

HOUSE BILL NO. 8

INTRODUCED BY R. COOK

BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION AND 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 62ND 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 FOR DEBT SERVICE; PLACING CERTAIN CONDITIONS UPON LOANS; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. **Section 1. Approval of renewable resource projects and authorization to provide loans.** (1) The legislature finds that the renewable resource project listed in this section meets 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 project in this group is 3.0% or the rate at which the state bonds are sold, whichever is lower, for up to 20 years.

Loan	Amount
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION - CONSERVATION AND RESOURCE DEVELOPMENT DIVISION	

Refinance Existing Debt or Rehabilitation of Water and Sewer Facilities	\$3,000,000
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(3) 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 30 YEARS.

<u>LOAN</u>	<u>AMOUNT</u>
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1 \$24,711,793 IN THE 2015 BIENNIUM, of which up to ~~\$1,349,604~~ \$2,246,527 is to be used to establish a reserve for
2 the bonds. Proceeds of the bonds are appropriated to the department of natural resources and conservation for
3 financing the projects identified in [sections 1 and 2] and may be used as authorized in 85-1-605(4). Loans made
4 under 85-1-605(4) must bear interest at the rate borne by the state bonds unless the legislature in a subsequent
5 session provides for a lower interest rate, in which case the rate must be reduced to the rate specified by the
6 legislature.

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

12 (3) Earnings on bond proceeds prior to the completion of any loan must be allocated to the debt service
13 account to pay the debt service on the bonds during this period. Earnings in excess of debt service, if any, must
14 be allocated to the natural resources projects state special revenue account established in 15-38-302.

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

18
19 **NEW SECTION. Section 4. Conditions of loans.** (1) Disbursement of funds under [sections 1 and 2]
20 for loans is subject to the following conditions that must be met by project sponsors:

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

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

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

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

27 (e) accomplishment of other specific requirements considered necessary by the department of natural
28 resources and conservation to accomplish the purpose of the loan as evidenced from the application to the
29 department or from the proposal to the legislature.

30 (2) Each sponsor authorized for a loan from coal severance tax bond proceeds may be required to pay

1 to the department a pro rata share of the bond issuance costs and the administrative costs incurred by the
2 department to complete the loan transaction.

3
4 **NEW SECTION. Section 5. Private and discount purchase of loans.** Loans to political subdivisions
5 and local government entities and bonds, warrants, and notes issued in evidence of the loans may be made,
6 purchased by, and sold to the department of natural resources and conservation at a discount and at a private
7 negotiated sale, notwithstanding the provisions of any other law applicable to political subdivisions or local
8 government entities.

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10 **NEW SECTION. Section 6. Appropriations established.** For any entity of state government that
11 receives a loan under [sections 1 and 2], an appropriation is established for the amount of the loan upon award
12 of the loan by the department of natural resources and conservation.

13
14 **NEW SECTION. Section 7. Creation of state debt -- appropriation of coal severance tax -- bonding**
15 **provisions.** (1) Because [section 3] authorizes the creation of a state debt, a vote of two-thirds of the members
16 of each house is required for enactment of [section 3].

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

24
25 **NEW SECTION. Section 8. Notification to tribal governments.** The secretary of state shall send a
26 copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell
27 Chippewa tribe.

28
29 **NEW SECTION. Section 9. Severability.** If a part of [this act] is invalid, all valid parts that are severable
30 from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part

1 remains in effect in all valid applications that are severable from the invalid applications.

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3 NEW SECTION. **Section 10. Effective date.** [This act] is effective July 1, 2013.

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