

SENATE BILL NO. 316

INTRODUCED BY TOWE, HARPER

IN THE SENATE

FEBRUARY 4, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
	FIRST READING.
MARCH 3, 1993	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
MARCH 4, 1993	PRINTING REPORT.
	ON MOTION, CONSIDERATION PASSED FOR THE DAY.
MARCH 5, 1993	SECOND READING, DO PASS AS AMENDED.
MARCH 6, 1993	ENGROSSING REPORT.
	THIRD READING, PASSED. AYES, 38; NOES, 9.
	TRANSMITTED TO HOUSE.

IN THE HOUSE

MARCH 8, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON LOCAL GOVERNMENT.
	FIRST READING.
MARCH 26, 1993	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
MARCH 30, 1993	SECOND READING, CONCURRED IN AS AMENDED.
APRIL 1, 1993	THIRD READING, CONCURRED IN. AYES, 77; NOES, 21.
	RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

APRIL 5, 1993	SECOND READING, AMENDMENTS CONCURRED IN.
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APRIL 6, 1993

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 Senate BILL NO. 316
2 INTRODUCED BY Sen. [Signature]
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING THE TREASURE
5 STATE ENDOWMENT PROGRAM TO ALLOW COUNTY WATER, SEWER, AND
6 SOLID WASTE DISTRICTS TO APPLY FOR ASSISTANCE; PERMITTING
7 INTEREST RATE SUBSIDIES TO BE PAID OVER THE LIFE OF LOANS OR
8 BONDS; AMENDING THE ORDER OF PRIORITY FOR INFRASTRUCTURE
9 PROJECTS; AND AMENDING SECTIONS 90-6-701, 90-6-703, AND
10 90-6-710, MCA."
11

12 STATEMENT OF INTENT

13 This bill requires a statement of intent because it
14 grants the department of natural resources and conservation
15 and the department of commerce additional rulemaking
16 authority. It allows the departments to adopt rules allowing
17 interest rate subsidies for local infrastructure projects to
18 be paid over the life of the loan or bonding period. The
19 bill also allows the departments to make loans for
20 preliminary engineering study costs. These loans must be
21 repaid at the time overall construction financing is
22 arranged.
23

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

25 Section 1. Section 90-6-701, MCA, is amended to read:

1 "90-6-701. Treasure state endowment program created --
2 definitions. (1) There is a treasure state endowment program
3 that consists of:
4 (a) the treasure state endowment fund established in
5 17-5-703; and
6 (b) the infrastructure portion of the coal severance
7 tax bond program provided for in 17-5-701(2).
8 (2) Interest from the treasure state endowment fund and
9 from proceeds of the sale of bonds under 17-5-701(2) may be
10 used to provide financial assistance for local government
11 infrastructure projects under this part.
12 (3) As used in this part, the following definitions
13 apply:
14 (a) "Infrastructure projects" means:
15 (i) drinking water systems;
16 (ii) wastewater treatment;
17 (iii) sanitary sewer or storm sewer systems;
18 (iv) solid waste disposal and separation systems,
19 including site acquisition, preparation, or monitoring; or
20 (v) bridges.
21 (b) "Local government" means an incorporated city or
22 town, a county, or a consolidated local government, or a
23 county water, sewer, or solid waste district.
24 (c) "Treasure state endowment fund" means the coal
25 severance tax infrastructure endowment fund established in

17-5-703(1)(b).

(d) "Treasure state endowment program" means the local government infrastructure investment program established in subsection (1)."

Section 2. Section 90-6-703, MCA, is amended to read:

"90-6-703. Types of financial assistance available. (1)

The legislature shall provide for and make available to local governments the following types of financial assistance under this part:

(1)(a) matching grants for local infrastructure projects;

(2)(b) annual debt service subsidies on local infrastructure projects; and

(3)(c) loans from the proceeds of coal severance tax bonds at a subsidized interest rate.

(2) The department of natural resources and conservation and the department of commerce:

(a) may adopt rules to commit to interest rate subsidies for local infrastructure projects and may allow the subsidies to be paid over the life of the loan or bonding period; and

(b) may make deferred loans to local governments for preliminary engineering study costs. The loans must be reimbursed when overall construction financing is arranged."

