



AN ACT AUTHORIZING THE DEPARTMENT OF COMMERCE TO ISSUE GRANTS TO ASSIST LOCAL GOVERNMENTS WITH INFRASTRUCTURE AND OTHER NEEDS AS A RESULT OF OIL AND GAS IMPACTS; PROVIDING FOR ADMINISTRATION OF THE PROGRAM THROUGH THE DEPARTMENT OF COMMERCE; ESTABLISHING PRIORITIES AND CRITERIA FOR AWARDING GRANTS; GRANTING RULEMAKING AUTHORITY; ESTABLISHING AN OIL AND GAS IMPACT ACCOUNT; PROVIDING AN APPROPRIATION AND A STATUTORY APPROPRIATION; ALLOCATING FEDERAL MINERAL LEASING REVENUE; TRANSFERRING MONEY FROM THE GENERAL FUND TO THE OIL AND GAS IMPACT ACCOUNT; AMENDING SECTIONS 17-3-240 AND 17-7-502, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND TERMINATION DATES.

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

Section 1. Short title. [Sections 1 through 6] may be cited as the "Oil and Gas Local Government Infrastructure Impact Assistance Act".

Section 2. Purpose. The purpose of [sections 1 through 6] is to assist local government units that have been required to maintain and expand local government infrastructure as a consequence of oil and gas development.

Section 3. Definitions. As used in [sections 1 through 6], the following definitions apply:

- (1) "Department" means the department of commerce established in 2-15-1801.
- (2) "Local government" means an incorporated city or town, a county, a consolidated local government, a tribal government, a public school district, or a county or multicounty water, sewer, or solid waste district.
- (3) "Oil and gas impact projects" means:
 - (a) drinking water systems;
 - (b) wastewater treatment;

- (c) sanitary sewer or storm sewer systems;
 - (d) solid waste disposal and separation systems, including site acquisition, preparation, or monitoring;
 - (e) roads;
 - (f) bridges;
 - (g) facilities for government administration, fire protection, law enforcement, schools, and emergency services;
 - (h) projects related to public health and public welfare, including educational or counseling programs related to sex trafficking and criminal solicitation issues, especially concerning youth; or
 - (i) the provision of law enforcement personnel for the department of justice.
- (4) "Tribal government" means a federally recognized Indian tribe within the state of Montana.

Section 4. Applications for grants. The governing body of a local government may apply for a matching grant for oil and gas impact projects for:

- (1) major repairs to or deferred maintenance on an oil and gas impact project;
- (2) major improvement, enhancements, or expansions to an oil and gas impact project;
- (3) construction of a new oil and gas impact project; or
- (4) preliminary planning or design of an oil and gas impact project.

Section 5. Basis for awarding grants. (1) Grants must be awarded to oil and gas impact projects that are needed as a direct consequence of an increase in oil and gas development activity.

(2) No more than 10% of the funds used for grant purposes may be awarded for fire protection, law enforcement, and emergency services.

(3) In preparing recommendations for the award of grants under subsection (1), preference must be given to infrastructure projects based on the following order of priority:

- (a) projects that solve urgent and serious public health or safety problems or that enable local governments to meet state or federal health or safety standards;
- (b) projects that solve a local government's inability to provide adequate public services to an existing population; and
- (c) projects that solve a local government's inability to provide adequate public services to estimated

future populations.

(4) In awarding grants under this section, the department shall also consider the following attributes of an oil and gas impact project grant application:

(a) the local government's need for financial assistance, including whether the local government has committed to making a contribution to the project in an amount proportional to the amount of oil and gas production revenue received during the previous 48-month reporting period;

(b) whether the local government has completed all preliminary engineering and plan and specification review for the project and will be able to successfully manage the project in a timely manner and complete the project within the proposed budget and timeline;

(c) whether the local government will be able to satisfy any startup conditions or other requirements considered necessary by the department to accomplish the purpose of the project as described in the application;

(d) the extent of previous efforts by the local government to implement:

(i) long-term planning and management of the public facility or facilities;

(ii) long-term planning and management of the jurisdiction's anticipated future growth in population and the local government's ability to provide adequate public services to that population; and

(iii) proportional contributions from new development for the expansion, repair, maintenance, or operation of the public facility or facilities; and

(e) the importance of the project to the community, the extent of public notice about the project to the community, and the amount of community participation in and support for the project.

(5) In awarding planning grants under this section, the department shall distribute the grants on a first-come, first-served basis with preference given to those local governments that are already experiencing impacts associated with oil and gas development.

(6) The department:

(a) shall disburse grant funds on a reimbursement basis as grant recipients incur eligible project expenses;

(b) shall establish annual deadlines for the submission of applications for oil and gas impact project and planning grants; and

(c) may adopt rules necessary to implement this section.

(7) Grants made under this program are subject to review by the legislative finance committee.

Section 6. Oil and gas impact account -- statutory appropriation. (1) There is an oil and gas impact account in the state special revenue fund.

(2) The oil and gas impact account consists of:

- (a) money deposited into the account pursuant to 17-3-240(3);
- (b) interest earned by the account; and
- (c) money received from any other source.

(3) Funds in the account are statutorily appropriated, as provided in 17-7-502, to the department for the fiscal year beginning July 1, 2014, only and may be used only for grants provided for in [sections 1 through 6] and costs related to the administration of [sections 1 through 6]. In each year, up to \$50,000 may be used for projects related to grants for public health and public welfare as described in [section 3(3)(h)].

(4) Any balance in the account that remains unobligated after December 31, 2020, must be transferred to the general fund of the state.

Section 7. Section 17-3-240, MCA, is amended to read:

"17-3-240. Federal mineral leasing funds. (1) Except as provided in ~~subsection~~ subsections (2) and (3), money paid to the state pursuant to 30 U.S.C. 191 must be deposited in the state general fund.

