

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

HOUSE BILL NO. 825

INTRODUCED BY M. HOPKINS, L. JONES, F. MANDEVILLE, L. BREWSTER, M. YAKAWICH

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING THE MONTANA HOME OWNERSHIP MEANS ECONOMIC SECURITY ACT; CREATING THE MONTANA HOUSING INFRASTRUCTURE PRINCIPAL ACCOUNT IN THE ENTERPRISE FUND TYPE; CREATING A STATE SPECIAL REVENUE ACCOUNT; PROVIDING FOR DUTIES FOR THE BOARD OF INVESTMENTS AND THE DEPARTMENT OF COMMERCE; PROVIDING ELIGIBILITY REQUIREMENTS FOR THE USE OF FUNDS; PROVIDING FOR DEED RESTRICTIONS SET BY THE BOARD OF INVESTMENTS; PROVIDING FOR PLANNING GRANTS AND LOANS; ESTABLISHING REPORTING REQUIREMENTS; PROVIDING A STATUTORY APPROPRIATION; TRANSFERRING FUNDS FROM THE GENERAL FUND INTO A STATE SPECIAL REVENUE ACCOUNT; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTION 17-7-502, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. Section 1. Short title. [This act] may be cited as the "Home Ownership Means Economic Security Act".

NEW SECTION. Section 2. Montana housing infrastructure principal account. (1) There is a Montana housing infrastructure principal account within the enterprise fund type established in 17-2-102 to the credit of the board of investments. Money deposited in the account established in this section must be invested by the board of investments as provided by law.

(2) The state treasurer shall transfer monthly from this account to the account established in [section 3] the amount of earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the account. Earnings not transferred to the account established in [section 3] must be retained in the principal account.

(3) The principal of the trust must forever remain inviolate unless appropriated by a vote of two-

1 thirds of the members of each house of the legislature.

2

3 **NEW SECTION. Section 3. Montana housing infrastructure earnings state special revenue**

4 **account.** (1) There is a Montana housing infrastructure earnings state special revenue account within the state
5 special revenue fund established in 17-2-102 administered by the department of commerce. Pursuant to
6 [section 2], interest and earnings on \$25 million from the trust fund established in [section 2] must be deposited
7 in this fund.

8 (2) The account is statutorily appropriated, as provided in 17-7-502, to the department of
9 commerce to provide planning grants to eligible entities pursuant to [sections 4, 7, and 9] and for the
10 administration of the grant program.

11

12 **NEW SECTION. Section 4. Eligible use of funds.** Funds in the account established in [section 3]

13 may only be used to:

14 (1) provide planning grants to local governments and tribal governments for planning and zoning
15 reforms to increase housing supply; and

16 (2) cover administration costs of the program.

17

18 **NEW SECTION. Section 5. Purpose.** The purpose of the loans made and the bonds or other

19 securities issued and purchased pursuant to [sections 2, 5, 6, 7, and 9] are:

20 (1) to increase home ownership and provide more long-term rental opportunity;

21 (2) to increase housing supply and offer diverse housing types to meet the needs of population
22 growth; and

23 (3) to create partnerships between the state, local governments, private sector developers, and
24 applicants for residential development to finance necessary infrastructure for housing.

25

26 **NEW SECTION. Section 6. Terms.** The total amount of loans made to an entity for an infrastructure

27 project pursuant to [section 9(1)] may not exceed:

28 (1) \$1 million; or

1 (2) 50% of the projected project cost.

2

3 NEW SECTION. Section 7. Eligibility. For the costs of an infrastructure project to be eligible to be
4 paid by the proceeds of a loan or bonds or other securities of an eligible government unit as defined in 17-5-
5 1604, the infrastructure project must provide for residential development at a minimum gross density of 10 units
6 for each acre.

7

8 NEW SECTION. Section 8. Department duties -- rulemaking authority -- reporting. (1) The
9 department of commerce shall administer the planning grant program pursuant to [section 4(1)].

10 (2) The department of commerce shall adopt rules to administer the planning grant program that
11 address the following:

12 (a) reviewing the criteria and the application scoring system to prioritize applications based on
13 planning and zoning reforms;

14 (b) ensuring readiness to proceed with the development;

15 (c) ensuring a subdivision improvement agreement; and

16 (d) reviewing other factors relevant to promoting successful housing developments that meet the
17 density requirements of [section 7].

