

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 54TH
 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 IMMEDIATE 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 this
 21 group must be at the rate at which the state bonds are sold for the anticipated 20-year term of the loan.
 22 The projects in this group are eligible for grants authorized under House Bill No. 6. If a grant is authorized
 23 but available grant funds are insufficient, the applicant must be offered the opportunity to receive a loan
 24 for up to the total amount of the authorized loan under [sections 1 through 8] plus the amount of the
 25 authorized grant approved in House Bill No. 6.

	<u>Loan Amount</u>
26	
27 CHOUTEAU COUNTY (HIGHWOOD)	
28 Highwood Water System and Wastewater System Improvements	\$106,321
29 THOMPSON FALLS, CITY OF	
30 Water Distribution System Improvements	100,000

1	THOMPSON FALLS, CITY OF	
2	Water Supply System Improvements	100,000
3	TWIN BRIDGES, TOWN OF	
4	Water Storage and Distribution System Improvements	200,000
5	CHOTEAU, TOWN OF (TSEP)	
6	Wastewater System Improvements	110,000
7	(2) GROUP B: Notwithstanding the provisions of [section 5], the interest rate for the projects in this	
8	group is 1% 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		<u>Loan Amount</u>
12	LIVINGSTON, CITY OF (TSEP)	
13	Water System Improvements	\$300,000
14	(3) GROUP C: Notwithstanding the provisions of [section 5], the interest rate for the projects in this	
15	group is 2% below the long-term bond rate at which the state bonds are sold for the first 5 years of an	
16	anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining 15	
17	years.	
18		<u>Loan Amount</u>
19	FORT BENTON, CITY OF	
20	Water Distribution System Improvements	\$520,480
21	LAKESIDE WATER DISTRICT	
22	Water Supply and Distribution System Improvements	600,000
23	CHINOOK, CITY OF	
24	Water Treatment Plant Improvements	294,000
25	CORAM WATER AND SEWER DISTRICT (TSEP)	
26	Water System Improvements	170,000
27	(4) GROUP D: Notwithstanding the provisions of [section 5], the interest rate for the projects in this	
28	group is 3% below the long-term bond rate at which the state bonds are sold for the first 5 years of an	
29	anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining 15	
30	years.	

1 Loan Amount

2 FORT PECK RURAL COUNTY WATER DISTRICT (TSEP)

3 Regional Water System \$1,325,000

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

6 Loan Amount

7 MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

8 East Fork of Rock Creek Dam Rehabilitation \$1,000,000

9

10 **NEW SECTION. Section 2. Projects not completing requirements -- projects reauthorized.** The
11 legislature finds that the following renewable resource projects that were approved by the 54th legislature
12 in Chapter 400, Laws of 1995, may not complete the requirements necessary to obtain the loan funds prior
13 to June 30, 1997. The projects described in this section are reauthorized. The department of natural
14 resources and conservation is authorized to make loans to the political subdivisions of state government
15 and local governments listed below in amounts not to exceed the loan amounts listed for each project from
16 the proceeds of the bonds authorized in [section 3].

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

19 Loan Amount

20 MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

21 Deadman's Basin Project Improvements \$111,081

22 BOZEMAN, CITY OF

23 Separator Waste Collection Facility 158,850

24 HYSHAM, TOWN OF

25 Wastewater System Improvements 200,000

26 SUN RIVER WATER DISTRICT

27 Sun River Water System 250,000

28 EAST GLACIER WATER AND SEWER DISTRICT

29 Midvale Diversion Structure 76,537

30 (2) GROUP B: Notwithstanding the provisions of [section 5], the interest rate for the projects 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 Storage and Distribution System Improvements \$509,000

7 ENNIS, TOWN OF
 8 Water Storage and Distribution System Improvements 350,000

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

13 Loan Amount
 14 HILL COUNTY WATER DISTRICT
 15 Water Treatment Plant \$ 400,000

16 FORSYTH, CITY OF
 17 Water Treatment Plant Improvements 1,218,916

18 GLENDIVE, CITY OF
 19 Water Treatment Plant Improvements 2,240,762

20 SEELEY LAKE-MISSOULA COUNTY WATER DISTRICT
 21 Water Treatment Plant 922,150

22 WHITEFISH, CITY OF
 23 Water Supply, Storage, and Treatment System 5,535,800

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

26 Loan Amount
 27 HUNTLEY PROJECT IRRIGATION DISTRICT
 28 Irrigation System Improvements \$3,500,440

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

	<u>Loan Amount</u>
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MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

