

**Amendment - 2nd Reading-yellow - Requested by: Marilyn Marler - (H) Committee of the Whole**

- 2025

69th Legislature 2025

Drafter: Julie Johnson,

HB0006.002.002

HOUSE BILL NO. 6

INTRODUCED BY J. FITZPATRICK

BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT IMPLEMENTING THE RENEWABLE RESOURCE GRANT AND LOAN PROGRAM; APPROPRIATING MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR GRANTS UNDER THE RENEWABLE RESOURCE GRANT AND LOAN PROGRAM; PRIORITIZING PROJECT GRANTS AND AMOUNTS; REQUIRING A LOCAL GOVERNMENT TO ESTABLISH AND FUND A CAPITAL RESERVE ACCOUNT BEFORE RECEIVING GRANT FUNDING; ESTABLISHING CONDITIONS FOR GRANTS; PROVIDING FOR THE COORDINATION OF FUNDING; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. **Section 1. Appropriations.** (1) There is appropriated from the natural resources projects state special revenue account established in 15-38-302 to the department of natural resources and conservation for the biennium beginning July1, 2025, up to:

- (a) \$500,000 for emergency projects grants to be awarded by the department over the biennium;
- (b) ~~\$2-million~~ \$1 MILLION for planning grants to be awarded by the department over the biennium;
- (c) \$500,000 for irrigation development grants to be awarded by the department over the biennium;
- (d) \$150,000 for private grants to be awarded by the department over the biennium; and
- (e) ~~\$1-million~~ \$500,000 for nonpoint source pollution reduction grants to be awarded by the department over the biennium.

(2) There is appropriated ~~\$5-25-million~~ \$2.5 MILLION from the natural resources projects state special revenue account established in 15-38-302 to the department of natural resources and conservation for the biennium beginning July 1, 2025. The funds in this subsection (2) must be awarded by the department to

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the named entities for the described purposes and in the grant amounts listed in subsection (4), subject to the conditions set forth in [sections 2 and 3] and the contingencies described in the renewable resource grant and loan program's January 2025 report to the 69th legislature titled: "Governor's Executive Budget Fiscal Years 2026–2027 Volume 6".

(3) Funds must be awarded up to the amounts approved in subsection (4) in the order of priority listed until the available funds are expended. Funds not accepted or used by higher-ranked projects must be provided for projects farther down the priority list that would not otherwise receive funding. If at any time a grant recipient determines that a project will not begin before June 30, 2027, the grant recipient shall notify the department of natural resources and conservation. After all eligible projects are funded, any remaining funds may be used for any renewable resource project authorized under this section.

(4) The prioritized infrastructure grant projects are as follows:

## RENEWABLE RESOURCE INFRASTRUCTURE GRANT PROJECTS

Rank	Applicant/Project	Amount
1	Arlee Lake County Water and Sewer District	
	Arlee Lake County Water and Sewer District Wastewater System Upgrades	\$125,000
2	Whitehall, Town of	
	Whitehall Drinking Water System Improvements	\$125,000
3	Deer Lodge, City of	
	Deer Lodge Wastewater Collection System Improvements	\$125,000
4	Missoula, City of	
	Missoula Public Library Living Roof Stormwater Control	\$125,000
<del>4</del> 4	<u>Missoula, City of</u>	
	<u>Missoula Public Library Living Roof Stormwater Control</u>	<u>\$125,000</u>
<del>5</del> 4 5	Harrison Water and Sewer District	
	Harrison Wastewater System Improvements	\$125,000
<del>6</del> 5 6	Madison County	
	Madison County Pennington Bridge Big Hole River Restoration	\$125,000