18 (3) The department of commerce shall, in accordance with 5-11-210, report annually by
19 September 1 to the legislative finance committee on the amounts granted and the status of all grants.

20 (4) The department of commerce may adopt rules to administer the planning grant program.

21

22 NEW SECTION. Section 9. Financing by board of investments -- deed restrictions. (1) The board
23 of investments may make loans from the account established in [section 2] to an eligible government unit as
24 defined in 17-5-1604 or an applicant for residential development to cover the costs of demolition or expanding
25 or extending water, wastewater, storm water, street, road, curb, gutter, and sidewalk infrastructure to serve new
26 or rehabilitated residential development.

27 (2) The board of investments may purchase up to 50% of a bond or other security issued in
28 accordance with state law by an eligible government unit as defined in 17-5-1604 to cover all or a portion of

Amendment - 1st Reading-white - Requested by: Llew Jones - (H) Appropriations

- 2023

68th Legislature 2023

Drafter: Julie Johnson, 406-444-4024

HB0825.001.004

1 costs of expanding or extending water, wastewater, storm water, street, road, curb, gutter, and sidewalk
2 infrastructure to serve new or rehabilitated residential development at an interest rate to be determined by the
3 board of investments as an investment of the account established in [section 2].

4 (3) The board of investments shall:

5 (a) establish the terms and conditions of the loan, including the interest rate of the loan, with a
6 term not to exceed 20 years;

7 (b) if an eligible government unit is the entity seeking a loan or issuing a bond or other security,
8 require that the eligible government unit waive all impact fees for the developer or the amount of impact fees up
9 to the amount of the loan or bond or other security, whichever amount is smaller; ~~and~~

10 (c) if an applicant for residential development is the entity seeking a loan, require that the applicant
11 pay all impact fees due to the local government or the amount of impact fees up to the amount of the loan,
12 whichever amount is smaller; and

13 (d) set policy requiring that housing built using infrastructure funded in part by a security pursuant
14 to this section must contain a deed restriction to preserve long-term affectability of the housing that runs with
15 the property for the term of the security.

16 (4) The board of investments shall include the amounts loaned and the status of all loans in the
17 report required in 17-5-1650.

18

19 **Section 10.** Section 17-7-502, MCA, is amended to read:

20 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory
21 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without
22 the need for a biennial legislative appropriation or budget amendment.

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

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

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

28 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120; 5-

Amendment - 1st Reading-white - Requested by: Llew Jones - (H) Appropriations

- 2023

68th Legislature 2023

Drafter: Julie Johnson, 406-444-4024

HB0825.001.004

1 11-407; 5-13-403; 5-13-404; 7-4-2502; 7-4-2924; 7-32-236; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-2-
2 807; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-3-802; 10-3-1304; 10-4-304; 10-4-310; 15-1-121; 15-1-218;
3 15-31-165; 15-31-1004; 15-31-1005; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121; 15-70-101; 15-
4 70-130; 15-70-433; 16-11-119; 16-11-509; 17-3-106; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 17-7-215; 18-11-
5 112; 19-3-319; 19-3-320; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-
6 506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-534; 20-9-622; [20-15-328]; 20-26-617; 20-26-1503; 22-
7 1-327; 22-3-116; 22-3-117; [22-3-1004]; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 30-10-
8 1004; 37-43-204; 37-50-209; 37-54-113; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-12-213; 44-13-102;
9 46-32-108; 50-1-115; 53-1-109; 53-6-148; 53-9-113; 53-24-108; 53-24-206; 60-5-530; 60-11-115; 61-3-321; 61-
10 3-415; 67-1-309; 69-3-870; 69-4-527; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 75-26-308; 76-13-150; 76-
11 13-151; 76-13-417; 76-17-103; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 80-11-1006; 81-1-112; 81-
12 1-113; 81-7-106; 81-7-123; 81-10-103; 82-11-161; 85-2-526; 85-20-1504; 85-20-1505; [85-25-102]; 87-1-603;
13 87-5-909; 90-1-115; 90-1-205; 90-1-504; 90-6-331; [section 3]; and 90-9-306.

