

1 HOUSE BILL NO. 8

2 INTRODUCED BY BERGSAGEL

3 BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT APPROVING RENEWABLE RESOURCE PROJECTS AND
 6 AUTHORIZING LOANS; REAUTHORIZING RENEWABLE RESOURCE PROJECTS AUTHORIZED BY THE 53RD
 7 LEGISLATURE; APPROPRIATING MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND
 8 CONSERVATION FOR LOANS UNDER THE RENEWABLE RESOURCE GRANT AND LOAN PROGRAM;
 9 AUTHORIZING THE ISSUANCE OF COAL SEVERANCE TAX BONDS; AUTHORIZING THE CREATION OF
 10 A STATE DEBT AND APPROPRIATING COAL SEVERANCE TAXES; PLACING CERTAIN CONDITIONS UPON
 11 LOANS; AND PROVIDING AN EFFECTIVE DATE."

12
 13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14
 15 **NEW SECTION. Section 1. Approval of renewable resource projects and authorizations to provide**
 16 **loans.** The legislature finds that the renewable resource projects listed in this section meet the provisions
 17 of 17-5-702. The department of natural resources and conservation is authorized to make loans to the
 18 political subdivisions of state government and local governments listed below in amounts not to exceed the
 19 loan amounts listed for each project from the proceeds of the bonds authorized in [section 3].

20 (1) GROUP A: Notwithstanding the provisions of [section 5], the interest rate for the projects in
 21 this group must be at the rate at which the state bonds are sold for the anticipated 20-year term of the
 22 loan. The projects in this group are eligible for grants authorized under House Bill No. 6. If a grant is
 23 authorized but available grant funds are insufficient, the applicant must be offered the opportunity to
 24 receive a loan for up to the total amount of the authorized loan under [sections 1 through 8] plus the
 25 amount of the authorized grant approved in House Bill No. 6.

	<u>Loan Amount</u>
26	
27 FALLON COUNTY	
28 Lower Baker Spillway Construction and Cleaning	\$15,835
29 CONRAD, CITY OF	
30 Reconstruct Outlet Conduit on Lake Francis East Dam	50,000

1	LEWISTOWN, CITY OF	
2	Water System Improvements	50,000
3	DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION	
4	Deadman's Basin Water Quality Improvement Project	111,081
5	GREENFIELDS IRRIGATION DISTRICT	
6	Main Canal Flow Control System	50,000
7	BOZEMAN, CITY OF	
8	Separator Waste Collection Facility	158,850
9	RICHLAND COUNTY	
10	Lone Tree Dam Rehabilitation	50,000
11	BUTTE-SILVER BOW LOCAL GOVERNMENT	
12	Big Hole River Water Transmission Line Replacement	50,000
13	CHOUTEAU AND FERGUS COUNTIES	
14	PN Bridge - Campground	71,759
15	HIDDEN LAKE WATER DISTRICT	
16	Hidden Lake Irrigation Water System	104,695
17	YELLOWSTONE COUNTY	
18	Metra Park Enhancement	50,000
19	HYSHAM, TOWN OF	
20	Sewer System Improvements	50,000
21	FAIRVIEW, TOWN OF	
22	Water System Improvements	50,000
23	MANHATTAN, TOWN OF	
24	Manhattan Water System	50,000
25	JACKSON WATER AND SEWER DISTRICT	
26	Geothermal Development Feasibility Study	72,500
27	SUN RIVER WATER USERS ASSOCIATION	
28	Sun River Water System	50,000
29		

30 (2) GROUP B: Notwithstanding the provisions of [section 5], the interest rate for the project in this

1 group may be 1% below the long-term bond rate at which the state bonds are sold for the first 5 years of
 2 an anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining 15
 3 years.

4 Loan Amount

5 WHITEHALL, TOWN OF

6 Water System Improvements \$400,000

7 (3) GROUP C: Notwithstanding the provisions of [section 5], the interest rate for the project in this
 8 group is 2% below the long-term bond rate at which the state bonds are sold for the first 5 years of an
 9 anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining 15
 10 years.

11 Loan Amount

12 HILL COUNTY WATER DISTRICT

13 Water Treatment System \$295,000

14
 15 **NEW SECTION. Section 2. Projects not completing requirements -- projects reauthorized.** The
 16 legislature finds that the following renewable resource projects that were approved by the 53rd legislature
 17 in Chapter 497 and Chapter 613, Laws of 1993, may not complete the requirements necessary to obtain
 18 the loan funds prior to June 30, 1995. The projects described in this section are reauthorized. The
 19 department of natural resources and conservation is authorized to make loans to the political subdivisions
 20 of state government and local governments listed below in amounts not to exceed the loan amounts listed
 21 for each project from the proceeds of the bonds authorized in [section 3].

22 (1) GROUP A: Notwithstanding the provisions of [section 5], the interest rate for projects in this
 23 group must be at the rate at which the bonds are sold for the anticipated 20-year term of the loan.