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1	<del>7-6</del> 7 South Wind County Water and Sewer District	
2	South Wind Drinking Water and Wastewater Improvements, Phase 4	\$125,000
3	<del>8-7</del> 8 Willow Creek Sewer District	
4	Willow Creek Sewer District Wastewater System Improvements	\$125,000
5	<del>9-8</del> 9 Roundup, City of	
6	Roundup Wastewater Lagoon System Upgrades	\$125,000
7	<del>10-9</del> 10 Judith Basin County	
8	Judith Basin County Geyser Wastewater Treatment System Improvements	\$125,000
9	<del>11-10</del> 11 Martinsdale Water and Sewer District	
10	Martinsdale Water and Sewer District Water System Improvements	\$125,000
11	<del>12-11</del> 12 Alder Water and Sewer District	
12	Alder Water and Sewer District Wastewater System Improvements	\$125,000
13	<del>13-12</del> 13 Fairfield, Town of	
14	Fairfield Drinking Water System Improvements	\$125,000
15	<del>14-13</del> 14 Dutton, Town of	
16	Dutton Drinking Water System Improvements, Phase 2	\$125,000
17	<del>15-14</del> 15 Circle, Town of	
18	Circle Water System Improvements, Phase 5	\$125,000
19	<del>16-15</del> 16 Malta, City of	
20	Malta Drinking Water System Improvements	\$125,000
21	<del>17-16</del> 17 Red Lodge, City of	
22	Red Lodge Wastewater System Improvements, Phases 2 and 3	\$125,000
23	<del>18-17</del> 18 Hysham, Town of	
24	Hysham Drinking Water System Improvements, Phase 2	\$125,000
25	<del>19-18</del> 19 Darby, Town of	
26	Darby Wastewater System Improvements	\$125,000
27	<del>20-19</del> 20 Sheridan, Town of	

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1	Sheridan Drinking Water System Improvements	\$125,000
2	<del>21</del> <u>20 21</u> Richey, Town of	
3	Richey Drinking Water System Improvements, Phase 3	\$125,000
4	<del>22</del> <u>21 22</u> Ennis, Town of	
5	Ennis Drinking Water System Improvements	\$125,000
6	<del>23</del> <u>22 23</u> Basin Water and/or Sewer District	
7	Basin Water and/or Sewer District Drinking Water System Improvements	\$125,000
8	<del>24</del> <u>23 24</u> Manhattan, Town of	
9	Manhattan Water System Improvements	\$125,000
10	<del>25</del> <u>24 25</u> Cooke City Water District	
11	Cooke City Drinking Water Infrastructure Improvements	\$125,000
12	<del>26</del> <u>25 26</u> Treasure State Acres Water and Sewer District	
13	Treasure State Acres Wastewater Treatment System Improvements	\$125,000
14	<del>27</del> <u>26 27</u> St. Ignatius, Town of	
15	St. Ignatius Wastewater Collection Main Replacement	\$125,000
16	<del>28</del> <u>27 28</u> Twin Bridges, Town of	
17	Twin Bridges Drinking Water System Improvements	\$125,000
18	<del>29</del> <u>28 29</u> Libby, City of	
19	Libby Wastewater System Improvements	\$125,000
20	<del>30</del> <u>29 30</u> Sun Prairie Village County Water and Sewer District	
21	Sun Prairie Village Drinking Water System Upgrades	\$125,000
22	<del>31</del> <u>30 31</u> Plentywood, City of	
23	Plentywood Drinking Water System Improvements	\$125,000
24	<del>32</del> <u>31 32</u> White Sulphur Springs, City of	
25	White Sulphur Springs Drinking Water System Improvements	\$125,000
26	<del>33</del> <u>32 33</u> Big Timber, City of	
27	Big Timber Drinking Water Storage Improvements	\$125,000

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1	34 <del>33</del> 34	Wolf Point, City of	
2		Wolf Point Wastewater System Improvements, Phase 3	\$125,000
3	35 <del>34</del> 35	Bigfork County Water and Sewer District	
4		Bigfork Drinking Water System Improvements	\$125,000
5	36 <del>35</del> 36	Shelby, City of	
6		Shelby Wastewater System Improvements	\$125,000
7	37 <del>36</del> 37	Ronan, City Of	
8		Ronan Wastewater System Improvements	\$125,000
9	38 <del>27</del> 38	Bearcreek, Town of	
10		Bearcreek Drinking Water System Improvements, Phase 1	\$125,000
11	39 <del>38</del> 39	Conrad, City of	
12		Conrad Wastewater System Improvements	\$125,000
13	40 <del>39</del> 40	Pinesdale, Town of	
14		Pinesdale Drinking Water System Improvements	\$125,000
15	41 <del>40</del> 41	Hinsdale County Water and Sewer District	
16		Hinsdale County Water and Sewer District Water System Upgrades	\$125,000
17	42 <del>41</del> 42	Joliet, Town of	
18		Joliet Wastewater System Improvements	\$125,000
19	(5)	There is appropriated <del>\$3,474,500</del> <u>\$2,520,000</u> from the natural resources projects state special	
20		revenue account established in 15-38-302 to the department of natural resources and conservation for the	
21		biennium beginning July 1, 2025. The funds in this subsection (5) must be awarded by the department to the	
22		named entities for the described purposes and in the grant amounts listed in subsection (7), subject to the	
23		conditions set forth in [sections 2 and 3] and the contingencies described in the renewable resource grant and	
24		loan program's January 2025 report to the 68th legislature titled: "Governor's Executive Budget Fiscal Years	
25		2026–2027 Volume 6".	
26	(6)	Funds must be awarded up to the amounts approved in subsection (7) in the order of priority	
27		listed until the available funds are expended. Funds not accepted or used by higher-ranked projects must be	

