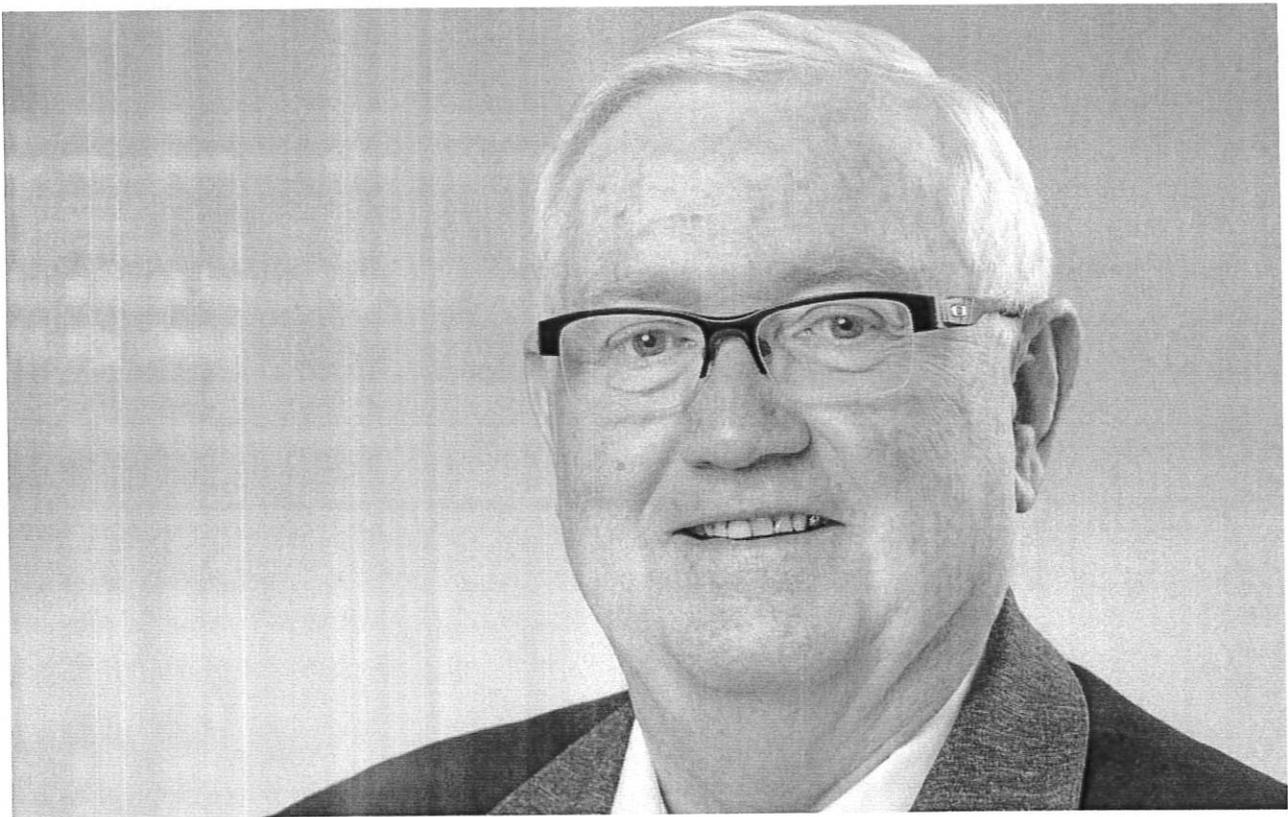


http://helenair.com/news/politics/state/smallest-bonding-bill-to-fund-local-infrastructure-projects-likely-dead/article_0d1196f6-4a27-5343-bb33-67c639bbad8b.html

TOP STORY

Smallest bonding bill to fund local infrastructure projects likely dead

JAYME FRASER jayme.fraser@lee.net Mar 27, 2017 Updated 3 min ago



Contributed Photo

The leanest infrastructure bonding bill proposed by the Montana Legislature appears dead after a Monday vote by the House Appropriations Committee.