Section 3. Section 90-6-710, MCA, is amended to read:

"90-6-710. Priorities for projects -- procedure -- rulemaking. (1) The department of commerce must receive proposals for projects from local governments as defined in 90-6-701(3)(b). The department shall work with a local government in preparing cost estimates for a project. In reviewing project proposals, the department may consult with other state agencies with expertise pertinent to the proposal. The department shall prepare and submit a list containing the recommended projects and the recommended form of financial assistance for each project to the governor, prioritized pursuant to subsection (2). The governor shall review the projects recommended by the department ~~of natural resources and conservation under Title 85, chapter 17, part 6,~~ and shall submit a list of recommended projects and the recommended financial assistance to the legislature.

(2) In preparing recommendations under subsection (1), preference must be given to projects based on the following order of priority:

(a) projects that solve urgent and serious public health or safety problems;

(b) projects that enable local governments to meet state or federal health or safety standards;

(c) projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs;

1 (d) projects that reflect greater need for financial
2 assistance than other projects;

3 ~~(e)~~(e) projects that enable local governments to obtain
4 funds from sources other than the funds provided under this
5 part;

6 ~~(f)~~(f) projects that provide long-term, full-time job
7 opportunities for Montanans;

8 ~~(g)~~(g) projects that provide public facilities
9 necessary for the expansion of a business that has a high
10 potential for financial success;

11 ~~(h)~~(h) projects that result in a benefit to the public
12 commensurate with the amount of financial assistance;

13 ~~(g)---projects---that---reflect---greater---need---for---financial~~
14 ~~assistance---than---other---projects;~~

15 ~~(h)~~(i) projects that maintain the tax base or that do
16 not discourage expansion of the tax base; and

17 ~~(i)~~(j) projects that are high local priorities and have
18 strong community support.

19 (3) After the review required by subsection (1), the
20 projects must be approved by the legislature.

21 (4) The department ~~of---natural---resources---and~~
22 ~~conservation---shall---adopt---rules---to---implement---the~~
23 ~~prioritization---and---recommendation---of---projects---to---be---financed~~
24 ~~pursuant---to---17-5-701;~~

25 ~~(5)---Except---as---provided---in---subsection---(4),---the~~

1 department---of---commerce shall adopt rules necessary to
2 implement the treasure state endowment program."

-End-

APPROVED BY COMMITTEE
ON TAXATION

SENATE BILL NO. 316

INTRODUCED BY TOWE, HARPER

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING THE TREASURE STATE ENDOWMENT PROGRAM TO ALLOW COUNTY WATER, SEWER, AND SOLID WASTE DISTRICTS TO APPLY FOR ASSISTANCE; ALLOWING THE TREASURE STATE ENDOWMENT PROGRAM TO BORROW FROM THE BOARD OF INVESTMENTS; PERMITTING INTEREST RATE SUBSIDIES TO BE PAID OVER THE LIFE OF LOANS OR BONDS; AMENDING THE ORDER OF PRIORITY FOR INFRASTRUCTURE PROJECTS; AND AMENDING SECTIONS 90-6-701, 90-6-703, AND 90-6-710, MCA."

STATEMENT OF INTENT

This bill requires a statement of intent because it grants the department of natural resources and conservation and the department of commerce additional rulemaking authority. It allows the departments to adopt rules allowing interest rate subsidies for local infrastructure projects to be paid over the life of the loan or bonding period. THE RULES ADOPTED BY THE DEPARTMENTS MUST BE CONSISTENT WITH THE PRIORITIES FOR PROJECTS CONTAINED IN 90-6-710. The bill also allows the departments to make loans for preliminary engineering study costs. These loans must be repaid at the time overall construction financing is arranged.

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

Section 1. Section 90-6-701, MCA, is amended to read:

"90-6-701. Treasure state endowment program created -- definitions. (1) (A) There is a treasure state endowment program that consists of:

(a)(I) the treasure state endowment fund established in 17-5-703; and

(b)(II) the infrastructure portion of the coal severance tax bond program provided for in 17-5-701(2).

