

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - REGULAR SESSION**

JOINT SUBCOMMITTEE ON LONG-RANGE PLANNING

Call to Order: By Rep. Ernest Bergsagel, Chairman, on March 6, 1993, at 1:00 AM.

ROLL CALL

Members Present:

Rep. Ernest Bergsagel, Chair (R)
Sen. Bob Hockett, Vice Chair (D)
Rep. Francis Bardanouve (D)
Sen. Ethel Harding (R)
Sen. Eleanor Vaughn (D)
Rep. Tom Zook (R)

Members Excused: None

Members Absent: None

Staff Present: Jim Haubein, Legislative Fiscal Analyst
Jane Hamman, Office of Budget & Program Planning
Sandra Boggs, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: NONE
Executive Action: MONTANA ARTS COUNCIL; DEPARTMENT OF TRANSPORTATION; HB 10; DEPARTMENT OF ADMINISTRATION; HB 7, RECLAMATION AND DEVELOPMENT GRANTS; AND HB 12, COAL SEVERANCE TAX LOANS

EXECUTIVE ACTION ON MONTANA ARTS COUNCIL

Motion/Vote: SEN. BOB HOCKETT moved approval of the Montana Arts Council committee bill. MOTION CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON DEPARTMENT OF TRANSPORTATION

Motion/Vote: SEN. BOB HOCKETT moved approval of an amendment to HB 5 to provide a match of \$1,199,543 in state special revenue funds for the Lost Trail Project. EXHIBIT 1.

EXECUTIVE ACTION ON HB 10

Tape No. 1:A:023

AMENDMENTS

Motion/Vote: REP. TOM ZOOK moved approval of the technical amendments. EXHBIIT 2. MOTION CARRIED UNANIMOUSLY.

Discussion: CHAIRMAN ERNEST BERGSAGEL stated that the next amendment will establish an energy efficient home mortgage reserve account that would enable the Board of Housing to sell bonds and offer loans for energy efficient new houses that cost more than the FHA limit. EXHIBIT 3.

REP. FRANCIS BARDANOUVE stated that he feels that thousands of Montanans currently do not qualify for assistance programs. This amendment should address those Montanans.

Van Jamison, Energy Division, Department of Natural Resources and Conservation, stated that the majority of people in Montana fall in the income range that this reserve account will assist. The committee needs to realize that one advantage of this program is that energy efficient houses will be built now and passed on to future owners. It will cost much more to retrofit these houses for energy efficiency in the future after they have already been built.

Motion/Vote: REP. ZOOK moved to not accept the amendment to establish an energy efficient home mortgage reserve account. MOTION CARRIED WITH SEN. ELEANOR VAUGHN VOTING NO.

Motion/Vote: REP. BARDANOUVE moved to accept the amendment to HB 10 that would change the amount and the source of funds for the weatherization program. EXHIBIT 4. MOTION CARRIED WITH SEN. HOCKETT VOTING NO.

Discussion: CHAIRMAN BERGSAGEL reminded committee members that Northern Montana College suggested that an amendment be added to the bill to fund the Tractor Resource Center. No formal amendment was submitted to the committee, and he asked if the committee was interested in funding the program.

SEN. HOCKETT commented that this proposal should be considered due to the potential for significant savings to agricultural producers.

Jim Haubein, Legislative Fiscal Analyst, asked Mr. Jamison if there is potential for an additional \$300,000 in revenue. Mr. Jamison stated that the \$300,000 in additional funds was just appropriated by REP. BARDANOUVE'S motion to accept the weatherization program's amendment. At this point in time all the anticipated revenue has been appropriated. The anticipated revenue is a result of conservative estimates and, therefore, more revenues could be realized than are anticipated at this time. The committee has the option of adding this project to the

bill as the lowest funding priority, and if money becomes available it will go to this project.

SEN. HOCKETT commented that Section 9, the energy conservation program has funded a lot of projects that many agricultural producers do on their own. He suggested using \$100,000 of those funds to fund the Tractor Resource Center. He believes that would be a better use of the funds.

REP. ZOOK stated that he supports **SEN. HOCKETT'S** suggestion. He is not sure that oil overcharge and stripper well payments should be used to fund solar pumping systems.

SEN. VAUGHN stated that conservation districts use those funds to match federal funds for these programs. There is opposition to taking those funds away.

Motion: **SEN. HOCKETT** moved to reallocate the \$100,000 in Section 9 to the Tractor Resource Center at Northern Montana College.

Discussion: **REP. BARDANOUE** asked how much was requested. **SEN. HOCKETT** replied \$230,000 was requested, but the center may be funded by the grain marketing people and the Department of Agriculture. It is not the type of project that the college would fund. The center is adjacent to the college but is a separate entity.

REP. BARDANOUE stated that he would support reconsideration of his earlier motion and reduce that appropriation by \$25,000. Then he would add the \$25,000 to the Tractor Resource Center's appropriation.

Lori Zeller, DNRC, stated that this project was one of the original projects to receive oil overcharge funds. Solar livestock watering projects were originally done as demonstration projects. During the last biennium the committee was told that no more of those demonstration projects would be done. One more demonstration was funded in Choteau because of the high lift involved. Now the project is doing different kinds of cropping programs that save fuel and energy. The state needs to develop interest in sustainable agriculture practices.

SEN. VAUGHN stated that conservation districts feel that if this money is lost and they cannot secure federal matching funds the irrigation projects that have been started, but are not yet completed, will be lost. She asked if it is possible to move Section 9 to the bottom of the funding list. If more revenues are received then more projects will be funded. **Mr. Jamison** replied that the committee has the power to move the section to the bottom of the priority list.

CHAIRMAN BERGSAGEL asked Ms. Hamman how modified language could be added to HB 2. **Jane Hamman, Office of Budget and Program Planning,** stated that it is possible to indicate in HB 2 the

potential for receipt of additional federal authorization money. It is also possible to include that if more than a certain amount is received from the federal initiative, that the priority order in HB 10 could move the weatherization program to the bottom of the list. That way there would be an adjustment made here.

Tape 1:A:002

REP. BARDANOUE stated that he would like to leave the bill the way it is.

Vote: MOTION CARRIED WITH SEN. VAUGHN AND SEN. ETHEL HARDING VOTING NO.

Motion: REP. BARDANOUE moved to reconsider committee action on the weatherization program. MOTION CARRIED WITH SEN. VAUGHN AND SEN. HARDING VOTING NO.

Motion/Vote: REP. BARDANOUE moved to reduce funding for the weatherization program to \$275,000 and to transfer \$25,000 to fund the Tractor Resource Center program. MOTION CARRIED WITH SEN. HARDING AND SEN. VAUGHN VOTING NO.

Motion: SEN. HOCKETT moved approval of placing the energy conservation programs at the bottom of the priority list for any surplus funds that have not been allocated, up to a maximum of \$100,000.

Mr. Haubein stated that SEN. HOCKETT needs to include language that creates a new section and leaves Section 9 intact.

Mr. Jamison stated that a new section 9 could be created, and the existing Section 9 will become Section 11. This would mean Section 11 is at the bottom of the funding level.

Motion: SEN. HOCKETT moved to reconsider committee action on funding the Tractor Resource Center. MOTION CARRIED WITH SEN. VAUGHN AND SEN. HARDING VOTING NO.