Members of the committee had split Gov. Steve Bullock's infrastructure proposal into several smaller bills organized by project type, paying for most with cash. House Bill 645, carried by Rep. Mike Cuffe, R-Eureka, would have approved \$33.4 million in state bonding to pay for water, sewer, road and bridge projects.

The House budget committee tabled the bill by a 13-9 vote. The measure is dead unless a representative moves to blast it out of committee to appear before the 100-member House no later than Thursday.

"It should give pause to both caucuses and anyone else with interest in bonding issues," Cuffe said after the vote.

Senate Bill 367, carried by Miles City Republican Sen. Eric Moore, also includes \$27 million for a new Montana Historical Society museum, \$25 million to renovate Montana State University's Romney Hall and \$11 million for a new veterans' home in Butte.

It passed the Senate Finance and Claims Committee on a 15-3 vote last week and should appear before the full, 50-member body later this week. It must be approved and moved to the House by Friday.

North Central Montana Regional Water Authority
FULL AUTHORITY MEETING
Marias River Electric (Shelby, MT)
Conference Call Number: 1-712-775-7035 Participation Code 288230#
March 28, 2017 – 1:00 p.m.

- 1) Approval of Agenda
- 2) Approval of December 13, 2016 Full Authority Meeting Minutes
February 28, 2017 Executive Committee Meeting Minutes.
- 3) Public Comment
- 4) Financials & Accounting: Approval of financials and payment of invoices
 - a. 2016 Audited Financial Statements
 - b. Change in Use Permit for City of Shelby – Cut Bank Segment
- 5) Lobbyist Effort Updates and Current Legislation
- 6) Engineering Team Updates
 - a. North Havre CWD
 - a. Instrumentation and Controls Task Order
 - b. Tiber Service Area
 - c. Hill CWD
 - d. Conrad/Brady
 - e. Shelby/Cut Bank - *early may start up -*
 - f. Shelby/Conrad
 - g. Shelby/Sweet Grass
 - a. Available Funding and Construction Bidding Options
 - h. Newsletter
- 7) Strategic Planning Discussion
 - a. Remaining Segments with Estimated Costs – 2015 Dollars
 - b. Member Nominated Capacity & Average Gallon Per Day Water Demand

8) CORE Update

9) Other

- a. Member Entity Reports;
- b. BOR, DNRC DEQ and EPA Reports
- c. Proposed Next Meeting:

Executive Committee Meeting

Tuesday April 25, 2017 at 10:00 a.m. - AE2S Office – Great Falls

Full Authority Meeting -

Tuesday June 27, 2017 at 1:00 p.m. – TBD - *(CB)*

OMR Committee Meeting

Tuesday May 23, 2017 at 8:30 a.m. – AE2S Office – Great Falls

Coordinating Committee Meeting

Tuesday May 23, 2017 at 10:00 a.m. – AE2S Office – Great Falls

10) Adjournment

June meeting

5/21/17

404.4
2002

Water System	Nominated Capacity	2006/2007 Average Day	2017 Average Day	Notes
	(GPD)	Demand (GPD)	Demand (GPD)	
Cut Bank	3,000,000	947,100	818,000	High 2,000,000 Low 400,000
Devon Water, Inc.	100,000	71,200	86,000	
Dutton	260,000	74,900	74,900	
Eagle Creek Colony	85,000	14,900		Did not provide updated data
Galata CWD	200,000	272,600	115,000	stated 3M to 4M per month depending on time of year
Kevin	151,000	50,100		Did not provide updated data
Nine Mile CWD	50,000		14,415	Estimated
Oilmont CWD	200,000	176,800	65,000	High 90,000; wait list for customers
Sage Creek CWD	166,000	14,900		Did not provide updated data
Shelby	3,000,000	873,900	697,500	
Sunburst	467,000	135,700		Did not provide updated data
Sweet Grass CWD	40,000	21,390		Did not provide updated data
Riverview Colony	50,000	14,900	15,681	
Tiber CWD	1,001,000	327,800	340,939	Only Tiber; Low 238,064 High 503,064
South Chester CWD	100,000	75,100	17,338	
Hill CWD	1,216,000	337,200	243,633	
Loma CWD	440,000	212,600	96,000	Summer months 144,000 winter months 48,000
Big Sandy	833,000	224,100	224,100	
Havre	7,700,000	1,663,200	1,312,300	Includes N Havre
North Havre CWD	100,000	28,000	33,411	
Brady CWD	160,000	44,000	32,158	just one year of data
Chester	1,261,000	379,400	379,400	ranges from low of 160K to 500k
Conrad	2,716,000	540,200	255,064	Includes Brady
Total	23,296,000	963,600	N/A	

