

HOUSE BILL NO. 97

INTRODUCED BY QUILICI  
BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES  
AND CONSERVATION

IN THE HOUSE

JANUARY 4, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON APPROPRIATIONS.
	FIRST READING.
MARCH 19, 1993	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
MARCH 22, 1993	PRINTING REPORT.
MARCH 23, 1993	SECOND READING, DO PASS.
MARCH 24, 1993	ENGROSSING REPORT.
	THIRD READING, PASSED. AYES, 99; NOES, 1.
MARCH 25, 1993	TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 26, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON FINANCE & CLAIMS.
	FIRST READING.
MARCH 30, 1993	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 31, 1993	SECOND READING, CONCURRED IN.
APRIL 1, 1993	THIRD READING, CONCURRED IN. AYES, 47; NOES, 1.
	RETURNED TO HOUSE.

IN THE HOUSE

APRIL 2, 1993	RECEIVED FROM SENATE.
	SENT TO ENROLLING.
	REPORTED CORRECTLY ENROLLED.

## HOUSE BILL NO. 97

INTRODUCED BY QUILICI

BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES  
AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING  
STRIPPER-WELL PAYMENTS CONTAINED IN THE FEDERAL SPECIAL  
REVENUE FUND TO THE DEPARTMENT OF NATURAL RESOURCES AND  
CONSERVATION; AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION  
BONDS TO FUND THE STATE BUILDING ENERGY CONSERVATION  
PROGRAM; APPROVING ENERGY CONSERVATION AND LIGHTING RETROFIT  
PROJECTS FOR FISCAL YEARS 1994 AND 1995; APPROPRIATING BOND  
PROCEEDS TO THE DEPARTMENT OF NATURAL RESOURCES AND  
CONSERVATION; PLEDGING THE CREDIT OF THE STATE OF MONTANA TO  
SECURE THE BONDS TO BE ISSUED; AND PROVIDING AN IMMEDIATE  
EFFECTIVE DATE."

WHEREAS, Chapter 473, Laws of 1989, established the  
state building energy conservation program; and

WHEREAS, recommended projects for the state building  
energy conservation program for fiscal years 1994 and 1995  
have been analyzed and are submitted to the Legislature as  
required by Title 90, chapter 4, part 6.

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

NEW SECTION. Section 1. Stripper-well payments --

appropriation -- definition -- priority. (1) There is  
appropriated from the stripper-well payments contained in  
the federal special revenue fund to the department of  
natural resources and conservation \$100,000 to fulfill  
duties under 90-4-605 and 90-4-607. This appropriation is a  
biennial appropriation.

(2) (a) "Stripper-well payments" means the oil  
overcharge payments made to the United States treasury for  
distribution to the state of Montana as the result of the  
final settlement agreement in the United States district  
court for the district of Kansas, Cause No. M.D.L. 378, and  
any interest accrued on the payments.

(b) The term does not include stripper-well payments  
that have been expended or legally obligated or have been  
incorporated into any of the existing federal energy  
programs as the result of prior appropriations by the  
legislature.

(3) The stripper-well payments appropriated in this  
section have a higher priority than any other appropriation  
of stripper-well payments for fiscal years 1994 and 1995.

NEW SECTION. Section 2. Appropriation. There is  
appropriated from bond proceeds authorized by Chapter 571,  
Laws of 1991, \$350,000 to the department of natural  
resources and conservation to fulfill duties under 90-4-605

and 90-4-607. This appropriation is a biennial appropriation.

NEW SECTION. Section 3. Approval of energy conservation projects and lighting retrofit projects. (1) Pursuant to Title 90, chapter 4, part 6, the legislature approves the following energy conservation projects for fiscal years 1994 and 1995:

FACILITY

University of Montana:

Field House

Performing Arts and TV

Social Science

Old Business Administration

Schreiber Gym

Northern Montana College:

Physical Education Building

Eastern Montana College:

Liberal Arts Building/Library Building

Special Education Building

(2) In addition to the energy conservation projects listed in subsection (1), the department of natural resources and conservation shall implement cost-effective lighting retrofit projects, in conjunction with utility rebate programs, on buildings to be identified by the department of natural resources and conservation.

