

Amendment - 2nd Reading-yellow - Requested by: John Fitzpatrick - (H) Committee of the Whole

- 2025

69th Legislature 2025

Drafter: Julie Johnson,

HB0006.002.003

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;~~ AMENDING SECTION 85-1-612, MCA; 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
5	Harrison Water and Sewer District	
	Harrison Wastewater System Improvements	\$125,000
6	Madison County	
	Madison County Pennington Bridge Big Hole River Restoration	\$125,000
7	South Wind County Water and Sewer District	
	South Wind Drinking Water and Wastewater Improvements, Phase 4	\$125,000

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1	8 <u>7</u>	Willow Creek Sewer District	
2		Willow Creek Sewer District Wastewater System Improvements	\$125,000
3	9 <u>8</u>	Roundup, City of	
4		Roundup Wastewater Lagoon System Upgrades	\$125,000
5	40 <u>9</u>	Judith Basin County	
6		Judith Basin County Geyser Wastewater Treatment System Improvements	\$125,000
7	44 <u>10</u>	Martinsdale Water and Sewer District	
8		Martinsdale Water and Sewer District Water System Improvements	\$125,000
9	42 <u>11</u>	Alder Water and Sewer District	
10		Alder Water and Sewer District Wastewater System Improvements	\$125,000
11	43 <u>12</u>	Fairfield, Town of	
12		Fairfield Drinking Water System Improvements	\$125,000
13	44 <u>13</u>	Dutton, Town of	
14		Dutton Drinking Water System Improvements, Phase 2	\$125,000
15	45 <u>14</u>	Circle, Town of	
16		Circle Water System Improvements, Phase 5	\$125,000
17	46 <u>15</u>	Malta, City of	
18		Malta Drinking Water System Improvements	\$125,000
19	47 <u>16</u>	Red Lodge, City of	
20		Red Lodge Wastewater System Improvements, Phases 2 and 3	\$125,000
21	48 <u>17</u>	Hysham, Town of	
22		Hysham Drinking Water System Improvements, Phase 2	\$125,000
23	49 <u>18</u>	Darby, Town of	
24		Darby Wastewater System Improvements	\$125,000
25	20 <u>19</u>	Sheridan, Town of	
26		Sheridan Drinking Water System Improvements	\$125,000
27	24 <u>20</u>	Richey, Town of	

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1	Richey Drinking Water System Improvements, Phase 3	\$125,000
2	22 <u>21</u> Ennis, Town of	
3	Ennis Drinking Water System Improvements	\$125,000
4	23 <u>22</u> Basin Water and/or Sewer District	
5	Basin Water and/or Sewer District Drinking Water System Improvements	\$125,000
6	24 <u>23</u> Manhattan, Town of	
7	Manhattan Water System Improvements	\$125,000
8	25 <u>24</u> Cooke City Water District	
9	Cooke City Drinking Water Infrastructure Improvements	\$125,000
10	26 <u>25</u> Treasure State Acres Water and Sewer District	
11	Treasure State Acres Wastewater Treatment System Improvements	\$125,000
12	27 <u>26</u> St. Ignatius, Town of	
13	St. Ignatius Wastewater Collection Main Replacement	\$125,000
14	28 <u>27</u> Twin Bridges, Town of	
15	Twin Bridges Drinking Water System Improvements	\$125,000
16	29 <u>28</u> Libby, City of	
17	Libby Wastewater System Improvements	\$125,000
18	30 <u>29</u> Sun Prairie Village County Water and Sewer District	
19	Sun Prairie Village Drinking Water System Upgrades	\$125,000
20	31 <u>30</u> Plentywood, City of	
21	Plentywood Drinking Water System Improvements	\$125,000
22	32 <u>31</u> White Sulphur Springs, City of	
23	White Sulphur Springs Drinking Water System Improvements	\$125,000
24	33 <u>32</u> Big Timber, City of	
25	Big Timber Drinking Water Storage Improvements	\$125,000
26	34 <u>33</u> Wolf Point, City of	
27	Wolf Point Wastewater System Improvements, Phase 3	\$125,000