MONTANA HOUSE
65th Legislative Session
2017 Regular Session
VOTE TABULATION

DATE: March 29, 2017
TIME: 01:11 PM
Agenda--Third Reading

SEQ. NO: 1187
BILL NO: HB 473
SPONSOR: Garner, Frank

Do Pass

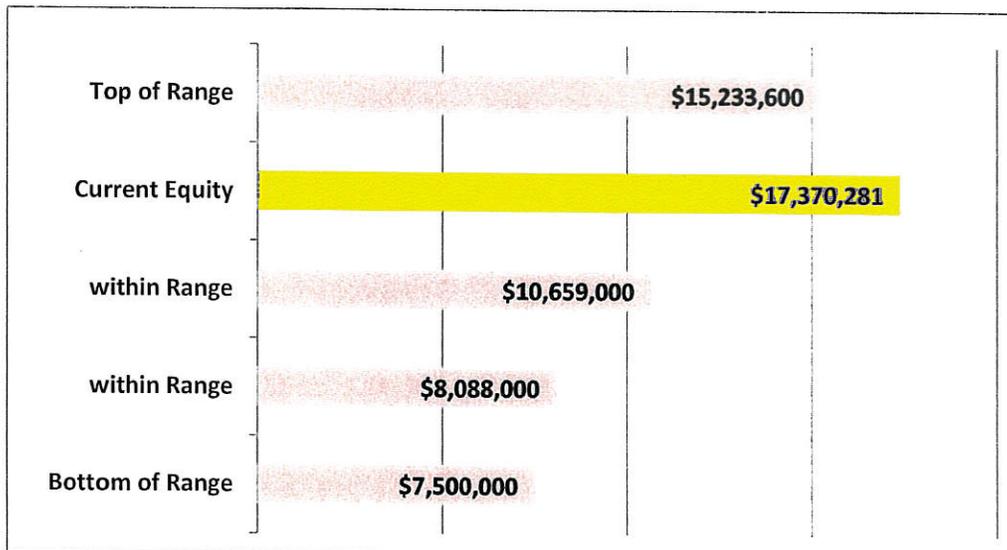
YEAS	NAYS	EXCUSED	ABSENT
54	46	0	0
Y Abbott, Kim	Y Essmann, Jeff	Y Kelker, Kathy	N Regier, Matt
Y Anderson, Fred	Y Fern, Dave	Y Kipp, George	N Ricci, Vince
Y Bachmeier, Jacob	Y Fitzgerald, Ross	N Knokey, Jon	N Rosendale, Adam
N Ballance, Nancy	Y Fleming, John	N Knudsen, Casey	Y Ryan, Marilyn
N Bartel, Dan	N Flynn, Kelly	N Knudsen, Austin	Y Sales, Walt
N Beard, Becky	Y Funk, Moffie	Y Lavin, Steve	Y Schreiner, Casey
Y Bennett, Bryce	N Galt, Wylie	N Lenz, Dennis	Y Shaw, Ray
N Berglee, Seth	Y Garner, Frank	Y Loge, Denley	N Sheldon-Galloway, Lola
Y Bishop, Laurie	N Glimm, Carl	Y Lynch, Ryan	N Skees, Derek
N Brodehl, Randy	N Greef, Edward	N Mandeville, Forrest	Y Smith, Bridget
Y Brown, Zach	Y Grubbs, Bruce	N Manzella, Theresa	Y Staffanson, Scott
N Brown, Bob	N Gunderson, Steve	Y McCarthy, Kelly	Y Stewart-Peregoy, Sharon
N Burnett, Tom	Y Hamilton, Jim	Y McConnell, Nate	Y Swanson, Kathy
Y Cook, Rob	Y Hamlett, Bradley	Y McKamey, Wendy	N Trebas, Jeremy
Y Court, Virginia	N Harris, Bill	Y Morigeau, Shane	N Tschida, Brad
N Cuffe, Mike	Y Hayman, Denise	N Mortensen, Dale	N Usher, Barry
Y Curdy, Willis	N Hertz, Greg	N Noland, Mark	N Vinton, Sue
Y Curtis, Amanda	N Hertz, Adam	N O'Hara, James	N Wagoner, Kirk
Y Custer, Geraldine	Y Hill Smith, Ellie	Y Olsen, Andrea	N Webb, Peggy
N Doane, Alan	N Holmlund, Kenneth	N Patelis, Jimmy	Y Webber, Susan
Y Dudik, Kimberly	N Hopkins, Mike	Y Peppers, Rae	Y Welch, Tom
Y Dunwell, Mary Ann	Y Jacobson, Tom	N Perry, Zac	N White, Kerry
Y Eck, Jennifer	N Jones, Donald	Y Pierson, Gordon	Y Windy Boy, Jonathan
N Ehli, Ron	Y Karjala, Jessica	Y Price, Jean	Y Woods, Tom
Y Ellis, Janet	Y Keane, Jim	N Redfield, Alan	N Zolnikov, Daniel