(3) In addition to the projects listed in subsection (1) and (2), the department of natural resources and conservation may expend funds appropriated under [section 4] to respond to unanticipated situations that provide an opportunity to finance, acquire, construct, or install energy-saving equipment, systems, or improvements in a state facility in circumstances in which the opportunity will be lost whenever the department is delayed in providing the necessary funds until specific legislative approval can be obtained.

(4) If the lighting retrofit costs of the projects referred to in subsection (2) are substantially below the bond amount authorized in [section 4], the department of natural resources and conservation may fund projects that otherwise would be proposed as part of the state building energy conservation retrofit package for fiscal years 1996 and 1997.

NEW SECTION. Section 4. Bond authorization -- appropriation of bond proceeds. (1) The board of examiners may, pursuant to 90-4-611, issue and sell bonds of the state in an aggregate principal amount not to exceed \$3 million for fiscal years 1994 and 1995. The bonds are general obligations for which the full faith and credit and taxing powers of the state are pledged for payment of the principal and interest on the bonds. The bonds must be issued as

provided by Title 17, chapter 5, part 8.

(2) The proceeds of the bonds, other than any premiums and accrued interest received, must be deposited in the energy conservation program account established by 90-4-612. Premiums and accrued interest must be deposited in the debt service fund established in 17-2-102. Proceeds of bonds deposited in the energy conservation program account may be used to pay the costs of issuing the bonds and to fund the projects approved by the legislature in [section 3]. For purposes of 17-5-803 and 17-5-804, the energy conservation program account constitutes a capital projects account. The bond proceeds must be available to the department of natural resources and conservation and may be used for the purposes authorized in this section without further budgetary authorization.

NEW SECTION. **Section 5.** Requirements for approval of state debt. Because [section 4] authorizes the creation of a state debt, a vote of two-thirds of the members of each house is required for enactment of [section 4].

NEW SECTION. **Section 6.** Effective date. [This act] is effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0097, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

The bill provides for the issuance of general obligation bonds to fund the energy conservation program; approves energy conservation projects for the 1995 biennium; appropriates the bond proceeds to the Department of Natural Resources and Conservation; pledges the credit of the State of Montana to secure the bonds; and appropriates stripper well payments contained in the federal special revenue fund.

ASSUMPTIONS:

1. Stripper well funds remaining from the \$400,000 appropriated in the 1993 biennium are reappropriated for the 1995 biennium.
2. Bond issue will be \$1.3 million in FY94 and \$1.7 million in FY95, but could vary slightly based on final bids.
3. State general obligation bonds are sold at an interest rate of 5.911% for 10 years. This is the average rate being used by the Department of Administration for all GO bonds to be sold during the biennium. These bonds may be sold at a lower rate given the relatively rapid (10-year) repayment term.
4. Annual debt service to retire the FY94 bond issuance is approximately \$173,000. Annual debt service to retire the FY95 bond issuance is \$227,000. Total annual debt service resulting from this bill is \$400,000.
5. Estimated annual energy savings to the state is \$208,000 for the FY94 bond issuance and \$272,000 for the FY95 issuance. Total estimated annual energy savings resulting from this bill is \$480,000. These savings will increase as fuel prices rise.
6. The fiscal impact of this bill to the state will be positive, i.e., the state will save \$80,000 per year, after debt service, while the bonds are being repaid, and \$480,000 per year after the bonds are repaid. These savings will increase as fuel prices rise.
7. No additional staffing will be required to administer this program at DNRC.

FISCAL IMPACT: The state will save \$80,000 per year while the bonds are being repaid and \$480,000 per year thereafter, plus increased savings as fuel prices rise.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION: The state initially will show short-run cost savings because the reduction in utility bills will exceed the debt service payments for the bonds. If fuel prices rise, the dollar savings to the state will increase. Once the debt is retired, the state will continue to benefit from the permanent reduction in utility bills.

