

HOUSE BILL NO. 663

INTRODUCED BY HARPER, TOWE  
BY REQUEST OF THE DEPARTMENT OF COMMERCE

IN THE HOUSE

MARCH 6, 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, 92; NOES, 6.
MARCH 25, 1993	TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 26, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON FINANCE & CLAIMS.
	FIRST READING.
APRIL 1, 1993	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
APRIL 2, 1993	SECOND READING, CONCURRED IN AS AMENDED.
APRIL 3, 1993	THIRD READING, CONCURRED IN. AYES, 47; NOES, 0.
	RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 12, 1993	SECOND READING, AMENDMENTS CONCURRED IN.
APRIL 13, 1993	THIRD READING, AMENDMENTS

CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 House BILL NO. 663  
2 INTRODUCED BY Hayes  
3 BY REQUEST OF THE DEPARTMENT OF COMMERCE  
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY TO  
6 THE DEPARTMENT OF COMMERCE AND THE DEPARTMENT OF NATURAL  
7 RESOURCES AND CONSERVATION FOR GRANTS AND LOANS UNDER THE  
8 TREASURE STATE ENDOWMENT PROGRAM; AUTHORIZING LOANS FROM THE  
9 TREASURE STATE ENDOWMENT SPECIAL REVENUE ACCOUNT; PLACING  
10 CONDITIONS UPON GRANTS AND LOANS; AND PROVIDING AN IMMEDIATE  
11 EFFECTIVE DATE."  
12

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

14 NEW SECTION. **Section 1.** Appropriations from treasure  
15 state endowment account. (1) There is appropriated to the  
16 department of commerce a portion of the interest earnings  
17 from the proceeds of the treasure state endowment special  
18 revenue account to finance grants authorized by this  
19 section.

20 (2) There is appropriated to the department of natural  
21 resources and conservation a portion of the interest  
22 earnings from the proceeds of the treasure state endowment  
23 special revenue account to finance loans authorized by this  
24 section. Earnings must be deposited in the treasure state  
25 endowment special revenue account.

1 (3) (a) There is appropriated to the department of  
2 commerce and the department of natural resources and  
3 conservation all funds available for grants to local  
4 government entities up to the amount required to fund  
5 projects approved by this section from the treasure state  
6 endowment special revenue account during the 1995 biennium.  
7 This appropriation is for grants and loans for local  
8 government infrastructure projects under 17-5-701, 17-5-707,  
9 90-6-701 through 30-6-703, and 90-6-710.

10 (b) The funds appropriated in this section must be  
11 awarded by the departments to the local government entities  
12 listed in subsection (4) for the described purposes and in  
13 amounts not to exceed the described grant and loan amounts  
14 set out in subsection (4), subject to the conditions set  
15 forth in [sections 1 through 7] and the contingencies  
16 described in the treasure state endowment program January  
17 1993 report to the 53rd legislature. The legislature,  
18 pursuant to 90-6-710, approves the grants and loans listed  
19 in subsection (4), in the order indicated in the list of  
20 projects. Funds must be awarded up to the amounts approved  
21 in this section in order of priority until available funds  
22 are expended. Funds not accepted or used by higher-ranked  
23 projects must be provided for projects in lower positions on  
24 the priority list that would not otherwise receive funding.

25 (4) The following are the grant and loan projects in

1 the order of their priority:

2	<u>Recommended Funding</u>		
3		Deferred	
4		Engineering	
5	<u>Applicant/Project</u>	<u>Grant</u>	<u>Loan</u>
6	Butte-Silver Bow (water)	\$300,000	
7	Anaconda/Deer Lodge (water)	350,000	
8	Carbon Co. (bridge)	25,000	
9	Neihart (water)	544,673	
10	Missoula Co./Sunset West (water)	154,107	
11	Yellowstone Co. (bridge)	95,500	
12	Circle (water)	370,000	
13	Stillwater Co./Reedpoint (sewer)	200,000	
14	Beaverhead Co. (solid waste)	160,000	
15	Ronan (sewer)	100,000	
16	Shelby (SD/sewer)	366,000	
17	Wheatland Co. (solid waste)	33,000	
18	Harlem (water)	217,300	
19	Yellowstone Co./Huntley (water)	100,000	
20	Richland Co. (solid waste)	285,000	
21	Lewistown (storm drainage)	60,000	
22	Helena (water)	338,633	
23	Livingston (storm drainage)	100,000	
24	Toole Co./Sweetgrass (water)		\$25,000
25	Froid (water)	117,000	

1	Ennis (water)	100,000
2	Gallatin Co./RAE subdivision (water)	33,245
3	Yellowstone Co./Shephard (water)	85,000
4	Dutton (water)	50,000
5	Toole Co./Sweetgrass (sewer)	25,000

6 (5) To the local government entities listed in  
7 subsection (4), the appropriation constitutes a valid  
8 obligation of these funds for purposes of encumbering the  
9 funds during the 1995 biennium under 17-7-302.