MONTANA MUNICIPAL INTERLOCAL AUTHORITY
WORKERS COMPENSATION FUND

Per Target Equity Policy	
- Investments (at FMV) and Cash Equivalents	\$47,077,066
- Plus current premium receivable & earned but unbilled	\$2,515,715
Available Assets	\$49,592,781
- Less Total Reserves (at Expected CL)	(\$32,222,500)
Equity	\$17,370,281
<i>Top of Target Equity Range</i>	\$15,233,600
<i>Amount in Excess</i>	\$2,136,681

Target Range Calculations

1. Equity to Pool Retention ratio (bottom of range)	
Pool Retention	\$750,000
Target >10 to 1	\$7,500,000
2. Equity ratio to Annual Ultimate Losses ratio	
Ultimate Losses for FY16-17 per actuary rate study	\$7,106,000
Target >1.5 to 1	\$10,659,000
3. Equity to Gross Outstanding Reserves ratio (top of range)	
Gross Outstanding Reserves at Expected	\$38,084,000
Target > .4 to 1	\$15,233,600
4. Equity to Outstanding Reserves at Discounted CL ratio	
Outstanding Reserves at Discounted 90% CL (1.269 factor)	\$40,310,500
Outstanding Reserves at Expected	\$32,222,500
Implied Minimum Equity Target (.269 factor)	\$8,088,000



MMIA - WC Financial Highlights

At 12/31/16	Amount	% of Total Assets
Total Cash & Invested Assets at FMV	\$ 47,077,066	89.88%
Total Assets	\$ 52,377,067	100.00%
Total Claims Liability (at 85% CL)	\$ 38,441,500	73.39%
Total Claims Liability at Expected	\$ 32,222,500	61.52%
Total Liabilities	\$ 39,687,455	75.77%
Total Net Assets	\$ 12,689,612	24.23%

(50% of Year Expired)