North Fork of the Smith River Dam Rehabilitation

\$1,035,467

TIN CUP IRRIGATION DISTRICT

Tin Cup Lake Dam Rehabilitation

304,204

NEW SECTION. Section 3. Coal severance tax bonds authorized. (1) The legislature finds that Title 17, chapter 5, part 7, provides for the issuance of coal severance tax bonds for financing specific approved renewable resource projects as part of the state renewable resource grant and loan program. Available funds from previous sales of coal severance tax bonds may also be used for the projects approved in [sections 1 through 8]. The board of examiners is authorized to issue coal severance tax bonds in an amount not to exceed \$25,838,014, of which \$21,639,008 is to be used to finance the projects approved in [sections 1 and 2], \$1,850,096 is to be used to finance additional loans in lieu of grants for projects listed in [section 1] (if grant funds are not sufficient), and up to \$2,348,910 is to be used to establish a reserve for the bonds. Proceeds of the bonds are appropriated to the department of natural resources and conservation for financing the projects identified in [sections 1 and 2].

(2) In connection with the issuance of coal severance tax bonds, the board of examiners may pay the principal and interest on the bonds when due from the 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 the completion of any loan must be allocated to the debt service account to pay the debt service on the bonds during this period. Earnings in excess of debt service, if any, must be allocated to the renewable resource grant and loan state special revenue account.

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

NEW SECTION. Section 4. Creation of state debt -- appropriation of coal severance tax -- bonding provisions. (1) Because [section 3] authorizes the creation of a state debt, a vote of two-thirds of the

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

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

9

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

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

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

16 (c) satisfactory completion of conditions described in the recommendations section of the project
17 narrative in the renewable resource grant and loan program project evaluations and recommendations report
18 for the 1999 biennium;

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

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

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

26

27 **NEW SECTION. Section 6. Interest rates on loans.** Loans made from proceeds of coal severance
28 tax bonds must be at interest rates specified in [sections 1 and 2], except that when loan requests are
29 reduced, interest rates must be recalculated based on the methodology described in the renewable resource
30 grant and loan program project evaluations and recommendations report submitted to the 55th legislature

1 for the 1999 biennium. If the bonds or notes bear interest at an adjustable rate, the department of natural
2 resources and conservation shall establish, at the time of the sale of each bond, an assured rate of interest
3 as if the bond bore interest at a fixed rate. The assured rate of interest must be the rate of interest on the
4 bonds for the purpose of calculating the interest rates on the loans pursuant to [sections 1 and 2].

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

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

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

20
21 **NEW SECTION. Section 10. Effective date.** [This act] is effective on passage and approval.

22 -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 54TH 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 IMMEDIATE 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>
GHOUTEAU COUNTY (HIGHWOOD)	
Highwood Water System and Wastewater System Improvements	\$106,321
THOMPSON FALLS, CITY OF	
Water Distribution System Improvements	100,000

1	THOMPSON FALLS, CITY OF	
2	Water Supply System Improvements	100,000 <u>200,000</u>
3	TWIN BRIDGES, TOWN OF	
4	Water Storage and Distribution System Improvements	200,000
5	CHOTEAU, TOWN OF (TSEP)	
6	Wastewater System Improvements	110,000
7	(2) GROUP B: Notwithstanding the provisions of [section 5], the interest rate for the projects in this	
8	group is 1% 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		<u>Loan Amount</u>
12	LIVINGSTON, CITY OF (TSEP)	
13	Water System Improvements	\$300,000
14	(3) GROUP C: Notwithstanding the provisions of [section 5], the interest rate for the projects in this	
15	group is 2% below the long-term bond rate at which the state bonds are sold for the first 5 years of an	
16	anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining 15	
17	years.	
18		<u>Loan Amount</u>
19	FORT BENTON, CITY OF	
20	Water Distribution System Improvements	\$520,480
21	LAKESIDE WATER DISTRICT	
22	Water Supply and Distribution System Improvements	600,000
23	CHINOOK, CITY OF	
24	Water Treatment Plant Improvements	294,000
25	CORAM WATER AND SEWER DISTRICT (TSEP)	
26	Water System Improvements	170,000
27	(4) GROUP D: Notwithstanding the provisions of [section 5], the interest rate for the projects in this	
28	group is 3% below the long-term bond rate at which the state bonds are sold for the first 5 years of an	
29	anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining 15	
30	years.	