Motion: SEN. HOCKETT moved to create a new section to place \$100,000 to fund the Tractor Resource Center and to renumber the subsequent sections, to place the energy conservation program and the existing Section 9 as the last section to be funded at a maximum of \$100,000 if excess funds become available.

CHAIRMAN BERGSAGEL stated that the intent of the motion is to create a new section. The new section will contain \$100,000 for the Tractor Resource Center, the sections will be renumbered subsequent to that action, and the existing section 9 will be placed at the bottom of the list and be funded up to \$100,000 should funds become available.

SEN. HARDING stated that it is irresponsible for the committee to take funds away from programs already in place. She urged the

committee not to support this motion. **SEN. VAUGHN** stated that this motion will provide the opportunity for some funds for the energy conservation program.

Vote: MOTION CARRIED WITH **SEN. HARDING** VOTING NO.

Motion: **SEN. HOCKETT** moved HB 10 as amended.

Ms. Hamman requested the opportunity to review the changes in the bill.

REP. BARDANOUVE stated that the committee trusts OBPP and the LFA to arrange the bill according to the way the committee intended the bill to read. **Mr. Haubein** stated that there may be some technical changes that need to be made in the bill, but the Legislative Council office can do that for the committee.

CHAIRMAN BERGSAGEL stated that the amendments be added to HB 10 and be brought back to the full Appropriations Committee. This committee will not address the bill again.

Vote: MOTION CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON DEPARTMENT OF ADMINISTRATION

Tape No. 1:B:486

BUDGET ITEM SOCIAL AND REHABILITATION SERVICES COMMODITIES WAREHOUSE:

Tape No. 1:B:486

Discussion: **Jim Whaley**, Architectural and Engineering Division, Department of Administration, presented the committee with a comparison of current rent payments and debt service for new construction. **EXHIBIT 5.** He stated that the Division of Social and Rehabilitation Services and the Office of Public Instruction have gotten together and determined that OPI could save \$10,000 per year if they utilize the new SRS commodities warehouse. OPI has a separate contract for distribution of commodities to school districts. Based on that agreement, the Department of Administration feels it would be prudent to enter a 15-year contract for \$1.7 million for a 40,000 square foot commodities warehouse.

Greg Groepper, Office of Public Instruction, stated that OPI believes costs will be saved, and they will work with SRS to have input on the design process of the building.

REP. ZOOK stated that there is proof that money will be saved but he will have a very difficult time voting for a new facility to house commodities when he has had to vote against facilities to take care of people.

REP. BARDANOUVE stated that if there are savings enough to pay the debt, he can support the construction.

SEN. HARDING commented that construction of a state commodities warehouse means that business will be taken away from the private sector.

Motion/Vote: REP. BARDANOUVE moved approval of \$1.7 million in bonds for the construction of a 40,000 square foot SRS commodities warehouse. MOTION CARRIED WITH REP. ZOOK VOTING NO AND SEN. HARDING ABSTAINING.

EXECUTIVE ACTION ON HB 7, RECLAMATION AND DEVELOPMENT GRANTS

Tape No. 1:B:203

BUDGET ITEM TOOLE COUNTY:

Tape No. 2:B:215

Discussion: CHAIRMAN BERGSAGEL announced that the North Toole County Oil Field Reclamation project has stated that past committee action has caused problems for the project. The county is strapped for cash and does not have the \$25,000 match required by the committee. Project staff have asked if the county can use \$31,000 worth of in-kind services to use as a match to receive funding.

Motion/Vote: REP. ZOOK moved approval of an in-kind match up to \$25,000 from the North Toole County Field Reclamation project.

Discussion: Mr. Haubein referred the committee to EXHIBIT 6. He said that the language in amendment #5 should be stricken. REP. ZOOK suggested striking the word 'cash' and replacing that word with the word 'in-kind'.

REP. ZOOK withdrew his motion.

Motion/Vote: REP. ZOOK moved to strike the word 'cash' on page 3, following line seven of HB 7, and insert the word 'in-kind'.

Tape 2:A:003

Vote: MOTION CARRIED UNANIMOUSLY.

BUDGET ITEM TOWN OF HOT SPRINGS:

Tape No. 2:A:030

Discussion: CHAIRMAN BERGSAGEL stated that REP. JIM ELLIOTT, HD 51, SANDERS, approached him concerning the low ranking of the Camas Therapy Center. It is at the very bottom of the funding list and may not receive funding. CHAIRMAN BERGSAGEL asked if the committee is interested in changing the rank of the project.

SEN. HARDING stated that she would support moving funding for the Camas Therapy Center project to HB 6.

John Tubbs, Chief of Resource Development Bureau, Department of

Natural Resources and Conservation, stated that if HB 608 passes, there will be \$1.6 million available in HB 6. The committee has authorized \$1.4 million in projects thus far in HB 6. If the Camas Therapy Center project is moved to the bottom of HB 6, it could receive funding and not impact the funding of the other projects. If HB 608 does not pass, there will be only \$1.1 million available for funding HB 6.

REP. ZOOK commented that the project itself is more of an economic development project than a reclamation project and he would feel better with it left in HB 7.

Motion/Vote: **SEN. HARDING** moved to take the Town of Hot Springs' Camas Therapy Center project recommended \$150,000 in funding and move it from HB 7 to the bottom of the funding list in HB 6.
MOTION CARRIED WITH SEN. HOCKETT AND REP. ZOOK VOTING NO.

BUDGET ITEM FLATHEAD RIVER BASIN:

Tape No. 2:A:303

Discussion: **REP. BARDANOUE** stated that in order to balance the budget the Natural Resources Subcommittee has made a serious error in cutting funding to the Flathead River Basin Commission. The Basin was established to prevent deterioration of Flathead Lake due to unwise logging and siltation and threats from Canadian mining operations. The Basin has been supported by private and business donations. George Darrow, a former legislator called **REP. BARDANOUE** and asked for help in funding this organization.

REP. BARDANOUE proposed to take \$40,000 each from HB 7 and HB 6 to fund the Flathead River Basin Commission. The projects to be affected would be the open-ended projects that can still accomplish something with less money.

Motion: **REP. BARDANOUE** moved to take \$13,350 from three projects: the Board of Oil and Gas Conservation project #2, The Broadwater Conservation District mine reclamation project, and the North Toole County Oil Field Reclamation project.

Discussion: **SEN. HARDING** commented that if HB 608 goes through, there will be another \$40,000 available in HB 6. If **REP. BARDANOUE** moved that the project be funded at the bottom of HB 6, it may not have to take funds away from other projects.

REP. BARDANOUE stated that if HB 608 passes, he will amend the money back into these projects.

REP. ZOOK stated that he will strongly resist the motion because no members on this committee were involved in the decision made by the Natural Resources Subcommittee. He believes that this committee needs to be careful in making decisions without hearing the rationale the decision was based on.

REP. BARDANOUVE stated that their rationale was to meet the budget goal given to them by the Chairman of the Appropriations Committee. REP. ZOOK stated that may have been the rationale, he but does not know if that is true. He suggested that the full Appropriations Committee is the place to address this issue. There will be members from the Natural Resources Subcommittee present to share their reasons for cutting the program.