*David Lewis* 1-12-93

DAVID LEWIS, BUDGET DIRECTOR DATE  
Office of Budget and Program Planning

*Joe Quilici* HB-93  
JOE QUILICI, PRIMARY SPONSOR DATE

Fiscal Note for HB0097, as introduced

**HB 97**

APPROVED BY COMMITTEE  
ON APPROPRIATIONS

HOUSE BILL NO. 97

INTRODUCED BY QUILICI

BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES

AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING STRIPPER-WELL PAYMENTS CONTAINED IN THE FEDERAL SPECIAL REVENUE FUND TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION; AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS TO FUND THE STATE BUILDING ENERGY CONSERVATION PROGRAM; APPROVING ENERGY CONSERVATION AND LIGHTING RETROFIT PROJECTS FOR FISCAL YEARS 1994 AND 1995; APPROPRIATING BOND PROCEEDS TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION; PLEDGING THE CREDIT OF THE STATE OF MONTANA TO SECURE THE BONDS TO BE ISSUED; PROVIDING A METHOD FOR ALLOCATING ENERGY COST SAVINGS; AMENDING SECTION 90-4-607, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

WHEREAS, Chapter 473, Laws of 1989, established the state building energy conservation program; and

WHEREAS, recommended projects for the state building energy conservation program for fiscal years 1994 and 1995 have been analyzed and are submitted to the Legislature as required by Title 90, chapter 4, part 6.

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

NEW SECTION. Section 1. Stripper-well payments -- appropriation -- definition -- priority. (1) There is appropriated from the stripper-well payments contained in the federal special revenue fund to the department of natural resources and conservation \$100,000 to fulfill duties under 90-4-605 and 90-4-607. This appropriation is a biennial appropriation.

(2) (a) "Stripper-well payments" means the oil overcharge payments made to the United States treasury for distribution to the state of Montana as the result of the final settlement agreement in the United States district court for the district of Kansas, Cause No. M.D.L. 378, and any interest accrued on the payments.

(b) The term does not include stripper-well payments that have been expended or legally obligated or have been incorporated into any of the existing federal energy programs as the result of prior appropriations by the legislature.

(3) The stripper-well payments appropriated in this section have a higher priority than any other appropriation of stripper-well payments for fiscal years 1994 and 1995.

NEW SECTION. Section 2. Appropriation. There is appropriated from bond proceeds authorized by Chapter 571, Laws of 1991, \$350,000 to the department of natural

resources and conservation to fulfill duties under 90-4-605 and 90-4-607. This appropriation is a biennial appropriation.

**NEW SECTION. Section 3.** Approval of energy conservation projects and lighting retrofit projects. (1) Pursuant to Title 90, chapter 4, part 6, the legislature approves the following energy conservation projects for fiscal years 1994 and 1995:

**FACILITY**

University of Montana:

Field House

Performing Arts and TV

Social Science

Old Business Administration

Schreiber Gym

Northern Montana College:

Physical Education Building

Eastern Montana College:

Liberal Arts Building/Library Building

Special Education Building

(2) In addition to the energy conservation projects listed in subsection (1), the department of natural resources and conservation shall implement cost-effective lighting retrofit projects, in conjunction with utility rebate programs, on buildings to be identified by the

department of natural resources and conservation.

(3) In addition to the projects listed in subsection (1) and (2), the department of natural resources and conservation may expend funds appropriated under [section 4] to respond to unanticipated situations that provide an opportunity to finance, acquire, construct, or install energy-saving equipment, systems, or improvements in a state facility in circumstances in which the opportunity will be lost whenever the department is delayed in providing the necessary funds until specific legislative approval can be obtained.

(4) If the lighting retrofit costs of the projects referred to in subsection (2) are substantially below the bond amount authorized in [section 4], the department of natural resources and conservation may fund projects that otherwise would be proposed as part of the state building energy conservation retrofit package for fiscal years 1996 and 1997.

**NEW SECTION. Section 4.** Bond authorization -- appropriation of bond proceeds. (1) The board of examiners may, pursuant to 90-4-611, issue and sell bonds of the state in an aggregate principal amount not to exceed \$3 million for THE ENERGY CONSERVATION AND LIGHTING RETROFIT PROJECTS APPROVED IN [SECTION 3] FOR fiscal years 1994 and 1995. The bonds are general obligations for which the full faith and

1 credit and taxing powers of the state are pledged for  
2 payment of the principal and interest on the bonds. The  
3 bonds must be issued as provided by Title 17, chapter 5,  
4 part 8.

