

1 HOUSE BILL NO. 8  
 2 INTRODUCED BY M. HOPKINS  
 3 BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION, OFFICE OF  
 4 BUDGET AND PROGRAM PLANNING

5  
 6 A BILL FOR AN ACT ENTITLED: "AN ACT APPROVING RENEWABLE RESOURCE PROJECTS AND  
 7 AUTHORIZING LOANS; APPROPRIATING MONEY TO THE DEPARTMENT OF NATURAL RESOURCES  
 8 AND CONSERVATION FOR LOANS UNDER THE RENEWABLE RESOURCE GRANT AND LOAN  
 9 PROGRAM; AUTHORIZING THE ISSUANCE OF COAL SEVERANCE TAX BONDS; CREATING STATE  
 10 DEBT; PLACING CERTAIN CONDITIONS ON LOANS; AND PROVIDING AN EFFECTIVE DATE."

11  
 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13  
 14 NEW SECTION. **Section 1. Authorization to provide loans.** (1) The legislature finds that the  
 15 renewable resource projects listed in this section meet the provisions of 17-5-702. The department of natural  
 16 resources and conservation is authorized to make loans to the political subdivisions of state government and  
 17 local governments listed in subsection (2) in amounts not to exceed the loan amounts listed for each project  
 18 from the proceeds of the bonds authorized in [section 3].

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

Loan	Amount
Greenfields Irrigation District	
Hydro Development	\$1,500,000
East Fork	
Dam Rehabilitation	<del>\$10,000,000</del> <u>\$16,900,000</u>
<del>Painted Rocks</del>	
<del>————— Dam Rehabilitation —————</del>	<del>\$6,000,000</del>

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

2 The legislature finds that the following renewable resource projects that were approved by the 67th legislature  
3 in Chapter 463, Laws of 2021, may not complete the requirements necessary to obtain the loan funds prior to  
4 June 30, 2022. The projects described in this section are reauthorized. The department of natural resources  
5 and conservation is authorized to make loans to political subdivisions of state government and local  
6 governments listed in subsections (2) through (4) in amounts not to exceed the loan amounts listed for each  
7 project from the proceeds of bonds authorized in [section 3].

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

10 Loan	11 Amount
12 Department of Natural Resources and Conservation—Conservation and Resource Development	
13 Division	
14 Refinance Existing Debt or Rehabilitation of Infrastructure Facilities	
	15 \$8,000,000

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

18 Loan	19 Amount
20 Central Montana Regional Water Authority	
21 Local Match for Central Montana Regional Water Authority	22 \$5,000,000
23 Dry-Redwater Regional Water Authority	
24 Local Match for Dry-Redwater Regional Water Authority	25 \$5,000,000
26 Dry Prairie Regional Water Authority	
27 Local Match for Dry Prairie Projects	28 \$5,000,000
North Central Regional Water Authority	
Local Match for North Central Projects	\$5,000,000
Lower Willow Creek Irrigation District	
Right Subdrain Repair Project	\$200,000
Huntley Irrigation District Reauthorization	

**Amendment - 1st Reading-white - Requested by: Mike Hopkins - (H) Appropriations**

- 2023

68th Legislature 2023

Drafter: Julie Johnson, 406-444-4024

HB0008.001.001

1 Tunnel 2 and Canal System \$3,500,000

2 Lockwood Irrigation District

3 Box Elder Siphon, Pump Station, and Pump 3 \$750,000

4 (4) (a) The interest rate for the project in this group is 3.0% or the rate at which the state bonds are  
5 sold, whichever is lower, for up to 30 years:

6 Loan Amount

7 St. Mary's Diversion Project Local Share \$40,000,000

8 (b) The loan in this subsection (4) is contingent on the following:

9 (i) the federal government entering into an agreement with the state that designates the federal  
10 and state share of the total project cost;

11 (ii) the forming of a water users' association of Montana users of the waters flowing from the Milk  
12 River that includes cities, towns, districts, water users' associations, and other unassociated individuals and  
13 entities; and

14 (iii) the water users' association demonstrating to the satisfaction of the department of natural  
15 resources and conservation its financial capacity, through water user fees or other available sources of funding,  
16 to pay the annual costs of the loan repayment over the term of the loan.

17  
18 **NEW SECTION. Section 3. Coal severance tax bonds authorized.** (1) The legislature finds that  
19 Title 17, chapter 5, part 7, provides for the issuance of coal severance tax bonds for financing specific approved  
20 renewable resource projects as part of the state renewable resource grant and loan program. Available funds  
21 from previous sales of coal severance tax bonds, plus any additional principal amount on bonds as may be  
22 necessary, pursuant to the conditions in 85-1-605, to fund emergency loans, as authorized and approved in  
23 accordance with 85-1-605(4), may also be used for the projects approved in [sections 1 through 7]. The board  
24 of examiners is authorized to issue coal severance tax bonds in an amount not to exceed ~~\$89,950,000~~  
25 \$99,935,000 in the biennium beginning July 1, 2023, of which up to ~~\$8,995,000~~ \$9,085,000 is to be used to  
26 establish a reserve for the bonds. Proceeds of the bonds are appropriated to the department of natural  
27 resources and conservation for financing the projects identified in [sections 1 and 2] and may be used as  
28 authorized in 85-1-605(4). Loans made under 85-1-605(4) must bear interest at the rate borne by the state

1 bonds unless the legislature in a subsequent session provides for a lower interest rate, in which case the rate  
2 must be reduced to the rate specified by the legislature.

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

8 (3) Earnings on the bond proceeds prior to the completion of any loan must be allocated to the  
9 debt service account to pay the debt service on the bonds during this period. Earnings in excess of debt  
10 service, if any, must be allocated to the natural resources projects state special revenue account established in  
11 15-38-302.

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

15  
16 **NEW SECTION. Section 4. Conditions of loans.** (1) Disbursement of funds under [sections 1 and 2]  
17 for loans is subject to the following conditions that must be met by project sponsors:

- 18 (a) approval of a scope of work and budget for the project by the department of natural resources  
19 and conservation. Reductions in a scope of work or budget may not affect priority activities or improvements.
- 20 (b) documented commitment of other funds required for project completion;
- 21 (c) satisfactory completion of conditions described in the recommendations section of the project  
22 narrative in the renewable resource grant and loan program project evaluations and recommendations report;
- 23 (d) execution of a loan agreement with the department of natural resources and conservation; and
- 24 (e) accomplishment of other specific requirements considered necessary by the department of  
25 natural resources and conservation to accomplish the purpose of the loan as evidenced from the application to  
26 the department or from the proposal to the legislature.

27 (2) Each sponsor authorized for a loan from coal severance tax bond proceeds may be required to  
28 pay to the department of natural resources and conservation a pro rata share of the bond issuance costs and