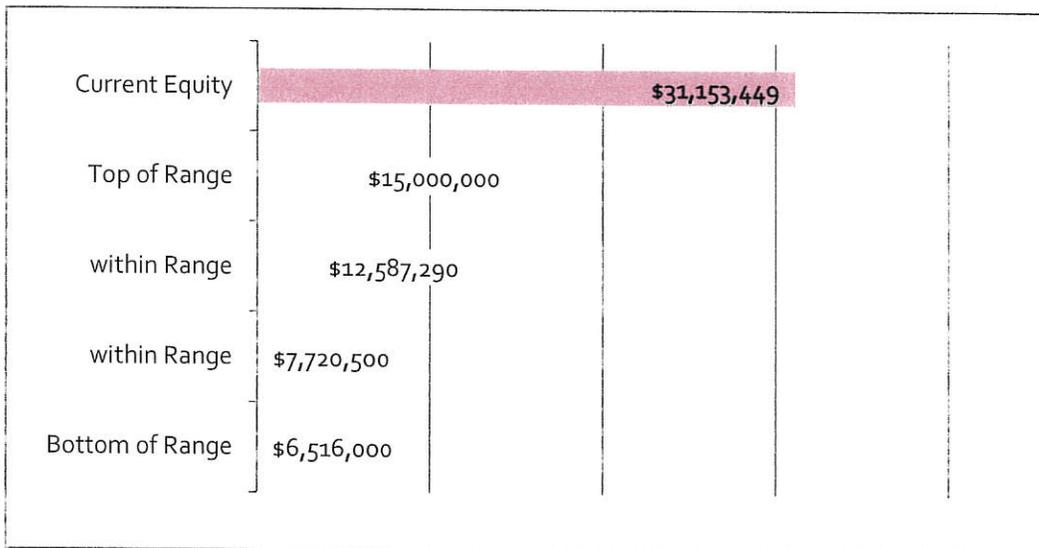
Thru 12/31/16 - 50% of FY Expired	Actual	Budgeted	Actual as % of Budget	Actual as % of Premium
Net Premiums Earned	\$ 5,292,795	\$ 10,445,875	50.7%	100.0%
Net Investment Income	\$ 451,618	\$ 850,440	53.1%	8.5%
FMV Adjustment	\$ (1,466,054)	\$ -		-27.7%
Other Income (Loss)	\$ 11,006	\$ 27,975	39.3%	0.2%
Total Revenue	\$ 4,289,366	\$ 11,296,315	38.0%	81.0%
Claim Expense	\$ 2,329,045	\$ 8,410,400	27.7%	44.0%
Gen Operating/Admin Expense	\$ 766,018	\$ 1,722,442	44.5%	14.5%
Total Expenses	\$ 3,095,063	\$ 10,132,842	30.5%	58.5%
Net Income	\$ 1,194,303	\$ 1,191,448	100.2%	22.6%

WC Ratios	At 12/31/16	at 6/30/16
A. Net Assets	\$ 12,689,612	\$ 11,510,351
A+ Net Assets w/ Reserves at Expected	\$ 18,908,612	\$ 17,710,351
B. Net Investment & Other Income	\$ (1,003,429)	
C. Earned Premium	\$ 5,575,386	
D. Reinsurance Cost	\$ 282,591	
E. Unearned Premium	\$ -	
F. Net Premiums Earned (C-D-E)	\$ 5,292,795	
G. Paid Losses & LAE	\$ 2,211,545	
H. Change in Reserves	\$ 117,500	
I. Administrative Expenses	\$ 766,018	
J. Member Distributions (Retros)	\$ -	
K. Net Income	\$ 1,179,261	
Ratios		Goals
1. Premium:Net Assets Ratio (Fa/A+avg)	57.81%	< 300%
2. Reserves (at expected) to Net Assets (A+avg)	175.99%	<400%
3. Net Leverage [(G+reserves ae)/A+ avg]	188.07%	<500%
4. Incurred Claim Loss to Net Premium	44.00%	< 83%
5. Operating Expense to Net Premium	14.47%	<20%
6. Operating Expense to Operating Revenue	13.31%	<17%
7. Operating Ratio (Total Exp to Total Rev)	72.16%	<100%
8. Total Liabilities to Total Assets	75.77%	<100%
9. DOL Equity Reserve Ratio (at expected)	36.10%	at least 25%
10. Net Assets to SIR (old target)	16.9:1	10:1
11. Equity per Target Policy to SIR	23.2:1	at least 10:1