5 (2) The proceeds of the bonds, other than any premiums  
6 and accrued interest received, must be deposited in the  
7 energy conservation program account established by 90-4-612.  
8 Premiums and accrued interest must be deposited in the debt  
9 service fund established in 17-2-102. Proceeds of bonds  
10 deposited in the energy conservation program account may be  
11 used to pay the costs of issuing the bonds and to fund the  
12 projects approved by the legislature in [section 3]. For  
13 purposes of 17-5-803 and 17-5-804, the energy conservation  
14 program account constitutes a capital projects account. The  
15 bond proceeds must be available to the department of natural  
16 resources and conservation and may be used for the purposes  
17 authorized in this section without further budgetary  
18 authorization.

19 **SECTION 5. SECTION 90-4-607, MCA, IS AMENDED TO READ:**

20 "90-4-607. Duties of department. In addition to the  
21 duties set forth in 90-4-605, the department is authorized  
22 to:

- 23 (1) analyze state utility data to identify  
24 high-potential energy conservation projects;  
25 (2) perform comprehensive energy analyses on

1 state-owned buildings, structures, and facilities,  
2 contracting with private engineers when necessary;

3 (3) administratively transfer funds and authority to  
4 the department of administration to procure design and  
5 construction of cost-effective energy improvements;

6 (4) train facility maintenance staff in energy saving  
7 techniques and maintenance of energy improvements and  
8 monitor energy conservation projects to ensure that cost  
9 savings are realized and are adequate to cover the debt  
10 service if bonds have been issued to fund the improvements."

11 **NEW SECTION. SECTION 6. APPROPRIATION OF ENERGY COST**  
12 **SAVINGS. (1) IN PREPARING THE EXECUTIVE BUDGET EACH**  
13 **BIENNIUM, THE GOVERNOR SHALL INCLUDE FOR EACH STATE AGENCY**  
14 **PARTICIPATING IN THE STATE ENERGY CONSERVATION PROGRAM:**

15 **(A) AN ESTIMATE OF THE ENERGY COST SAVINGS EXPECTED FOR**  
16 **THAT AGENCY IN EACH YEAR OF THE BIENNIUM; AND**

17 **(B) A PROJECTION OF THE DEBT SERVICE ON ENERGY**  
18 **CONSERVATION PROGRAM BONDS THAT SHOULD BE APPORTIONED TO**  
19 **THAT AGENCY IN EACH YEAR OF THE BIENNIUM.**

20 **(2) EACH SESSION, THE LEGISLATURE SHALL REVIEW THE**  
21 **GOVERNOR'S SUBMISSION PURSUANT TO 90-4-606 AND SUBSECTION**  
22 **(1) OF THIS SECTION AND APPROPRIATE IN THE GENERAL**  
23 **APPROPRIATIONS ACT THE FOLLOWING:**

24 **(A) AUTHORITY FOR EACH PARTICIPATING STATE AGENCY TO**  
25 **TRANSFER FUNDS IN AN AMOUNT EQUAL TO THE AGENCY'S PROJECTED**



1 DEBT SERVICE TO THE ENERGY CONSERVATION PROGRAM ACCOUNT  
2 ESTABLISHED IN 90-4-612; AND

3 (B) AUTHORITY FOR EACH PARTICIPATING STATE AGENCY TO  
4 TRANSFER FUNDS TO THE LONG-RANGE BUILDING PROGRAM FUND IN AN  
5 AMOUNT EQUAL TO THE DIFFERENCE BETWEEN THE ESTIMATED ENERGY  
6 COST SAVINGS TO THE AGENCY AND THE PROJECTED DEBT SERVICE  
7 APPORTIONED TO THAT AGENCY.

8 (3) THE CURRENT LEVEL UTILITY APPROPRIATIONS OF STATE  
9 AGENCIES PARTICIPATING IN THE ENERGY CONSERVATION PROGRAM  
10 MUST BE REDUCED BY THE SUM OF THE AMOUNTS APPROPRIATED IN  
11 SUBSECTIONS (2)(A) AND (2)(B).

12 (4) EACH PARTICIPATING STATE AGENCY SHALL TRANSFER UPON  
13 REQUEST OF THE DEPARTMENT THE AMOUNTS APPROPRIATED IN  
14 ACCORDANCE WITH SUBSECTION (2).

15 NEW SECTION. Section 7. Requirements for approval of  
16 state debt. Because [section 4] authorizes the creation of a  
17 state debt, a vote of two-thirds of the members of each  
18 house is required for enactment of [section 4].