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provided for projects farther down the priority list that would not otherwise receive funding. If at any time a grant recipient determines that a project will not begin before June 30, 2027, the grant recipient shall notify the department of natural resources and conservation. After all eligible projects are funded, any remaining funds may be used for any renewable resource project authorized under this section.

(7) The prioritized irrigation grant projects are as follows:

**RENEWABLE RESOURCE IRRIGATION GRANT PROJECTS**

Rank	Applicant/Project	Amount
<del>1</del>	<del>Granite County Conservation District</del>	
	Granite County Flint Creek Dam Improvements	\$125,000
<del>2</del> <u>1</u>	Pondera County Conservation District	
	Pondera County Conservation District S-Canal Pipeline Conversion	\$125,000
<del>3</del> <u>2</u>	Yellowstone County	
	Yellowstone County Billings Bench Water Association Rattlesnake Reservoir Water Management Improvements	\$125,000
<del>4</del> <u>3</u>	Yellowstone Irrigation District	
	Yellowstone Irrigation District Canal Rehabilitation	\$125,000
<del>5</del> <u>4</u>	Lower Yellowstone Irrigation District #1	
	Lower Yellowstone Irrigation District Thomas Point Pump Station Rehabilitation, Phase 2	\$125,000
<del>6</del> <u>5</u>	Savage Irrigation District	
	Savage Irrigation District Pumping Plant Rehabilitation, Phase 2	\$125,000
<del>7</del> <u>6</u>	Clinton Irrigation District	
	Clinton Irrigation District Schoolhouse Lateral Pipeline Conversion, Phase 4	\$125,000
<del>8</del> <u>7</u>	Helena Valley Irrigation District	
	Helena Valley Irrigation District Lateral 26.6 and Lateral 20.7-3.3 Seepage Mitigation	\$125,000
<del>9</del> <u>8</u>	Helena Valley Irrigation District	

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1	Helena Valley Irrigation District Pumping Plant Automation	\$125,000
2	<del>40</del> <u>9</u> Greenfields Irrigation District	
3	Greenfields Irrigation District Check Replacement, Phase 2	\$125,000
4	<del>44</del> <u>10</u> Tongue and Yellowstone River Irrigation District	
5	Tongue and Yellowstone River Irrigation District Cowles Creek Flume Replacement	
6		\$125,000
7	<del>42</del> <u>11</u> Tongue and Yellowstone River Irrigation District	
8	Tongue and Yellowstone River Irrigation District Jones Creek Flume and Canal Conversion	
9		\$125,000
10	<del>43</del> <u>12</u> Bitterroot Conservation District	
11	Bitterroot Conservation District Union Diversion Resource Improvements	\$125,000
12	<del>44</del> <u>13</u> Fort Belknap Irrigation District	
13	Fort Belknap Irrigation District Main Canal Lining Project	\$125,000
14	<del>45</del> <u>14</u> Petroleum County Conservation District	
15	Petroleum County Conservation District McDonald Creek Diversion Structures Replacement	
16		\$125,000
17	<del>46</del> <u>15</u> Malta Irrigation District	
18	Malta Irrigation District Black Coulee Siphon Replacement	\$125,000
19	<del>47</del> <u>16</u> Yellowstone Irrigation District	
20	Yellowstone Irrigation District Lateral 17.6 Rehabilitation, Phase 1	\$125,000
21	<del>48</del> <u>17</u> Sweet Grass Conservation District	
22	Sweet Grass Conservation District Crest Ditch Headgate Rehabilitation	\$125,000
23	<del>49</del> <u>18</u> Petrolia Irrigation District	
24	Petrolia Irrigation District Main Canal Pipeline Conversion	\$125,000
25	<del>20</del> <u>19</u> Glen Lake Irrigation District	
26	Glen Lake Irrigation District Doxie Slough Seepage Mitigation Project	\$125,000
27	<del>21</del> ——— Granite Conservation District ———	