	<u>Loan Amount</u>
1	
2 FORT PECK RURAL COUNTY WATER DISTRICT (TSEP)	
3 Regional Water System	\$1,325,000
4 (5) GROUP E: Notwithstanding the provisions of [section 5], the interest rate for the project in this	
5 group is 4.5% or the rate at which the state bonds are sold, whichever is lower, <u>0%</u> for up to 20 years.	
6	<u>Loan Amount</u>
7 MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION	
8 East Fork of Rock Creek Dam Rehabilitation	\$1,000,000
9 <u>(6) GROUP F: NOTWITHSTANDING THE PROVISIONS OF [SECTION 5], THE INTEREST RATE FOR</u>	
10 <u>THE PROJECT IN THIS GROUP IS 4.5% OR THE RATE AT WHICH THE STATE BONDS ARE SOLD,</u>	
11 <u>WHICHEVER IS LOWER, FOR UP TO 20 YEARS.</u>	
12	<u>LOAN AMOUNT</u>
13	
14 <u>GLEN LAKE IRRIGATION DISTRICT</u>	
15 <u>REPAIR COSTICH DAM</u>	<u>\$195,405</u>
16	
17 <u>NEW SECTION. Section 2. Projects not completing requirements -- projects reauthorized.</u> The	
18 legislature finds that the following renewable resource projects that were approved by the 54th legislature	
19 in Chapter 400, Laws of 1995, may not complete the requirements necessary to obtain the loan funds prior	
20 to June 30, 1997. The projects described in this section are reauthorized. The department of natural	
21 resources and conservation is authorized to make loans to the political subdivisions of state government	
22 and local governments listed below in amounts not to exceed the loan amounts listed for each project from	
23 the proceeds of the bonds authorized in [section 3].	
24 (1) GROUP A: Notwithstanding the provisions of [section 5], the interest rate for projects in this	
25 group must be at the rate at which the bonds are sold for the anticipated 20-year term of the loan.	
26	<u>Loan Amount</u>
27 MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION	
28 Deadman's Basin Project Improvements	\$111,081
29 BOZEMAN, CITY OF	
30 Separator Waste Collection Facility	158,850

1	HYSHAM, TOWN OF	
2	Wastewater System Improvements	200,000
3	SUN RIVER WATER DISTRICT	
4	Sun River Water System	250,000
5	EAST GLACIER WATER AND SEWER DISTRICT	
6	Midvale Diversion Structure	76,537
7	(2) GROUP B: Notwithstanding the provisions of [section 5], the interest rate for the projects in this	
8	group may be 1% below the long-term bond rate at which the state bonds are sold for the first 5 years of	
9	an anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining 15	
10	years.	
11		<u>Loan Amount</u>
12	WHITEHALL, TOWN OF	
13	Water Storage and Distribution System Improvements	\$509,000
14	ENNIS, TOWN OF	
15	Water Storage and Distribution System Improvements	350,000
16	(3) GROUP C: Notwithstanding the provisions of [section 5], the interest rate for the projects in this	
17	group may be 2% below the long-term bond rate at which the state bonds are sold for the first 5 years of	
18	an anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining 15	
19	years.	
20		<u>Loan Amount</u>
21	HILL COUNTY WATER DISTRICT	
22	Water Treatment Plant	\$ 400,000
23	FORSYTH, CITY OF	
24	Water Treatment Plant Improvements	1,218,916
25	GLENDIVE, CITY OF	
26	Water Treatment Plant Improvements	2,240,762
27	SEELEY LAKE-MISSOULA COUNTY WATER DISTRICT	
28	Water Treatment Plant	922,150 <u>1,600,000</u>
29	WHITEFISH, CITY OF	
30	Water Supply, Storage, and Treatment System	5,535,800