19 NEW SECTION. SECTION 8. CODIFICATION INSTRUCTION.  
20 [SECTION 6] IS INTENDED TO BE CODIFIED AS AN INTEGRAL PART  
21 OF TITLE 90, CHAPTER 4, PART 6, AND THE PROVISIONS OF TITLE  
22 90, CHAPTER 4, PART 6, APPLY TO [SECTION 6].

23 NEW SECTION. Section 9. Effective date. [This act] is  
24 effective on passage and approval.

-End-

## 1 HOUSE BILL NO. 97

2 INTRODUCED BY QUILICI

3 BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES

4 AND CONSERVATION

5  
6 A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING  
7 STRIPPER-WELL PAYMENTS CONTAINED IN THE FEDERAL SPECIAL  
8 REVENUE FUND TO THE DEPARTMENT OF NATURAL RESOURCES AND  
9 CONSERVATION; AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION  
10 BONDS TO FUND THE STATE BUILDING ENERGY CONSERVATION  
11 PROGRAM; APPROVING ENERGY CONSERVATION AND LIGHTING RETROFIT  
12 PROJECTS FOR FISCAL YEARS 1994 AND 1995; APPROPRIATING BOND  
13 PROCEEDS TO THE DEPARTMENT OF NATURAL RESOURCES AND  
14 CONSERVATION; PLEDGING THE CREDIT OF THE STATE OF MONTANA TO  
15 SECURE THE BONDS TO BE ISSUED; PROVIDING A METHOD FOR  
16 ALLOCATING ENERGY COST SAVINGS; AMENDING SECTION 90-4-607,  
17 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."  
18

19 WHEREAS, Chapter 473, Laws of 1989, established the  
20 state building energy conservation program; and

21 WHEREAS, recommended projects for the state building  
22 energy conservation program for fiscal years 1994 and 1995  
23 have been analyzed and are submitted to the Legislature as  
24 required by Title 90, chapter 4, part 6.  
25

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

2 NEW SECTION. Section 1. Stripper-well payments --  
3 appropriation -- definition -- priority. (1) There is  
4 appropriated from the stripper-well payments contained in  
5 the federal special revenue fund to the department of  
6 natural resources and conservation \$100,000 to fulfill  
7 duties under 90-4-605 and 90-4-607. This appropriation is a  
8 biennial appropriation.

9 (2) (a) "Stripper-well payments" means the oil  
10 overcharge payments made to the United States treasury for  
11 distribution to the state of Montana as the result of the  
12 final settlement agreement in the United States district  
13 court for the district of Kansas, Cause No. M.D.L. 378, and  
14 any interest accrued on the payments.

15 (b) The term does not include stripper-well payments  
16 that have been expended or legally obligated or have been  
17 incorporated into any of the existing federal energy  
18 programs as the result of prior appropriations by the  
19 legislature.

20 (3) The stripper-well payments appropriated in this  
21 section have a higher priority than any other appropriation  
22 of stripper-well payments for fiscal years 1994 and 1995.

23 NEW SECTION. Section 2. Appropriation. There is  
24 appropriated from bond proceeds authorized by Chapter 571,  
25 Laws of 1991, \$350,000 to the department of natural

1 resources and conservation to fulfill duties under 90-4-605  
2 and 90-4-607. This appropriation is a biennial  
3 appropriation.

4 NEW SECTION. Section 3. Approval of energy  
5 conservation projects and lighting retrofit projects. (1)  
6 Pursuant to Title 90, chapter 4, part 6, the legislature  
7 approves the following energy conservation projects for  
8 fiscal years 1994 and 1995:

9 FACILITY

10 University of Montana:

11 Field House  
12 Performing Arts and TV  
13 Social Science  
14 Old Business Administration  
15 Schreiber Gym

16 Northern Montana College:

17 Physical Education Building

18 Eastern Montana College:

19 Liberal Arts Building/Library Building  
20 Special Education Building

21 (2) In addition to the energy conservation projects  
22 listed in subsection (1), the department of natural  
23 resources and conservation shall implement cost-effective  
24 lighting retrofit projects, in conjunction with utility  
25 rebate programs, on buildings to be identified by the

1 department of natural resources and conservation.