Mr. Haubein stated that if \$40,000 is taken out of HB 7, there is no line item for the Flathead River Basin Commission. REP. BARDANOUVE stated that his next motion would be to add the Basin into HB 7 as a line item.

Mr. Haubein asked if it would not be more appropriate to add it to HB 2. CHAIRMAN BERGSAGEL stated that REP. BARDANOUVE could fund the Basin through this committee or the full Appropriations Committee. He commented that REP. BARDANOUVE could probably accomplish his goal by placing the line item for the Basin in between item #8 and #9. The subsequent line items would be rotated down.

REP. BARDANOUVE stated that there will be a motion made in the Appropriations Committee to put General Funding back in for the Basin. The Natural Resources Subcommittee and he will probably oppose that motion because the General Funds are not available.

CHAIRMAN BERGSAGEL suggested that REP. BARDANOUVE could move to fund the Flathead River Basin with \$40,000 by taking \$13,350 from three projects: the Board of Oil and Gas Conservation project #2, Broadwater Conservation District Mine Reclamation project, and the North Toole County Oil Field Reclamation project, and to place the Basin as a line item between #8 and #9 in HB 7.

Discussion: SEN. HOCKETT stated that if this motion passes the Montana Salinity Control Association could conceivably move down below the available funding. CHAIRMAN BERGSAGEL stated that if the Association is not funded in HB 2, the funding in HB 7 could be reduced to \$132,000.

SEN. HOCKETT stated that he would oppose REP. BARDANOUVE'S motion based on the effect it would have on the Salinity Association. REP. BARDANOUVE stated that he does not want to do that and that CHAIRMAN BERGSAGEL'S suggestion is not his own.

REP. ZOOK stated that the amount of funding for the Basin did not have a lot to do with the Natural Resources Subcommittee reaching its target. The Subcommittee exceeded their budget goal by over \$3 Million.

Ms. Hamman stated that the Montana Salinity Control Association is included in HB 2 and that funding comes from the Resource Indemnity Trust interest. If the committee acts as CHAIRMAN BERGSAGEL has suggested, it impacts only the Salinity Association. They are not losing; they will get funds either from

HB 2 or from HB 7.

Mr. Tubbs stated that the most harmless place to add the Flathead River Basin as a line item to receive funding would be HB 6. He believes that there will be funding available to fund it there.

REP. BARDANOUE stated that he wants to stick with his earlier motion and if HB 608 passes, he will undo these actions so that no projects are impacted.

REP. BARDANOUE withdrew his motion.

REP. BARDANOUE moved to fund the Flathead River Basin with \$40,000 by taking \$13,350 from three projects: the Board of Oil and Gas Conservation project #2, Broadwater Conservation District Mine Reclamation project, and the North Toole County Oil Field Reclamation project, and to place the Basin as a line item between #8 and #9 in HB 7.

SEN. HOCKETT commented that **REP. ZOOK's** point is well taken. He does not disagree with what **REP. BARDANOUE** wants to do, but the Natural Resources Subcommittee could have had different reasons for not funding the Flathead River Basin Commission.

Ms. Hamman stated that this Commission is funded through the Governor's Office. The Office was not successful in meeting its target, and there was no other place left to cut except this Commission. It came out of the General Government Subcommittee.

REP. ZOOK stated that he does not believe it is right to override the decisions of the General Government Subcommittee when they do not have the ability to share their input.

SEN. HARDING thanked **REP. BARDANOUE** for trying to fund the Basin Commission. The Commission is critical to Flathead Lake and all the lakes and rivers in the valley. She supports the motion.

Vote: MOTION FAILED WITH CHAIRMAN BERGSAGEL, SEN. HOCKETT, AND REP. ZOOK VOTING NO.

SEN. HOCKETT stated that he will reconsider his vote and vote with **REP. BARDANOUE** since he has given his word to reconsider this action later if HB 608 passes.

Motion/Vote: **SEN. HOCKETT** moved to reconsider committee action on the Flathead River Basin Commission. MOTION CARRIED WITH **REP. ZOOK** VOTING NO.

Discussion: **REP. ZOOK** stated that some members have become very upset when other committees were toying with this committee's funds.

REP. BARDANOUE stated that last biennium this committee and the Natural Resources Subcommittee got together and worked some

funding issues out. This year the Natural Resources Subcommittee took a larger sum than ever before without working with this committee. **REP. ZOOK** reminded him that this appropriation was cut in the General Government funds. **Ms. Hamman** stated that there are now less funds available for grants than there was a month ago due to actions of the Natural Resources Subcommittee.

Vote: MOTION CARRIED WITH **REP. ZOOK** VOTING NO.

CHAIRMAN BERGSAGEL stated that HB 7 is now ready to adopt. The committee should understand that Mr. Haubein and Ms. Hamman will clean up the amendments.

Motion/Vote: **SEN. HOCKETT** moved approval of HB 7 as amended.
MOTION CARRIED WITH **REP. ZOOK** VOTING NO.

EXECUTIVE ACTION ON HB 12, COAL SEVERANCE TAX LOANS

Tape No. 2:B:020

Discussion: Mr. Haubein provided the committee with HB 12 and amendments to HB 12. **EXHIBIT 7.**

Gary Fritz, Water Resource Division, DNRC, introduced amendments to HB 12. **EXHIBIT 8.** The amendment concerns a loan needed from the Northern Cheyenne to repair the Tongue River Dam. The Northern Cheyenne will loan \$11.5 million of federal money to the state at zero interest. The Bond Counsel has suggested that the best way to enter into the loan agreement with the Northern Cheyenne Tribe is to sell the tribe a Coal Severance Tax bond for \$11.5 million. The state will then be obligated to repay that bond at zero interest. The bonds are a paper agreement that the state will repay the funds to the Northern Cheyenne.

REP. BARDANOUVE asked how the debt would be paid off. **Mr. Fritz** stated that the Water Users Association will pay \$5 million of the debt. The balance will be paid by the Broadwater Hydropower Project. DNRC has chosen this way to repay the debt to avoid tapping other state sources for funds. The Broadwater project was started with the idea that it would generate funds to be used in this way. The Broadwater Hydropower project should generate \$15 Million in revenues in the next forty years; and therefore, there should be no problem in retiring the debt service for this loan.

Motion: **SEN. HOCKETT** moved approval of the amendments proposed to HB 12 by DNRC.

Discussion: **REP. BARDANOUVE** asked what liability the state will have as a result of this action. **Mr. Tubbs** stated that the state has two choices to indebt itself. General obligation loans would mean that the \$11.5 million would be taken into consideration by bonding companies when rating Montana's debt service. The other choice is for the state to indebt itself through the sale of a Coal Severance Tax bond. That limits the state's liability to the Coal Severance Tax Bond account.

REP. BARDANOUVE stated that the Coal Severance Tax Trust account is getting hit heavily and is always subject to raiding for various projects. He wondered if the trust can take much more.

Mr. Tubbs stated that the Coal Severance Tax Bond account has the capacity to issue \$60 million in bonds. Approximately half of that has been issued through previously authorized projects. The total outstanding principal is not taken into consideration; it is the annual debt service. This project would only have a \$4 million impact because the payments are so small. He stated that in 1981 the legislature authorized \$10 million in bonds to finance this project, and this would be only a \$1.5 million increase over that.