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

3 Loan Amount

4 HUNTLEY PROJECT IRRIGATION DISTRICT

5 Irrigation System Improvements \$3,500,440

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

8 Loan Amount

9 MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

10 North Fork of the Smith River Dam Rehabilitation \$1,035,467

11 TIN CUP IRRIGATION DISTRICT

12 Tin Cup Lake Dam Rehabilitation 304,204

13
 14 NEW SECTION. Section 3. Coal severance tax bonds authorized. (1) The legislature finds that Title
 15 17, chapter 5, part 7, provides for the issuance of coal severance tax bonds for financing specific approved
 16 renewable resource projects as part of the state renewable resource grant and loan program. Available
 17 funds from previous sales of coal severance tax bonds, PLUS ANY ADDITIONAL PRINCIPAL AMOUNT ON
 18 BONDS AS MAY BE NECESSARY, PURSUANT TO THE CONDITIONS IN 85-1-605, AS AMENDED IN
 19 HOUSE BILL NO. 71, TO FUND EMERGENCY LOANS, AS AUTHORIZED AND APPROVED IN ACCORDANCE
 20 WITH 85-1-605(4), may also be used for the projects approved in [sections 1 through 8]. The board of
 21 examiners is authorized to issue coal severance tax bonds in an amount not to exceed ~~\$25,838,014~~
 22 \$24,976,536, of which ~~\$21,639,008~~ \$22,505,942 is to be used to finance the projects approved in
 23 [sections 1 and 2], ~~\$1,850,096~~ \$200,000 is to be used to finance additional loans in lieu of grants for
 24 projects listed in [section 1] (if grant funds are not sufficient), and up to ~~\$2,348,910~~ \$2,270,594 is to be
 25 used to establish a reserve for the bonds. Proceeds of the bonds are appropriated to the department of
 26 natural resources and conservation for financing the projects identified in [sections 1 and 2] AND MAY BE
 27 USED AS AUTHORIZED IN 85-1-605(4). LOANS MADE UNDER 85-1-605(4) MUST BEAR INTEREST AT
 28 THE RATE BORNE BY THE STATE BONDS UNLESS THE LEGISLATURE IN A SUBSEQUENT SESSION
 29 PROVIDES FOR A LOWER INTEREST RATE, IN WHICH CASE THE RATE MUST BE REDUCED TO THE RATE
 30 SPECIFIED BY THE LEGISLATURE.

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

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

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

12

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

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

23

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

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

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

30 (c) satisfactory completion of conditions described in the recommendations section of the project

1 narrative in the renewable resource grant and loan program project evaluations and recommendations report
2 for the 1999 biennium;

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

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

7 (2) Each sponsor authorized for a loan from coal severance tax bond proceeds may be required to
8 pay to the department a pro rata share of the bond issuance costs and the administrative costs incurred
9 by the department to complete the loan transaction.
10

11 **NEW SECTION. Section 6. Interest rates on loans.** Loans made from proceeds of coal severance
12 tax bonds must be at interest rates specified in [sections 1 ~~and 2~~ THROUGH 3], except that when loan
13 requests are reduced, interest rates must be recalculated based on the methodology described in the
14 renewable resource grant and loan program project evaluations and recommendations report submitted to
15 the 55th legislature for the 1999 biennium. If the bonds or notes bear interest at an adjustable rate, the
16 department of natural resources and conservation shall establish, at the time of the sale of each bond, an
17 assured rate of interest as if the bond bore interest at a fixed rate. The assured rate of interest must be
18 the rate of interest on the bonds for the purpose of calculating the interest rates on the loans pursuant to
19 [sections 1 ~~and 2~~ THROUGH 3].
20

21 **NEW SECTION. Section 7. Private and discount purchase of loans.** Loans to political subdivisions
22 and local government entities and bonds, warrants, and notes issued in evidence of the loans may be made,
23 purchased by, and sold to the department of natural resources and conservation at a discount and at private
24 negotiated sale, notwithstanding the provisions of any other law applicable to political subdivisions or local
25 government entities.
26

27 **NEW SECTION. Section 8. Appropriations established.** For any entity of state government that
28 receives a loan under [sections 1 through 7], an appropriation is established for the amount of the loan
29 upon award of the loan by the department of natural resources and conservation.
30

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 on passage and approval.

7

-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
6 AUTHORIZING LOANS; REAUTHORIZING RENEWABLE RESOURCE PROJECTS AUTHORIZED BY THE 54TH
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 IMMEDIATE 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

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 54TH
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 IMMEDIATE 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 this
21 group must be at the rate at which the state bonds are sold for the anticipated 20-year term of the loan.
22 The projects in this group are eligible for grants authorized under House Bill No. 6. If a grant is authorized
23 but available grant funds are insufficient, the applicant must be offered the opportunity to receive a loan
24 for up to the total amount of the authorized loan under [sections 1 through 8] plus the amount of the
25 authorized grant approved in House Bill No. 6.

