

HOUSE BILL NO. 863

INTRODUCED BY L. JONES, J. ESP, C. GLIMM, D. BEDEY, B. MERCER, E. TILLEMAN, K. WALSH

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING STATE FINANCE LAWS; PROVIDING THAT THE MONTANA HOUSING INFRASTRUCTURE REVOLVING LOAN FUND MAY BE USED TO SECURE BONDS AND PROVIDE FINANCING FOR ELIGIBLE PROJECTS AND RETAINING ALL INTEREST AND INCOME IN THE ACCOUNTS; PROVIDING FOR TRANSFERS OF FUNDS; ELIMINATING ELIGIBILITY PRIORITY; PROVIDING AN APPROPRIATION; AMENDING SECTIONS 17-6-801, 17-6-804, 17-6-805, AND 17-7-102, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

Section 1. Section 17-6-801, MCA, is amended to read:

"17-6-801. Montana housing infrastructure revolving loan fund account. (1) There is a Montana housing infrastructure revolving loan fund account within the state special revenue 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. All interest and income earned on the account must be retained in the account.

(2) The principal of the account may only be appropriated by a vote of two-thirds of the members of each house of the legislature."

Section 2. Section 17-6-804, MCA, is amended to read:

"17-6-804. Eligibility -- priority. (1) For the costs of an infrastructure project to be eligible to be paid by the proceeds of a loan or bonds or other securities of an eligible government unit as defined in 17-5-1604, the infrastructure project must provide for residential development at a minimum gross density of 10 units for each acre.

~~(2) Lending of at least \$7 million of available funds must be prioritized to counties that have a~~

population of less than 15,000 inhabitants that are located within a 30-mile radius of a state-owned facility that, on an annual average, houses at least 100 state inmates or behavioral health patients, and the state-owned facility is located in a county that has a population that does not exceed 15,000 inhabitants.

(2) General fund transfers made pursuant to [section 5] into the account established in 17-6-801 may be used for eligible infrastructure projects for residential development at a minimum gross density of three units for each acre."

Section 3. Section 17-6-805, MCA, is amended to read:

"17-6-805. Financing -- deed restrictions. (1) The board of investments may make loans from the account established in 17-6-801 to an eligible government unit as defined in 17-5-1604 or an applicant for residential development to cover the costs of demolition or expanding or extending water, wastewater, storm water, street, road, curb, gutter, and sidewalk infrastructure to serve new or rehabilitated residential development.

(2) The board of investments may purchase up to 50% of a bond or other security issued in accordance with state law by an eligible government unit as defined in 17-5-1604 to cover all or a portion of costs of expanding or extending water, wastewater, storm water, street, road, curb, gutter, and sidewalk infrastructure to serve new or rehabilitated residential development at an interest rate to be determined by the board of investments as an investment of the account established in 17-6-801.

(3) The board of investments shall:

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

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

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

(d) set policy requiring that housing built using infrastructure funded in part by a security pursuant

to this section must provide for provisions to preserve long-term affordability of the housing that runs with the property for the term of the security.

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

(5) The board of investments may use the account established in 17-6-801 to secure any portion of bonds in lieu of a pledge of the issuer's revolving fund.

(6) The board of investments may use interest income from the account established in 17-6-801 to finance residential ownership of mobile home parks or other multifamily housing."

Section 4. Section 17-7-102, MCA, is amended to read:

"17-7-102. (Temporary) Definitions. As used in this chapter, the following definitions apply:

(1) "Additional services" means different services or more of the same services.

(2) "Agency" means all offices, departments, boards, commissions, institutions, universities, colleges, and any other person or any other administrative unit of state government that spends or encumbers public money by virtue of an appropriation from the legislature under 17-8-101.

(3) "Approving authority" means:

(a) the governor or the governor's designated representative for executive branch agencies;

(b) the chief justice of the supreme court or the chief justice's designated representative for judicial branch agencies;

(c) the speaker for the house of representatives;

(d) the president for the senate;

(e) appropriate legislative committees or a designated representative for legislative branch agencies; or

(f) the board of regents of higher education or its designated representative for the university system.