(B) THE TREASURE STATE ENDOWMENT PROGRAM MAY BORROW FROM THE BOARD OF INVESTMENTS TO PROVIDE ADDITIONAL FINANCIAL ASSISTANCE FOR LOCAL GOVERNMENT INFRASTRUCTURE PROJECTS UNDER THIS PART.

(2) Interest from the treasure state endowment fund and from proceeds of the sale of bonds under 17-5-701(2) may be used to provide financial assistance for local government infrastructure projects under this part AND TO REPAY LOANS FROM THE BOARD OF INVESTMENTS.

(3) As used in this part, the following definitions apply:

(a) "Infrastructure projects" means:

(i) drinking water systems;

(ii) wastewater treatment;

(iii) sanitary sewer or storm sewer systems;

(iv) solid waste disposal and separation systems,

including site acquisition, preparation, or monitoring; or

(v) bridges.

(b) "Local government" means an incorporated city or town, a county, or a consolidated local government, or a county OR MULTICOUNTY water, sewer, or solid waste district.

(c) "Treasure state endowment fund" means the coal severance tax infrastructure endowment fund established in 17-5-703(1)(b).

(d) "Treasure state endowment program" means the local government infrastructure investment program established in subsection (1)."

Section 2. Section 90-6-703, MCA, is amended to read:

"90-6-703. Types of financial assistance available. (1)

The legislature shall provide for and make available to local governments the following types of financial assistance under this part:

~~(1)~~(a) matching grants for local infrastructure projects;

~~(2)~~(b) annual debt service subsidies on local infrastructure projects; and

~~(3)~~(c) loans from the proceeds of coal severance tax bonds at a subsidized interest rate.

(2) The department of natural resources and conservation and the department of commerce:

(a) may adopt rules to commit to interest rate

subsidies for local infrastructure projects and may allow the subsidies to be paid over the life of the loan or bonding period; and

(b) may make deferred loans to local governments for preliminary engineering study costs. The loans must be reimbursed when overall construction financing is arranged."

Section 3. Section 90-6-710, MCA, is amended to read:

"90-6-710. Priorities for projects -- procedure -- rulemaking. (1) The department of commerce must receive proposals for projects from local governments as defined in 90-6-701(3)(b). The department shall work with a local government in preparing cost estimates for a project. In reviewing project proposals, the department may consult with other state agencies with expertise pertinent to the proposal. The department shall prepare and submit a list containing the recommended projects and the recommended form of financial assistance for each project to the governor, prioritized pursuant to subsection (2). The governor shall review the projects recommended by the department of natural resources--and--conservation under Title 85, chapter 17, part 67 and shall submit a list of recommended projects and the recommended financial assistance to the legislature.

(2) In preparing recommendations under subsection (1), preference must be given to projects based on the following order of priority:

1 (a) projects that solve urgent and serious public
 2 health or safety problems;

3 (b) projects that enable local governments to meet
 4 state or federal health or safety standards;

5 (c) projects that incorporate appropriate,
 6 cost-effective technical design and that provide thorough,
 7 long-term solutions to community public facility needs;

8 (D) PROJECTS THAT RESULT IN A BENEFIT TO THE PUBLIC
 9 COMMENSURATE WITH THE AMOUNT OF FINANCIAL ASSISTANCE;

10 (d)(E) projects that reflect greater need for financial
 11 assistance than other projects;

12 (e)(f)(F) projects that enable local governments to
 13 obtain funds from sources other than the funds provided
 14 under this part;

15 (d)(f)(G) projects that provide long-term, full-time
 16 job opportunities for Montanans;

17 (e)(g)(H) projects that provide public facilities
 18 necessary for the expansion of a business that has a high
 19 potential for financial success;

20 (f)(h)--projects-that-result-in-a-benefit-to-the--public
 21 commensurate-with-the-amount-of-financial-assistance;

22 (g)--projects--that--reflect--greater-need-for-financial
 23 assistance-than-other-projects;

24 (h)(i) projects that maintain the tax base or that do
 25 not discourage expansion of the tax base; and

1 ~~(i)(j)~~ projects that are high local priorities and have
 2 strong community support.