24 Loan Amount

25 DODSON IRRIGATION DISTRICT

26 Water Use Efficiency Improvements \$31,326

27 EAST GLACIER WATER AND SEWER DISTRICT

28 Midvale Diversion Structure 76,537

29 FORT SHAW IRRIGATION DISTRICT

30 Rehabilitation of Headworks and "A" System

1	Diversion	200,000
2	HILGER WATER AND SEWER DISTRICT	
3	Sewage and Collection Treatment Facilities	50,000
4	HILL COUNTY	
5	Salinity Control Project	50,000
6	HUNTLEY WATER AND SEWER DISTRICT	
7	Water System Rehabilitation	50,000
8	NEIHART, TOWN OF	
9	Water System Improvements	150,000
10	RYEGATE, TOWN OF	
11	Water System Improvements	150,000
12	(2) GROUP B: Notwithstanding the provisions of [section 5], the interest rate for the project in this	
13	group may be 1% below the long-term bond rate at which the state bonds are sold for the first 5 years of	
14	an anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining 15	
15	years.	
16		<u>Loan Amount</u>
17	ENNIS, TOWN OF	
18	Water Storage and Distribution System	
19	Improvements	\$1,100,000
20	(3) GROUP C: Notwithstanding the provisions of [section 5], the interest rate for the projects in	
21	this group may be 2% below the long-term bond rate at which the state bonds are sold for the first 5 years	
22	of an anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining	
23	15 years.	
24		<u>Loan Amount</u>
25	FORSYTH, CITY OF	
26	Water Treatment Plant Improvements	\$1,543,916
27	GLENDIVE, CITY OF	
28	Water System Improvements	2,240,762
29	SEELEY LAKE-MISSOULA COUNTY WATER DISTRICT	
30	Water System Improvements	922,150

1 WHITEFISH, CITY OF

2	Water Treatment and Distribution	5,535,800
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3 (4) GROUP D: Notwithstanding the provisions of [section 5], the interest rate for the project in this
4 group is 3.5% or the rate at which the state bonds are sold, whichever is lower, for up to 20 years.

5		<u>Loan Amount</u>
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6 HUNTLEY PROJECT IRRIGATION DISTRICT

7	Irrigation System Improvements	\$4,875,440
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9 (5) GROUP E: Notwithstanding the provisions of [section 5], the interest rate for the projects in this
10 group is 4.5% or the rate at which the state bonds are sold, whichever is lower, for up to 20 years.

11		<u>Loan Amount</u>
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12 MONTANA DEPARTMENT OF NATURAL RESOURCES

13 AND CONSERVATION

14	North Fork of the Smith River Dam	\$1,393,467
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15 TIN CUP IRRIGATION DISTRICT

16	Tin Cup Lake Dam Rehabilitation	304,204
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17 (6) GROUP F: Notwithstanding the provisions of [section 5], the interest rate for the project in this
18 group is 6% or the rate at which the state bonds are sold, whichever is lower, for up to 30 years.

19		<u>Loan Amount</u>
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20 MILL CREEK WATER AND SEWER DISTRICT

21	Mill Creek Gravity Sprinkler Irrigation Project	\$ 151,000
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22
23 **NEW SECTION. Section 3. Coal severance tax bonds authorized.** (1) The legislature finds that
24 Title 17, chapter 5, part 7, provides for the issuance of coal severance tax bonds for financing specific
25 approved renewable resource projects as part of the state renewable resource grant and loan program.
26 Available funds from previous sales of coal severance tax bonds may also be used for the projects approved
27 in [sections 1 through 8]. The board of examiners is authorized to issue coal severance tax bonds in an
28 amount not to exceed \$24,956,778, of which \$20,554,322 is to be used to finance the projects approved
29 in [sections 1 and 2], \$2,133,658 is to be used to finance additional loans in lieu of grants for projects
30 listed in [section 1] (if grant funds are not sufficient), and up to \$2,268,798 is to be used to establish a

1 reserve for the bonds. Proceeds of the bonds are appropriated to the department of natural resources and
2 conservation for financing the projects identified in [sections 1 and 2].

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

8 (3) Earnings on bond proceeds prior to the completion of any loan must be allocated to the debt
9 service account to pay the debt service on the bonds during this period. Earnings in excess of debt service,
10 if any, must be allocated to the renewable resource grant and loan state special revenue account.

11 (4) Loan repayments from loans financed with coal severance tax bonds are pledged, dedicated,
12 and appropriated to the debt service account in the state treasury for the benefit of bonds approved for
13 loans under this section.

14

15 **NEW SECTION. Section 4. Creation of state debt -- appropriation of coal severance tax -- bonding**
16 **provisions.** (1) Because [section 3] authorizes the creation of a state debt, a vote of two-thirds of the
17 members of each house is required for enactment of [section 3].