10 NEW SECTION. Section 2. Appropriation of proceeds of  
11 bonds. In addition to the appropriation authorized in  
12 [section 1], there is appropriated to the department of  
13 commerce to finance grants authorized by [section 1] the  
14 proceeds from the sale of treasure state endowment bonds  
15 authorized by Senate Bill No. 402.

16 NEW SECTION. Section 3. Approval of loans from bond  
17 proceeds -- completion of appropriation. (1) The  
18 legislature, pursuant to 90-6-701, approves the loans to  
19 local government entities for projects identified and  
20 described in [section 1] from the proceeds of coal severance  
21 tax bonds issued under 17-5-701(2) and from interest  
22 earnings on bond proceeds deposited in the treasure state  
23 endowment fund. Bond proceeds may be used for the payment of  
24 bond issuance costs. Funds are appropriated for these costs  
25 up to a maximum of 4% of the amount of each bond sale.

1 (2) The approval of specific loans completes an  
 2 appropriation of interest, provided for in 17-5-703(2), from  
 3 the treasure state endowment fund and an appropriation of  
 4 the proceeds of the sale of coal severance tax bonds  
 5 provided for in 17-5-701(2) for projects approved in  
 6 [section 1], and it also completes an appropriation to the  
 7 treasure state endowment special revenue account for the  
 8 purpose of paying the principal of and interest and  
 9 redemption premiums on any coal severance tax bonds issued  
 10 to provide the proceeds for the loans to local government  
 11 entities for projects listed in [section 1].

12 NEW SECTION. Section 4. Conditions of grants and  
 13 loans. Disbursement of funds under [sections 1 through 7]  
 14 for both grants and loans is subject to the following  
 15 conditions, which must be met by grantees and borrowers:

16 (1) approval of a scope of work and budget for the  
 17 project by the department of commerce and the department of  
 18 natural resources and conservation, provided that a  
 19 reduction in a scope of work or budget may not affect the  
 20 priority of activities or improvements;

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

23 (3) satisfactory completion of conditions described in  
 24 the recommendation section of the project narrative in the  
 25 treasure state endowment program project evaluations and

1 recommendations report submitted to the 53rd legislature for  
 2 the 1995 biennium or of conditions specified at the time of  
 3 written notification of grant approval;

4 (4) execution of a grant or loan agreement with either  
 5 department; and

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

11 NEW SECTION. Section 5. Conditions for grants. (1)  
 12 Grant funds must be disbursed in the order of priority  
 13 listed in [section 1] as treasure state endowment special  
 14 revenue account interest income is received. A project  
 15 approved in [section 1] may not receive grant funds that are  
 16 not collected and allocated to the treasure state endowment  
 17 special revenue account.

18 (2) In the event that construction bids received for a  
 19 project are less than the projected costs, the department of  
 20 commerce shall establish a final project budget at the bid  
 21 price, plus a 10% contingency. The department may, at its  
 22 discretion, reduce the amount of funding to be provided in  
 23 proportion to all other project funding sources. In the  
 24 alternative, the department may authorize the construction  
 25 of additional, directly related project components to

1 enhance the overall project, in amounts not to exceed the  
2 originally approved project budget.

3 (3) The department shall disburse grant funds on a  
4 reimbursement basis as grantees incur project costs. With  
5 respect to any individual claim, the department shall  
6 reimburse the grantee in an amount that bears the same  
7 relationship to the amount expended as the treasure state  
8 endowment program's maximum contribution to the project  
9 bears to the total project cost.

10 NEW SECTION. Section 6. Conditions for loans. Each  
11 local government entity authorized to receive a loan from  
12 the treasure state endowment special revenue account  
13 proceeds or bond proceeds may be required to pay to the  
14 department of natural resources and conservation a pro rata  
15 share of the bond issuance costs and the administrative  
16 costs incurred by the department to complete the loan  
17 transaction.

18 NEW SECTION. Section 7. Private and discount purchase  
19 of loans. A loan to a local government entity and a bond,  
20 warrant, or note issued in evidence of a loan may be made,  
21 purchased by, and sold to the department of natural  
22 resources and conservation at a discount and at private  
23 negotiated sale, notwithstanding the provisions of any other  
24 law applicable to the local government entity.