(4) (a) "Base budget" means the resources for the operation of state government that are of an ongoing and nonextraordinary nature in the current biennium. The base budget for the state general fund and state special revenue funds may not exceed that level of funding authorized by the previous legislature.

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1 (b) The term does not include:

2 (i) funding for water adjudication if the accountability benchmarks contained in 85-2-271 are not
3 met;

4 (ii) funding for petroleum storage tank leak prevention if the accountability benchmarks in 75-11-
5 521 are not met.

6 (5) "Budget amendment" means a temporary appropriation as provided in Title 17, chapter 7, part
7 4.

8 (6) "Budget stabilization reserve" means the amount of unappropriated fund balance in the budget
9 stabilization reserve fund up to 16% of all general revenue appropriations in the second year of the biennium.

10 (7) "Emergency" means a catastrophe, disaster, calamity, or other serious unforeseen and
11 unanticipated circumstance that has occurred subsequent to the time that an agency's appropriation was made,
12 that was clearly not within the contemplation of the legislature and the governor, and that affects one or more
13 functions of a state agency and the agency's expenditure requirements for the performance of the function or
14 functions.

15 (8) "Funds subject to appropriation" means those funds required to be paid out of the treasury as
16 set forth in 17-8-101.

17 (9) "General revenue appropriations" means appropriations from the general fund ~~or~~ and the
18 school equalization and property tax reduction account in 20-9-336.

19 (10) "Necessary" means essential to the public welfare and of a nature that cannot wait until the
20 next legislative session for legislative consideration.

21 (11) "New proposals" means requests to provide new nonmandated services, to change program
22 services, to eliminate existing services, or to change sources of funding. For purposes of establishing the
23 present law base, the distinction between new proposals and the adjustments to the base budget to develop
24 the present law base is to be determined by the existence of constitutional or statutory requirements for the
25 proposed expenditure. Any proposed increase or decrease that is not based on those requirements is
26 considered a new proposal.

27 (12) "Operating reserve" means an amount equal to 8.3% of all general revenue appropriations in
28 the second year of the biennium.

(13) "Present law base" means that level of funding needed under present law to maintain operations and services at the level authorized by the previous legislature, including but not limited to:

(a) changes resulting from legally mandated workload, caseload, or enrollment increases or decreases;

(b) changes in funding requirements resulting from constitutional or statutory schedules or formulas;

(c) inflationary or deflationary adjustments; and

(d) elimination of nonrecurring appropriations.

(14) "Program" means a principal organizational or budgetary unit within an agency.

(15) "Requesting agency" means the agency of state government that has requested a specific budget amendment.

(16) "University system unit" means the board of regents of higher education; office of the commissioner of higher education; university of Montana, with campuses at Missoula, Butte, Dillon, and Helena; Montana state university, with campuses at Bozeman, Billings, Havre, and Great Falls; the agricultural experiment station, with central offices at Bozeman; the forest and conservation experiment station, with central offices at Missoula; the cooperative extension service, with central offices at Bozeman; the bureau of mines and geology, with central offices at Butte; the fire services training school at Great Falls; and the community colleges supervised and coordinated by the board of regents pursuant to 20-15-103. (Terminates June 30, 2028--sec. 11, Ch. 269, L. 2015.)

17-7-102. (Effective July 1, 2028) Definitions. As used in this chapter, the following definitions apply:

(1) "Additional services" means different services or more of the same services.

(2) "Agency" means all offices, departments, boards, commissions, institutions, universities, colleges, and any other person or any other administrative unit of state government that spends or encumbers public money by virtue of an appropriation from the legislature under 17-8-101.

(3) "Approving authority" means:

(a) the governor or the governor's designated representative for executive branch agencies;

(b) the chief justice of the supreme court or the chief justice's designated representative for judicial

1 branch agencies;

2 (c) the speaker for the house of representatives;

3 (d) the president for the senate;

4 (e) appropriate legislative committees or a designated representative for legislative branch
5 agencies; or

6 (f) the board of regents of higher education or its designated representative for the university
7 system.