18 (2) The legislature, through the enactment of this section by a vote of three-fourths of the members
19 of each house of the legislature as required by Article IX, section 5, of the Montana constitution, pledges,
20 dedicates, and appropriates from the coal severance tax bond fund all money necessary for the payment
21 of principal and interest not otherwise provided for on the coal severance tax bonds authorized by [section
22 3] to be issued pursuant to Title 17, chapter 5, part 7, and pursuant to the provisions of [sections 1
23 through 7] and the general resolution for this bond program that has been adopted by the board of
24 examiners under the authority provided in Title 17, chapter 5, part 7.

25

26 **NEW SECTION. Section 5. Condition of loans.** (1) Disbursement of funds under [sections 1
27 through 8] for loans is subject to the following conditions that must be met by project sponsors:

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

- 1 (b) documented commitment of other funds required for project completion;
- 2 (c) satisfactory completion of conditions described in the recommendations section of the project
- 3 narrative in the renewable resource grant and loan program project evaluations and recommendations report
- 4 for the 1997 biennium;
- 5 (d) execution of a loan agreement with the department; and
- 6 (e) accomplishment of other specific requirements considered necessary by the department to
- 7 accomplish the purpose of the loan as evidenced from the application to the department or from the
- 8 proposal to the legislature.

9 (2) Each sponsor authorized for a loan from coal severance tax bond proceeds may be required to

10 pay to the department a pro rata share of the bond issuance costs and the administrative costs incurred

11 by the department to complete the loan transaction.

12

13 **NEW SECTION. Section 6. Interest rates on loans.** Loans made from proceeds of coal severance

14 tax bonds must be at interest rates specified in [sections 1 and 2], except that when loan requests are

15 reduced, interest rates must be recalculated based on the methodology described in the renewable resource

16 grant and loan program project evaluations and recommendations report submitted to the 54th legislature

17 for the 1997 biennium. If the bonds or notes bear interest at an adjustable rate, the department of natural

18 resources and conservation shall establish, at the time of the sale of each bond, an assured rate of interest

19 as if the bond bore interest at a fixed rate. The assured rate of interest must be the rate of interest on the

20 bonds for the purpose of calculating the interest rates on the loans pursuant to [sections 1 and 2].

21

22 **NEW SECTION. Section 7. Private and discount purchase of loans.** Loans to political subdivisions

23 and local government entities and bonds, warrants, and notes issued in evidence of the loans may be made,

24 purchased by, and sold to the department of natural resources and conservation at a discount and at private

25 negotiated sale, notwithstanding the provisions of any other law applicable to political subdivisions or local

26 government entities.

27

28 **NEW SECTION. Section 8. Appropriations established.** For any entity of state government that

29 receives a loan under [sections 1 through 7] an appropriation is established for the amount of the loan upon

30 award of the loan by the department of natural resources and conservation.

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

5

6 NEW SECTION. **Section 10. Effective date.** [This act] is effective July 1, 1995.

7

-END-

HOUSE BILL NO. 8

INTRODUCED BY BERGSAGEL

BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT APPROVING RENEWABLE RESOURCE PROJECTS AND AUTHORIZING LOANS; REAUTHORIZING RENEWABLE RESOURCE PROJECTS AUTHORIZED BY THE 53RD LEGISLATURE; APPROPRIATING MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR LOANS UNDER THE RENEWABLE RESOURCE GRANT AND LOAN PROGRAM; AUTHORIZING THE ISSUANCE OF COAL SEVERANCE TAX BONDS; AUTHORIZING THE CREATION OF A STATE DEBT AND APPROPRIATING COAL SEVERANCE TAXES; PLACING CERTAIN CONDITIONS UPON LOANS; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. Section 1. Approval of renewable resource projects and authorizations to provide loans. The legislature finds that the renewable resource projects listed in this section meet the provisions of 17-5-702. The department of natural resources and conservation is authorized to make loans to the political subdivisions of state government and local governments listed below in amounts not to exceed the loan amounts listed for each project from the proceeds of the bonds authorized in [section 3].

(1) GROUP A: Notwithstanding the provisions of [section 5], the interest rate for the projects in this group must be at the rate at which the state bonds are sold for the anticipated 20-year term of the loan. The projects in this group are eligible for grants authorized under House Bill No. 6. If a grant is authorized but available grant funds are insufficient, the applicant must be offered the opportunity to receive a loan for up to the total amount of the authorized loan under [sections 1 through 8] plus the amount of the authorized grant approved in House Bill No. 6.