25 NEW SECTION. Section 8. Coordination. If Senate Bill

1 No. 402 is not passed and approved, then [section 2] is  
2 void.

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

9 NEW SECTION. Section 10. Effective date. [This act] is  
10 effective on passage and approval.

-End-

APPROVED BY COMMITTEE  
ON APPROPRIATIONS

HOUSE BILL NO. 663

INTRODUCED BY HARPER, TOWE

BY REQUEST OF THE DEPARTMENT OF COMMERCE

A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE AND THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR GRANTS AND LOANS UNDER THE TREASURE STATE ENDOWMENT PROGRAM; AUTHORIZING LOANS FROM THE TREASURE STATE ENDOWMENT SPECIAL REVENUE ACCOUNT; PLACING CONDITIONS UPON GRANTS AND LOANS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

NEW SECTION. **Section 1.** Appropriations from treasure state endowment account. (1) There is appropriated to the department of commerce a portion of the interest earnings from the proceeds of the treasure state endowment special revenue account to finance grants authorized by this section.

(2) There is appropriated to the department of natural resources and conservation a portion of the interest earnings from the proceeds of the treasure state endowment special revenue account to finance loans authorized by this section. Earnings must be deposited in the treasure state endowment special revenue account.

(3) (a) There is appropriated to the department of commerce and the department of natural resources and conservation all funds available for grants to local government entities up to the amount required to fund projects approved by this section from the treasure state endowment special revenue account during the 1995 biennium. This appropriation is for grants and loans for local government infrastructure projects under 17-5-701, 17-5-707, 90-6-701 through 30-6-703, and 90-6-710.

(b) The funds appropriated in this section must be awarded by the departments to the local government entities listed in subsection (4) for the described purposes and in amounts not to exceed the described grant and loan amounts set out in subsection (4), subject to the conditions set forth in [sections 1 through 7] and the contingencies described in the treasure state endowment program January 1993 report to the 53rd legislature. The legislature, pursuant to 90-6-710, approves the grants and loans listed in subsection (4), in the order indicated in the list of projects. Funds must be awarded up to the amounts approved in this section in order of priority until available funds are expended. Funds not accepted or used by higher-ranked projects must be provided for projects in lower positions on the priority list that would not otherwise receive funding.

(4) The following are the grant and loan projects in

1 the order of their priority:

2 Recommended Funding

3		Deferred
4	Matching	Engineering
5	<u>Applicant/Project</u>	<u>Grant</u> <u>Loan</u>
6	Butte-Silver Bow (water)	\$300,000
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10	Missoula Co./Sunset West (water)	154,107
11	Yellowstone Co. (bridge)	95,500
12	Circle (water)	370,000
13	Stillwater Co./Reedpoint (sewer)	200,000
14	Beaverhead Co. (solid waste)	160,000
15	Ronan (sewer)	100,000
16	Shelby (SD/sewer)	366,000
17	Wheatland Co. (solid waste)	99,000 <u>33,000</u>
18	Harlem (water)	217,300
19	Yellowstone-Co./Huntley-(water)	100,000
20	Richland Co. (solid waste)	285,000
21	Lewistown (storm drainage)	60,000
22	Helena (water)	338,633
23	Livingston (storm drainage)	100,000
24	Toole Co./Sweetgrass (water)	\$25,000
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1	Ennis-(water)	100,000
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3	Yellowstone-Co./Shepherd-(water)	- 85,000
4	Dutton (water)	50,000
5	Toole Co./Sweetgrass (sewer)	25,000

6 (5) To the local government entities listed in  
7 subsection (4), the appropriation constitutes a valid  
8 obligation of these funds for purposes of encumbering the  
9 funds during the 1995 biennium under 17-7-302.

10 NEW SECTION. Section 2. Appropriation of proceeds of  
11 bonds. In addition to the appropriation authorized in  
12 [section 1], there is appropriated to the department of  
13 commerce to finance grants authorized by [section 1] the  
14 proceeds from the sale of treasure state endowment bonds  
15 authorized by Senate Bill No. 402.

16 NEW SECTION. Section 3. Approval of loans from bond  
17 proceeds -- completion of appropriation. (1) The  
18 legislature, pursuant to 90-6-701, approves the loans to  
19 local government entities for projects identified and  
20 described in [section 1] from the proceeds of coal severance  
21 tax bonds issued under 17-5-701(2) and from interest  
22 earnings on bond proceeds deposited in the treasure state  
23 endowment fund. Bond proceeds may be used for the payment of  
24 bond issuance costs. Funds are appropriated for these costs  
25 up to a maximum of 4% of the amount of each bond sale.



1 (2) The approval of specific loans completes an  
 2 appropriation of interest, provided for in 17-5-703(2), from  
 3 the treasure state endowment fund and an appropriation of  
 4 the proceeds of the sale of coal severance tax bonds  
 5 provided for in 17-5-701(2) for projects approved in  
 6 [section 1], and it also completes an appropriation to the  
 7 treasure state endowment special revenue account for the  
 8 purpose of paying the principal of and interest and  
 9 redemption premiums on any coal severance tax bonds issued  
 10 to provide the proceeds for the loans to local government  
 11 entities for projects listed in [section 1].

