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HOUSE BILL NO. 8
INTRODUCED BY J. FITZPATRICK
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; 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; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. **Section 1. Authorization to provide loans.** (1) 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 in subsection (2) in amounts not to exceed the loan amounts listed for each project from the proceeds of the bonds authorized in [section 3].

(2) The interest rate for the projects in this subsection is 3.0% or the rate at which the state bonds are sold, whichever is lower, for up to 30 years:

Loan	Amount
DNRC Water Resources Division	
DNRC Willow Creek Dam Rehabilitation	\$14,000,000
DNRC Water Resources Division	
DNRC Painted Rocks Dam Rehabilitation, Phase 1	\$15,000,000
Fort Shaw Irrigation District	
Fort Shaw Irrigation District Simms Creek Siphon Replacement	\$5,181,317
Hammond Irrigation District	
Hammond Irrigation District Big Porcupine Siphon Rehabilitation	\$241,900

1	Kinsey Irrigation District	
2	Kinsey Irrigation District Harris Creek Spill Structure Rehabilitation	\$511,520
3	Kinsey Irrigation District	
4	Kinsey Irrigation District Hammerbacker Lateral to Pipeline Conversion	\$840,823
5	Zurich Irrigation District	
6	Zurich Irrigation District Brown Creek Siphon Rehabilitation	\$872,884

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8 **NEW SECTION. Section 2. Projects not completing requirements -- projects reauthorized.** (1)

9 The legislature finds that the renewable resource projects listed in this section that were approved by the 68th
10 legislature in Chapter 463, Laws of 2023, may not complete the requirements necessary to obtain the loan
11 funds prior to June 30, 2025. The projects described in this section are reauthorized. The department of natural
12 resources and conservation is authorized to make loans to the political subdivisions of state government and
13 local governments listed in subsection (2) in amounts not to exceed the loan amounts listed for each project
14 from the proceeds of the bonds authorized in [section 3].

15 (2) The interest rate for the projects in this subsection is 3.0% or the rate at which the state bonds
16 are sold, whichever is lower, for up to 30 years:

17	Loan	Amount
18	Greenfields Irrigation District	
19	Hydropower Development	\$1,500,000
20	DNRC Conservation and Resource Development Division	
21	Refinance Existing Debt or Rehabilitation of Infrastructure Facilities	\$8,000,000
22	Central Montana Regional Water Authority	
23	Local Match for Central Montana Regional Water Projects	\$5,000,000
24	Dry-Redwater Regional Water Authority	
25	Local Match for Dry-Redwater Regional Water Projects	\$10,000,000
26	Dry Prairie Regional Water Authority	
27	Local Match for Dry Prairie Regional Water Projects	\$5,000,000
28	North Central Regional Water Authority	

1	Local Match for North Central Regional Water Projects	\$10,000,000
2	Huntley Irrigation District Reauthorization	
3	Tunnel 2 and Canal System	\$3,500,000
4	Lockwood Irrigation District	
5	Box Elder Siphon, Pump Station, and Pump 3	\$1,550,000
6	St. Mary's Milk River Project Beneficiaries Share	\$40,000,000

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8 **NEW SECTION. Section 3. Coal severance tax bonds authorized.** (1) The legislature finds that
9 Title 17, chapter 5, part 7, provides for the issuance of coal severance tax bonds for financing specific,
10 approved, renewable resource projects as part of the state renewable resource grant and loan program.
11 Available funds from previous sales of coal severance tax bonds, plus any additional principal amount on bonds
12 as may be necessary, pursuant to the conditions described in 85-1-605, to fund emergency loans, as
13 authorized and approved in accordance with 85-1-605(4), may also be used for the projects approved in
14 [sections 1 and 2]. The board of examiners is authorized to issue coal severance tax bonds in an amount not to
15 exceed \$121,198,444 in the biennium beginning July 1, 2025, of which up to \$12,119,844 is to be used to
16 establish a reserve for the bonds. Proceeds of the bonds are appropriated to the department of natural
17 resources and conservation for financing the projects identified in [sections 1 and 2] and may be used as
18 authorized in 85-1-605(4). Loans made under 85-1-605(4) must bear interest at the rate borne by the state
19 bonds unless the legislature in a subsequent session provides for a lower interest rate, in which case the rate
20 must be reduced to the rate specified by the legislature.

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

26 (3) Earnings on the bond proceeds prior to the completion of any loan must be allocated to the
27 debt service account to pay the debt service on the bonds during this period. Earnings in excess of debt
28 service, if any, must be allocated to the natural resources projects state special revenue account established in

1 15-38-302.

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

5
6 **NEW SECTION. Section 4. Condition of loans.** (1) Disbursement of funds under [sections 1 through
7 3] for loans is subject to the following conditions that must be met by project sponsors:

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

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

11 (c) satisfactory completion of conditions described in the recommendations section of the project
12 narrative in the renewable resource grant and loan program project evaluations and recommendations report;

13 (d) execution of a loan agreement with the department of natural resources and conservation; and

14 (e) completion of other specific requirements considered necessary by the department of natural
15 resources and conservation to accomplish the purpose of the loan as evidenced from the application to the
16 department or from the proposal to the legislature.

17 (2) Each sponsor authorized for a loan from coal severance tax bond proceeds may be required to
18 pay to the department of natural resources and conservation a pro rata share of the bond issuance costs and
19 the administrative costs incurred by the department to complete the loan transaction.

20
21 **NEW SECTION. Section 5. Private and discount purchase of loans.** Loans to political subdivisions
22 and local government entities pursuant to [sections 1 through 3] and bonds, warrants, and notes issued in
23 evidence of those loans may be made, purchased by, and sold to the department of natural resources and
24 conservation at a discount and at a private negotiated sale, notwithstanding the provisions of any other law
25 applicable to political subdivisions or local government entities.

26
27 **NEW SECTION. Section 6. Appropriations established.** For any entity of state government that
28 receives a loan under [sections 1 through 3], an appropriation is established for the amount of the loan upon

1 award of the loan by the department of natural resources and conservation for the biennium beginning July 1,
2 2025.

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4 **NEW SECTION. Section 7. Creation of state debt -- two-thirds vote required -- appropriation of**
5 **coal severance tax -- three-fourths vote required -- bonding provisions.** (1) Because [section 3] authorizes
6 the creation of state debt, Article VIII, section 8, of the Montana constitution requires a vote of two-thirds of the
7 members of each house of the legislature for passage.

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

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16 **NEW SECTION. Section 8. Notification to tribal governments.** The secretary of state shall send a
17 copy of [this act] to each federally recognized tribal government in Montana.

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

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23 **NEW SECTION. Section 10. Effective date.** [This act] is effective July 1, 2025.

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