	<u>Loan Amount</u>
FALLON COUNTY	
Lower Baker Spillway Construction and Cleaning	\$15,835
CONRAD, CITY OF	
Reconstruct Outlet Conduit on Lake Francis East Dam	50,000

1		<u>\$50,000</u>
2	LEWISTOWN, CITY OF	
3	Water System Improvements	50,000
4	DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION	
5	Deadman's Basin Water Quality Improvement Project	111,081
6	GREENFIELDS IRRIGATION DISTRICT	
7	Main Canal Flow Control System	50,000
8	BOZEMAN, CITY OF	
9	Separator Waste Collection Facility	158,850
10	RICHLAND COUNTY	
11	Lone Tree Dam Rehabilitation	50,000
12	BUTTE SILVER BOW LOCAL GOVERNMENT	
13	Big Hole River Water Transmission Line Replacement	50,000
14	CHOUTEAU AND FERGUS COUNTIES	
15	PN Bridge Campground	71,759
16	HIDDEN LAKE WATER DISTRICT	
17	Hidden Lake Irrigation Water System	104,695
18	YELLOWSTONE COUNTY	
19	Metra Park Enhancement	50,000
20	HYSHAM, TOWN OF	
21	Sewer System Improvements	50,000
22		<u>200,000</u>
23	FAIRVIEW, TOWN OF	
24	Water System Improvements	50,000
25	MANHATTAN, TOWN OF	
26	Manhattan Water System	50,000
27	JACKSON WATER AND SEWER DISTRICT	
28	Geothermal Development Feasibility Study	72,500
29	SUN RIVER WATER USERS ASSOCIATION	
30	Sun River Water System	50,000

250,000

(2) GROUP B: Notwithstanding the provisions of [section 5], the interest rate for the project in this group may be 1% below the long-term bond rate at which the state bonds are sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining 15 years.

Loan Amount

WHITEHALL, TOWN OF

Water System Improvements \$400,000

(3) GROUP C: Notwithstanding the provisions of [section 5], the interest rate for the project in this group is 2% below the long-term bond rate at which the state bonds are sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining 15 years.

Loan Amount

HILL COUNTY WATER DISTRICT

Water Treatment System \$295,000

\$400,000

(4) GROUP D: NOTWITHSTANDING THE PROVISIONS OF [SECTION 5], THE INTEREST RATE FOR THE PROJECT IN THIS GROUP IS 4.5% OR THE RATE AT WHICH THE STATE BONDS ARE SOLD, WHICHEVER IS LOWER, FOR UP TO 20 YEARS.

LOAN AMOUNT

MONTANA DEPARTMENT OF NATURAL RESOURCES

AND CONSERVATION

PETROLIA DAM REHABILITATION \$358,000

NEW SECTION. Section 2. Projects not completing requirements -- projects reauthorized. The legislature finds that the following renewable resource projects that were approved by the 53rd legislature in Chapter 497 and Chapter 613, Laws of 1993, may not complete the requirements necessary to obtain the loan funds prior to June 30, 1995. The projects described in this section are reauthorized. The department of natural resources and conservation is authorized to make loans to the political subdivisions

1 of state government and local governments listed below in amounts not to exceed the loan amounts listed
 2 for each project from the proceeds of the bonds authorized in [section 3].

3 (1) GROUP A: Notwithstanding the provisions of [section 5], the interest rate for projects in this
 4 group must be at the rate at which the bonds are sold for the anticipated 20-year term of the loan.

	<u>Loan Amount</u>
5	
6 DODSON IRRIGATION DISTRICT	
7 Water Use Efficiency Improvements	\$31,326
8 EAST GLACIER WATER AND SEWER DISTRICT	
9 Midvale Diversion Structure	76,537
10 FORT SHAW IRRIGATION DISTRICT	
11 Rehabilitation of Headworks and "A" System	
12 Diversion	200,000
13 HILGER WATER AND SEWER DISTRICT	
14 Sewage and Collection Treatment Facilities	50,000
15 HILL COUNTY	
16 Salinity Control Project	50,000
17 HUNTLEY WATER AND SEWER DISTRICT	
18 Water System Rehabilitation	50,000
19 NEIHART, TOWN OF	
20 Water System Improvements	150,000
21 RYEGATE, TOWN OF	
22 Water System Improvements	150,000

23 (2) GROUP B: Notwithstanding the provisions of [section 5], the interest rate for the project in this
 24 group may be 1% below the long-term bond rate at which the state bonds are sold for the first 5 years of
 25 an anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining 15
 26 years.

	<u>Loan Amount</u>
27	
28 ENNIS, TOWN OF	
29 Water Storage and Distribution System	
30 Improvements	\$1,100,000

1 (3) GROUP C: Notwithstanding the provisions of [section 5], the interest rate for the projects in
 2 this group may be 2% below the long-term bond rate at which the state bonds are sold for the first 5 years
 3 of an anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining
 4 15 years.

5 Loan Amount

6 FORSYTH, CITY OF

7 Water Treatment Plant Improvements \$1,543,916

8 GLENDIVE, CITY OF

9 Water System Improvements 2,240,762

10 SEELEY LAKE-MISSOULA COUNTY WATER DISTRICT

11 Water System Improvements 922,150

12 WHITEFISH, CITY OF

13 Water Treatment and Distribution 5,535,800

14 (4) GROUP D: Notwithstanding the provisions of [section 5], the interest rate for the project in this
 15 group is 3.5% or the rate at which the state bonds are sold, whichever is lower, for up to 20 years.

16 Loan Amount

17 HUNTLEY PROJECT IRRIGATION DISTRICT

18 Irrigation System Improvements \$4,875,440

19 (5) GROUP E: Notwithstanding the provisions of [section 5], the interest rate for the projects in this
 20 group is 4.5% or the rate at which the state bonds are sold, whichever is lower, for up to 20 years.

