

**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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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.