12 **NEW SECTION. Section 4. Conditions of grants and**  
 13 **loans.** Disbursement of funds under [sections 1 through 7]  
 14 for both grants and loans is subject to the following  
 15 conditions, which must be met by grantees and borrowers:

16 (1) approval of a scope of work and budget for the  
 17 project by the department of commerce and the department of  
 18 natural resources and conservation, provided that a  
 19 reduction in a scope of work or budget may not affect the  
 20 priority of activities or improvements;

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

23 (3) satisfactory completion of conditions described in  
 24 the recommendation section of the project narrative in the  
 25 treasure state endowment program project evaluations and

1 recommendations report submitted to the 53rd legislature for  
 2 the 1995 biennium or of conditions specified at the time of  
 3 written notification of grant approval;

4 (4) execution of a grant or loan agreement with either  
 5 department; and

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

11 **NEW SECTION. Section 5. Conditions for grants. (1)**  
 12 Grant funds must be disbursed in the order of priority  
 13 listed in [section 1] as treasure state endowment special  
 14 revenue account interest income is received. A project  
 15 approved in [section 1] may not receive grant funds that are  
 16 not collected and allocated to the treasure state endowment  
 17 special revenue account.

18 (2) In the event that construction bids received for a  
 19 project are less than the projected costs, the department of  
 20 commerce shall establish a final project budget at the bid  
 21 price, plus a 10% contingency. The department may, at its  
 22 discretion, reduce the amount of funding to be provided in  
 23 proportion to all other project funding sources. In the  
 24 alternative, the department may authorize the construction  
 25 of additional, directly related project components to

1 enhance the overall project, in amounts not to exceed the  
2 originally approved project budget.

3 (3) The department shall disburse grant funds on a  
4 reimbursement basis as grantees incur project costs. With  
5 respect to any individual claim, the department shall  
6 reimburse the grantee in an amount that bears the same  
7 relationship to the amount expended as the treasure state  
8 endowment program's maximum contribution to the project  
9 bears to the total project cost.

10 NEW SECTION. Section 6. Conditions for loans. Each  
11 local government entity authorized to receive a loan from  
12 the treasure state endowment special revenue account  
13 proceeds or bond proceeds may be required to pay to the  
14 department of natural resources and conservation a pro rata  
15 share of the bond issuance costs and the administrative  
16 costs incurred by the department to complete the loan  
17 transaction.

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19 of loans. A loan to a local government entity and a bond,  
20 warrant, or note issued in evidence of a loan may be made,  
21 purchased by, and sold to the department of natural  
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23 negotiated sale, notwithstanding the provisions of any other  
24 law applicable to the local government entity.

25 NEW SECTION. Section 8. Coordination. If Senate Bill

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

9 NEW SECTION. Section 10. Effective date. [This act] is  
10 effective on passage and approval.

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3 BY REQUEST OF THE DEPARTMENT OF COMMERCE

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5 A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY TO  
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1 (3) (a) There is appropriated to the department of  
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6 endowment special revenue account during the 1995 biennium.  
7 This appropriation is for grants and loans for local  
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10 (b) The funds appropriated in this section must be  
11 awarded by the departments to the local government entities  
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13 amounts not to exceed the described grant and loan amounts  
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3	Yellowstone-Co./Shephard-(water)	- 057,000
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6 (5) To the local government entities listed in  
7 subsection (4), the appropriation constitutes a valid  
8 obligation of these funds for purposes of encumbering the  
9 funds during the 1995 biennium under 17-7-302.

10 NEW SECTION. Section 2. Appropriation of proceeds of  
11 bonds. In addition to the appropriation authorized in  
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24 bond issuance costs. Funds are appropriated for these costs  
25 up to a maximum of 4% of the amount of each bond sale.

1 (2) The approval of specific loans completes an  
 2 appropriation of interest, provided for in 17-5-703(2), from  
 3 the treasure state endowment fund and an appropriation of  
 4 the proceeds of the sale of coal severance tax bonds  
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 8 purpose of paying the principal of and interest and  
 9 redemption premiums on any coal severance tax bonds issued  
 10 to provide the proceeds for the loans to local government  
 11 entities for projects listed in [section 1].

12 NEW SECTION. Section 4. Conditions of grants and  
 13 loans. Disbursement of funds under [sections 1 through 7]  
 14 for both grants and loans is subject to the following  
 15 conditions, which must be met by grantees and borrowers:

16 (1) approval of a scope of work and budget for the  
 17 project by the department of commerce and the department of  
 18 natural resources and conservation, provided that a  
 19 reduction in a scope of work or budget may not affect the  
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 24 the recommendation section of the project narrative in the  
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 10 legislature.