21 Loan Amount

22 MONTANA DEPARTMENT OF NATURAL RESOURCES

23 AND CONSERVATION

24 North Fork of the Smith River Dam ~~\$1,393,467~~

25 \$1,035,467

26 TIN CUP IRRIGATION DISTRICT

27 Tin Cup Lake Dam Rehabilitation 304,204

28 (6) GROUP F: Notwithstanding the provisions of [section 5], the interest rate for the project in this
 29 group is 6% or the rate at which the state bonds are sold, whichever is lower, for up to 30 years.

30 Loan Amount

1 MILL CREEK WATER AND SEWER DISTRICT

2 Mill Creek Gravity Sprinkler Irrigation Project \$151,000

3

4 **NEW SECTION. Section 3. Coal severance tax bonds authorized.** (1) The legislature finds that

5 Title 17, chapter 5, part 7, provides for the issuance of coal severance tax bonds for financing specific

6 approved renewable resource projects as part of the state renewable resource grant and loan program.

7 Available funds from previous sales of coal severance tax bonds may also be used for the projects approved

8 in [sections 1 through 8]. The board of examiners is authorized to issue coal severance tax bonds in an

9 amount not to exceed ~~\$24,956,778~~ \$24,710,852, of which ~~\$20,554,322~~ \$20,513,207 is to be used to

10 finance the projects approved in [sections 1 and 2], ~~\$2,133,658~~ \$1,951,204 is to be used to finance

11 additional loans in lieu of grants for projects listed in [section 1] (if grant funds are not sufficient), and up

12 to ~~\$2,268,798~~ \$2,246,441 is to be used to establish a reserve for the bonds. Proceeds of the bonds are

13 appropriated to the department of natural resources and conservation for financing the projects identified

14 in [sections 1 and 2].

15 (2) In connection with the issuance of coal severance tax bonds, the board of examiners may pay

16 the principal and interest on the bonds when due from the debt service account and in all other respects

17 manage and use the funds within each special bond account for the benefit of the bonds. The board of

18 examiners shall exercise its discretion to enhance the marketability of the bonds and to secure the most

19 advantageous financial arrangements for the state.

20 (3) Earnings on bond proceeds prior to the completion of any loan must be allocated to the debt

21 service account to pay the debt service on the bonds during this period. Earnings in excess of debt service,

22 if any, must be allocated to the renewable resource grant and loan state special revenue account.

23 (4) Loan repayments from loans financed with coal severance tax bonds are pledged, dedicated,

24 and appropriated to the debt service account in the state treasury for the benefit of bonds approved for

25 loans under this section.

26

27 **NEW SECTION. Section 4. Creation of state debt -- appropriation of coal severance tax -- bonding**

28 **provisions.** (1) Because [section 3] authorizes the creation of a state debt, a vote of two-thirds of the

29 members of each house is required for enactment of [section 3].

30 (2) The legislature, through the enactment of this section by a vote of three-fourths of the members

1 of each house of the legislature as required by Article IX, section 5, of the Montana constitution, pledges,
2 dedicates, and appropriates from the coal severance tax bond fund all money necessary for the payment
3 of principal and interest not otherwise provided for on the coal severance tax bonds authorized by [section
4 3] to be issued pursuant to Title 17, chapter 5, part 7, and pursuant to the provisions of [sections 1
5 through 7] and the general resolution for this bond program that has been adopted by the board of
6 examiners under the authority provided in Title 17, chapter 5, part 7.

7
8 **NEW SECTION.** Section 5. **Condition of loans.** (1) Disbursement of funds under [sections 1
9 through 8] for loans is subject to the following conditions that must be met by project sponsors:

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

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

14 (c) satisfactory completion of conditions described in the recommendations section of the project
15 narrative in the renewable resource grant and loan program project evaluations and recommendations report
16 for the 1997 biennium;

17 (d) execution of a loan agreement with the department; and

18 (e) accomplishment of other specific requirements considered necessary by the department to
19 accomplish the purpose of the loan as evidenced from the application to the department or from the
20 proposal to the legislature.

21 (2) Each sponsor authorized for a loan from coal severance tax bond proceeds may be required to
22 pay to the department a pro rata share of the bond issuance costs and the administrative costs incurred
23 by the department to complete the loan transaction.

24
25 **NEW SECTION.** Section 6. **Interest rates on loans.** Loans made from proceeds of coal severance
26 tax bonds must be at interest rates specified in [sections 1 and 2], except that when loan requests are
27 reduced, interest rates must be recalculated based on the methodology described in the renewable resource
28 grant and loan program project evaluations and recommendations report submitted to the 54th legislature
29 for the 1997 biennium. If the bonds or notes bear interest at an adjustable rate, the department of natural
30 resources and conservation shall establish, at the time of the sale of each bond, an assured rate of interest

1 as if the bond bore interest at a fixed rate. The assured rate of interest must be the rate of interest on the
2 bonds for the purpose of calculating the interest rates on the loans pursuant to [sections 1 and 2].

