

HOUSE BILL NO. 408

INTRODUCED BY S. LAVIN, M. BLASDEL

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4 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING THE AIR SERVICE DEVELOPMENT GRANT
5 PROGRAM FOR ESTABLISHING OR EXPANDING COMMERCIAL AIR SERVICE; ASSIGNING
6 ADMINISTRATION OF THE PROGRAM TO THE DEPARTMENT OF TRANSPORTATION; INCREASING THE
7 SALES AND USE TAX ON RENTAL VEHICLES TO FUND THE PROGRAM; PROVIDING A STATUTORY
8 APPROPRIATION TO THE DEPARTMENT OF TRANSPORTATION; PROHIBITING THE ACCOUNT USED TO
9 FUND THE GRANT PROGRAM FROM EXCEEDING A CERTAIN AMOUNT; PROVIDING FOR ELIGIBILITY
10 FOR THE GRANT PROGRAM; PROVIDING MATCHING GRANT AWARD GUIDELINES; REQUIRING THE
11 DEPARTMENT OF TRANSPORTATION TO ADOPT RULES GOVERNING THE PROCESS FOR GRANT
12 APPLICATIONS AND AWARDS; REQUIRING GRANT FUNDS TO BE EXPENDED WITHIN A CERTAIN
13 AMOUNT OF TIME; AMENDING SECTIONS 7-14-112, 15-68-102, 15-68-820, AND 17-7-502, MCA; AND
14 PROVIDING AN EFFECTIVE DATE AND A TERMINATION DATE."

15
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

17
18 NEW SECTION. **Section 1. Air service development grant program -- purpose.** There is an air
19 service development grant program established within the department to assist communities in providing
20 incentives to commercial airlines to expand their services or to establish new services in those communities.

21
22 NEW SECTION. **Section 2. Air service development grant program account -- fund balance limit.**

23 (1) There is an account in the state special revenue fund for the purpose of providing grants under the air service
24 development grant program created in [section 1].

25 (2) Money must be deposited in the account pursuant to 15-68-820(2)(b).

26 (3) Money in the account is statutorily appropriated, as provided in 17-7-502, to the department for the
27 purposes of awarding grants under [sections 1 through 5].

28 (4) The fund balance in the account may not exceed \$2 million. Any amount in excess of \$2 million must
29 be transferred to the general fund.

30

1 NEW SECTION. **Section 3. Air service development grant program -- eligibility -- use of grant**
 2 **funding -- definitions.** (1) Except as provided in [section 5(5)], a community that is served by commercial air
 3 service or essential air service OR A COMMUNITY DEVELOPMENT ORGANIZATION is eligible to apply for a grant under
 4 the provisions of [sections 1 through 5].

5 (2) (a) Except as provided in subsection (2)(b), grant funds may be used for:

6 (i) minimum revenue guarantees designed to ensure that a new or expanded route is profitable to a
 7 commercial air carrier;

8 (ii) marketing by a community OR A COMMUNITY DEVELOPMENT ORGANIZATION to advertise expanded or new
 9 commercial air service or marketing existing essential air service;

10 (iii) subsidizing the cost of ground handling and subsidizing fuel costs; and

11 (iv) providing matching funds for the purpose of receiving federal grant awards.

12 (b) ~~A community with essential air service may not use grant funds~~ GRANT FUNDS MAY NOT BE USED for
 13 any purpose that would jeopardize ~~the~~ A community's eligibility in the essential air service program.

14 (3) For the purposes of [sections 1 through 5], the following definitions apply:

15 (a) "Community" means an airport authority or a governing body as those terms are defined in 67-1-101.

16 (B) "COMMUNITY DEVELOPMENT ORGANIZATION" MEANS AN ORGANIZATION OR PARTNERSHIP IN AN AREA THAT
 17 IS SERVED BY COMMERCIAL AIR SERVICE OR ESSENTIAL AIR SERVICE THAT HAS AN INTEREST IN AIR SERVICE
 18 DEVELOPMENT, INCLUDING A CHAMBER OF COMMERCE, A CONVENTION AND VISITOR BUREAU, OR A COMMUNITY AIR
 19 SERVICE PARTNERSHIP.

20 ~~(b)(c)~~ "Essential air service" means small community air service provided to eligible communities under
 21 49 U.S.C. 41731 through 41748.