8 (4) "Base budget" means the resources for the operation of state government that are of an
9 ongoing and nonextraordinary nature in the current biennium. The base budget for the state general fund and
10 state special revenue funds may not exceed that level of funding authorized by the previous legislature.

11 (5) "Budget amendment" means a temporary appropriation as provided in Title 17, chapter 7, part
12 4.

13 (6) "Budget stabilization reserve" means the amount of unappropriated fund balance in the budget
14 stabilization reserve fund up to 16% of all general revenue appropriations in the second year of the biennium.

15 (7) "Emergency" means a catastrophe, disaster, calamity, or other serious unforeseen and
16 unanticipated circumstance that has occurred subsequent to the time that an agency's appropriation was made,
17 that was clearly not within the contemplation of the legislature and the governor, and that affects one or more
18 functions of a state agency and the agency's expenditure requirements for the performance of the function or
19 functions.

20 (8) "Funds subject to appropriation" means those funds required to be paid out of the treasury as
21 set forth in 17-8-101.

22 (9) "General revenue appropriations" means appropriations from the general fund ~~or~~ and the
23 school equalization and property tax reduction account in 20-9-336.

24 (10) "Necessary" means essential to the public welfare and of a nature that cannot wait until the
25 next legislative session for legislative consideration.

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27 services, to eliminate existing services, or to change sources of funding. For purposes of establishing the
28 present law base, the distinction between new proposals and the adjustments to the base budget to develop

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the present law base is to be determined by the existence of constitutional or statutory requirements for the proposed expenditure. Any proposed increase or decrease that is not based on those requirements is considered a new proposal.

(12) "Operating reserve" means an amount equal to 8.3% of all general revenue appropriations in the second year of the biennium.

(13) "Present law base" means that level of funding needed under present law to maintain operations and services at the level authorized by the previous legislature, including but not limited to:

(a) changes resulting from legally mandated workload, caseload, or enrollment increases or decreases;

(b) changes in funding requirements resulting from constitutional or statutory schedules or formulas;

(c) inflationary or deflationary adjustments; and

(d) elimination of nonrecurring appropriations.

(14) "Program" means a principal organizational or budgetary unit within an agency.

(15) "Requesting agency" means the agency of state government that has requested a specific budget amendment.

(16) "University system unit" means the board of regents of higher education; office of the commissioner of higher education; university of Montana, with campuses at Missoula, Butte, Dillon, and Helena; Montana state university, with campuses at Bozeman, Billings, Havre, and Great Falls; the agricultural experiment station, with central offices at Bozeman; the forest and conservation experiment station, with central offices at Missoula; the cooperative extension service, with central offices at Bozeman; the bureau of mines and geology, with central offices at Butte; the fire services training school at Great Falls; and the community colleges supervised and coordinated by the board of regents pursuant to 20-15-103."

NEW SECTION. Section 5. Transfer of funds. By June 30, 2025, the state treasurer shall transfer \$50 million from the general fund to the Montana housing infrastructure revolving loan fund account provided for in 17-6-801.

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1 NEW SECTION. **Section 6. Appropriation.** (1) There is appropriated \$100,000 from the Montana-
2 Ireland trade and development special revenue account to the department of commerce_for the biennium
3 beginning July 1, 2025, for implementing the provisions of Senate Bill No. 320.

4 (2) It is the intent of the legislature that the appropriation be included in the base budget for the
5 department of commerce for the biennium beginning July 1, 2027.

7 NEW SECTION. Section 7. Effective date. [This act] is effective ~~July 1, 2025~~ on passage and
8 approval.

10 NEW SECTION. **Section 8. Retroactive applicability.** [Section 1] applies retroactively, within the
11 meaning of 1-2-109, to interest and income earned on the account provided for in 17-6-801 since June 14,
12 2023.

- END -