26 Loan Amount27 ~~GHOUTEAU COUNTY (HIGHWOOD)~~28 ~~Highwood Water System and Wastewater System Improvements~~ ~~\$106,321~~

29 THOMPSON FALLS, CITY OF

30 Water Distribution System Improvements 100,000

1	THOMPSON FALLS, CITY OF	
2	Water Supply System Improvements	100,000 <u>200,000</u>
3	TWIN BRIDGES, TOWN OF	
4	Water Storage and Distribution System Improvements	200,000
5	CHOTEAU, TOWN OF (TSEP)	
6	Wastewater System Improvements	110,000
7	(2) GROUP B: Notwithstanding the provisions of [section 5], the interest rate for the projects in this	
8	group is 1% 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		<u>Loan Amount</u>
12	LIVINGSTON, CITY OF (TSEP)	
13	Water System Improvements	\$300,000
14	(3) GROUP C: Notwithstanding the provisions of [section 5], the interest rate for the projects in this	
15	group is 2% below the long-term bond rate at which the state bonds are sold for the first 5 years of an	
16	anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining 15	
17	years.	
18		<u>Loan Amount</u>
19	FORT BENTON, CITY OF	
20	Water Distribution System Improvements	\$520,480
21	LAKESIDE WATER DISTRICT	
22	Water Supply and Distribution System Improvements	600,000
23	CHINOOK, CITY OF	
24	Water Treatment Plant Improvements	294,000
25	CORAM WATER AND SEWER DISTRICT (TSEP)	
26	Water System Improvements	170,000
27	(4) GROUP D: Notwithstanding the provisions of [section 5], the interest rate for the projects in this	
28	group is 3% below the long-term bond rate at which the state bonds are sold for the first 5 years of an	
29	anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining 15	
30	years.	

1		<u>Loan Amount</u>
2	FORT PECK RURAL COUNTY WATER DISTRICT (TSEP)	
3	Regional Water System	\$1,325,000
4	(5) GROUP E: Notwithstanding the provisions of [section 5], the interest rate for the project in this	
5	group is 4.5% or the rate at which the state bonds are sold, whichever is lower, <u>0%</u> for up to 20 years.	
6		<u>Loan Amount</u>
7	MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION	
8	East Fork of Rock Creek Dam Rehabilitation	\$1,000,000
9	<u>(6) GROUP F: NOTWITHSTANDING THE PROVISIONS OF [SECTION 5], THE INTEREST RATE FOR</u>	
10	<u>THE PROJECT IN THIS GROUP IS 4.5% OR THE RATE AT WHICH THE STATE BONDS ARE SOLD,</u>	
11	<u>WHICHEVER IS LOWER, FOR UP TO 20 YEARS.</u>	
12		<u>LOAN AMOUNT</u>
13		
14	<u>GLEN LAKE IRRIGATION DISTRICT</u>	
15	<u>REPAIR COSTICH DAM</u>	<u>\$195,405</u>
16		
17	<u>NEW SECTION. Section 2. Projects not completing requirements -- projects reauthorized.</u> The	
18	legislature finds that the following renewable resource projects that were approved by the 54th legislature	
19	in Chapter 400, Laws of 1995, may not complete the requirements necessary to obtain the loan funds prior	
20	to June 30, 1997. The projects described in this section are reauthorized. The department of natural	
21	resources and conservation is authorized to make loans to the political subdivisions of state government	
22	and local governments listed below in amounts not to exceed the loan amounts listed for each project from	
23	the proceeds of the bonds authorized in [section 3].	
24	(1) GROUP A: Notwithstanding the provisions of [section 5], the interest rate for projects in this	
25	group must be at the rate at which the bonds are sold for the anticipated 20-year term of the loan.	
26		<u>Loan Amount</u>
27	MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION	
28	Deadman's Basin Project Improvements	\$111,081
29	BOZEMAN, CITY OF	
30	Separator Waste Collection Facility	158,850