Vote: MOTION CARRIED UNANIMOUSLY.

Motion: SEN.. HOCKETT moved approval of HB 12 as amended.

Discussion: SEN. HARDING asked for an explanation of the amendments in EXHIBIT 7. **Mr. Haubein** explained that these amendments reflect changes made by the committee during executive action on projects within HB 12.

Vote: MOTION CARRIED UNANIMOUSLY.

ADJOURNMENT

Adjournment: 4:10 PM


ERNEST BERGSAGEL, Chair


SANDRA BOGGS, Secretary

EB/sb

HOUSE OF REPRESENTATIVES

LONG - RANGE PLANNING SUB-COMMITTEE

ROLL CALL

DATE

3/6/93

NAME	PRESENT	ABSENT	EXCUSED
SEN. BOB HOCKETT, VICE-CHAIR	✓		
REP. FRANCIS BARDONOUVE	✓		
SEN. ETHEL HARDING	✓		
SEN. ELEANOR VAUGHN	✓		
REP. TOM ZOOK	✓		
REP. ERNEST BERGSAGEL, CHAIR	✓		

EXHIBIT 1
DATE 3-6-93
~~83~~

**Amendments to House Bill No. 5
Introduced Bill**

For the Committee on Long Range Planning

**Prepared by Jim Haubein
March 5, 1993**

1. Lost Trail Project.

Strike: "115,925"

Insert: "116,698"

Federal Special Revenue"

Federal Special revenue"

Strike: "1,167,600"

Insert: "1,199,543"

State Special Revenue"

State Special Revenue"

{Office of Legislative Fiscal Analyst

444-2986}



Montana Department
of Transportation

2701 Prospect Avenue
PO Box 201001
Helena MT 59620-1001

EXHIBIT 1

DATE 3-6-93

Marc Racicot, Governor

~~87~~

February 26, 1993

Thomas B. O'Connell, Administrator
Architecture & Engineering Division
Department of Administration
1520 E. Sixth Avenue
Helena, MT 59623

Subject: Lost Trail Project - Funding Amendment

Mr. O'Connell,

The Montana Department of Transportation (MDT) has incorrectly requested the funding for this project be 100% federal funds. The total estimated costs of the project are \$148,641 as explained in my letter dated December 17, 1992.

The Federal Highway Administration (FHWA) has agreed to **participate** in the entire replacement of the maintenance facility, but they did not agree to fund the entire project. FHWA participates in highway construction projects at varying percentages based upon the type of project and federal funds being used.

I have attached a copy of the signed project agreement between FHWA and MDT that designates FHWA participation at 78.51%. The state must pay for the matching funds of 21.49%.

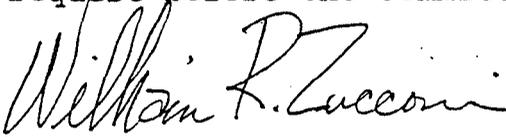
We are requesting the Highway State Special Revenue authority for the construction and expansion of state maintenance and storage buildings statewide, be amended from \$1,167,600 to \$1,199,543. The Federal State Special Revenue authority for the design and construction of a maintenance facility at Lost Trail Pass should be amended from \$115,925 to \$116,698.

These amendments take into consideration both the increase in total project costs from \$115,925 to \$148,641, and the change in project funding from 100% federal to 78.51% federal with the remaining state match.

EXHIBIT 1
DATE 3-6-93
SB

Thomas B. O'Connell, Administrator
Page 2
February 26, 1993

If you need additional information or documentation, please contact me at 444-6201. I am available to justify this request before the committee if needed.



William R. Zucconi, Executive Staff Assistant
Director's Office

WRZ:MB:D:DO:81.kld

Attach: FHWA Agreement

cc: William S. Strizich, P.E.
Maintenance Engineer
Monte N. Brown, Chief
Financial Management Bureau

EXHIBIT 2
DATE 3-6-93

PROPOSED AMENDMENTS
HOUSE BILL 10
INTRODUCED BILL

1. Page 5, line 11.
Following: "transportation"
Insert: "demand"

2. Page 5, line 22.
Following: "industry and"
Strike: "from"

3. Page 6, line 16 through line 17.
Following: "projects."
Strike: remainder of line 16 through "465.8." on line 17.

4. Page 7, line 1.
Following: "techniques"
Strike: ", "

5. Page 7, line 11.
Following: "appropriated"
Strike: "\$40,000"
Insert: "\$20,000"

6. Page 7, line 12.
Following: "payments,"
Strike: "\$70,000"
Insert: "\$35,000"

7. Page 7, line 13.
Following: "and"
Strike: "\$70,000"
Insert: "\$75,000"

8. Page 8, line 17.
Following: "funds."
Insert: "Expenditures of"

9. Page 9, line 4.
Following: "sections"
Strike: "1"
Insert: "5"
Following: "through"
Strike: "12"
Insert: "10"

10. Page 9, line 6.
Following: "sections"
Strike: "1"
Insert: "5"
Following: "through"
Strike: "12"
Insert: "10"

EXHIBIT 2
DATE 3-6-93

11. Page 9, lines 22 and 23.
Following: "sections"
Strike: "1"
Insert: "5"
Following: "through"
Strike: "12"
Insert: "10"

12. Page 10, line 22.
Following : "1987."
Insert: "NEW SECTION. Section 16. Effective date. [This act]
is effective July 1, 1993."

AMENDMENT 3
DATE 3-6-93

PROPOSED AMENDMENTS
HOUSE BILL 10
INTRODUCED BILL

1. Page 7, lines 3 and 4.
Following: "Section 10."
Strike: "Institutional conservation program"
Insert: "Energy efficient home mortgage reserve account"

2. Page 7, line 7.
Following: "and conservation"
Strike: "for use"
Insert: "to establish an energy efficient home mortgage reserve account that would enable the board of housing to sell bonds and offer loans for energy efficient new houses costing more than the FHA limit. These funds must be matched at least dollar for dollar from utility or other contributions. If the board of housing does not issue bonds to establish the energy efficient home mortgage program by July 1, 1994, then the funds appropriated in this section may be used"

3. Page 8, line 11.
Following: "through"
Strike: "10"
Insert: "9"

4. Page 8, line 16.
Insert: "(2) The total amount appropriated in [section 10] is appropriated in fiscal 1994. As a biennial appropriation, any unexpended funds from fiscal year 1994 may be carried forward to fiscal year 1995."
Renumber: subsequent subsection

5. Page 9, line 14.
Following: "through"
Strike: "10"
Insert: "9"
Following: "]"
Insert: "and the total amount appropriated in [section 10]"

EXHIBIT 4
DATE 3-6-93
CP _____

PROPOSED AMENDMENTS TO H.B.10

1. Page 1, line 9.

Following: "appropriated"

Strike: "; AND AMENDING SECTION 90-4-215, MCA"

2. Page 4, line 8.

Following: "appropriated"

Strike: "\$700,000"

Insert: "\$300,000"

3. Page 4, lines 9 & 10

Following: "from the"

Strike: "exxon payments transferred to the energy conservation and energy assistance account"

Insert: "stripper well payments contained in the federal special revenue fund"

4. Page 8, line 20

Following: "sections"

Strike: "5"

Insert: "4"

5. Page 8, line 21

Following: "sections"

Strike: "5"

Insert: "4"

6. Page 8, line 22

Following: "section"

Strike: "5"

Insert: "4"

7. Page 10, lines 5 through 22

Strike Section 15 in its entirety.