3
4 **NEW SECTION. Section 7. Private and discount purchase of loans.** Loans to political subdivisions
5 and local government entities and bonds, warrants, and notes issued in evidence of the loans may be made,
6 purchased by, and sold to the department of natural resources and conservation at a discount and at private
7 negotiated sale, notwithstanding the provisions of any other law applicable to political subdivisions or local
8 government entities.

9
10 **NEW SECTION. Section 8. Appropriations established.** For any entity of state government that
11 receives a loan under [sections 1 through 7] an appropriation is established for the amount of the loan upon
12 award of the loan by the department of natural resources and conservation.

13
14 **NEW SECTION. Section 9. Severability.** If a part of [this act] is invalid, all valid parts that are
15 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its
16 applications, the part remains in effect in all valid applications that are severable from the invalid
17 applications.

18
19 **NEW SECTION. Section 10. Effective date.** [This act] is effective July 1, 1995.

20 -END-

1 HOUSE BILL NO. 8

2 INTRODUCED BY BERGSAGEL

3 BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT APPROVING RENEWABLE RESOURCE PROJECTS AND
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9 AUTHORIZING THE ISSUANCE OF COAL SEVERANCE TAX BONDS; AUTHORIZING THE CREATION OF
10 A STATE DEBT AND APPROPRIATING COAL SEVERANCE TAXES; PLACING CERTAIN CONDITIONS UPON
11 LOANS; AND PROVIDING AN EFFECTIVE DATE."

12
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

THERE ARE NO CHANGES IN THIS BILL AND IT WILL
NOT BE REPRINTED. PLEASE REFER TO SECOND
READING COPY (YELLOW) FOR COMPLETE TEXT.

1 HOUSE BILL NO. 8

2 INTRODUCED BY BERGSAGEL

3 BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

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9 AUTHORIZING THE ISSUANCE OF COAL SEVERANCE TAX BONDS; AUTHORIZING THE CREATION OF
10 A STATE DEBT AND APPROPRIATING COAL SEVERANCE TAXES; PLACING CERTAIN CONDITIONS UPON
11 LOANS; AND PROVIDING AN EFFECTIVE DATE."

12
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14

15 NEW SECTION. **Section 1. Approval of renewable resource projects and authorizations to provide**
16 **loans.** The legislature finds that the renewable resource projects listed in this section meet the provisions
17 of 17-5-702. The department of natural resources and conservation is authorized to make loans to the
18 political subdivisions of state government and local governments listed below in amounts not to exceed the
19 loan amounts listed for each project from the proceeds of the bonds authorized in [section 3].

20 (1) GROUP A: Notwithstanding the provisions of [section 5], the interest rate for the projects in
21 this group must be at the rate at which the state bonds are sold for the anticipated 20-year term of the
22 loan. The projects in this group are eligible for grants authorized under House Bill No. 6. If a grant is
23 authorized but available grant funds are insufficient, the applicant must be offered the opportunity to
24 receive a loan for up to the total amount of the authorized loan under [sections 1 through 8] plus the
25 amount of the authorized grant approved in House Bill No. 6.

	<u>Loan Amount</u>
26	
27 FALLON COUNTY	
28 Lower Baker Spillway Construction and Cleaning	\$15,836
29 CONRAD, CITY OF	
30 Reconstruct Outlet Conduit on Lake Francis East Dam	50,000

1		<u>\$50,000</u>
2	LEWISTOWN, CITY OF	
3	Water System Improvements	50,000
4	DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION	
5	Deadman's Basin Water Quality Improvement Project	111,081
6	GREENFIELDS IRRIGATION DISTRICT	
7	Main Canal Flow Control System	50,000
8	BOZEMAN, CITY OF	
9	Separator Waste Collection Facility	158,850
10	RIGHLAND COUNTY	
11	Lone Tree Dam Rehabilitation	50,000
12	BUTTE SILVER BOW LOCAL GOVERNMENT	
13	Big Hole River Water Transmission Line Replacement	50,000
14	CHOUTEAU AND FERGUS COUNTIES	
15	PN Bridge Campground	71,759
16	HIDDEN LAKE WATER DISTRICT	
17	Hidden Lake Irrigation Water System	104,695
18	YELLOWSTONE COUNTY	
19	Metra Park Enhancement	50,000
20	HYSHAM, TOWN OF	
21	Sewer System Improvements	50,000
22		<u>200,000</u>
23	FAIRVIEW, TOWN OF	
24	Water System Improvements	50,000
25	MANHATTAN, TOWN OF	
26	Manhattan Water System	50,000
27	JACKSON WATER AND SEWER DISTRICT	
28	Geothermal Development Feasibility Study	72,500
29	SUN RIVER WATER USERS ASSOCIATION	
30	Sun River Water System	50,000

1 250,000

2

3 (2) GROUP B: Notwithstanding the provisions of [section 5], the interest rate for the project in this
4 group may be 1% below the long-term bond rate at which the state bonds are sold for the first 5 years of
5 an anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining 15
6 years.

