

1 HOUSE BILL NO. 71

2 INTRODUCED BY MOOD

3 BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE EMERGENCY LOAN CAP FROM THE
6 RENEWABLE RESOURCE GRANT AND LOAN PROGRAM FROM \$1 MILLION TO \$10 MILLION; AMENDING
7 SECTION 85-1-605, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

8
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10
11 **Section 1.** Section 85-1-605, MCA, is amended to read:

12 **"85-1-605. Grants, loans, and bonds for state and local government assistance.** (1) The
13 department may recommend to the legislature that grants and loans be made from revenue deposited in
14 the renewable resource grant and loan program state special revenue account, that loans be made from
15 renewable resource bond proceeds deposited in the renewable resource loan proceeds account established
16 in 85-1-617(5), and that coal severance tax bonds be authorized pursuant to Title 17, chapter 5, part 7,
17 to provide financial assistance to a department, agency, board, commission, or other division of state
18 government or to a city, county, or other political subdivision or local government body of the state. The
19 legislature may approve by appropriation or other appropriate means those grants and loans that it finds
20 consistent with the policies and purposes of the program.

21 (2) Nothing in this part creates or expands the state's or a local government's authority to incur
22 debt, and the legislature may authorize loans only to state and local government entities otherwise
23 structured to incur debt.

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25 the authorized loan with its bond.

26 (4) In addition to implementing those projects approved by the legislature, the department may
27 request up to 10% of the grant funds available and up to ~~\$1~~ \$10 million for loans from the renewable
28 resource grant and loan program state special revenue account and the renewable resource loan proceeds
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30 both, may not be made because of the gross negligence of the state or local government applicant, must

INTRODUCED BILL

1 be approved by the department, and must be defined as those projects otherwise eligible for either grant
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10 NEW SECTION. **Section 2. Effective date.** [This act] is effective on passage and approval.

11

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0071, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act increasing the emergency loan cap from the Renewable Resource Grant and Loan Program from \$1 million to \$10 million.

ASSUMPTIONS:

1. The Renewable Resource Grant and Loan Program will operate as it currently does.
2. No loans would be made unless the borrowers had the financial ability to pay back the loan.
3. By moving the cap from \$1 million to \$10 million, the Department of Natural Resources and Conservation (DNRC) would be able to repair more than one project in a year, if there are multiple projects that need repair. Also, in some cases repair costs will be above \$1 million per emergency.
4. Current staff resources will be used to review and administer emergency loans. Emergency loans have been rare and should not have any significant impact on program expenditures.
5. Bond proceeds will be used to finance the emergency loans. Borrowers pay back the loan over the agreed upon term of the loan. These are market rate loans so payments would be sufficient to pay debt service.

FISCAL IMPACT:

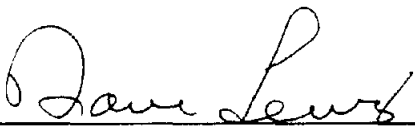
There could be some modest costs to the state for borrowing of funds if the DNRC had to borrow the funds separate and apart from its ongoing coal tax program.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

None

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Emergencies, such as the failure of East Fork of Rock Creek Dam, are unforeseen, but need immediate action. By increasing the loan limit, the DNRC will be in a better position to take immediate action and provide needed financing. The increase will provide the capacity to address more than one emergency in a year.

 1-7-97

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



DOUG MOOD, PRIMARY SPONSOR DATE

Fiscal Note for HB0071, as introduced

HB 71

APPROVED BY COM ON
STATE ADMINISTRATION

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