**MONTANA MUNICIPAL INTERLOCAL AUTHORITY
LIABILITY PROGRAM**

Per Target Equity Policy	
- Investments (at FMV) and Cash Equivalents	\$48,391,449
- Less Total Reserves (IBNP, IBNR, ULAE) (at Expected CL)	(17,238,000)
Current Equity per Policy	\$31,153,449
<i>Top of Target Equity Range (10 * \$1.5M SIR)</i>	<i>15,000,000</i>
<i>Equity available for distribution</i>	<i>\$16,153,449</i>

Target Equity Calculations	
Equity to Pool Retention ratio (<i>top of range</i>)	
Pool Retention per Event	\$1,500,000
Target: >10 to 1	\$15,000,000
Equity to Annual Ultimate Losses ratio:	
Annual Ultimate Loss Estimate for FY16-17 (at expected)	\$5,147,000
Target: >1.5 to 1	\$7,720,500
Equity to Gross Outstanding Reserves ratio:	
Est. Gross Outstanding Reserves (at expected)	\$18,787,000
Target: >.67 to 1	\$12,587,290
Equity to Outstanding Reserves at Discounted CL ratio: (<i>bottom of range</i>)	
Est Discounted Reserves at 90% CL (1.368 factor)	\$23,754,000
Est Discounted Reserves at Expected	\$17,238,000
Implied Minimum Equity (.378 of expected)	\$6,516,000



MMIA Liability Program Financial Highlights - FY1617

At 12/31/16	Amount	Item as a % of Total Assets
Total Cash & Invested Assets @ FMV	\$ 48,817,999	95.5%
Total Assets	\$ 51,140,271	100.0%
Total Claims Liability	\$ 22,134,000	43.3%
Total Liabilities	\$ 27,317,935	53.4%
Total Net Assets (Member Surplus)	\$ 23,822,336	46.6%

Thru 12/31/16	Actual with 100% of FY expired	Budgeted	Actual as a % of Budget	Actual as a % of Premium
Net Assessments Earned	\$ 4,129,258	\$ 8,111,555	50.9%	100.0%
Investment Income	\$ 451,090	\$ 900,480	50.1%	10.9%
FMV Adjustment & Other Income	\$ (1,600,918)	\$ (107,908)		-38.8%
Total Revenue	\$ 3,131,862	\$ 8,904,127	35.2%	75.8%
Claim Expense	\$ 2,268,709	\$ 7,200,000	31.5%	54.9%
Adjustment & Admin Exp.	\$ 730,140	\$ 1,621,247	45.0%	17.7%
Total Expenses	\$ 3,151,281	\$ 8,821,247	35.7%	76.3%
FYTD Change in Net Assets	\$ (19,419)	\$ 82,880	-23.4%	-0.5%

Liability Ratios	Thru 12/31/16	at 6/30/16
A. Net Assets	\$ 23,822,336	\$ 23,841,754
B. Written Premium	\$ 8,796,510	
C. Reinsurance Cost	\$ 272,683	
D. Unearned Premium Offset	\$ 4,398,255	
E. Net Written Premium (C-D)	\$ 8,523,828	
F. Net Premiums Earned (C-D-E)	\$ 4,125,572	
G. Realized Investment Income	\$ 451,090	
H. Operating Revenue (F+G)	\$ 4,576,663	
I. Paid Losses & ALAE	\$ 2,182,709	
J. YTD Change in Claims Reserves	\$ 86,000	
K. Administrative Expenses	\$ 730,140	
L. FMV and other income (expense)	\$ (1,600,918)	
M. Net Income	\$ (19,419)	
Ratios		Goals
1. Net Premium to Net Assets Ratio (E/A)	35.8%	< 200%
2. Loss Reserves to Net Assets	92.9%	< 400%
3. Net Leverage [(F+reserves)/A]	110.2%	< 500%
4. Loss Ratio [(I+J)/H]	49.6%	< 83%
5. Expense Ratio [(K/H)]	16.0%	< 17%
6. Combined Ratio (4+5)	65.5%	< 100%
7. Operating Ratio (Total Exp to Total Rev)	100.6%	< 100%
8. Total Liabilities to Liquid Assets	56.0%	< 100%
9. SIR (\$1,500,000) to Net Assets	6.3%	< 10%
Target Equity Range	\$6,516,000	\$15,000,000
Current Equity	\$31,153,449	
Equity Available for Distribution	\$16,153,449	