7 Loan Amount

8 WHITEHALL, TOWN OF

9 Water System Improvements \$400,000

10 (3) GROUP C: Notwithstanding the provisions of [section 5], the interest rate for the project in this
11 group is 2% below the long-term bond rate at which the state bonds are sold for the first 5 years of an
12 anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining 15
13 years.

14 Loan Amount

15 HILL COUNTY WATER DISTRICT

16 Water Treatment System ~~\$295,000~~

17 \$400,000

18 (4) GROUP D: NOTWITHSTANDING THE PROVISIONS OF [SECTION 5], THE INTEREST RATE FOR
19 THE PROJECT IN THIS GROUP IS 4.5% OR THE RATE AT WHICH THE STATE BONDS ARE SOLD,
20 WHICHEVER IS LOWER, FOR UP TO 20 YEARS.

21 LOAN AMOUNT

22 MONTANA DEPARTMENT OF NATURAL RESOURCES

23 AND CONSERVATION

24 PETROLIA DAM REHABILITATION \$358,000

25

26 NEW SECTION. Section 2. Projects not completing requirements -- projects reauthorized. The
27 legislature finds that the following renewable resource projects that were approved by the 53rd legislature
28 in Chapter 497 and Chapter 613, Laws of 1993, may not complete the requirements necessary to obtain
29 the loan funds prior to June 30, 1995. The projects described in this section are reauthorized. The
30 department of natural resources and conservation is authorized to make loans to the political subdivisions

1 of state government and local governments listed below in amounts not to exceed the loan amounts listed
 2 for each project from the proceeds of the bonds authorized in [section 3].

3 (1) GROUP A: Notwithstanding the provisions of [section 5], the interest rate for projects in this
 4 group must be at the rate at which the bonds are sold for the anticipated 20-year term of the loan.

	<u>Loan Amount</u>
5	
6 DODSON IRRIGATION DISTRICT	
7 Water Use Efficiency Improvements	\$31,326
8 EAST GLACIER WATER AND SEWER DISTRICT	
9 Midvale Diversion Structure	76,537
10 FORT SHAW IRRIGATION DISTRICT	
11 Rehabilitation of Headworks and "A" System	
12 Diversion	200,000
13 HILGER WATER AND SEWER DISTRICT	
14 Sewage and Collection Treatment Facilities	50,000
15 HILL COUNTY	
16 Salinity Control Project	50,000
17 HUNTLEY WATER AND SEWER DISTRICT	
18 Water System Rehabilitation	50,000
19 NEIHART, TOWN OF	
20 Water System Improvements	150,000
21 RYEGATE, TOWN OF	
22 Water System Improvements	150,000

23 (2) GROUP B: Notwithstanding the provisions of [section 5], the interest rate for the project in this
 24 group may be 1% below the long-term bond rate at which the state bonds are sold for the first 5 years of
 25 an anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining 15
 26 years.

	<u>Loan Amount</u>
27	
28 ENNIS, TOWN OF	
29 Water Storage and Distribution System	
30 Improvements	\$1,100,000

1 (3) GROUP C: Notwithstanding the provisions of [section 5], the interest rate for the projects in
 2 this group may be 2% below the long-term bond rate at which the state bonds are sold for the first 5 years
 3 of an anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining
 4 15 years.

5 Loan Amount

6 FORSYTH, CITY OF

7 Water Treatment Plant Improvements \$1,543,916

8 GLENDIVE, CITY OF

9 Water System Improvements 2,240,762

10 SEELEY LAKE-MISSOULA COUNTY WATER DISTRICT

11 Water System Improvements 922,150

12 WHITEFISH, CITY OF

13 Water Treatment and Distribution 5,535,800

14 (4) GROUP D: Notwithstanding the provisions of [section 5], the interest rate for the project in this
 15 group is 3.5% or the rate at which the state bonds are sold, whichever is lower, for up to 20 years.

16 Loan Amount

17 HUNTLEY PROJECT IRRIGATION DISTRICT

18 Irrigation System Improvements \$4,875,440

19 (5) GROUP E: Notwithstanding the provisions of [section 5], the interest rate for the projects in this
 20 group is 4.5% or the rate at which the state bonds are sold, whichever is lower, for up to 20 years.

21 Loan Amount

22 MONTANA DEPARTMENT OF NATURAL RESOURCES
 23 AND CONSERVATION

24 North Fork of the Smith River Dam ~~\$1,393,467~~

25 \$1,035,467

26 TIN CUP IRRIGATION DISTRICT

27 Tin Cup Lake Dam Rehabilitation 304,204

28 (6) GROUP F: Notwithstanding the provisions of [section 5], the interest rate for the project in this
 29 group is 6% or the rate at which the state bonds are sold, whichever is lower, for up to 30 years.