11 NEW SECTION. Section 5. Conditions for grants. (1)  
 12 Grant funds must be disbursed in the order of priority  
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 14 revenue account interest income is received. A project  
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 19 project are less than the projected costs, the department of  
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 23 proportion to all other project funding sources. In the  
 24 alternative, the department may authorize the construction  
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1 enhance the overall project, in amounts not to exceed the  
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4 reimbursement basis as grantees incur project costs. With  
5 respect to any individual claim, the department shall  
6 reimburse the grantee in an amount that bears the same  
7 relationship to the amount expended as the treasure state  
8 endowment program's maximum contribution to the project  
9 bears to the total project cost.

10 NEW SECTION. Section 6. Conditions for loans. Each  
11 local government entity authorized to receive a loan from  
12 the treasure state endowment special revenue account  
13 proceeds or bond proceeds may be required to pay to the  
14 department of natural resources and conservation a pro rata  
15 share of the bond issuance costs and the administrative  
16 costs incurred by the department to complete the loan  
17 transaction.

18 NEW SECTION. Section 7. Private and discount purchase  
19 of loans. A loan to a local government entity and a bond,  
20 warrant, or note issued in evidence of a loan may be made,  
21 purchased by, and sold to the department of natural  
22 resources and conservation at a discount and at private  
23 negotiated sale, notwithstanding the provisions of any other  
24 law applicable to the local government entity.

25 NEW SECTION. Section 8. Coordination. If Senate Bill

1 No. 402 is not passed and approved, then [section 2] is  
2 void.

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

9 NEW SECTION. Section 10. Effective date. [This act] is  
10 effective on passage and approval.

-End-

SENATE STANDING COMMITTEE REPORT

Page 1 of 3  
March 31, 1993

Page 2 of 3  
March 31, 1993

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 663 (third reading copy -- blue), respectfully report that House Bill No. 663 be amended as follows and as so amended be concurred in.

Signed: Judy H. Jacobson

Senator Judy H. Jacobson, Chair

That such amendments read:

1. Title, line 8.

Following: "AUTHORIZING"

Insert: "GRANTS AND"

2. Title, line 10.

Following: ";

Insert: "AUTHORIZING THE ISSUANCE OF TREASURE STATE ENDOWMENT BONDS TO FUND GRANTS; AUTHORIZING THE CREATION OF A STATE DEBT;"

3. Page 1, line 24.

Strike: "Earnings"

Insert: "Loan repayments from loans made from the treasure state endowment special revenue account"

4. Page 2, lines 1 through 10.

Following: "(3)" on line 1

Strike: remainder of line 1 through "(b)" on line 10

5. Page 2, line 11.

Strike: "awarded"

Insert: "used"

Following: "to"

Insert: "make loans or grants to"

6. Page 4, line 10.

Strike: "Appropriation"

Insert: "Authorization of treasure state endowment bonds -- appropriation"

7. Page 4, lines 11 and 12.

Following: "." on line 11

Strike: remainder of line 11 through "is" on line 12

Insert: "(1) The board of examiners may issue treasure state endowment bonds in an amount not to exceed \$4,462,900 for the purpose of funding the grants authorized and approved in

[section 1]. The bond proceeds must be used to fund grants that cannot be funded with the interest earnings from the treasure state endowment special revenue account appropriated in [section 1(1)]. The bond proceeds may be used to pay the costs of issuing the bonds and establishing a reserve for the bonds.

(2) The proceeds of the bonds are"

8. Page 4, lines 13 through 15.

Following: "]" on line 13

Strike: remainder of line 13 through "402" on line 15

Insert: "and to pay the costs of issuing the bonds"

9. Page 4, line 16.

Strike: "loans"

Insert: "grants"

10. Page 4, line 17.

Strike: "(1)"

11. Page 4, line 18.

Strike: "loans"

Insert: "grants"

12. Page 4, lines 20 and 21.

Following: "of" on line 20

Strike: remainder of line 20 through "tax" on line 21

Insert: "treasure state endowment"

13. Page 4, lines 21 through 25.

Following: "under" on line 21

Strike: remainder of line 21 through "sale" on line 25

Insert: "Senate Bill No. 402"

14. Page 5, lines 1 through 11.

Strike: subsection (2) in its entirety

15. Page 6, lines 15 and 16.

Following: "funds" on line 15

Strike: remainder of line 15 through "to" on line 16

Insert: "until sufficient revenue has been deposited in"

16. Page 6, line 17.

Following: "account"

Insert: "and is available for that purpose"

17. Page 7, line 25.

Following: line 24

APV Amd. Coord.  
M Sec. of Senate

Lynch  
Senator Carrying Bill

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SENATE

HB 663

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Insert: "NEW SECTION. Section 8. Creation of debt for treasure state endowment bonds. (1) The legislature, through the enactment of this section by a vote of two-thirds of the members of each house of the legislature, in accordance with Article VIII, section 8, of the Montana constitution, authorizes the creation of a state debt in an amount not to exceed \$4,462,900 to fund grants to local government projects approved in [section 1], to pay the costs of issuance, and to establish a reserve for the bonds.