EXHIBIT 5
 DATE 3-6-93
~~88~~

SRS COMMODITIES WAREHOUSE

COMPARISON OF CURRENT RENT PAYMENTS
 WITH 5% INFLATION AND DEBT SERVICE FOR
 NEW CONSTRUCTION

PERIOD	CURRENT RENT PAYMENTS		DEBT SERVICE PAYMENTS		SAVINGS	
	GENERAL FUNDS	FEDERAL FUNDS	GENERAL FUNDS	FEDERAL FUNDS	GENERAL FUNDS	FEDERAL FUNDS
YEAR 1	\$50,850	\$93,150	\$50,850	\$123,045	\$0	(\$29,895)
YEAR 2	53,393	97,808	50,850	123,045	2,543	(25,238)
YEAR 3	56,062	102,698	50,850	123,045	5,212	(20,347)
YEAR 4	58,865	107,833	50,850	123,045	8,015	(15,212)
YEAR 5	61,809	113,224	50,850	123,045	10,958	(9,821)
YEAR 6	64,899	118,886	50,850	123,045	14,049	(4,159)
YEAR 7	68,144	124,830	50,850	123,045	17,294	1,785
YEAR 8	71,551	131,071	50,850	123,045	20,701	8,026
YEAR 9	75,129	137,625	50,850	123,045	24,279	14,580
YEAR 10	78,885	144,506	50,850	123,045	28,035	21,461
YEAR 11	82,829	151,732	50,850	123,045	31,979	28,687
YEAR 12	86,971	159,318	50,850	123,045	36,121	36,273
YEAR 13	91,319	167,284	50,850	123,045	40,469	44,239
YEAR 14	95,885	175,648	50,850	123,045	45,035	52,603
YEAR 15	100,680	184,431	50,850	123,045	49,830	61,386
TOTAL SAVINGS OVER LIFE OF BONDS					\$334,520	\$164,368

RECLAMATION AND DEVELOPMENT GRANTS

Fiscal Years 1994-95

Applicant	Project Name	Recommended Funding	Comm. Action	Cumulative	Comm. Over/(Under) Recommended
1 Board of Oil & Gas Conservation	Kevin - Sunburst Plugging & Reclamation	\$299,000	\$299,000	\$299,000	\$0
2 Board of Oil & Gas Conservation	Cat Creek Plugging & Reclamation	214,810	214,810	513,810	0
3 Governor/Lt. Governor's Office	The Montana Office of Public Policy	127,667	127,667	641,477	0
4 Town of Walkerville	Walkerville Reclamation Project	75,569	50,000	691,477	(25,569)
5 Dept. of State Lands	Well Assessment & Abandonment	211,800	0	691,477	(211,800)
6 Broadwater Conservation Dist.	Whites Gulch Placer Mine Reclamation	296,300	296,300	987,777	0
7 Toole County	North Toole County Oil Field Rec.	298,284	273,284	1,261,061	(25,000)
8 Dept. of Fish, Wildlife, & Parks	Elk Creek Placer Mined Channel Reconstr.	72,850	72,850	1,333,911	0
9 Town of Columbus	Waste Stream Reduction	41,172	41,172	1,375,083	0
10 Montana Salinity Control Assoc.	Soil & Water Nonpoint Source	172,250	172,250	1,547,333	0
11 Carbon Cons. District	RC&D's Affecting Change	300,000	300,000	1,847,333	0
12 DHES	Nonpoint Source Pollution Control	300,000	300,000	2,147,333	0
13 Bureau of Mines & Geology	Acid - mine drainage prevention	148,623	148,623	2,295,956	0
14 Jefferson Valley Cons. District	Crystal Mine Remediation Tech.	150,000	0	2,295,956	(150,000)
15 Deer Lodge Valley Cons. District	Developing Acid/Heavy Metal - Tolerant Cultivars	137,700	120,000	2,415,956	(17,700)
16 Glacier County Cons. District	Comprehensive Evaluation of Groundwater Conta	214,059	150,000	2,565,956	(64,059)
17 Valley County	Fort Peck Reservoir	300,000	100,000	2,665,956	(200,000)
18 DNRC	Arsenic Transport & Mobility	50,000	50,000	2,715,956	0
19 Ravalli County	A Lake for Better Water Quality	300,000	300,000	3,015,956	0
20 Butte - Silver Bow	Mitigation of Mining/Smelting damage	150,000	150,000	3,165,956	0
21 Town of Hot Springs	Camas Therapy Center	150,000	150,000	3,315,956	0

TOTAL

(\$694,128)

Amendments to House Bill No. 7
Introduced Bill

EXHIBIT 6
DATE 3-6-93
~~88~~

For the Committee on Appropriations

Prepared by Jim Haubein
February 16, 1993

1. Page 3, line 1.
Strike: "75,569"
Insert: "50,000*"
2. Page 3, lines 2 and 3.
Strike: Lines 2 and 3 in their entirety
3. Page 3, line 5.
Following: "296,300"
Insert: "*"
4. Page 3, line 7.
Strike: "298,284"
Insert: "273,284*"
5. Page 3, following line 7.
Insert: "This grant requires a \$25,000 cash match."
6. Page 3, line 9.
Following: "72,850"
Insert: "*"
7. Page 3, line 13.
Following: "172,250"
Insert: "*"
8. Page 3, following line 13.
Insert: "If this program receives \$200,000 in House Bill No. 2, this appropriation is void."
9. Page 3, line 17.
Following: "300,000"
Insert: "*"
10. Page 3, line 20.
Following: "148,623"
Insert: "*"
11. Page 3, lines 21 and 22.
Strike: Lines 21 and 22 in their entirety
12. Page 3, line 24.
Strike: "137,700"
Insert: "120,000"

EXHIBIT 6
DATE 3-6-93
EJ

13. Page 4, line 1.

Strike: "214,059"

Insert: "150,000*"

14. Page 4, line 3.

Strike: "300,000"

Insert: "100,000"

15. Page 4, line 7.

Following: "300,000"

Insert: "*"

16. Page 4, line 18.

Following: "projects."

Insert: "(1)"

17. Page 4, following line 22.

Insert: "(2) The funding provided to the projects approved in [section 2] and identified by an asterisk (*) following the grant amount are eligible for and may be designated for use as a nonfederal match for the federal funding acquired for the nonpoint source pollution control program administered by the department of health and environmental sciences."

{Office of Legislative Fiscal Analyst

444-2986}

HOUSE BILL NO. 7

INTRODUCED BY BERGSAGEL

BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR GRANTS FOR DESIGNATED PROJECTS UNDER THE RECLAMATION AND DEVELOPMENT GRANTS PROGRAM; PRIORITIZING GRANTS AND AMOUNTS; AND ESTABLISHING CONDITIONS FOR GRANTS."