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1	<del>Granite Conservation District Allendale Ditch Rehabilitation</del>	<del>\$125,000</del>
2	<u>22 20</u> Hammond Irrigation District	
3	Hammond Irrigation District Big Porcupine Siphon Rehabilitation	\$125,000
4	<u>21</u> <u>SUNSET IRRIGATION DISTRICT</u>	
5	<u>HEADGATE REPAIR</u>	<u>\$20,000</u>
6	<u>23 22</u> Greenfields Irrigation District	
7	Greenfields Irrigation District J-Wasteway Modernization	\$125,000
8	<u>24 23</u> Bitter Root Irrigation District	
9	Bitter Root Irrigation District Diversion Control Modernization	\$99,500
10	<u>25 24</u> Zurich Irrigation District	
11	Zurich Irrigation District Brown Creek Siphon Rehabilitation	\$125,000
12	<u>26 25</u> Kinsey Irrigation District	
13	Kinsey Irrigation District Harris Creek Spill Structure Rehabilitation	\$125,000
14	<u>27 26</u> Kinsey Irrigation District	
15	Kinsey Irrigation District Hammerbacker Lateral to Pipeline Conversion	\$125,000
16	<u>28 27</u> Fort Shaw Irrigation District	
17	Fort Shaw Irrigation District Simms Creek Siphon Replacement	\$125,000

18

19 NEW SECTION. Section 2. Coordination of fund sources for grants to political subdivisions

20 and local governments. A grant recipient listed under [section 1(4) and (7)] may not receive funds from both

21 the reclamation and development grants program and the renewable resource grant and loan program for the

22 same project during the same biennium.

23

24 NEW SECTION. Section 3. Condition of grants. The disbursement of funds under [section 1] is

25 subject to the following conditions that must be met by the grant recipient:

26 (1) The grant recipient must have a scope of work, schedule, and budget for the project that is

27 approved by the department of natural resources and conservation. Any changes in scope of work or budget



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1 after legislative approval may not alter project goals and objectives. Changes in activities that would reduce the  
2 public or natural resource benefits as presented in department of natural resources and conservation reports  
3 and applicant testimony to the 69th legislature may result in a proportional reduction in the grant amount.

4 (2) The grant recipient must document that other matching funds required for completion of the  
5 project are firmly committed.

6 (3) The grant recipient must have a project management plan that is approved by the department  
7 of natural resources and conservation.

8 (4) The grant recipient shall comply with the auditing and reporting requirements provided for in 2-  
9 7-503 and establish a financial accounting system that the department can reasonably ensure conforms to  
10 generally accepted accounting principles. Tribal governments shall comply with the auditing and reporting  
11 requirements provided for in 2 CFR 200.

12 (5) The grant recipient shall satisfactorily complete the conditions described in the  
13 recommendation section of the project narrative of the program report to the legislature for the biennium ending  
14 June 30, 2027, or, in the case of planning grants issued under [section 1(1)], complete the conditions specified  
15 at the time of written notification of the approved grant authority.

16 (6) The grant recipient shall execute a grant agreement with the department of natural resources  
17 and conservation.

18 (7) Any other specific requirements considered necessary by the department must be met to  
19 accomplish the purpose of the grant as evidenced from the application to the department or from the proposal  
20 as presented to the legislature.  
21

22 **NEW SECTION. SECTION 4. LOCAL GOVERNMENT REQUIREMENTS BEFORE FUNDS ARE RELEASED. (1) TO**  
23 **BE ELIGIBLE TO RECEIVE FUNDING UNDER [THIS ACT], A LOCAL GOVERNMENT SHALL ESTABLISH AND CONTINUALLY FUND**  
24 **A CAPITAL RESERVE ACCOUNT MEETING THE REQUIREMENTS OF SUBSECTION (3) FOR NECESSARY INFRASTRUCTURE**  
25 **IMPROVEMENTS, INCLUDING BUT NOT LIMITED TO IMPROVEMENTS TO WATER SUPPLY SYSTEMS, WASTEWATER SYSTEMS,**  
26 **IRRIGATION SYSTEMS, AND WATER STORAGE DAMS WITH WATER STORAGE CAPACITY IN EXCESS OF 3,000 ACRE FEET**  
27 **AND THAT ARE NOT PART OF A PUBLIC WATER SYSTEM.**

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(2) THE CAPITAL RESERVE ACCOUNT MUST BE ESTABLISHED PRIOR TO THE RECEIPT OF GRANT FUNDS UNDER [THIS ACT].