1	HYSHAM, TOWN OF	
2	Wastewater System Improvements	200,000
3	SUN RIVER WATER DISTRICT	
4	Sun River Water System	250,000
5	EAST GLACIER WATER AND SEWER DISTRICT	
6	Midvale Diversion Structure	76,537
7	(2) GROUP B: Notwithstanding the provisions of [section 5], the interest rate for the projects in this	
8	group may be 1% below the long-term bond rate at which the state bonds are sold for the first 5 years of	
9	an anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining 15	
10	years.	
11		<u>Loan Amount</u>
12	WHITEHALL, TOWN OF	
13	Water Storage and Distribution System Improvements	\$509,000
14	ENNIS, TOWN OF	
15	Water Storage and Distribution System Improvements	350,000
16	(3) GROUP C: Notwithstanding the provisions of [section 5], the interest rate for the projects in this	
17	group may be 2% below the long-term bond rate at which the state bonds are sold for the first 5 years of	
18	an anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining 15	
19	years.	
20		<u>Loan Amount</u>
21	HILL COUNTY WATER DISTRICT	
22	Water Treatment Plant	\$ 400,000
23	FORSYTH, CITY OF	
24	Water Treatment Plant Improvements	1,218,916
25	GLENDIVE, CITY OF	
26	Water Treatment Plant Improvements	2,240,762
27	SEELEY LAKE-MISSOULA COUNTY WATER DISTRICT	
28	Water Treatment Plant	922,150 <u>1,600,000</u>
29	WHITEFISH, CITY OF	
30	Water Supply, Storage, and Treatment System	5,535,800

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

Loan Amount

HUNTLEY PROJECT IRRIGATION DISTRICT

Irrigation System Improvements \$3,500,440

(5) GROUP E: Notwithstanding the provisions of [section 5], the interest rate for the projects 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

North Fork of the Smith River Dam Rehabilitation \$1,035,467

TIN CUP IRRIGATION DISTRICT

Tin Cup Lake Dam Rehabilitation 304,204

NEW SECTION. Section 3. Coal severance tax bonds authorized. (1) The legislature finds that Title 17, chapter 5, part 7, provides for the issuance of coal severance tax bonds for financing specific approved renewable resource projects as part of the state renewable resource grant and loan program. Available funds from previous sales of coal severance tax bonds, PLUS ANY ADDITIONAL PRINCIPAL AMOUNT ON BONDS AS MAY BE NECESSARY, PURSUANT TO THE CONDITIONS IN 85-1-605, AS AMENDED IN HOUSE BILL NO. 71, TO FUND EMERGENCY LOANS, AS AUTHORIZED AND APPROVED IN ACCORDANCE WITH 85-1-605(4), may also be used for the projects approved in [sections 1 through 8]. The board of examiners is authorized to issue coal severance tax bonds in an amount not to exceed ~~\$25,838,014~~ \$24,976,536, of which ~~\$21,639,008~~ \$22,505,942 is to be used to finance the projects approved in [sections 1 and 2], ~~\$1,850,096~~ \$200,000 is to be used to finance additional loans in lieu of grants for projects listed in [section 1] (if grant funds are not sufficient), and up to ~~\$2,348,910~~ \$2,270,594 is to be used to establish a reserve for the bonds. Proceeds of the bonds are appropriated to the department of natural resources and conservation for financing the projects identified in [sections 1 and 2] AND MAY BE USED AS AUTHORIZED IN 85-1-605(4). LOANS MADE UNDER 85-1-605(4) MUST BEAR INTEREST AT THE RATE BORNE BY THE STATE BONDS UNLESS THE LEGISLATURE IN A SUBSEQUENT SESSION PROVIDES FOR A LOWER INTEREST RATE, IN WHICH CASE THE RATE MUST BE REDUCED TO THE RATE SPECIFIED BY THE LEGISLATURE.

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

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

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

12

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

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

23

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

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

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

30 (c) satisfactory completion of conditions described in the recommendations section of the project

1 narrative in the renewable resource grant and loan program project evaluations and recommendations report
2 for the 1999 biennium;

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

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

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

10

11 **NEW SECTION. Section 6. Interest rates on loans.** Loans made from proceeds of coal severance
12 tax bonds must be at interest rates specified in [sections 1 ~~and 2~~ THROUGH 3], except that when loan
13 requests are reduced, interest rates must be recalculated based on the methodology described in the
14 renewable resource grant and loan program project evaluations and recommendations report submitted to
15 the 55th legislature for the 1999 biennium. If the bonds or notes bear interest at an adjustable rate, the
16 department of natural resources and conservation shall establish, at the time of the sale of each bond, an
17 assured rate of interest as if the bond bore interest at a fixed rate. The assured rate of interest must be
18 the rate of interest on the bonds for the purpose of calculating the interest rates on the loans pursuant to
19 [sections 1 ~~and 2~~ THROUGH 3].

