

1 HOUSE BILL NO. 51

2 INTRODUCED BY DICK BARRETT

3 BY REQUEST OF THE DEPARTMENT OF ENVIRONMENTAL QUALITY

4

5 A BILL FOR AN ACT ENTITLED: "AN ACT MODIFYING THE PROCEDURES FOR PAYMENT OF ENERGY
6 COST SAVINGS FROM PROJECTS FUNDED FROM ENERGY CONSERVATION PROGRAM BONDS;
7 CREATING A DEBT SERVICE ACCOUNT; AMENDING SECTIONS 90-4-605, 90-4-612, AND 90-4-614, MCA;
8 AND PROVIDING AN EFFECTIVE DATE."

9

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

11

12 **Section 1.** Section 90-4-605, MCA, is amended to read:

13 **"90-4-605. Preparation of energy conservation program.** (1) The department shall identify buildings
14 that have a potential for energy savings, based on age, energy use, function, and condition of the building. Upon
15 request of the department, a state agency shall provide the department with information necessary to allow the
16 department to comply with this requirement.

17 (2) Based on the criteria in subsection (1) and on the feasibility of leveraging other funds, such as federal
18 and utility energy conservation program money, the department shall select certain facilities for indepth energy
19 analyses to identify the technical and financial feasibility of making energy conservation improvements to the
20 facilities.

21 (3) (a) Upon completion of the energy analyses, the department shall identify estimated costs and
22 savings to the state based on these analyses. ~~If the estimated savings are determined to be greater than the bond
23 payment costs for a particular project, the~~

24 (b) The department shall notify the department of administration of each project for which:

25 (i) for projects to be funded with bond proceeds, the estimated savings are determined to be greater than
26 the bond payment costs; and

27 (ii) for projects to be funded from the general fund or the energy conservation capital projects account,
28 the estimated savings are determined to be greater than the cost of the project plus annual interest payments
29 of 3% of the unpaid balance of the cost of the project.

30 (c) Upon receipt of the notification, the department of administration shall implement a design and

1 construction project using bond proceeds or funds from the general fund or the energy conservation capital
2 projects account established in 90-4-617 for the costs of the project.

3 (4) The department shall compile a report that must include the following:

4 (a) a listing of contacts between the department and other state agencies;

5 (b) a summary of the department's review of agency requests and a selection of projects for indepth
6 analysis;

7 (c) a summary of the energy analyses conducted by the department, including the estimated cost of each
8 proposed project and the estimated energy cost savings of each proposed project; and

9 (d) a listing of additional projects under consideration, for which energy analyses have not been
10 conducted.

11 (5) The department shall submit the report required by subsection (4) to the governor before September
12 1 of each even-numbered year."

13

14 **Section 2.** Section 90-4-612, MCA, is amended to read:

15 **"90-4-612. Form -- principal and interest -- fiscal agent -- deposit of proceeds.** (1) Each series of
16 energy conservation program bonds may be issued by the board at the request of the department, in
17 denominations and forms, whether payable to bearer or registered as to principal or as to both principal and
18 interest, with provisions for conversion or exchange and for the issuance of notes in anticipation of the execution
19 and delivery of definitive bonds, bearing interest at a rate or rates, maturing at times not exceeding 15 years from
20 date of issue, subject to redemption at earlier times and prices and upon notice, and payable at the office of such
21 fiscal agent of the state, as the board shall determine subject to the provisions of this section and 90-4-611.

22 (2) In all other respects, the board is authorized to prescribe the form and terms of the bonds and shall
23 do whatever is lawful and necessary for their issuance and payment. The bonds and any interest coupons must
24 be signed by the members of the board, and the bonds must be issued under the great seal of the state of
25 Montana. The bonds and coupons may be executed with facsimile signatures and seal in the manner and subject
26 to the limitations prescribed by law. The state treasurer shall keep a record of all such bonds issued and sold.

27 (3) The board may employ a fiscal agent to assist in the performance of its duties under this part.

28 (4) There is created an energy conservation program account within the state special revenue fund
29 established in 17-2-102.

30 (5) All proceeds of bonds and notes issued under 90-4-611 must be deposited in the energy

1 conservation program account, except that any premiums and accrued interest received must be deposited in
 2 the energy conservation program debt service fund account established in ~~17-2-102~~ [section 4]."

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4 **Section 3.** Section 90-4-614, MCA, is amended to read:

5 **"90-4-614. Appropriation of energy cost savings.** (1) In preparing the executive budget each
 6 biennium, the governor shall include for each state agency that is participating in the state energy conservation
 7 program using money from the sale of energy conservation program bonds:

8 ~~—— (a) an estimate of the energy cost savings expected for that agency in each year of the biennium; and~~

9 ~~—— (b) a projection of the debt service on energy conservation program bonds that should be apportioned~~
 10 ~~to that agency in each year of the biennium. Debt service is zero after the term of bond repayment.~~

11 (2) Each session, the legislature shall review the governor's submission pursuant to 90-4-606 and
 12 subsection (1) of this section and appropriate in the general appropriations act ~~the following~~:

13 ~~—— (a) authority for each participating state agency to transfer funds in an amount equal to the agency's~~
 14 ~~projected debt service~~ energy cost savings to the energy conservation program debt service account established
 15 in ~~90-4-612~~ [section 4]. These transfers must be made for a period that is equal to the term of the bonds, plus
 16 1 year; ~~and~~

17 ~~—— (b) authority for each participating state agency to transfer funds to the long-range building program fund~~
 18 ~~in an amount equal to the difference between the estimated energy cost savings to the agency and the projected~~
 19 ~~debt service apportioned to that agency.~~

20 (3) The current level utility appropriations of each state ~~agencies~~ agency participating in the energy
 21 conservation program must be reduced by the ~~sum of the amounts~~ amount appropriated in ~~subsections (2)(a)~~
 22 ~~and (2)(b)~~ subsection (2).

23 (4) Each participating state agency shall transfer upon request of the department the ~~amounts~~ amount
 24 appropriated in accordance with subsection (2)."

25

26 **NEW SECTION. Section 4. Energy conservation program debt service account.** (1) There is an
 27 energy conservation program debt service account within the debt service fund type established in 17-2-102.

28 (2) The department shall transfer to the long-range building program account created in 17-7-205 money
 29 in the energy conservation debt service account that is in excess of the amount that may be needed to satisfy
 30 the principal and interest payments on the energy conservation program bonds.