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

(3) Earnings on bond proceeds prior to funding the grants must be allocated to the debt service account to pay the debt service on the bonds. Earnings in excess of debt service, if any, must be allocated to the treasure state endowment special revenue account and may be used for the purpose provided in 90-6-703.

NEW SECTION. Section 9. Requirement for approval of state debt. Because [section 8] authorizes the creation of a state debt, a vote of two-thirds of the members of each house is required for the enactment of [section 8]."

Renumber: subsequent sections

18. Page 8, line 1.

Strike: "[section 2] is"

Insert: "[sections 2 and 8] are"

-END-



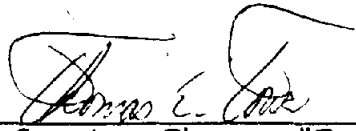
SENATE COMMITTEE OF THE WHOLE AMENDMENT

April 2, 1993 10:44 am

Mr. Chairman: I move to amend House Bill No. 663 (third reading copy -- blue).

ADOPT

REJECT

Signed: 

Senator Thomas "Tom" Towe

That such amendments read:

1. Page 4, line 2.

Following: line 1

Insert: "Ennis (water) 100,000" matching grant

2. Page 4, line 4.

Following: line 3

Insert: "Yellowstone Co./Shepard (water) 85,000" deferred  
engineering loan

-END-

SENATE

HB 663

M Amd. Coord.

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## HOUSE BILL NO. 663

INTRODUCED BY HARPER, TOWE

BY REQUEST OF THE DEPARTMENT OF COMMERCE

A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE AND THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR GRANTS AND LOANS UNDER THE TREASURE STATE ENDOWMENT PROGRAM; AUTHORIZING GRANTS AND LOANS FROM THE TREASURE STATE ENDOWMENT SPECIAL REVENUE ACCOUNT; PLACING CONDITIONS UPON GRANTS AND LOANS; AUTHORIZING THE ISSUANCE OF TREASURE STATE ENDOWMENT BONDS TO FUND GRANTS; AUTHORIZING THE CREATION OF A STATE DEBT; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

NEW SECTION. **Section 1.** Appropriations from treasure state endowment account. (1) There is appropriated to the department of commerce a portion of the interest earnings from the proceeds of the treasure state endowment special revenue account to finance grants authorized by this section.

(2) There is appropriated to the department of natural resources and conservation a portion of the interest earnings from the proceeds of the treasure state endowment special revenue account to finance loans authorized by this

section. Earnings LOAN REPAYMENTS FROM LOANS MADE FROM THE TREASURE STATE ENDOWMENT SPECIAL REVENUE ACCOUNT must be deposited in the treasure state endowment special revenue account.

(3) ~~{a} There is appropriated to the department of commerce and the department of natural resources and conservation all funds available for grants to local government entities up to the amount required to fund projects approved by this section from the treasure state endowment special revenue account during the 1995 biennium. This appropriation is for grants and loans for local government infrastructure projects under 17-5-701, 17-5-707, 90-6-701 through 90-6-703, and 90-6-710.~~

~~{b} The funds appropriated in this section must be awarded USED by the departments to MAKE LOANS OR GRANTS TO the local government entities listed in subsection (4) for the described purposes and in amounts not to exceed the described grant and loan amounts set out in subsection (4), subject to the conditions set forth in [sections 1 through 7] and the contingencies described in the treasure state endowment program January 1993 report to the 53rd legislature. The legislature, pursuant to 90-6-710, approves the grants and loans listed in subsection (4), in the order indicated in the list of projects. Funds must be awarded up to the amounts approved in this section in order of priority~~

1 until available funds are expended. Funds not accepted or  
2 used by higher-ranked projects must be provided for projects  
3 in lower positions on the priority list that would not  
4 otherwise receive funding.

5 (4) The following are the grant and loan projects in  
6 the order of their priority:

<u>Applicant/Project</u>	<u>Grant</u>	<u>Loan</u>
Butte-Silver Bow (water)	\$300,000	
Anaconda/Deer Lodge (water)	350,000	
Carbon Co. (bridge)	25,000	
Neihart (water)	544,673	
Missoula Co./Sunset West (water)	154,107	
Yellowstone Co. (bridge)	95,500	
Circle (water)	370,000	
Stillwater Co./Reedpoint (sewer)	200,000	
Beaverhead Co. (solid waste)	160,000	
Ronan (sewer)	100,000	
Shelby (SD/sewer)	366,000	
Wheatland Co. (solid waste)	<del>33,000</del>	<u>33,000</u>
Harlem (water)	217,300	
<del>Yellowstone Co./Huntley (water)</del>	<del>100,000</del>	
Richland Co. (solid waste)	285,000	