20

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

26

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

30

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 on passage and approval.

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 54TH 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 IMMEDIATE 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>
CHOUTEAU COUNTY (HIGHWOOD)	
Highwood Water System and Wastewater System Improvements	\$106,321
THOMPSON FALLS, CITY OF	
Water Distribution System Improvements	100,000

1	THOMPSON FALLS, CITY OF	
2	Water Supply System Improvements	100,000 <u>200,000</u>
3	TWIN BRIDGES, TOWN OF	
4	Water Storage and Distribution System Improvements	200,000
5	CHOTEAU, TOWN OF (TSEP)	
6	Wastewater System Improvements	110,000
7	(2) GROUP B: Notwithstanding the provisions of [section 5], the interest rate for the projects in this	
8	group is 1% 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		<u>Loan Amount</u>
12	LIVINGSTON, CITY OF (TSEP)	
13	Water System Improvements	\$300,000
14	(3) GROUP C: Notwithstanding the provisions of [section 5], the interest rate for the projects in this	
15	group is 2% below the long-term bond rate at which the state bonds are sold for the first 5 years of an	
16	anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining 15	
17	years.	
18		<u>Loan Amount</u>
19	FORT BENTON, CITY OF	
20	Water Distribution System Improvements	\$520,480
21	LAKESIDE WATER DISTRICT	
22	Water Supply and Distribution System Improvements	600,000
23	CHINOOK, CITY OF	
24	Water Treatment Plant Improvements	294,000
25	CORAM WATER AND SEWER DISTRICT (TSEP)	
26	Water System Improvements	170,000
27	(4) GROUP D: Notwithstanding the provisions of [section 5], the interest rate for the projects in this	
28	group is 3% below the long-term bond rate at which the state bonds are sold for the first 5 years of an	
29	anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining 15	
30	years.	

Loan Amount

FORT PECK RURAL COUNTY WATER DISTRICT (TSEP)

Regional Water System

\$1,325,000

(5) GROUP E: 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,~~ 0% for up to 20 years.

Loan Amount

MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

East Fork of Rock Creek Dam Rehabilitation

\$1,000,000

(6) GROUP F: 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 AMOUNTGLEN LAKE IRRIGATION DISTRICTREPAIR COSTICH DAM\$195,405

NEW SECTION. Section 2. Projects not completing requirements -- projects reauthorized. The legislature finds that the following renewable resource projects that were approved by the 54th legislature in Chapter 400, Laws of 1995, may not complete the requirements necessary to obtain the loan funds prior to June 30, 1997. The projects described in this section are reauthorized. 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 projects in this group must be at the rate at which the bonds are sold for the anticipated 20-year term of the loan.

Loan Amount

MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

Deadman's Basin Project Improvements

\$111,081

BOZEMAN, CITY OF

Separator Waste Collection Facility

158,850

1	HYSHAM, TOWN OF	
2	Wastewater System Improvements	200,000
3	SUN RIVER WATER DISTRICT	
4	Sun River Water System	250,000
5	EAST GLACIER WATER AND SEWER DISTRICT	
6	Midvale Diversion Structure	76,537
7	(2) GROUP B: Notwithstanding the provisions of [section 5], the interest rate for the projects in this	
8	group may be 1% below the long-term bond rate at which the state bonds are sold for the first 5 years of	
9	an anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining 15	
10	years.	
11		<u>Loan Amount</u>
12	WHITEHALL, TOWN OF	
13	Water Storage and Distribution System Improvements	\$509,000
14	ENNIS, TOWN OF	
15	Water Storage and Distribution System Improvements	350,000
16	(3) GROUP C: Notwithstanding the provisions of [section 5], the interest rate for the projects in this	
17	group may be 2% below the long-term bond rate at which the state bonds are sold for the first 5 years of	
18	an anticipated 20-year term and must be at the rate at which the state bonds are sold for the remaining 15	
19	years.	
20		<u>Loan Amount</u>
21	HILL COUNTY WATER DISTRICT	
22	Water Treatment Plant	\$ 400,000
23	FORSYTH, CITY OF	
24	Water Treatment Plant Improvements	1,218,916
25	GLENDIVE, CITY OF	
26	Water Treatment Plant Improvements	2,240,762
27	SEELEY LAKE-MISSOULA COUNTY WATER DISTRICT	
28	Water Treatment Plant	922,150 <u>1,600,000</u>
29	WHITEFISH, CITY OF	
30	Water Supply, Storage, and Treatment System	5,535,800