14 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
15 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
16 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of
17 Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined
18 by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have
19 statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the
20 inclusion of 19-20-604 terminates contingently when the amortization period for the teachers' retirement
21 system's unfunded liability is 10 years or less; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410
22 terminates contingently upon the death of the last recipient eligible under 19-6-709(2) for the supplemental
23 benefit provided by 19-6-709; pursuant to sec. 5, Ch. 383, L. 2015, the inclusion of 85-25-102 is effective on
24 occurrence of contingency; pursuant to sec. 6, Ch. 423, L. 2015, the inclusion of 22-3-116 and 22-3-117
25 terminates June 30, 2025; pursuant to sec. 12, Ch. 55, L. 2017, the inclusion of 37-54-113 terminates June 30,
26 2023; pursuant to sec. 4, Ch. 122, L. 2017, the inclusion of 10-3-1304 terminates September 30, 2025;
27 pursuant to sec. 1, Ch. 213, L. 2017, the inclusion of 90-6-331 terminates June 30, 2027; pursuant to secs. 5, 8,
28 Ch. 284, L. 2017, the inclusion of 81-1-112, 81-1-113, and 81-7-106 terminates June 30, 2023; pursuant to sec.

Amendment - 1st Reading-white - Requested by: Llew Jones - (H) Appropriations

- 2023

68th Legislature 2023

Drafter: Julie Johnson, 406-444-4024

HB0825.001.004

1 1, Ch. 340, L. 2017, the inclusion of 22-1-327 terminates July 1, 2023; pursuant to sec. 10, Ch. 374, L. 2017,
2 the inclusion of 76-17-103 terminates June 30, 2027; pursuant to sec. 5, Ch. 50, L. 2019, the inclusion of 37-50-
3 209 terminates September 30, 2023; pursuant to sec. 1, Ch. 408, L. 2019, the inclusion of 17-7-215 terminates
4 June 30, 2029; pursuant to secs. 11, 12, and 14, Ch. 343, L. 2019, the inclusion of 15-35-108 terminates June
5 30, 2027; pursuant to sec. 7, Ch. 465, L. 2019, the inclusion of 85-2-526 terminates July 1, 2023; pursuant to
6 sec. 5, Ch. 477, L. 2019, the inclusion of 10-3-802 terminates June 30, 2023; pursuant to secs. 1, 2, 3, Ch. 139,
7 L. 2021, the inclusion of 53-9-113 terminates June 30, 2027; pursuant to sec. 8, Ch. 200, L. 2021, the inclusion
8 of 10-4-310 terminates July 1, 2031; pursuant to secs. 3, 4, Ch. 404, L. 2021, the inclusion of 30-10-1004
9 terminates June 30, 2027; pursuant to sec. 5, Ch. 548, L. 2021, the inclusion of 50-1-115 terminates June 30,
10 2025; pursuant to secs. 5 and 12, Ch. 563, L. 2021, the inclusion of 22-3-1004 is effective July 1, 2027; and
11 pursuant to sec. 15, Ch. 574, L. 2021, the inclusion of 46-32-108 terminates June 30, 2023.)"

12

13 NEW SECTION. Section 11. Transfer of funds. By August 15, 2023, the state treasurer shall
14 transfer \$200 million from the general fund to the account established in [section 2].

15

16 NEW SECTION. Section 12. Notification to tribal governments. The secretary of state shall send a
17 copy of [this act] to each federally recognized tribal government in Montana.

18

19 NEW SECTION. Section 13. Codification instruction. (1) [Sections 2, 5, 6, 7, and 9] are intended to
20 be codified as an integral part of Title 17, chapter 6, and the provisions of Title 17, chapter 6, apply to [sections
21 2, 5, 6, 7, and 9].

22

(2) [Sections 3, 4, and 8] are intended to be codified as an integral part of Title 90, chapter 6, and
23 the provisions of Title 90, chapter 6, apply to [sections 3, 4, and 8].

24

25 NEW SECTION. Section 14. Effective date. [This act] is effective July 1, 2023.

26

- END -