2 (3) In addition to the projects listed in subsection  
3 (1) and (2), the department of natural resources and  
4 conservation may expend funds appropriated under [section 4]  
5 to respond to unanticipated situations that provide an  
6 opportunity to finance, acquire, construct, or install  
7 energy-saving equipment, systems, or improvements in a state  
8 facility in circumstances in which the opportunity will be  
9 lost whenever the department is delayed in providing the  
10 necessary funds until specific legislative approval can be  
11 obtained.

12 (4) If the lighting retrofit costs of the projects  
13 referred to in subsection (2) are substantially below the  
14 bond amount authorized in [section 4], the department of  
15 natural resources and conservation may fund projects that  
16 otherwise would be proposed as part of the state building  
17 energy conservation retrofit package for fiscal years 1996  
18 and 1997.

19 NEW SECTION. Section 4. Bond authorization --  
20 appropriation of bond proceeds. (1) The board of examiners  
21 may, pursuant to 90-4-611, issue and sell bonds of the state  
22 in an aggregate principal amount not to exceed \$3 million  
23 for THE ENERGY CONSERVATION AND LIGHTING RETROFIT PROJECTS  
24 APPROVED IN [SECTION 3] FOR fiscal years 1994 and 1995. The  
25 bonds are general obligations for which the full faith and

credit and taxing powers of the state are pledged for payment of the principal and interest on the bonds. The bonds must be issued as provided by Title 17, chapter 5, part 8.

(2) The proceeds of the bonds, other than any premiums and accrued interest received, must be deposited in the energy conservation program account established by 90-4-612. Premiums and accrued interest must be deposited in the debt service fund established in 17-2-102. Proceeds of bonds deposited in the energy conservation program account may be used to pay the costs of issuing the bonds and to fund the projects approved by the legislature in [section 3]. For purposes of 17-5-803 and 17-5-804, the energy conservation program account constitutes a capital projects account. The bond proceeds must be available to the department of natural resources and conservation and may be used for the purposes authorized in this section without further budgetary authorization.

**SECTION 5. SECTION 90-4-607, MCA, IS AMENDED TO READ:**

"90-4-607. Duties of department. In addition to the duties set forth in 90-4-605, the department is authorized to:

- (1) analyze state utility data to identify high-potential energy conservation projects;
- (2) perform comprehensive energy analyses on

state-owned buildings, structures, and facilities, contracting with private engineers when necessary;

(3) administratively transfer funds and authority to the department of administration to procure design and construction of cost-effective energy improvements;

(4) train facility maintenance staff in energy saving techniques and maintenance of energy improvements and monitor energy conservation projects to ensure that cost savings are realized and are adequate to cover the debt service if bonds have been issued to fund the improvements."

**NEW SECTION. SECTION 6. APPROPRIATION OF ENERGY COST SAVINGS. (1) IN PREPARING THE EXECUTIVE BUDGET EACH BIENNIUM, THE GOVERNOR SHALL INCLUDE FOR EACH STATE AGENCY PARTICIPATING IN THE STATE ENERGY CONSERVATION PROGRAM:**

**(A) AN ESTIMATE OF THE ENERGY COST SAVINGS EXPECTED FOR THAT AGENCY IN EACH YEAR OF THE BIENNIUM; AND**

**(B) A PROJECTION OF THE DEBT SERVICE ON ENERGY CONSERVATION PROGRAM BONDS THAT SHOULD BE APPORTIONED TO THAT AGENCY IN EACH YEAR OF THE BIENNIUM.**

**(2) EACH SESSION, THE LEGISLATURE SHALL REVIEW THE GOVERNOR'S SUBMISSION PURSUANT TO 90-4-606 AND SUBSECTION (1) OF THIS SECTION AND APPROPRIATE IN THE GENERAL APPROPRIATIONS ACT THE FOLLOWING:**

**(A) AUTHORITY FOR EACH PARTICIPATING STATE AGENCY TO TRANSFER FUNDS IN AN AMOUNT EQUAL TO THE AGENCY'S PROJECTED**

DEBT SERVICE TO THE ENERGY CONSERVATION PROGRAM ACCOUNT  
ESTABLISHED IN 90-4-612; AND

(B) AUTHORITY FOR EACH PARTICIPATING STATE AGENCY TO  
TRANSFER FUNDS TO THE LONG-RANGE BUILDING PROGRAM FUND IN AN  
AMOUNT EQUAL TO THE DIFFERENCE BETWEEN THE ESTIMATED ENERGY  
COST SAVINGS TO THE AGENCY AND THE PROJECTED DEBT SERVICE  
APPORTIONED TO THAT AGENCY.