Lewistown (storm drainage)	60,000
Helena (water)	338,633
Livingston (storm drainage)	100,000
Toole Co./Sweetgrass (water)	\$25,000
Froid (water)	117,000
<del>Bnnis-(water)</del>	<del>100,000</del>
<u>ENNIS (WATER)</u>	<u>100,000</u>
Gallatin Co./RAE subdivision (water)	33,245
<del>Yellowstone Co./Shepherd-(water)</del>	<del>85,000</del>
<u>YELLOWSTONE CO./SHEPHERD (WATER)</u>	<u>85,000</u>
Dutton (water)	50,000
Toole Co./Sweetgrass (sewer)	25,000

13 (5) To the local government entities listed in  
14 subsection (4), the appropriation constitutes a valid  
15 obligation of these funds for purposes of encumbering the  
16 funds during the 1995 biennium under 17-7-302.

17 NEW SECTION. Section 2. APPROPRIATION AUTHORIZATION OF  
18 TREASURE STATE ENDOWMENT BONDS -- APPROPRIATION of proceeds  
19 of bonds. In-addition-to---the---appropriation---authorized---in  
20 {section---1}---there-is (1) THE BOARD OF EXAMINERS MAY ISSUE  
21 TREASURE STATE ENDOWMENT BONDS IN AN AMOUNT NOT TO EXCEED  
22 \$4,462,900 FOR THE PURPOSE OF FUNDING THE GRANTS AUTHORIZED  
23 AND APPROVED IN [SECTION 1]. THE BOND PROCEEDS MUST BE USED  
24 TO FUND GRANTS THAT CANNOT BE FUNDED WITH THE INTEREST  
25 EARNINGS FROM THE TREASURE STATE ENDOWMENT SPECIAL REVENUE

ACCOUNT APPROPRIATED IN [SECTION 1(1)]. THE BOND PROCEEDS  
MAY BE USED TO PAY THE COSTS OF ISSUING THE BONDS AND  
ESTABLISHING A RESERVE FOR THE BONDS.

(2) THE PROCEEDS OF THE BONDS ARE appropriated to the  
department of commerce to finance grants authorized by  
[section 1] the--proceeds--from-the-sale-of-treasure-state  
endowment-bonds-authorized-by-Senate-Bill-No--402 AND TO PAY  
THE COSTS OF ISSUING THE BONDS.

NEW SECTION. Section 3. Approval of Loans GRANTS from  
bond proceeds -- completion of appropriation. {1} The  
legislature, pursuant to 90-6-701, approves the loans GRANTS  
to local government entities for projects identified and  
described in [section 1] from the proceeds of coal-severance  
tax TREASURE STATE ENDOWMENT bonds issued under 17-5-701{2}  
and-from-interest-earnings-on-bond-proceeds-deposited-in-the  
treasure-state-endowment-fund--Bond-proceeds-may-be-used-for  
the--payment--of-bond-issuance-costs--Funds-are-appropriated  
for-these-costs-up-to-a-maximum-of-4%--of-the-amount-of--each  
bond-sale SENATE BILL NO. 402.

{2}--The---approval---of---specific---loans---completes---an  
appropriation-of-interest--provided-for-in-17-5-703{2}--from  
the-treasure-state-endowment-fund-and--an--appropriation--of  
the--proceeds--of--the--sale--of--coal--severance--tax-bonds  
provided--for--in--17-5-701{2}--for--projects--approved---in  
{section--1}--and-it-also-completes-an-appropriation-to-the

treasure-state-endowment-special--revenue--account--for--the  
purpose---of--paying--the--principal--of--and--interest--and  
redemption-premiums-on-any-coal-severance-tax--bonds--issued  
to--provide--the--proceeds-for-the-loans-to-local-government  
entities-for-projects-listed-in-{section-1}.

NEW SECTION. Section 4. Conditions of grants and  
loans. Disbursement of funds under [sections 1 through 7]  
for both grants and loans is subject to the following  
conditions, which must be met by grantees and borrowers:

(1) approval of a scope of work and budget for the  
project by the department of commerce and the department of  
natural resources and conservation, provided that a  
reduction in a scope of work or budget may not affect the  
priority of activities or improvements;

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

(3) satisfactory completion of conditions described in  
the recommendation section of the project narrative in the  
treasure state endowment program project evaluations and  
recommendations report submitted to the 53rd legislature for  
the 1995 biennium or of conditions specified at the time of  
written notification of grant approval;

(4) execution of a grant or loan agreement with either  
department; and

(5) satisfaction of other specific requirements

considered necessary by either department to accomplish the purpose of the grant or loan as evidenced by the application to the department of commerce or the proposal to the legislature.

**NEW SECTION. Section 5. Conditions for grants. (1)**

Grant funds must be disbursed in the order of priority listed in [section 1] as treasure state endowment special revenue account interest income is received. A project approved in [section 1] may not receive grant funds ~~that are not collected and allocated to~~ UNTIL SUFFICIENT REVENUE HAS BEEN DEPOSITED IN the treasure state endowment special revenue account AND IS AVAILABLE FOR THAT PURPOSE.