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

NEW SECTION. **Section 1. Appropriations for reclamation and**

development grants. (1) The amounts listed in [section 2] are appropriated to the department of natural resources and conservation from the reclamation and development grants special revenue account from funds allocated for appropriation from the interest income of the resource indemnity trust fund set forth in Title 15, chapter 38, with the exception of those allocations made in 15-38-202 and 75-1-1101.

(2) The funds appropriated in this section must be awarded by the department to the entities listed in [section 2] for the prescribed purposes and in the prescribed grant amounts, subject to the conditions provided in [sections 2 through 4].

1 NEW SECTION. **Section 2. Approved grant projects.** (1) The
 2 legislature approves the grants listed in subsection (2), to be
 3 made in the order of priority as indicated within the following
 4 list of projects and activities. If the conditions in [sections 3
 5 and 4] are met, funds must be awarded up to the amounts approved in
 6 this section in order of priority until available funds are
 7 expended. Funds not accepted by grantees or funds used by higher-
 8 ranked projects and activities must be provided for projects and
 9 activities lower on the priority list that would otherwise not
 10 receive funding. Descriptions of the various projects and
 11 activities and specific conditions established for each project and
 12 activity are contained within the department of natural resources
 13 and conservation reclamation and development grants program report
 14 to the 53rd legislature for the 1995 biennium.

15 (2) The following are the grants program prioritized projects
 16 and activities:

<u>Applicant/Project</u>	<u>Grant Amount</u>
MONTANA BOARD OF OIL AND GAS CONSERVATION	
Kevin-Sunburst Plugging and Reclamation Project	\$299,000
MONTANA BOARD OF OIL AND GAS CONSERVATION	
Cat Creek Plugging and Reclamation Project	214,810
GOVERNOR/LIEUTENANT GOVERNOR'S OFFICES	
The Montana Office of Public Policy	
Dispute Resolution	127,667
TOWN OF WALKERVILLE	

1	Walkerville Reclamation Project	75,569
2	STATE LANDS, DEPARTMENT OF	
3	Well Assessment and Abandonment -- Oil and Gas	211,800
4	BROADWATER CONSERVATION DISTRICT	
5	White's Gulch Placer Mine Reclamation Project	296,300
6	TOOLE COUNTY	
7	North Toole County Oil Field Reclamation Project	298,284
8	FISH, WILDLIFE, AND PARKS, DEPARTMENT OF	
9	Elk Creek Placer Mined Channel Reconstruction	72,850
10	TOWN OF COLUMBUS AND TOWN OF JOLIET	
11	Waste Stream Reduction -- Oil Recycling	41,172
12	MONTANA SALINITY CONTROL ASSOCIATION	
13	Soil and Water Nonpoint Source Pollution Control	172,250
14	CARBON CONSERVATION DISTRICT	
15	RC&Ds Affecting Change Through Local Leadership	300,000
16	HEALTH AND ENVIRONMENTAL SCIENCES, DEPARTMENT OF	
17	Nonpoint Source Pollution Control in Montana	300,000
18	MONTANA BUREAU OF MINES AND GEOLOGY	
19	Acid-Mine Drainage Prevention, Control, and	
20	Treatment -- Stockett/Sand Coulee Area	148,623
21	JEFFERSON VALLEY CONSERVATION DISTRICT	
22	Crystal Mine Remediation Technology Demonstration	150,000
23	DEER LODGE VALLEY CONSERVATION DISTRICT	
24	Developing Acid/Heavy Metal-Tolerant Cultivars	137,700
25	GLACIER COUNTY CONSERVATION DISTRICT	
26	Comprehensive Evaluation of Ground Water	

1	Contamination -- Red River Drainage	214,059
2	VALLEY COUNTY	
3	Fort Peck Reservoir Breakwater	300,000
4	NATURAL RESOURCES AND CONSERVATION, DEPARTMENT OF	
5	Arsenic Transport and Mobility	50,000
6	RAVALLI COUNTY	
7	A Lake for Better Water Quality	300,000
8	BUTTE-SILVER BOW	
9	Mitigation of Mining and Smelting Damage Through	
10	Urban Forestry	150,000
11	TOWN OF HOT SPRINGS	
12	Camas Therapy Center	150,000
13	(3) To the entities listed in this section, this	
14	appropriation constitutes a valid obligation of these funds for	
15	purposes of encumbering the funds within the 1995 biennium pursuant	
16	to 17-7-302.	

17 NEW SECTION. **Section 3. Coordination of fund sources for**
18 **grants program projects.** A sponsor of a grants program project who
19 has applied for a grant for that project under both the reclamation
20 and development grants program and either the water development
21 program or the renewable resource development program may not
22 receive duplicative funding.

23 NEW SECTION. **Section 4. Conditions of grants.** Disbursement
24 of grant funds under [sections 1 through 6] is subject to the
25 following conditions that must be met by the project sponsor:

1 (1) A scope of work and budget for the project must be
2 approved by the department of natural resources and conservation.
3 Reduction in a scope of work or budget may not affect priority
4 activities or improvements.

5 (2) Other funds required for project completion must have
6 been committed, and the commitment must be documented.

7 (3) The project sponsor shall show satisfactory completion of
8 conditions described in the recommendations section of the project
9 narrative of the reclamation and development grants program report
10 for the 1995 biennium.

11 (4) An agreement between the department and the grant
12 applicant must be executed in a timely manner, taking into
13 consideration any changed conditions or circumstances that govern
14 the administration and disbursement of funds.

15 (5) Any other specific requirements considered necessary by
16 the department must be met to accomplish the purpose of the grant
17 as evidenced from the application to the department or as defined
18 by the legislature.

19 NEW SECTION. **Section 5. Other appropriations.** There is
20 appropriated to any entity of state government that receives a
21 grant under [sections 1 through 6], the amount of the grant upon
22 award of the grant by the department of natural resources and
23 conservation. Grants to state entities from a prior biennium are
24 reauthorized for completion of contract work.

25 NEW SECTION. **Section 6. Reversion of funds.** All funds

1 appropriated from the reclamation and development grants special
2 revenue account under [sections 1 through 6] that are unspent and
3 unencumbered on June 30, 1995, revert to that account.

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

10

-END-

11

Amendments to House Bill No. 12
Introduced

EXHIBIT 7
DATE 3-6-93
~~SB~~

For the Committee on House Appropriations

Prepared by Jim Haubein
February 15, 1993

1. Page 2, line 5.
Following: "exceed"
Strike: "\$7,673,111"
Insert: "\$8,473,111"

2. Page 2, following line 20.
Insert: "(b) GROUP B: The interest rate for the project in this group may be 2% below the long-term bond rate at which the state bond is sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the state bond is sold for the remaining 15 years.

WEST SHORE SEWER DISTRICT OR FLATHEAD COUNTY RSID	<u>Loan Amount</u>
Sewer System	\$800,000

This loan is contingent on the creation of a sewer district or a rural improvement district."

3. Page 2, line 21.
Strike: "(b) GROUP B:"
Insert: "(c) GROUP C:"

4. Page 2, line 22.
Following: "is"
Strike: "3%"
Insert: "3.5%"

5. Page 2, following line 26.
Insert: "(d) GROUP D: The interest rate for the projects in this group is 4.5% for 20 years."

