

4 A BILL FOR AN ACT ENTITLED: "AN ACT TRANSFERRING THE STATE BUILDING ENERGY
5 CONSERVATION PROGRAM FROM THE DEPARTMENT OF ENVIRONMENTAL QUALITY TO THE
6 ARCHITECTURE AND ENGINEERING DIVISION OF THE DEPARTMENT OF ADMINISTRATION;
7 ALLOWING THE DEPARTMENT OF ENVIRONMENTAL QUALITY TO RETAIN CERTAIN FEDERAL
8 FUNDING; AMENDING SECTIONS 90-4-602, 90-4-605, 90-4-607, 90-4-615, AND 90-4-616, AND 90-4-617,
9 MCA; AND PROVIDING AN EFFECTIVE DATE."

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

13 **Section 1.** Section 90-4-602, MCA, is amended to read:

14 **"90-4-602. Definitions.** As used in this part, unless the context requires otherwise, the following
15 definitions apply:

16 (1) "Board" means the board of examiners provided for in 2-15-1007.

17 (2) "Cost" includes the expenses related to planning, design, construction, and installation of
18 energy conservation improvements and any administrative expenses of the ~~department~~division incurred in the
19 performance of its duties under the energy conservation program.

20 (3) "Department" "Division" means the ~~department of environmental quality~~ architecture and
21 engineering division of the department of administration provided for in 2-15-3504 17-7-201.

22 (4) "Energy conservation program" means a program for the financing, acquisition, construction,
23 and installation of alternative energy systems, as defined in 15-32-102, or equipment, systems, and
24 improvements in state-owned buildings, structures, and facilities that save energy or water.

25 (5) "Energy conservation program bonds" includes all series of bonds issued to finance any portion
26 of the energy conservation program.

27 (6) "Energy cost savings" means the savings in utility costs to a state agency as a result of an
28 energy conservation program.

(7) "Participating state agency" means, for a state-owned building, structure, or facility, the state agency that pays for the utilities for that building.

3 (8) "State agency" means:

7

8 Section 2. Section 90-4-605, MCA, is amended to read:

9 **"90-4-605. Preparation of energy conservation program.** (1) The department

division

 shall identify

10 buildings that have a potential for energy savings, based on age, energy use, function, and condition of the

11 building. UponOn request of the department

division

, a state agency shall provide the department

division

 with

12 information necessary to allow the department

division

 to comply with this requirement.

17 (3) (a) Upon On completion of the energy analyses, the department division shall identify
18 estimated costs and savings to the state based on these analyses.

19 (b) The department division shall notify the department of administration of identify each project for
20 which:

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

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

26 (c) Upon receipt of the notification, the department of administration The division shall implement a
27 design and construction project using bond proceeds or funds from the general fund or the energy conservation
28 capital projects account established in 90-4-617 for the costs of the project.

Section 3. Section 90-4-607, MCA, is amended to read:

"90-4-607. Duties of department division. In addition to the duties set forth in 90-4-605, the

department division is authorized to:

SECTION 4. SECTION 90-4-615, MCA, IS AMENDED TO READ:

27 **"90-4-615. Energy conservation repayment account.** (1) There is an energy conservation
28 repayment account in the state special revenue fund established in 17-2-102.

(2) There must be deposited in the energy conservation repayment account:

(a) the amount of energy costs saved as a result of energy conservation projects in state buildings, or structures using appropriations from the energy conservation capital projects account or the general energy conservation program;

(b) interest earned on the account;

(c) interest earned on the energy conservation capital projects account created in 90-4-617; and

(d) funds transferred to the account by the legislature.

(3) Money in the energy conservation repayment account is available to the ~~department of environmental quality division~~ by appropriation to fund the costs of the energy conservation program for:

(a) conducting energy analysis;

(b) data collection and analysis;

(c) program administration and oversight; and

(d) monitoring the results of state building energy conservation projects.

(4) If the unencumbered funds in the account at the end of a biennium exceed \$2 million, the ~~department division~~ shall transfer to the energy conservation capital projects account the amount of funds in excess of \$2 million."

Section 5. Section 90-4-616, MCA, is amended to read:

"90-4-616. Transfer of energy savings from projects. (1) In preparing the executive budget each year, for each state agency participating in the energy conservation program by using appropriations from the general fund or the energy conservation capital projects account created in 90-4-617, the governor shall include an estimate of the energy cost savings expected for that agency in each year of the biennium.

(2) Each session, the legislature shall review the governor's submission pursuant to 90-4-606 and
tion (1) of this section and, unless the legislature disapproves, shall include in the general appropriations
hori~~or~~ty for each participating state agency, subject to [section 5 6], to transfer funds in an amount equal to
ancy's estimated energy cost savings to the energy conservation repayment account established in 90-4-
cept as provided in [section 5 6]. ~~These~~ these transfers must continue until the cost of the project,
g energy analysis, acquisition and installation costs of energy saving equipment or systems, and the

1 cost of the construction of improvements in state buildings, facilities, or structures, plus annual interest
2 payments of 3% of the unpaid balance of the cost of the project, has been paid into the energy conservation
3 repayment account.