(2) In the event that construction bids received for a project are less than the projected costs, the department of commerce shall establish a final project budget at the bid price, plus a 10% contingency. The department may, at its discretion, reduce the amount of funding to be provided in proportion to all other project funding sources. In the alternative, the department may authorize the construction of additional, directly related project components to enhance the overall project, in amounts not to exceed the originally approved project budget.

(3) The department shall disburse grant funds on a reimbursement basis as grantees incur project costs. With respect to any individual claim, the department shall

reimburse the grantee in an amount that bears the same relationship to the amount expended as the treasure state endowment program's maximum contribution to the project bears to the total project cost.

**NEW SECTION. Section 6. Conditions for loans. Each**

local government entity authorized to receive a loan from the treasure state endowment special revenue account proceeds or bond proceeds may be required to pay to the department of natural resources and conservation a pro rata share of the bond issuance costs and the administrative costs incurred by the department to complete the loan transaction.

**NEW SECTION. Section 7. Private and discount purchase of loans.** A loan to a local government entity and a bond, warrant, or note issued in evidence of a loan may be made, purchased by, and sold to the department of natural resources and conservation at a discount and at private negotiated sale, notwithstanding the provisions of any other law applicable to the local government entity.

**NEW SECTION. SECTION 8. CREATION OF DEBT FOR TREASURE STATE ENDOWMENT BONDS. (1) THE LEGISLATURE, THROUGH THE ENACTMENT OF THIS SECTION BY A VOTE OF TWO-THIRDS OF THE MEMBERS OF EACH HOUSE OF THE LEGISLATURE, IN ACCORDANCE WITH ARTICLE VIII, SECTION 8, OF THE MONTANA CONSTITUTION, AUTHORIZES THE CREATION OF A STATE DEBT IN AN AMOUNT NOT TO**

1 EXCEED \$4,462,900 TO FUND GRANTS TO LOCAL GOVERNMENT  
 2 PROJECTS APPROVED IN [SECTION 1], TO PAY THE COSTS OF  
 3 ISSUANCE, AND TO ESTABLISH A RESERVE FOR THE BONDS.

4 (2) IN CONNECTION WITH THE ISSUANCE OF TREASURE STATE  
 5 ENDOWMENT BONDS, THE BOARD OF EXAMINERS MAY PAY THE  
 6 PRINCIPAL OF AND THE INTEREST ON THE BONDS, WHEN DUE, FROM A  
 7 DEBT SERVICE ACCOUNT AND IN ALL OTHER RESPECTS MANAGE AND  
 8 USE THE FUNDS WITHIN EACH SPECIAL BOND ACCOUNT FOR THE  
 9 BENEFIT OF THE BONDS. THE BOARD OF EXAMINERS SHALL EXERCISE  
 10 ITS DISCRETION TO ENHANCE THE MARKETABILITY OF THE BONDS AND  
 11 TO SECURE THE MOST ADVANTAGEOUS FINANCIAL ARRANGEMENTS FOR  
 12 THE STATE.

13 (3) EARNINGS ON BOND PROCEEDS PRIOR TO FUNDING THE  
 14 GRANTS MUST BE ALLOCATED TO THE DEBT SERVICE ACCOUNT TO PAY  
 15 THE DEBT SERVICE ON THE BONDS. EARNINGS IN EXCESS OF DEBT  
 16 SERVICE, IF ANY, MUST BE ALLOCATED TO THE TREASURE STATE  
 17 ENDOWMENT SPECIAL REVENUE ACCOUNT AND MAY BE USED FOR THE  
 18 PURPOSE PROVIDED IN 90-6-703.

19 NEW SECTION. SECTION 9. REQUIREMENT FOR APPROVAL OF  
 20 STATE DEBT. BECAUSE [SECTION 8] AUTHORIZES THE CREATION OF A  
 21 STATE DEBT, A VOTE OF TWO-THIRDS OF THE MEMBERS OF EACH  
 22 HOUSE IS REQUIRED FOR THE ENACTMENT OF [SECTION 8].

23 NEW SECTION. Section 10. Coordination. If Senate Bill  
 24 No. 402 is not passed and approved, then {section--2}--is  
 25 [SECTIONS 2 AND 8] ARE void.

1 NEW SECTION. Section 11. Severability. If a part of  
 2 [this act] is invalid, all valid parts that are severable  
 3 from the invalid part remain in effect. If a part of [this  
 4 act] is invalid in one or more of its applications, the part  
 5 remains in effect in all valid applications that are  
 6 severable from the invalid applications.

7 NEW SECTION. Section 12. Effective date. [This act] is  
 8 effective on passage and approval.

-End-