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1	35 <u>34</u>	Bigfork County Water and Sewer District	
2		Bigfork Drinking Water System Improvements	\$125,000
3	36 <u>35</u>	Shelby, City of	
4		Shelby Wastewater System Improvements	\$125,000
5	37 <u>36</u>	Ronan, City Of	
6		Ronan Wastewater System Improvements	\$125,000
7	38 <u>27</u>	Bearcreek, Town of	
8		Bearcreek Drinking Water System Improvements, Phase 1	\$125,000
9	39 <u>38</u>	Conrad, City of	
10		Conrad Wastewater System Improvements	\$125,000
11	40 <u>39</u>	Pinesdale, Town of	
12		Pinesdale Drinking Water System Improvements	\$125,000
13	41 <u>40</u>	Hinsdale County Water and Sewer District	
14		Hinsdale County Water and Sewer District Water System Upgrades	\$125,000
15	42 <u>41</u>	Joliet, Town of	
16		Joliet Wastewater System Improvements	\$125,000
17	(5)	There is appropriated \$3,474,500 <u>\$2,520,000</u> from the natural resources projects state special	
18		revenue account established in 15-38-302 to the department of natural resources and conservation for the	
19		biennium beginning July 1, 2025. The funds in this subsection (5) must be awarded by the department to the	
20		named entities for the described purposes and in the grant amounts listed in subsection (7), subject to the	
21		conditions set forth in [sections 2 and 3] and the contingencies described in the renewable resource grant and	
22		loan program's January 2025 report to the 68th legislature titled: "Governor's Executive Budget Fiscal Years	
23		2026–2027 Volume 6".	
24	(6)	Funds must be awarded up to the amounts approved in subsection (7) in the order of priority	
25		listed until the available funds are expended. Funds not accepted or used by higher-ranked projects must be	
26		provided for projects farther down the priority list that would not otherwise receive funding. If at any time a grant	
27		recipient determines that a project will not begin before June 30, 2027, the grant recipient shall notify the	

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

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

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

16

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

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

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

20 same project during the same biennium.

21

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

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

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

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

26 after legislative approval may not alter project goals and objectives. Changes in activities that would reduce the

27 public or natural resource benefits as presented in department of natural resources and conservation reports

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and applicant testimony to the 69th legislature may result in a proportional reduction in the grant amount.

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

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

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

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

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

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

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

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

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~~(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 4. 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 5. Approval of grants -- completion of biennial appropriation. The legislature, pursuant to 85-1-605, approves the renewable resource grant and loan program grants listed in [section 1]. The authorization of these grants constitutes a biennial appropriation from the natural resources

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projects state special revenue account established in 15-38-302.

Section 6. Section 85-1-612, MCA, is amended to read:

"85-1-612. Rulemaking authority. The department shall adopt rules:

- (1) prescribing a reasonable application fee and the form and content of applications for grants and loans;
- (2) governing the application of the criteria for awarding loans and grants to private persons;
- (3) providing for the servicing of loans including arrangements for obtaining security interests and the establishment of reasonable fees or charges to be made;
- (4) describing the terms and conditions for making grants and loans, the security instruments, and the agreements necessary;
- (5) describing the ranking criteria used to evaluate and prioritize grants to governmental entities, which must include a ratio calculated by dividing the amount of the locally provided match, which includes cash or capital improvement funds, by the annual operating budget for the system. Projects with a higher ratio of match may be given priority over other projects with a lower ratio, and consideration must be given to the size and cost of the proposed project, the number of users the project serves, and the ability of the applicant to fund the fund dedicated to capital improvements.
- (6) specifying any other procedures necessary to accomplish the objectives of the renewable resource grant and loan program."

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

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

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

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

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

12 - END -