4 (3) The current level utility appropriations of state agencies participating in the energy conservation
5 program must be reduced by the sum of the amounts approved to be transferred pursuant to subsection (2).

6 (4) Upon~~On~~ request of the ~~department~~ division, each participating state agency shall transfer the
7 amounts approved pursuant to subsection (2)."

8

9 **NEW SECTION. Section 6. Grandfathering -- retention of funds.** (1) The department of
10 environmental quality shall retain federal American Recovery and Reinvestment Act funds allocated in
11 accordance with Chapter 478, Laws of 2009, to the state energy building conservation program, including:

12 (a) transfers after July 1, 2025, made by participating state agencies pursuant to 90-4-616 for the
13 unpaid balance of projects funded with federal American Recovery and Reinvestment Act funds;

14 (b) interest payments pursuant to 90-4-616 on projects funded with federal American Recovery
15 and Reinvestment Act funds; and

16 (c) interest earned on short-term investment pool investments of federal American Recovery and
17 Reinvestment Act funds.

18 (2) The department of environmental quality may use the funds for activities consistent with
19 applicable federal requirements and in accordance with guidance provided by the federal department of energy
20 for the repurposing of funds.

21

22 **SECTION 7.** Section 90-4-617, MCA, is amended to read:

23 **"90-4-617. Energy conservation capital projects account.** (1) There is an energy conservation
24 capital projects account in the capital projects fund type established in 17-2-102.

25 (2) There must be deposited in the account:

26 (a) money transferred from the energy conservation repayment account; and

27 (b) other amounts transferred to the account by the legislature.

28 (3) Money in the account is available to the ~~department~~ division by appropriation and must be used

1 to pay the costs of the acquisition, installation, and construction of energy saving equipment, systems, or
2 improvements in state buildings, facilities, or structures."

3

4 **NEW SECTION. Section 8. Codification instruction.** [Section 5 6] is intended to be codified as an
5 integral part of Title 90, chapter 4, part 6, and the provisions of Title 90, chapter 4, part 6, apply to [section 5 6].

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7 **COORDINATION SECTION. Section 9. COORDINATION INSTRUCTION.** IF BOTH HOUSE BILL NO. 47 AND
8 [THIS ACT] ARE PASSED AND APPROVED AND IF BOTH CONTAIN A SECTION THAT AMENDS 90-4-605, THEN THE SECTIONS
9 AMENDING 90-4-605 ARE VOID AND 90-4-605 MUST BE AMENDED AS FOLLOWS:

10 **"90-4-605. PREPARATION OF ENERGY CONSERVATION PROGRAM.** (1) The department DIVISION shall
11 identify buildings OR BUILDING SYSTEMS that have a potential for energy savings, based on age, energy use,
12 function, and condition of the building. Upon ON request of the department DIVISION, a state agency shall
13 provide the department DIVISION with information necessary to allow the department DIVISION to comply with this
14 requirement.

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

19 (3) (a) Upon On completion of the energy analyses, the department division shall identify
20 estimated costs and savings to the state based on these analyses.

21 (b) The department division shall notify the department of administration of identify each project for
22 which:

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

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

1 project.

2 (c) Upon receipt of the notification, the department of administration The division shall implement a
3 design and construction project using bond proceeds or funds from the general fund or the energy conservation
4 capital projects account established in 90-4-617 for the costs of the project.

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

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

7 (b) a summary of the department's division's review of agency requests and a selection of projects
8 for indepth in-depth analysis;

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

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

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

15 (6) The division shall set the annual interest rate for projects funded by the energy conservation
16 program by July 1 of each year. The annual interest rate may not exceed 3%. The division may set the annual
17 interest rate to cover administrative costs of the program."

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19 COORDINATION SECTION. SECTION 10. COORDINATION INSTRUCTION. IF BOTH HOUSE BILL NO. 47 AND
20 [THIS ACT] ARE PASSED AND APPROVED AND IF BOTH CONTAIN A SECTION THAT AMENDS 90-4-607, THEN THE SECTIONS
21 AMENDING 90-4-607 ARE VOID AND 90-4-607 MUST BE AMENDED AS FOLLOWS:

22 "90-4-607. DUTIES OF department DIVISION. In addition to the duties set forth in 90-4-605, the
23 department division is authorized to:

24 (1) analyze state utility data to identify high-potential energy conservation projects;

25 (2) perform comprehensive energy analyses on state-owned buildings, structures, and facilities,
26 contracting with private engineers when necessary;

27 (3) transfer funds and authority to the department of administration to:

28 (a) (3) procure, design, and construction of construct cost-effective energy improvements; and

1 (b) (4) transfer funds and authority to other agencies to procure, design, and construct cost-effective
2 energy improvements; and

3 (4) (5) train facility maintenance staff in energy saving techniques and maintenance of energy
4 improvements and monitor energy conservation projects to ensure that cost savings are realized and are
5 ~~adequate to cover the debt service if bonds have been issued to fund the improvements.~~"

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

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