(2) In ~~fiscal year 2005~~ and each ~~succeeding~~ fiscal year, 25% of all money received pursuant to subsection (1) must be deposited in the mineral impact account established in 17-3-241 and is dedicated to local governments.

(3) In fiscal year 2014 and in each succeeding fiscal year through June 30, 2020, 25% of all money received pursuant to subsection (1) or \$10 million, whichever is greater, must be deposited in the oil and gas impact account established in [section 6].

~~(3)~~(4) On August 15 following the close of the fiscal year, the state treasurer shall distribute the revenue dedicated in ~~subsection (2)~~ subsections (2) and (3). The distribution to the eligible counties under subsection (2) must be based on the proportion that the total amount of revenue generated by mineral extraction in an eligible county bears to the total amount of money received by the state."

Section 8. Appropriation from oil and gas impact account for oil and gas impact projects in 2015

biennium. There is appropriated to the department of commerce for the fiscal year beginning July 1, 2013, only, \$15 million from the oil and gas impact account established in [section 6] for the purpose of providing local governments with grants as provided for in [sections 1 through 6].

Section 9. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120; 5-11-407; 5-13-403; 7-4-2502; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-121; 15-1-218; 15-31-906; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121; 15-70-101; 15-70-369; 15-70-601; 16-11-509; 17-3-106; 17-3-112; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 18-11-112; 19-3-319; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-534; 20-9-622; 20-26-1503; 22-3-1004; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 30-10-1004; 37-43-204; 37-51-501; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-12-206; 44-13-102; 50-4-623; 53-1-109; 53-9-113; 53-24-108; 53-24-206; 60-11-115; 61-3-415; 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-13-416; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 81-1-112; 81-7-106; 81-10-103; 82-11-161; [section 6]; 85-20-1504; 85-20-1505; 87-1-230; 87-1-603; 87-1-621; 90-1-115; 90-1-205; 90-1-504; 90-3-1003; 90-6-331; and 90-9-306.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory

appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion of 19-20-604 terminates when the amortization period for the teachers' retirement system's unfunded liability is 10 years or less; pursuant to sec. 10, Ch. 10, Sp. L. May 2000, secs. 3 and 6, Ch. 481, L. 2003, and sec. 2, Ch. 459, L. 2009, the inclusion of 15-35-108 terminates June 30, 2019; pursuant to sec. 17, Ch. 593, L. 2005, and sec. 1, Ch. 186, L. 2009, the inclusion of 15-31-906 terminates January 1, 2015; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410 terminates upon the death of the last recipient eligible under 19-6-709(2) for the supplemental benefit provided by 19-6-709; pursuant to sec. 8, Ch. 330, L. 2009, the inclusion of 87-1-621 terminates June 30, 2013; pursuant to sec. 14, Ch. 374, L. 2009, the inclusion of 53-9-113 terminates June 30, 2015; pursuant to sec. 8, Ch. 427, L. 2009, the inclusion of 87-1-230 terminates June 30, 2013; pursuant to sec. 5, Ch. 442, L. 2009, the inclusion of 90-6-331 terminates June 30, 2019; pursuant to sec. 47, Ch. 19, L. 2011, the inclusion of 87-1-621 terminates June 30, 2013; pursuant to sec. 16, Ch. 58, L. 2011, the inclusion of 30-10-1004 terminates June 30, 2017; pursuant to sec. 6, Ch. 61, L. 2011, the inclusion of 76-13-416 terminates June 30, 2019; and pursuant to sec. 13, Ch. 339, L. 2011, the inclusion of 81-1-112 and 81-7-106 terminates June 30, 2017.)"

Section 10. Transfer of funds. By June 30, 2013, the state treasurer shall transfer \$15 million from the general fund to the oil and gas impact account established in [section 6].

Section 11. Notification to tribal governments. The secretary of state shall send a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell Chippewa tribe.

Section 12. Codification instruction. (1) [Sections 1 through 6] are intended to be codified as an integral part of Title 90, and the provisions of Title 90 apply to [sections 1 through 6].

Section 13. Effective date. [This act] is effective on passage and approval.

Section 14. Termination. (1) Except as provided in subsection (2), [this act] terminates June 30, 2020.

(2) [Section 9] terminates June 30, 2015.

- END -

I hereby certify that the within bill,
HB 0218, originated in the House.

Chief Clerk of the House

Speaker of the House

Signed this _____ day
of _____, 2013.

President of the Senate

Signed this _____ day
of _____, 2013.

HOUSE BILL NO. 218

INTRODUCED BY ANKNEY, OLSON, ROSENDALE, SHAW

AN ACT AUTHORIZING THE DEPARTMENT OF COMMERCE TO ISSUE GRANTS TO ASSIST LOCAL GOVERNMENTS WITH INFRASTRUCTURE AND OTHER NEEDS AS A RESULT OF OIL AND GAS IMPACTS; PROVIDING FOR ADMINISTRATION OF THE PROGRAM THROUGH THE DEPARTMENT OF COMMERCE; ESTABLISHING PRIORITIES AND CRITERIA FOR AWARDING GRANTS; GRANTING RULEMAKING AUTHORITY; ESTABLISHING AN OIL AND GAS IMPACT ACCOUNT; PROVIDING AN APPROPRIATION AND A STATUTORY APPROPRIATION; ALLOCATING FEDERAL MINERAL LEASING REVENUE; TRANSFERRING MONEY FROM THE GENERAL FUND TO THE OIL AND GAS IMPACT ACCOUNT; AMENDING SECTIONS 17-3-240 AND 17-7-502, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND TERMINATION DATES.