(3) THE CURRENT LEVEL UTILITY APPROPRIATIONS OF STATE  
AGENCIES PARTICIPATING IN THE ENERGY CONSERVATION PROGRAM  
MUST BE REDUCED BY THE SUM OF THE AMOUNTS APPROPRIATED IN  
SUBSECTIONS (2)(A) AND (2)(B).

(4) EACH PARTICIPATING STATE AGENCY SHALL TRANSFER UPON  
REQUEST OF THE DEPARTMENT THE AMOUNTS APPROPRIATED IN  
ACCORDANCE WITH SUBSECTION (2).

NEW SECTION. Section 7. Requirements for approval of  
state debt. Because [section 4] authorizes the creation of a  
state debt, a vote of two-thirds of the members of each  
house is required for enactment of [section 4].

NEW SECTION. SECTION 8. CODIFICATION INSTRUCTION.  
[SECTION 6] IS INTENDED TO BE CODIFIED AS AN INTEGRAL PART  
OF TITLE 90, CHAPTER 4, PART 6, AND THE PROVISIONS OF TITLE  
90, CHAPTER 4, PART 6, APPLY TO [SECTION 6].

NEW SECTION. Section 9. Effective date. [This act] is  
effective on passage and approval.

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24 appropriated from bond proceeds authorized by Chapter 571,  
25 Laws of 1991, \$350,000 to the department of natural

resources and conservation to fulfill duties under 90-4-605 and 90-4-607. This appropriation is a biennial appropriation.

NEW SECTION. Section 3. Approval of energy conservation projects and lighting retrofit projects. (1) Pursuant to Title 90, chapter 4, part 6, the legislature approves the following energy conservation projects for fiscal years 1994 and 1995:

FACILITY

University of Montana:

Field House

Performing Arts and TV

Social Science

Old Business Administration

Schreiber Gym

Northern Montana College:

Physical Education Building

Eastern Montana College:

Liberal Arts Building/Library Building

Special Education Building

(2) In addition to the energy conservation projects listed in subsection (1), the department of natural resources and conservation shall implement cost-effective lighting retrofit projects, in conjunction with utility rebate programs, on buildings to be identified by the

department of natural resources and conservation.

(3) In addition to the projects listed in subsection (1) and (2), the department of natural resources and conservation may expend funds appropriated under [section 4] to respond to unanticipated situations that provide an opportunity to finance, acquire, construct, or install energy-saving equipment, systems, or improvements in a state facility in circumstances in which the opportunity will be lost whenever the department is delayed in providing the necessary funds until specific legislative approval can be obtained.

(4) If the lighting retrofit costs of the projects referred to in subsection (2) are substantially below the bond amount authorized in [section 4], the department of natural resources and conservation may fund projects that otherwise would be proposed as part of the state building energy conservation retrofit package for fiscal years 1996 and 1997.

NEW SECTION. Section 4. Bond authorization -- appropriation of bond proceeds. (1) The board of examiners may, pursuant to 90-4-611, issue and sell bonds of the state in an aggregate principal amount not to exceed \$3 million for THE ENERGY CONSERVATION AND LIGHTING RETROFIT PROJECTS APPROVED IN [SECTION 3] FOR fiscal years 1994 and 1995. The bonds are general obligations for which the full faith and

1 credit and taxing powers of the state are pledged for  
2 payment of the principal and interest on the bonds. The  
3 bonds must be issued as provided by Title 17, chapter 5,  
4 part 8.

5 (2) The proceeds of the bonds, other than any premiums  
6 and accrued interest received, must be deposited in the  
7 energy conservation program account established by 90-4-612.  
8 Premiums and accrued interest must be deposited in the debt  
9 service fund established in 17-2-102. Proceeds of bonds  
10 deposited in the energy conservation program account may be  
11 used to pay the costs of issuing the bonds and to fund the  
12 projects approved by the legislature in [section 3]. For  
13 purposes of 17-5-803 and 17-5-804, the energy conservation  
14 program account constitutes a capital projects account. The  
15 bond proceeds must be available to the department of natural  
16 resources and conservation and may be used for the purposes  
17 authorized in this section without further budgetary  
18 authorization.