(3) THE LOCAL GOVERNMENT SHALL DEPOSIT INTO THE CAPITAL RESERVE ACCOUNT:

(A) AN AMOUNT EQUAL TO 10% OF THE REVENUES RECEIVED BY THE LOCAL GOVERNMENT FROM WATER SUPPLY FEES, WASTEWATER SYSTEM USAGE FEES, OR WATER DELIVERY FEES ASSESSED BY THE LOCAL GOVERNMENT;  
OR

(B) FOR THE OWNERS OF WATER STORAGE DAMS DESCRIBED IN SUBSECTION (1), AN AMOUNT EQUAL TO \$5 PER ACRE FOOT OF WATER STORAGE CAPACITY. REVENUES OR ROYALTIES FROM THE PRODUCTION AND SALE OF ELECTRICITY, GENERAL FUND REVENUES USED FOR THE MAINTENANCE OF WATER STORAGE DAMS AND OTHER STRUCTURES OWNED BY THE LOCAL GOVERNMENT, AND FEES LEVIED ON ALL MEMBERS OF A CONSERVATION DISTRICT AS THE CONSERVATION DISTRICT EXISTED ON JANUARY 1, 2025, WHERE THE DAM IS LOCATED MAY BE USED TO MEET THE REQUIREMENT OF THIS SUBSECTION (3)(B).

(C) A LOCAL GOVERNMENT MAY NOT CREATE ANY FORM OF SPECIAL OR IMPROVEMENT DISTRICT TO FUND THE CAPITAL RESERVE ACCOUNT PROVIDED FOR IN THIS SECTION.

(4) A LOCAL GOVERNMENT MAY ONLY EXPEND FUNDS FROM THE CAPITAL RESERVE ACCOUNT TO FUND PROJECTS WITH A TOTAL ESTIMATED COST OF AT LEAST \$50,000.

(5) AS USED IN THIS SECTION, "LOCAL GOVERNMENT" MEANS A COUNTY, CITY, TOWN, CONSOLIDATED CITY-COUNTY, IRRIGATION DISTRICT, DRAINAGE DISTRICT, CONSERVATION DISTRICT, OR WATER USERS' ASSOCIATION OR DITCH COMPANY ORGANIZED AND INCORPORATED PURSUANT TO TITLE 35, CHAPTER 14, OR TITLE 85, CHAPTER 6, PART 1.

NEW SECTION. Section 5. Appropriations established. There is appropriated to any entity of state government that receives a grant under [section 1] the amount of the grant upon award of the grant by the department of natural resources and conservation. Grants to entities from prior biennia are reauthorized for the completion of contract work.

NEW SECTION. Section 6. Approval of grants -- completion of biennial appropriation. The

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1 legislature, pursuant to 85-1-605, approves the renewable resource grant and loan program grants listed in  
2 [section 1]. The authorization of these grants constitutes a biennial appropriation from the natural resources  
3 projects state special revenue account established in 15-38-302.

4  
5 **NEW SECTION. Section 7. Notification to tribal governments.** The secretary of state shall send a  
6 copy of [this act] to each federally recognized tribal government in Montana.

7  
8 **NEW SECTION. Section 8. Severability.** If a part of [this act] is invalid, all valid parts that are  
9 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications,  
10 the part remains in effect in all valid applications that are severable from the invalid applications.

11  
12 **COORDINATION SECTION. Section 9. Coordination instruction.** (1) If both [this act] and an act  
13 that provides additional funding for renewable resource grant and loan program grants from a source other than  
14 the natural resources projects state special revenue account established in 15-38-302 are passed and  
15 approved, the projects listed in [section 1(4) and (7) of this act] that do not receive funding from the  
16 appropriations in [section 1(2) and (5) of this act] may receive funding from the appropriation in the other act  
17 designated for renewable resource grant and loan program grants in the order of completion of the conditions of  
18 [section 3 of this act] and to the extent that there is appropriation authority available.

19 (2) Appropriations made in [section 1(1)(a) through(1)(e)] may be adjusted within [section 1(1)(a)  
20 through (1)(e)] within the biennium based on demand or emergencies.

21  
22 **NEW SECTION. Section 10. Effective date.** [This act] is effective July 1, 2025.

23 - END -