3 (3) After the review required by subsection (1), the
 4 projects must be approved by the legislature.

5 (4) The department of---natural---resources---and
 6 conservation---shall---adopt---rules---to---implement---the
 7 prioritization-and-recommendation-of-projects-to-be-financed
 8 pursuant-to-17-5-701.

9 ~~(5)--Except--as--provided--in--subsection--(4),--the~~
 10 ~~department--of--commerce~~ shall adopt rules necessary to
 11 implement the treasure state endowment program."

-End-

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STATEMENT OF INTENT

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(a) (I) the treasure state endowment fund established in 17-5-703; and

(b) (II) the infrastructure portion of the coal severance tax bond program provided for in 17-5-701(2).

(B) THE TREASURE STATE ENDOWMENT PROGRAM MAY BORROW FROM THE BOARD OF INVESTMENTS TO PROVIDE ADDITIONAL FINANCIAL ASSISTANCE FOR LOCAL GOVERNMENT INFRASTRUCTURE PROJECTS UNDER THIS PART-, PROVIDED THAT NO PART OF THE LOAN MAY BE MADE FROM RETIREMENT FUNDS.

(2) Interest from the treasure state endowment fund and from proceeds of the sale of bonds under 17-5-701(2) may be used to provide financial assistance for local government infrastructure projects under this part AND TO REPAY LOANS FROM THE BOARD OF INVESTMENTS.

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(a) "Infrastructure projects" means:

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(b) "Local government" means an incorporated city or town, a county, or a consolidated local government, or a county OR MULTICOUNTY water, sewer, or solid waste district.

(c) "Treasure state endowment fund" means the coal severance tax infrastructure endowment fund established in 17-5-703(1)(b).

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(2) The department of natural resources and conservation and the department of commerce:

(a) may adopt rules to commit to interest rate subsidies for local infrastructure projects and may allow the subsidies to be paid over the life of the loan or bonding period; and

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Section 3. Section 90-6-710, MCA, is amended to read:

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(2) In preparing recommendations under subsection (1), preference must be given to projects based on the following

order of priority:

(a) projects that solve urgent and serious public health or safety problems;

(b) projects that enable local governments to meet state or federal health or safety standards;

(c) projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs;

(d) PROJECTS THAT RESULT IN A BENEFIT TO THE PUBLIC COMMENSURATE WITH THE AMOUNT OF FINANCIAL ASSISTANCE. HOWEVER, THE BENEFIT TO THE PUBLIC MAY NOT BE MEASURED BY POPULATION ALONE.

(e) projects that reflect greater need for financial assistance than other projects;

(f) projects that enable local governments to obtain funds from sources other than the funds provided under this part;

(g) projects that provide long-term, full-time job opportunities for Montanans;

(h) projects that provide public facilities necessary for the expansion of a business that has a high potential for financial success;

(i) projects that result in a benefit to the public commensurate with the amount of financial assistance;

(j) projects that reflect greater need for financial

assistance than other projects;

(k) projects that maintain the tax base or that do not discourage expansion of the tax base; and

(l) projects that are high local priorities and have strong community support.

(3) After the review required by subsection (1), the projects must be approved by the legislature.

(4) The department of natural resources and conservation shall adopt rules to implement the prioritization and recommendation of projects to be financed pursuant to 17-5-701.

(5) Except as provided in subsection (4), the department of commerce shall adopt rules necessary to implement the treasure state endowment program."

-End-

HOUSE STANDING COMMITTEE REPORT

March 26, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Local Government report that Senate Bill 316 (third reading copy -- blue) be concurred in as amended .

Signed: 

Norm Wallin, Chair

And, that such amendments read:

Carried by: Rep. Harper

1. Page 1, lines 21 through 24.

Strike: "The" on line 21 through "arranged." on line 24

2. Page 3, line 25.

Strike: ":"

3. Page 4, line 1.

Strike: "(a)"

4. Page 4, line 4.

Strike: "; and"

Insert: "."