22

23 NEW SECTION. **Section 4. Matching grant award guidelines.** (1) The department may award up to
 24 \$500,000 to an eligible community OR COMMUNITY DEVELOPMENT ORGANIZATION.

25 (2) A community OR COMMUNITY DEVELOPMENT ORGANIZATION that is awarded a grant shall provide
 26 matching funds in the amounts specified in subsection (3).

27 (3) (a) For a grant award of \$100,000 or less, the required match must be 10% of the grant award.

28 (b) For a grant award greater than \$100,000 but not more than \$200,000, the required match must be
 29 \$10,000 plus 20% of amounts that are greater than \$100,000.

30 (c) For a grant award greater than \$200,000 but not more than \$300,000, the required match must be

1 \$30,000 plus 30% of amounts that are greater than \$200,000.

2 (d) For a grant award greater than \$300,000 but not more than \$400,000, the required match must be
3 \$60,000 plus 40% of amounts that are greater than \$300,000.

4 (e) For a grant award greater than \$400,000, the required match must be \$100,000 plus 50% of amounts
5 that are greater than \$400,000.

6

7 **NEW SECTION. Section 5. Grant application process -- rulemaking -- factors to consider when**
8 **awarding grants -- priorities.** (1) The department shall adopt rules to implement the grant program. The rules
9 must:

10 (a) provide for a uniform grant application process;

11 (b) establish ways in which communities OR COMMUNITY DEVELOPMENT ORGANIZATIONS will be notified of
12 the grant program;

13 (c) provide criteria for grant awards and factors the department will consider in awarding grants; and

14 (d) provide for any other processes or procedures the department considers necessary to implement
15 and operate the grant program.

16 (2) The rules adopted pursuant to subsection (1)(c) must, at a minimum, require consideration of the
17 following when determining grant awards and amounts:

18 (a) whether air fares in a community are higher than the average air fare for all communities in the United
19 States;

20 (b) whether improved service in a community will result in material benefits to a broad section of the
21 traveling public, including businesses, educational institutions, and other enterprises with limited access to the
22 national air transportation system; and

23 (c) whether the ~~community~~ APPLICANT has provided a specific plan and timetable for using the grant funds
24 in a timely manner.

25 (3) Priority for grant awards must be given to proposals that combine grant funds with other local and
26 federal programs as determined by the department.

27 (4) Unless the department determines that a time extension is warranted, a community OR COMMUNITY
28 DEVELOPMENT ORGANIZATION shall expend all of the grant funds it is awarded within 3 years of the date of the
29 award. Any amount remaining at the end of the 3-year period must be returned to the department for deposit in
30 the account established in [section 2].

1 (5) A community OR COMMUNITY DEVELOPMENT ORGANIZATION that has received grant funding under
 2 [sections 1 through 5] is not eligible to apply for additional grant awards until it has expended the grant funds or
 3 has otherwise concluded the project for which the existing grant was awarded.

4

5 **Section 6.** Section 7-14-112, MCA, is amended to read:

6 **"7-14-112. Senior citizen and persons with disabilities transportation services account -- use.** (1)

7 There is a senior citizen and persons with disabilities transportation services account in the state special revenue
 8 fund. Money must be deposited in the account pursuant to 15-68-820(2)(a).

9 (2) The account must be used to provide operating funds or matching funds for operating grants pursuant
 10 to 49 U.S.C. 5311 to counties, incorporated cities and towns, tribal governments, urban transportation districts,
 11 or nonprofit organizations for transportation services for persons 60 years of age or older and for persons with
 12 disabilities.

13 (3) (a) Subject to the conditions of subsection (3)(b), the department of transportation is authorized to
 14 award grants to counties, incorporated cities and towns, tribal governments, urban transportation districts, and
 15 nonprofit organizations for transportation services using guidelines established in the state management plan for
 16 the purposes described in 49 U.S.C. 5310 and 5311.

17 (b) Priority for awarding grants must be determined according to the following factors:

18 (i) the most recent census or federal estimate of persons 60 years of age or older and persons with
 19 disabilities in the area served by a county, incorporated city or town, tribal government, urban transportation
 20 district, or nonprofit organization;

21 (ii) the annual number of trips provided by the transportation provider to persons 60 years of age or older
 22 and to persons with disabilities in the transportation service area; and

23 (iii) the coordination of services as required in subsection (4).

