>		<u>Recommended Funding</u>
4 I. Agricultural Land Improvement Category		
5 HILL COUNTY CONSERVATION DISTRICT		
6 Grass Drill Purchase	G \$ 8,000	
7 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION		
8 Conservation Districts Division		
9 Electronic Survey Equipment Purchase	G	9,300
10 II. Timber Improvement Category		
11 ANACONDA-DEER LODGE COUNTY		
12 Soil Stabilization and Erosion Control	G	63,650
13 MADISON CONSERVATION DISTRICT		
14 Mobile Saw for Forest Land Management	G	23,850
15 III. Water Reservation Development Category		
16 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION		
17 Conservation Districts Division		
18 Water Reservations Development Program	G	50,000
19 Section 3. Opportunity to receive loans for projects		
20 that do not receive grants. Sponsors of recommended projects		
21 and activities on the prioritized lists in sections 1 and 2		
22 that are not recipients of available grant funds must be		
23 offered the opportunity to receive loan funds for up to the		
24 total recommended project amount, subject to the conditions		
25 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.

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.

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.

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.

Loan Amount

23 BROWNING

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

25 GROUP E Notwithstanding the conditions set forth in section

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

3 Loan Amount

4 DEPARTMENT OF FISH, WILDLIFE, AND PARKS

5 Gartside Dam \$ 257,000

6 WEST YELLOWSTONE

7 Water System Improvements 1,500,000

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

17 Loan Amount

18 MIDDLE CREEK DAM REHABILITATION \$5,100,000

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

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

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

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

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

14 Loan Amount

15 BROADWATER DAM \$26,000,000

16 (b) Bonds approved in this section may not be issued
 17 by the board of examiners until the board of natural
 18 resources and conservation has determined that a project is
 19 feasible and has otherwise complied with the requirements of
 20 Title 85, chapter 1, part 5, for the development of
 21 hydropower at water projects under the control of the
 22 department. The board of natural resources and conservation
 23 and the board of examiners must find that on the average,
 24 over the life of the project, revenues will be generated to
 25 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 ~~982,843,531~~ ~~\$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	<u>GROUP C</u> 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		<u>Loan Amount</u>
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	MONDERRA CONSERVATION DISTRICT	
17	Irrigation System Rehabilitation	750,000
18	<u>GROUP D</u> 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		<u>Loan Amount</u>
22	HILL COUNTY WATER DISTRICT	
23	Rural Water Supply	\$ 1,410,000
24	MILK-RIVER-IRRIGATION-DISTRICT	
25	Tiber-Bam-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-

HOUSE BILL NO. 7

INTRODUCED BY THOFT

BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES

AND CONSERVATION

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