{Office of Legislative Fiscal Analyst

444-2986}

EXHIBIT 7
DATE 3-6-93
~~SB~~

HOUSE BILL NO. 12

INTRODUCED BY BARDANOUVE

BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES

AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR LOANS UNDER THE WATER DEVELOPMENT PROGRAM; APPROVING THE ISSUANCE OF COAL SEVERANCE TAX BONDS TO PROVIDE FUNDS FOR LOANS TO POLITICAL SUBDIVISIONS AND LOCAL GOVERNMENTS FOR CERTAIN APPROVED WATER DEVELOPMENT PROJECTS; REAUTHORIZING COAL SEVERANCE TAX BONDS FOR CERTAIN PROJECTS APPROVED BY THE 52ND LEGISLATURE; APPROPRIATING COAL SEVERANCE TAX INCOME FOR DEBT SERVICE; AUTHORIZING THE CREATION OF A STATE DEBT; AUTHORIZING THE ISSUANCE OF REVENUE BONDS TO REFUND EXISTING BONDS; 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. 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 water resource development projects and activities as part of the state water development program. Available funds from previous sales of coal severance tax bonds may

1 also be used for the projects approved in [sections 1 through 8].
 2 The legislature finds that the water development projects in
 3 [sections 1 through 8] meet the provisions of 17-5-702. The board
 4 of examiners may issue coal severance tax bonds in an amount not to
 5 exceed \$7,673,111 for the purpose of making loans and financing
 6 state projects, establishing a reserve for the bonds, and paying
 7 the costs of issuance. Funds are appropriated for the costs of
 8 issuance, to a maximum of 4% of the amount of each bond sale.

9 (2) The board of examiners may issue coal severance tax bonds
 10 for loans to political subdivisions and local government entities,
 11 not to exceed the loan amount listed for the following projects:

12 (a) GROUP A: The interest rate for the project in this group
 13 may be 1% below the long-term bond rate at which the state bond is
 14 sold for the first 5 years of an anticipated 20-year term and must
 15 be at the rate at which the state bond is sold for the remaining 15
 16 years.

	<u>Loan Amount</u>
17	
18 ENNIS, TOWN OF	
19 Water Storage and Distribution	
20 System Improvements	\$1,100,000

21 (b) GROUP B: The interest rate for the projects in this
 22 group is 3% for 20 years.

	<u>Loan Amount</u>
23	
24 HUNTLEY PROJECT IRRIGATION DISTRICT	
25 Diversion and Main Canal	
26 Rehabilitation and Reconstruction	\$4,875,440

EXHIBIT 7
DATE 3-6-93
~~28~~

53rd Legislature

HB 0012/01

1 MONTANA DEPARTMENT OF NATURAL RESOURCES
2 AND CONSERVATION

3 North Fork of the Smith River -- Dam 1,393,467

4 TIN CUP WATER COMPANY

5 Tin Cup Lake Dam Restoration 304,204

6 NEW SECTION. **Section 2.** Appropriation -- creation of debt for

7 coal severance tax bonds. (1) The legislature, through the
8 enactment of this section by a vote of three-fourths of the members
9 of each house of the legislature as required by Article IX, section
10 5, of the Montana constitution, pledges, dedicates, and
11 appropriates from the coal severance tax bond fund all money
12 necessary for the payment of principal and interest not otherwise
13 provided for on the coal severance tax bonds authorized by
14 [sections 1 through 8] to be issued pursuant to Title 17, chapter
15 5, part 7, and pursuant to the provisions of [sections 1 through 8]
16 and the general resolution for this bond program that has been
17 adopted by the board of examiners under the authority provided in
18 Title 17, chapter 5, part 7.

19 (2) The legislature, through the enactment of this section,
20 in accordance with Article VIII, section 8, of the Montana
21 constitution, authorizes the creation of a state debt in an amount
22 not to exceed \$7,673,111 for loans to political subdivisions and
23 local government entities for water development projects approved
24 in [sections 1 through 8], all for the issuance of up to \$8,440,500
25 in coal severance tax bonds authorized by [sections 1 through 8].

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

9 (4) Earnings on bonds proceeds prior to the completion of any
10 loan must be allocated to the debt service account to pay the debt
11 service on the bonds during this period. Earnings in excess of
12 debt service, if any, must be allocated to the water development
13 state special revenue account and may be used for the purposes
14 allowed under 85-1-604(3)(b).

15 (5) Loan repayments from loans financed with coal severance
16 tax bonds, loan principal, interest, and bond issuance fees
17 borrowed from bond proceeds are pledged, dedicated, and
18 appropriated to the debt service account in the state treasury for
19 the benefit of bonds approved for loans under this section.

20 NEW SECTION. **Section 3. Projects not completing requirements**

21 -- loans reauthorized. The legislature finds that the following
22 water development projects for which coal severance tax bonds were
23 authorized to be issued by the 52nd legislature in Chapter 775,
24 Laws of 1991, may not complete the requirements necessary for the
25 loan transaction prior to June 30, 1993. Coal severance tax bonds

1 for the projects described in this section are reauthorized in the
2 amounts listed, at the interest rates authorized by the 52nd
3 legislature in Chapter 775, Laws of 1991, and described in this
4 section to enable financing during the 1995 biennium, if necessary.

5 (1) GROUP A: The interest rate for projects in this group
6 may be 2% below the long-term bond rate at which the state bond is
7 sold for the first 5 years of an anticipated 20-year term and must
8 be at the rate at which the state bond is sold for the remaining 15
9 years.

	<u>Loan Amount</u>
10	
11 FORSYTH, CITY OF	
12 Water Treatment Plant Improvements	\$1,948,916
13 GLENDIVE, CITY OF	
14 Water Treatment Plant	2,240,762
15 PONDERA CONSERVATION DISTRICT	
16 Irrigation System Rehabilitation	400,000
17 SEELEY LAKE-MISSOULA COUNTY WATER DISTRICT	
18 Water Treatment Plant	922,150
19 WHITEFISH, CITY OF	
20 Water Treatment and Distribution	6,035,800

21 (2) GROUP B: The interest rate for the project in this group
22 may be 1% below the long-term bond rate at which the state bond is
23 sold for the first 5 years of an anticipated 20-year term and must
24 be at the rate at which the bond is sold for the remaining 15
25 years.

26 Loan Amount

1 COLUMBIA FALLS, CITY OF

2 Water Improvements \$1,163,720

3 (3) GROUP C: The interest rate for the projects in this
4 group is 6% or the rate at which the state bond is sold, whichever
5 is lower, for up to 30 years.

6 Loan Amount

7 MILL CREEK WATER AND SEWER DISTRICT

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

9 LAKESIDE WATER AND SEWER DISTRICT

10 Lakeside Wastewater Facility 251,700

11 NEW SECTION. **Section 4. Conditions of loans.** (1) Disbursement

12 of funds under [sections 1 through 8] for loans is subject to the
13 following conditions that must be met by project sponsors:

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

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

20 (c) satisfactory completion of conditions described in the
21 recommendations section of the project narrative in the renewable
22 resource and water development program project evaluations and
23 recommendations report for the 1995 biennium;

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

25 (e) accomplishment of other specific requirements considered

1 necessary by the department to accomplish the purpose of the loan
2 as evidenced from the application to the department or from the
3 proposal to the legislature.