0.176978973

MMIA - Investment Summary February 2017

Balance Sheet

	WC		Liability		Property		EB	
Book Value								
- Buchanan Capital	23%	\$11,109,447	37%	\$17,953,618	40%	\$5,672,404	42%	\$4,822,243
- DADavidson	50%	\$23,972,390	45%	\$21,874,464	23%	\$3,267,276	42%	\$4,865,533
- RBC	12%	\$5,789,862	14%	\$6,838,220	22%	\$3,089,418	0%	\$0
- UBS	13%	\$6,240,619	0%	\$0	0%	\$0	0%	\$0
- STIP	2%	\$1,064,796	3%	\$1,421,057	14%	\$2,017,929	16%	\$1,845,324
Total Book Value	100%	\$48,177,114	100%	\$48,087,359	100%	\$14,047,028	100%	\$11,533,099
Net Unrealized Gain/Loss		(\$1,129,775)		(\$1,262,188)		(\$301,978)		(\$276,285)
Market Value		\$47,047,339		\$46,825,171		\$13,745,050		\$11,256,814
Accrued Interest		\$230,095		\$244,397		\$64,759		\$43,484

Cash and Fixed Income Summary

	WC		Liability		Property		EB	
MMFund		\$157,682		\$591,863		\$67,785		\$75,651
STIP		\$1,064,796		\$1,421,057		\$2,017,929		\$1,845,324
Fixed Income		\$46,954,636		\$46,074,439		\$11,961,314		\$9,112,125
Years to Final Maturity		5.80		5.87		5.32		5.49
Years to Effective Maturity		5.70		5.87		5.23		5.49
Book Yield		1.936%		1.865%		1.706%		1.704%

MONTANA MUNICIPAL INTERLOCAL AUTHORITY
FY16-17 Summary of Cash Flow Activities - Through 02/28/2017

	Work Comp	Liability	Property	EB	Combined
Beginning Ckg Balance	\$541,632	\$248,870	\$119,867	\$1,154,484	\$2,064,853
Receipts					
Deposits - Premiums	\$8,220,276	\$3,997,376	\$2,583,365	\$22,826,113	\$37,627,130
Deposits - Deduc Recovery		\$779,313			\$779,313
Reinsurance Recovery	\$249,218		\$265,504	\$37,796	\$552,518
Claim Recoveries	\$11,718	\$1,571	\$69,370		\$82,659
Deposits - Other	\$532	\$7,792	\$0	\$0	\$8,324
Interest Received	\$293	\$252	\$184	\$1,026	\$1,755
Total Receipts	\$8,482,037	\$4,786,304	\$2,918,423	\$22,864,935	\$39,051,699
Disbursements					
Claims Paid	(\$4,381,737)	(\$4,002,526)	(\$492,942)	(\$17,441,241)	(\$26,318,446)
TPA Costs				(\$1,306,541)	(\$1,306,541)
Transfers to Operating	(\$1,393,503)	(\$1,688,308)	(\$1,270,245)	(\$2,292,376)	(\$6,644,432)
Expenses-Other	(\$365)			(\$153,504)	(\$153,869)
Total Disbursements	(\$5,775,605)	(\$5,690,834)	(\$1,763,187)	(\$21,193,662)	(\$34,423,288)
Investment Activity					
- Inv. Trans. to Checking	\$1,400,000	\$2,800,000	\$800,000	\$900,000	\$5,900,000
- Investment Purchase	(\$3,550,000)	(\$1,700,000)	(\$1,600,000)	(\$2,100,000)	(\$8,950,000)
Net Change	(\$2,150,000)	\$1,100,000	(\$800,000)	(\$1,200,000)	(\$3,050,000)
Ending Ckg Balance	\$1,098,064	\$444,340	\$475,103	\$1,625,757	\$3,643,264
Net Change in Cash in Ckg	\$556,432	\$195,470	\$355,236	\$471,273	\$1,578,411
Average Monthly Net Claims Paid FYTD 16-17	(\$515,100)	(\$402,705)	(\$19,759)	(\$2,175,431)	(\$3,112,995)
Avg Mo Net Claims Pd FY 15-16	(\$548,871)	(\$805,858)	(\$82,615)	(\$2,319,515)	(\$3,424,121)
Comparison to FY15-16 Average Monthly Net Paid Claims	94%	50%	24%	94%	91%