24 (4) In awarding grants, the department of transportation shall give preference to proposals that:

25 (a) include participation in a local transportation advisory committee;

26 (b) address and document the transportation needs within the community, county, and service area or
 27 region;

28 (c) identify all other transportation providers in the community, county, and service area or region;

29 (d) explain how services are going to be coordinated with the other transportation providers in the service
 30 area or region by creating a locally developed transportation coordination plan;

- 1 (e) indicate how services are going to be expanded to meet the unmet needs of senior citizens and
 2 disabled persons within the community, county, and service area or region who are dependent upon public transit;
- 3 (f) include documentation of coordination with other local transportation programs within the community,
 4 county, and service area or region, including:
- 5 (i) utilization of existing resources and equipment to maximize the delivery of service; and
 6 (ii) the projected increase in ridership and expansion of service;
- 7 (g) invite school districts to participate or be included in the transportation coordination efforts within the
 8 community, county, and service area or region; and
- 9 (h) at a minimum, comply with the provisions in subsections (4)(b) through (4)(f)."

10

11 **Section 7.** Section 15-68-102, MCA, is amended to read:

12 **"15-68-102. Imposition and rate of sales tax and use tax -- exceptions.** (1) A sales tax of the
 13 following percentages is imposed on sales of the following property or services:

- 14 (a) 3% on accommodations and campgrounds;
- 15 (b) ~~4%~~ 5% on the base rental charge for rental vehicles.
- 16 (2) The sales tax is imposed on the purchaser and must be collected by the seller and paid to the
 17 department by the seller. The seller holds all sales taxes collected in trust for the state. The sales tax must be
 18 applied to the sales price.

19 (3) (a) For the privilege of using property or services within this state, there is imposed on the person
 20 using the following property or services a use tax equal to the following percentages of the value of the property
 21 or services:

- 22 (i) 3% on accommodations and campgrounds;
- 23 (ii) ~~4%~~ 5% on the base rental charge for rental vehicles.
- 24 (b) The use tax is imposed on property or services that were:
- 25 (i) acquired outside this state as the result of a transaction that would have been subject to the sales tax
 26 had it occurred within this state;
- 27 (ii) acquired within the exterior boundaries of an Indian reservation within this state as a result of a
 28 transaction that would have been subject to the sales tax had it occurred outside the exterior boundaries of an
 29 Indian reservation within this state;
- 30 (iii) acquired as the result of a transaction that was not initially subject to the sales tax imposed by

1 subsection (1) or the use tax imposed by subsection (3)(a) but which transaction, because of the buyer's
 2 subsequent use of the property, is subject to the sales tax or use tax; or

3 (iv) rendered as the result of a transaction that was not initially subject to the sales tax or use tax but that
 4 because of the buyer's subsequent use of the services is subject to the sales tax or use tax.

5 (4) For purposes of this section, the value of property must be determined as of the time of acquisition,
 6 introduction into this state, or conversion to use, whichever is latest.

7 (5) The sale of property or services exempt or nontaxable under this chapter is exempt from the tax
 8 imposed in subsections (1) and (3).

9 (6) Lodging facilities and campgrounds are exempt from the tax imposed in subsections (1)(a) and
 10 (3)(a)(i) until October 1, 2003, for contracts entered into prior to April 30, 2003, that provide for a guaranteed
 11 charge for accommodations or campgrounds."

12

13 **Section 8.** Section 15-68-820, MCA, is amended to read:

14 **"15-68-820. Sales tax and use tax proceeds.** (1) Except as provided in subsection (2), all money
 15 collected under this chapter must, in accordance with the provisions of 17-2-124, be deposited by the department
 16 into the general fund.

17 (2) ~~(a) Twenty-five~~ Twenty percent of the revenue collected on the base rental charge for rental vehicles
 18 under 15-68-102(1)(b) and 15-68-102(3)(a)(ii) must be deposited in the ~~state special revenue fund to the credit~~
 19 ~~of the senior citizen and persons with disabilities transportation services account provided for in 7-14-112.~~

20 (b) Twenty percent of the revenue collected on the base rental charge for rental vehicles under
 21 15-68-102(1)(b) and 15-68-102(3)(a)(ii) must be deposited in the air service development grant program account
 22 provided for in [section 2]."

23

24 **Section 9.** Section 17-7-502, MCA, is amended to read:

25 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory
 26 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the
 27 need for a biennial legislative appropriation or budget amendment.

28 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both
 29 of the following provisions:

30 (a) The law containing the statutory authority must be listed in subsection (3).