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

3 Loan Amount

4 HUNTLEY PROJECT IRRIGATION DISTRICT

5 Irrigation System Improvements \$3,500,440

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

8 Loan Amount

9 MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

10 North Fork of the Smith River Dam Rehabilitation \$1,035,467

11 TIN CUP IRRIGATION DISTRICT

12 Tin Cup Lake Dam Rehabilitation 304,204

13
 14 **NEW SECTION. Section 3. Coal severance tax bonds authorized.** (1) The legislature finds that Title
 15 17, chapter 5, part 7, provides for the issuance of coal severance tax bonds for financing specific approved
 16 renewable resource projects as part of the state renewable resource grant and loan program. Available
 17 funds from previous sales of coal severance tax bonds, PLUS ANY ADDITIONAL PRINCIPAL AMOUNT ON
 18 BONDS AS MAY BE NECESSARY, PURSUANT TO THE CONDITIONS IN 85-1-605, AS AMENDED IN
 19 HOUSE BILL NO. 71, TO FUND EMERGENCY LOANS, AS AUTHORIZED AND APPROVED IN ACCORDANCE
 20 WITH 85-1-605(4), may also be used for the projects approved in [sections 1 through 8]. The board of
 21 examiners is authorized to issue coal severance tax bonds in an amount not to exceed ~~\$25,838,014~~
 22 ~~\$24,976,536~~, of which ~~\$21,639,008~~ \$22,505,942 is to be used to finance the projects approved in
 23 [sections 1 and 2], ~~\$1,850,096~~ \$200,000 is to be used to finance additional loans in lieu of grants for
 24 projects listed in [section 1] (if grant funds are not sufficient), and up to ~~\$2,348,910~~ \$2,270,594 is to be
 25 used to establish a reserve for the bonds. Proceeds of the bonds are appropriated to the department of
 26 natural resources and conservation for financing the projects identified in [sections 1 and 2] AND MAY BE
 27 USED AS AUTHORIZED IN 85-1-605(4). LOANS MADE UNDER 85-1-605(4) MUST BEAR INTEREST AT
 28 THE RATE BORNE BY THE STATE BONDS UNLESS THE LEGISLATURE IN A SUBSEQUENT SESSION
 29 PROVIDES FOR A LOWER INTEREST RATE, IN WHICH CASE THE RATE MUST BE REDUCED TO THE RATE
 30 SPECIFIED BY THE LEGISLATURE.

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

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

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

12
13 **NEW SECTION. Section 4. Creation of state debt -- appropriation of coal severance tax -- bonding**
14 **provisions.** (1) Because [section 3] authorizes the creation of a state debt, a vote of two-thirds of the
15 members of each house is required for enactment of [section 3].

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

23
24 **NEW SECTION. Section 5. Condition of loans.** (1) Disbursement of funds under [sections 1
25 through 8] for loans is subject to the following conditions that must be met by project sponsors:

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

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

30 (c) satisfactory completion of conditions described in the recommendations section of the project

1 narrative in the renewable resource grant and loan program project evaluations and recommendations report
2 for the 1999 biennium;

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

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

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

10

11 **NEW SECTION. Section 6. Interest rates on loans.** Loans made from proceeds of coal severance
12 tax bonds must be at interest rates specified in [sections 1 ~~and 2~~ THROUGH 3], except that when loan
13 requests are reduced, interest rates must be recalculated based on the methodology described in the
14 renewable resource grant and loan program project evaluations and recommendations report submitted to
15 the 55th legislature for the 1999 biennium. If the bonds or notes bear interest at an adjustable rate, the
16 department of natural resources and conservation shall establish, at the time of the sale of each bond, an
17 assured rate of interest as if the bond bore interest at a fixed rate. The assured rate of interest must be
18 the rate of interest on the bonds for the purpose of calculating the interest rates on the loans pursuant to
19 [sections 1 ~~and 2~~ THROUGH 3].

20

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

26

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

30

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 on passage and approval.

7

-END-