30 Loan Amount

1 MILL CREEK WATER AND SEWER DISTRICT

2 Mill Creek Gravity Sprinkler Irrigation Project \$151,000

3

4 **NEW SECTION. Section 3. Coal severance tax bonds authorized.** (1) The legislature finds that
 5 Title 17, chapter 5, part 7, provides for the issuance of coal severance tax bonds for financing specific
 6 approved renewable resource projects as part of the state renewable resource grant and loan program.
 7 Available funds from previous sales of coal severance tax bonds may also be used for the projects approved
 8 in [sections 1 through 8]. The board of examiners is authorized to issue coal severance tax bonds in an
 9 amount not to exceed ~~\$24,956,778~~ \$24,710,852, of which ~~\$20,554,322~~ \$20,513,207 is to be used to
 10 finance the projects approved in [sections 1 and 2], ~~\$2,133,658~~ \$1,951,204 is to be used to finance
 11 additional loans in lieu of grants for projects listed in [section 1] (if grant funds are not sufficient), and up
 12 to ~~\$2,268,798~~ \$2,246,441 is to be used to establish a reserve for the bonds. Proceeds of the bonds are
 13 appropriated to the department of natural resources and conservation for financing the projects identified
 14 in [sections 1 and 2].

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

20 (3) Earnings on bond proceeds prior to the completion of any loan must be allocated to the debt
 21 service account to pay the debt service on the bonds during this period. Earnings in excess of debt service,
 22 if any, must be allocated to the renewable resource grant and loan state special revenue account.

23 (4) Loan repayments from loans financed with coal severance tax bonds are pledged, dedicated,
 24 and appropriated to the debt service account in the state treasury for the benefit of bonds approved for
 25 loans under this section.

26

27 **NEW SECTION. Section 4. Creation of state debt -- appropriation of coal severance tax -- bonding**
 28 **provisions.** (1) Because [section 3] authorizes the creation of a state debt, a vote of two-thirds of the
 29 members of each house is required for enactment of [section 3].

30 (2) The legislature, through the enactment of this section by a vote of three-fourths of the members

1 of each house of the legislature as required by Article IX, section 5, of the Montana constitution, pledges,
2 dedicates, and appropriates from the coal severance tax bond fund all money necessary for the payment
3 of principal and interest not otherwise provided for on the coal severance tax bonds authorized by [section
4 3] to be issued pursuant to Title 17, chapter 5, part 7, and pursuant to the provisions of [sections 1
5 through 7] and the general resolution for this bond program that has been adopted by the board of
6 examiners under the authority provided in Title 17, chapter 5, part 7.

7
8 **NEW SECTION.** Section 5. **Condition of loans.** (1) Disbursement of funds under [sections 1
9 through 8] for loans is subject to the following conditions that must be met by project sponsors:

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

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

14 (c) satisfactory completion of conditions described in the recommendations section of the project
15 narrative in the renewable resource grant and loan program project evaluations and recommendations report
16 for the 1997 biennium;

17 (d) execution of a loan agreement with the department; and

18 (e) accomplishment of other specific requirements considered necessary by the department to
19 accomplish the purpose of the loan as evidenced from the application to the department or from the
20 proposal to the legislature.

21 (2) Each sponsor authorized for a loan from coal severance tax bond proceeds may be required to
22 pay to the department a pro rata share of the bond issuance costs and the administrative costs incurred
23 by the department to complete the loan transaction.

24
25 **NEW SECTION.** Section 6. **Interest rates on loans.** Loans made from proceeds of coal severance
26 tax bonds must be at interest rates specified in [sections 1 and 2], except that when loan requests are
27 reduced, interest rates must be recalculated based on the methodology described in the renewable resource
28 grant and loan program project evaluations and recommendations report submitted to the 54th legislature
29 for the 1997 biennium. If the bonds or notes bear interest at an adjustable rate, the department of natural
30 resources and conservation shall establish, at the time of the sale of each bond, an assured rate of interest

1 as if the bond bore interest at a fixed rate. The assured rate of interest must be the rate of interest on the
2 bonds for the purpose of calculating the interest rates on the loans pursuant to [sections 1 and 2].

3

4 **NEW SECTION. Section 7. Private and discount purchase of loans.** Loans to political subdivisions
5 and local government entities and bonds, warrants, and notes issued in evidence of the loans may be made,
6 purchased by, and sold to the department of natural resources and conservation at a discount and at private
7 negotiated sale, notwithstanding the provisions of any other law applicable to political subdivisions or local
8 government entities.

9

10 **NEW SECTION. Section 8. Appropriations established.** For any entity of state government that
11 receives a loan under [sections 1 through 7] an appropriation is established for the amount of the loan upon
12 award of the loan by the department of natural resources and conservation.

13

14 **NEW SECTION. Section 9. Severability.** If a part of [this act] is invalid, all valid parts that are
15 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its
16 applications, the part remains in effect in all valid applications that are severable from the invalid
17 applications.

18

19 **NEW SECTION. Section 10. Effective date.** [This act] is effective July 1, 1995.

20

-END-