1 (b) The law or portion of the law making a statutory appropriation must specifically state that a statutory
2 appropriation is made as provided in this section.

3 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120;
4 5-11-407; 5-13-403; 7-4-2502; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-3-203; 10-3-310; 10-3-312;
5 10-3-314; 10-4-301; 15-1-121; 15-1-218; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121; 15-70-101;
6 15-70-433; 15-70-601; 16-11-509; 17-3-106; 17-3-112; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 17-7-215;
7 18-11-112; 19-3-319; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506;
8 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-517; 20-9-520; 20-9-534; 20-9-622; 20-9-905; 20-26-617;
9 20-26-1503; 22-1-327; 22-3-116; 22-3-117; 22-3-1004; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301;
10 23-7-402; 30-10-1004; 37-43-204; 37-50-209; 37-51-501; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-12-213;
11 44-13-102; 50-1-115; 53-1-109; 53-6-1304; 53-9-113; 53-24-108; 53-24-206; 60-11-115; 61-3-415; section 2;
12 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-13-150; 76-13-416; 77-1-108; 77-2-362; 80-2-222;
13 80-4-416; 80-11-518; 81-1-112; 81-7-106; 81-10-103; 82-11-161; 85-20-1504; 85-20-1505; [85-25-102]; 87-1-603;
14 90-1-115; 90-1-205; 90-1-504; 90-3-1003; 90-6-331; and 90-9-306.

15 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
16 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
17 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana
18 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state
19 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory
20 appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion
21 of 19-20-604 terminates contingently when the amortization period for the teachers' retirement system's unfunded
22 liability is 10 years or less; pursuant to sec. 10, Ch. 10, Sp. L. May 2000, secs. 3 and 6, Ch. 481, L. 2003, and
23 sec. 2, Ch. 459, L. 2009, the inclusion of 15-35-108 terminates June 30, 2019; pursuant to sec. 73, Ch. 44, L.
24 2007, the inclusion of 19-6-410 terminates contingently upon the death of the last recipient eligible under
25 19-6-709(2) for the supplemental benefit provided by 19-6-709; pursuant to sec. 5, Ch. 442, L. 2009, the inclusion
26 of 90-6-331 terminates June 30, 2019; pursuant to sec. 16, Ch. 58, L. 2011, the inclusion of 30-10-1004
27 terminates June 30, 2017; pursuant to sec. 6, Ch. 61, L. 2011, the inclusion of 76-13-416 terminates June 30,
28 2019; pursuant to sec. 13, Ch. 339, L. 2011, the inclusion of 81-1-112 and 81-7-106 terminates June 30, 2017;
29 pursuant to sec. 11(2), Ch. 17, L. 2013, the inclusion of 17-3-112 terminates on occurrence of contingency;
30 pursuant to sec. 5, Ch. 244, L. 2013, the inclusion of 22-1-327 terminates July 1, 2017; pursuant to sec. 27, Ch.

1 285, L. 2015, and sec. 1, Ch. 292, L. 2015, the inclusion of 53-9-113 terminates June 30, 2021; pursuant to sec.
2 6, Ch. 291, L. 2015, the inclusion of 50-1-115 terminates June 30, 2021; pursuant to sec. 28, Ch. 368, L. 2015,
3 the inclusion of 53-6-1304 terminates June 30, 2019; pursuant to sec. 5, Ch. 383, L. 2015, the inclusion of
4 85-25-102 is effective on occurrence of contingency; pursuant to sec. 5, Ch. 422, L. 2015, the inclusion of
5 17-7-215 terminates June 30, 2021; pursuant to sec. 6, Ch. 423, L. 2015, the inclusion of 22-3-116 and 22-3-117
6 terminates June 30, 2025; pursuant to sec. 10, Ch. 427, L. 2015, the inclusion of 37-50-209 terminates
7 September 30, 2019; and pursuant to sec. 33, Ch. 457, L. 2015, the inclusion of 20-9-905 terminates December
8 31, 2023.)"

9

10 NEW SECTION. **Section 10. Codification instruction.** [Sections 1 through 5] are intended to be
11 codified as an integral part of Title 67, chapter 2, part 1, and the provisions of Title 67, chapter 2, part 1, apply
12 to [sections 1 through 5].

13

14 NEW SECTION. **Section 11. Effective date.** [This act] is effective July 1, 2017.

15

16 NEW SECTION. **Section 12. Termination.** [This act] terminates June 30, 2023.

17

- END -