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

8 NEW SECTION. **Section 5. Interest rates on loans.** Loans made
9 from proceeds of coal severance tax bonds must be at interest rates
10 specified in the authorizing section, except that when loan
11 requests are reduced, interest rates must be recalculated based on
12 the methodology described in the renewable resource and water
13 development program project evaluations and recommendations report
14 submitted to the 53rd legislature for the 1995 biennium. If the
15 bonds or notes bear interest at an adjustable rate, the department
16 of natural resources and conservation shall establish, at the time
17 of the sale of each bond, an assured rate of interest thereon as if
18 the bond bore interest at a fixed rate. The assured rate of
19 interest established must be the rate of interest on the bonds for
20 the purpose of calculating the interest rates on the loans pursuant
21 to the authorizing section.

22 NEW SECTION. **Section 6. Private and discount purchase of**
23 **loans.** Loans to political subdivisions and local government
24 entities and bonds, warrants, and notes issued in evidence of the
25 loans may be made and purchased by and sold to the department of

1 natural resources and conservation at a discount and at a private
2 negotiated sale.

3 NEW SECTION. **Section 7. Other appropriations.** For any entity
4 of state government that receives a loan under [sections 1 through
5 8], there is appropriated the amount of the loan upon award of the
6 loan by the department of natural resources and conservation.

7 NEW SECTION. **Section 8. Authorization to issue revenue bonds.**

8 (1) In addition to the authority contained in 17-5-716, the board
9 of examiners may issue revenue bonds of the state to refund, in
10 whole or in part, bonds issued to finance water development
11 projects approved by the legislature pursuant to Title 17, chapter
12 5, part 7, and Title 85, chapter 1, part 6. The principal and
13 interest on refunding bonds issued pursuant to this section are
14 payable solely from the project or projects for which the refunded
15 bonds were issued.

16 (2) The revenue bonds may be issued in an amount sufficient
17 to refund all or a portion of the outstanding bonds, to pay costs
18 incident to the issuance and sale of the refunding bonds, and to
19 fund the establishment of necessary reserves. The refunding bonds
20 must be designated as "State of Montana Water Development Revenue
21 Bonds". All the power and authority granted to the board of
22 examiners and provisions with respect to the issuance of bonds
23 under Title 17, chapter 5, part 7, except for the provision
24 pledging the coal severance tax to the payment of the bonds, apply
25 to the issuance of the revenue bonds. In authorizing the issuance

DATE ⁷ 3-6-93
~~88~~

1 of the revenue bonds, the board of examiners shall determine that
2 the refunding of the outstanding bonds and the issuance of the
3 revenue bonds are in the best interests of the state.

4 (3) Revenue bonds may not be issued under this section to
5 refund bonds issued to fund a loan to a political subdivision or
6 local government body unless the political subdivision or local
7 government body whose loan repayments would be pledged to the
8 payment of the refunding bonds has consented to the refunding.

9 (4) Revenue bonds issued pursuant to this section without the
10 pledge of the coal severance tax to the payment of the bonds are
11 not coal severance tax bonds or a state debt.

12 NEW SECTION. **Section 9. Codification instruction.** [Section
13 8] is intended to be codified as an integral part of Title 17,
14 chapter 5, part 7, and the provisions of Title 17, chapter 5, part
15 7, apply to [section 8].

16 NEW SECTION. **Section 10. Severability.** If a part of [this
17 act] is invalid, all valid parts that are severable from the
18 invalid part remain in effect. If a part of [this act] is invalid
19 in one or more of its applications, the part remains in effect in
20 all valid applications that are severable from the invalid
21 applications.

22 NEW SECTION. **Section 11. Requirements for approval of state**
23 **debt.** Because [section 2] authorizes the creation of a state debt
24 and appropriates money that would otherwise be deposited in the

1 coal severance tax permanent fund, a vote of three-fourths of the
2 members of each house is required for enactment of [section 2].

3 NEW SECTION. **Section 12. Effective date.** [This act] is
4 effective on passage and approval.

5 -END-

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

AMENDMENTS TO HOUSE BILL NO. 12
INTRODUCED BILL (WHITE COPY)

EXHIBIT 8
DATE 2-6-93
~~38~~

1. Title, line 12.

Following: "Projects"

Insert: "AND TO PROVIDE FUNDS TO PAY A PORTION OF THE STATE'S SHARE OF THE COSTS OF THE TONGUE RIVER DAM REHABILITATION PROJECT"

2. Page 2, line 1.

Page 2, line 3.

Page 3, line 24.

Strike: "[sections 1 through 8]"

Insert: "[section 1]"

3. Page 2, line 5.

Following: "exceed"

Strike: "\$7,673,111"

Insert: "\$9,320,423"

4. Page 2, line 6.

Following: "projects"

Strike: ","

Insert: "in the amount of \$8,473,111, including the costs of issuance, and"

5. Page 2, lines 6 and 7.

Strike: "and" on line 6 through "issuance" on line 7

Insert: "in the amount of \$847,312"

6. Page 3.

Following: line 5

Insert: "New Section. Section 2. Authorization of coal severance tax bonds for Tongue River dam rehabilitation project. The board of examiners is authorized to issue coal severance tax bonds in a principal amount not to exceed \$11,500,000 to pay a portion of the state of Montana's share of the costs of the Tongue River dam rehabilitation project, which project is hereby approved. The bonds shall be issued to the Northern Cheyenne Tribe in evidence of a loan to be made to the state pursuant to Public Law 102-374. The principal of the bonds shall be payable over a term not to exceed 39 years, estimated to commence in 1998 and shall bear no interest. The state of Montana's share of revenues from the rehabilitated Tongue River dam is pledged first for the state of Montana's share of the operation and maintenance costs of the rehabilitated Tongue River dam. The excess of revenues over the operation

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and maintenance costs is pledged, dedicated and appropriated to the debt service account in the state treasury for the benefit of the bonds authorized by this section and section 3. The proceeds of the bonds are hereby appropriated to the department of natural resources and conservation to pay a portion of the state's share of the costs of the Tongue River dam rehabilitation project. The enactment of this section supersedes House Bill 846, enacted by the 47th legislature authorizing the issuance of \$10,000,000 of coal severance tax bonds for the Tongue River dam rehabilitation project."

Renumber: subsequent sections.

7. Page 3, line 14.
Page 3, line 15.

Following: "through"

Strike: "8"

Insert: "3"

8. Page 3, line 24 and 25.

Strike: ", " on line 24 through "]" on line 25.

Insert: "and to fund a reserve for the coal severance tax bonds authorized to fund such projects and not to exceed \$11,500,000 to pay a portion of the state's costs of the Tongue River dam rehabilitation project"

9. Page 6, line 12.

Following: "funds"

Strike: "under [sections 1 through 8]"

10. Page 8, lines 4 and 5.

Strike: "through" on line 4 through "8" on line 5

Insert: "and 4"

11. Page 9, line 13.

Page 9, line 15.

Strike: "8"

Insert: "9"

12. Page 9, line 23.

Following: "debt"

Insert: "and appropriation of coal severance tax bond fund deposits"

13. Page 9, line 23.

Page 10, line 2.

Following: "section"

Strike: "2"

Insert: "3"

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