5. Page 4, lines 5 through 7.

Strike: subsection (b) in its entirety

-END-

Committee Vote:
Yes 17, No 4.

HOUSE

SB 316

681044SC.Hss

#1
HOUSE COMMITTEE OF THE WHOLE AMENDMENT
Senate Bill 316
Representative Harper

March 30, 1993 10:09 am
Page 1 of 1

Mr. Chairman: I move to amend Senate Bill 316 (Local Government committee amendments dated March 26, 1993).

Signed: Harper
Representative Harper

And, that such amendments to Senate Bill 316 (Local Government committee amendments dated March 26, 1993) read as follows:

1. Strike: committee amendments dated March 26, 1993 in their entirety.

-END-

ADOPT

REJECT

SB 316.
711009CW.Hss

#2
HOUSE COMMITTEE OF THE WHOLE AMENDMENT
Senate Bill 316
Representative Harper

March 30, 1993 10:34 am
Page 1 of 1

Mr. Chairman: I move to amend Senate Bill 316 (third reading copy -- blue).

Signed: Harper
Representative Harper

And, that such amendments to Senate Bill 316 read as follows:

1. Page 4, line 6.

Following: "The"

Insert: "applicant must repay the"

Strike: "must be"

2. Page 4, line 7.

Strike: "reimbursed when"

Insert: "whether or not the applicant succeeds in obtaining financing for the full project. Repayment may be postponed until the"

-END-

ADOPT

REJECT

SB 316
HOUSE

711034CW.Hpf

SENATE BILL NO. 316

INTRODUCED BY TOWE, HARPER

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STATEMENT OF INTENT

This bill requires a statement of intent because it grants the department of natural resources and conservation and the department of commerce additional rulemaking authority. It allows the departments to adopt rules allowing interest rate subsidies for local infrastructure projects to be paid over the life of the loan or bonding period. THE RULES ADOPTED BY THE DEPARTMENTS MUST BE CONSISTENT WITH THE PRIORITIES FOR PROJECTS CONTAINED IN 90-6-710. The bill also allows the departments to make loans for preliminary engineering study costs. These loans must be repaid at the time overall construction financing is arranged. THE BILL ALSO ALLOWS THE DEPARTMENTS TO MAKE LOANS FOR PRELIMINARY

ENGINEERING STUDY COSTS. THESE LOANS MUST BE REPAID AT THE TIME OVERALL CONSTRUCTION FINANCING IS ARRANGED.

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

Section 1. Section 90-6-701, MCA, is amended to read:

"90-6-701. Treasure state endowment program created -- definitions. (1) (A) There is a treasure state endowment program that consists of:

(a)(I) the treasure state endowment fund established in 17-5-703; and

(b)(II) the infrastructure portion of the coal severance tax bond program provided for in 17-5-701(2).

(B) THE TREASURE STATE ENDOWMENT PROGRAM MAY BORROW FROM THE BOARD OF INVESTMENTS TO PROVIDE ADDITIONAL FINANCIAL ASSISTANCE FOR LOCAL GOVERNMENT INFRASTRUCTURE PROJECTS UNDER THIS PART, PROVIDED THAT NO PART OF THE LOAN MAY BE MADE FROM RETIREMENT FUNDS.

(2) Interest from the treasure state endowment fund and from proceeds of the sale of bonds under 17-5-701(2) may be used to provide financial assistance for local government infrastructure projects under this part AND TO REPAY LOANS FROM THE BOARD OF INVESTMENTS.

(3) As used in this part, the following definitions apply:

(a) "Infrastructure projects" means:

1 (i) drinking water systems;
 2 (ii) wastewater treatment;
 3 (iii) sanitary sewer or storm sewer systems;
 4 (iv) solid waste disposal and separation systems,
 5 including site acquisition, preparation, or monitoring; or
 6 (v) bridges.
 7 (b) "Local government" means an incorporated city or
 8 town, a county, or a consolidated local government, or a
 9 county OR MULTICOUNTY water, sewer, or solid waste district.
 10 (c) "Treasure state endowment fund" means the coal
 11 severance tax infrastructure endowment fund established in
 12 17-5-703(1)(b).
 13 (d) "Treasure state endowment program" means the local
 14 government infrastructure investment program established in
 15 subsection (1)."
 16 **Section 2.** Section 90-6-703, MCA, is amended to read:
 17 **"90-6-703. Types of financial assistance available. (1)**
 18 **The legislature shall provide for and make available to**
 19 **local governments the following types of financial**
 20 **assistance under this part:**
 21 **~~(1)~~(a) matching grants for local infrastructure**
 22 **projects;**
 23 **~~(2)~~(b) annual debt service subsidies on local**
 24 **infrastructure projects; and**
 25 **~~(3)~~(c) loans from the proceeds of coal severance tax**

1 bonds at a subsidized interest rate.
 2 (2) The department of natural resources and
 3 conservation and the department of commerce:
 4 ~~(a)~~(A) may adopt rules to commit to interest rate
 5 subsidies for local infrastructure projects and may allow
 6 the subsidies to be paid over the life of the loan or
 7 bonding period; and; AND:
 8 ~~(b)~~--may make deferred loans to--local--governments--for
 9 preliminary--engineering--study--costs.--The--loans--must be
 10 reimbursed when overall construction financing is arranged.
 11 (B) MAY MAKE DEFERRED LOANS TO LOCAL GOVERNMENTS FOR
 12 PRELIMINARY ENGINEERING STUDY COSTS. THE APPLICANT SHALL
 13 REPAY THE LOANS MUST BE REIMBURSED WHEN WHETHER OR NOT THE
 14 APPLICANT SUCCEEDS IN OBTAINING FINANCING FOR THE FULL
 15 PROJECT. REPAYMENT MAY BE POSTPONED UNTIL THE OVERALL
 16 CONSTRUCTION FINANCING IS ARRANGED."
 17 **Section 3.** Section 90-6-710, MCA, is amended to read:
 18 **"90-6-710. Priorities for projects -- procedure --**
 19 **rulemaking. (1) The department of commerce must receive**
 20 **proposals for projects from local governments as defined in**
 21 **90-6-701(3)(b). The department shall work with a local**
 22 **government in preparing cost estimates for a project. In**
 23 **reviewing project proposals, the department may consult with**
 24 **other state agencies with expertise pertinent to the**
 25 **proposal. The department shall prepare and submit a list**

1 containing the recommended projects and the recommended form
 2 of financial assistance for each project to the governor,
 3 prioritized pursuant to subsection (2). The governor shall
 4 review the projects recommended by the department of natural
 5 resources and conservation under Title 85, chapter 17, part
 6 67 and shall submit a list of recommended projects and the
 7 recommended financial assistance to the legislature.

8 (2) In preparing recommendations under subsection (1),
 9 preference must be given to projects based on the following
 10 order of priority:

11 (a) projects that solve urgent and serious public
 12 health or safety problems;

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 14 state or federal health or safety standards;

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 16 cost-effective technical design and that provide thorough,
 17 long-term solutions to community public facility needs;

18 (D) PROJECTS THAT RESULT IN A BENEFIT TO THE PUBLIC
 19 COMMENSURATE WITH THE AMOUNT OF FINANCIAL ASSISTANCE.
 20 HOWEVER, THE BENEFIT TO THE PUBLIC MAY NOT BE MEASURED BY
 21 POPULATION ALONE.

22 (d)(E) projects that reflect greater need for financial
 23 assistance than other projects;

24 (e)(F) projects that enable local governments to
 25 obtain funds from sources other than the funds provided

1 under this part;

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 3 job opportunities for Montanans;

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 5 necessary for the expansion of a business that has a high
 6 potential for financial success;

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 8 commensurate with the amount of financial assistance;

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 12 not discourage expansion of the tax base; and

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 16 projects must be approved by the legislature.

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 18 conservation shall adopt rules to implement the
 19 prioritization and recommendation of projects to be financed
 20 pursuant to 17-5-701.

21 (5) Except as provided in subsection (4), the
 22 department of commerce shall adopt rules necessary to
 23 implement the treasure state endowment program."

-End-