19 SECTION 5. SECTION 90-4-607, MCA, IS AMENDED TO READ:

20 "90-4-607. Duties of department. In addition to the  
21 duties set forth in 90-4-605, the department is authorized  
22 to:

- 23 (1) analyze state utility data to identify  
24 high-potential energy conservation projects;  
25 (2) perform comprehensive energy analyses on

1 state-owned buildings, structures, and facilities,  
2 contracting with private engineers when necessary;

3 (3) administratively transfer funds and authority to  
4 the department of administration to procure design and  
5 construction of cost-effective energy improvements;

6 (4) train facility maintenance staff in energy saving  
7 techniques and maintenance of energy improvements and  
8 monitor energy conservation projects to ensure that cost  
9 savings are realized and are adequate to cover the debt  
10 service if bonds have been issued to fund the improvements."

11 NEW SECTION. SECTION 6. APPROPRIATION OF ENERGY COST  
12 SAVINGS. (1) IN PREPARING THE EXECUTIVE BUDGET EACH  
13 BIENNIUM, THE GOVERNOR SHALL INCLUDE FOR EACH STATE AGENCY  
14 PARTICIPATING IN THE STATE ENERGY CONSERVATION PROGRAM:

15 (A) AN ESTIMATE OF THE ENERGY COST SAVINGS EXPECTED FOR  
16 THAT AGENCY IN EACH YEAR OF THE BIENNIUM; AND

17 (B) A PROJECTION OF THE DEBT SERVICE ON ENERGY  
18 CONSERVATION PROGRAM BONDS THAT SHOULD BE APPORTIONED TO  
19 THAT AGENCY IN EACH YEAR OF THE BIENNIUM.

20 (2) EACH SESSION, THE LEGISLATURE SHALL REVIEW THE  
21 GOVERNOR'S SUBMISSION PURSUANT TO 90-4-606 AND SUBSECTION  
22 (1) OF THIS SECTION AND APPROPRIATE IN THE GENERAL  
23 APPROPRIATIONS ACT THE FOLLOWING:

24 (A) AUTHORITY FOR EACH PARTICIPATING STATE AGENCY TO  
25 TRANSFER FUNDS IN AN AMOUNT EQUAL TO THE AGENCY'S PROJECTED



DEBT SERVICE TO THE ENERGY CONSERVATION PROGRAM ACCOUNT  
ESTABLISHED IN 90-4-612; AND

(B) AUTHORITY FOR EACH PARTICIPATING STATE AGENCY TO  
TRANSFER FUNDS TO THE LONG-RANGE BUILDING PROGRAM FUND IN AN  
AMOUNT EQUAL TO THE DIFFERENCE BETWEEN THE ESTIMATED ENERGY  
COST SAVINGS TO THE AGENCY AND THE PROJECTED DEBT SERVICE  
APPORTIONED TO THAT AGENCY.

(3) THE CURRENT LEVEL UTILITY APPROPRIATIONS OF STATE  
AGENCIES PARTICIPATING IN THE ENERGY CONSERVATION PROGRAM  
MUST BE REDUCED BY THE SUM OF THE AMOUNTS APPROPRIATED IN  
SUBSECTIONS (2)(A) AND (2)(B).

(4) EACH PARTICIPATING STATE AGENCY SHALL TRANSFER UPON  
REQUEST OF THE DEPARTMENT THE AMOUNTS APPROPRIATED IN  
ACCORDANCE WITH SUBSECTION (2).

NEW SECTION. Section 7. Requirements for approval of  
state debt. Because [section 4] authorizes the creation of a  
state debt, a vote of two-thirds of the members of each  
house is required for enactment of [section 4].

NEW SECTION. SECTION 8. CODIFICATION INSTRUCTION.  
[SECTION 6] IS INTENDED TO BE CODIFIED AS AN INTEGRAL PART  
OF TITLE 90, CHAPTER 4, PART 6, AND THE PROVISIONS OF TITLE  
90, CHAPTER 4, PART 6, APPLY TO [SECTION 6].

NEW SECTION. Section 9. Effective date. [This act] is  
effective on passage and approval.

-End-