SENATE BILL NO. 359

INTRODUCED BY M. BLASDEL

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A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR PROPERTY TAXATION AND CLASSIFICATION OF QUALIFIED DATA CENTERS AND RELATED PROPERTY; CREATING A CLASS SEVENTEEN PROPERTY TAX CLASSIFICATION FOR QUALIFIED DATA CENTERS; PROVIDING FOR LOCAL ASSESSMENT OF QUALIFIED DATA CENTERS AND CENTRAL ASSESSMENT OF DEDICATED COMMUNICATIONS INFRASTRUCTURE; PROVIDING FOR NEW OR EXPANDING INDUSTRY PROPERTY TAX ABATEMENTS; PROVIDING DEFINITIONS; AMENDING SECTIONS 15-6-156, 15-23-101, AND 15-24-1401, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

WHEREAS, no large-scale commercial data centers currently operate in Montana; and

WHEREAS, Montana's current property tax classes and assessment methodologies prevent large data center operators from locating in Montana due to valuation uncertainty and noncompetitive tax rates; and

WHEREAS, Montana needs to create a new property tax class and valuation certainty while expanding existing abatements and incentives to allow local governments in Montana to compete against locations outside Montana for data center investment.

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

NEW SECTION. **Section 1. Class seventeen property -- description -- taxable percentage.** (1) Class seventeen property includes the land, improvements, furniture, fixtures, equipment, tools that are not exempt under 15-6-219, and supplies except those included in class five under 15-6-135 of a qualified data center and its dedicated communications infrastructure.

(2) For the purposes of this section, the following definitions apply:

(a) "Dedicated communications infrastructure" means telecommunications or data lines, equipment, and services, including but not limited to copper or fiber optic lines or microwave, satellite, or other wireless communications systems, that are owned or leased by the owner of a qualified data center and devoted at least 50% to data transfer associated with a qualified data center.

(b) (i) "Qualified data center" means the land, improvements, and personal property of a facility designed



1 or modified to house networked computers or equipment supporting computing, networking, or data storage that
2 is:

3 (A) composed of one or more buildings that consist in the aggregate of at least 150,000 square feet,
4 where the total cost of land, improvements, personal property, and software is at least \$50 million; and

5 (B) constructed after June 30, 2017.

6 (ii) The term includes but is not limited to:

7 (A) cooling systems, cooling towers, and other temperature infrastructure;

8 (B) power infrastructure for transformation, distribution, or management of electricity used for the
9 maintenance and operation of the facility, such as exterior dedicated business-owned substations, backup power
10 generation systems, battery systems, and related infrastructure; and

11 (C) any other equipment necessary for the maintenance and operation of the facility.

12 (3) During construction, property not meeting the requirements of subsections (2)(a) and (2)(b)(i)(A) must
13 be classified as class seventeen property if, prior to March 1 of the first tax year for which the classification will
14 be applied, the taxpayer certifies to the department that the facility under construction will meet the requirements
15 of subsections (2)(a) and (2)(b)(i)(A) within 2 years of the date of the certification.

16 (4) The interstate or intercounty portions of dedicated communications infrastructure may be centrally
17 assessed, but the fair market value of dedicated communications infrastructure is the original cost less book
18 depreciation.

19 (5) The taxable property of a qualified data center must be locally assessed.

20 (6) Class seventeen property is taxed at 0.5% of its market value.

21

22 **Section 2.** Section 15-6-156, MCA, is amended to read:

23 **"15-6-156. Class thirteen property -- description -- taxable percentage.** (1) Except as provided in
24 subsections (2)(a) through ~~(2)(g)~~ (2)(h), class thirteen property includes:

25 (a) electrical generation facilities, except wind generation facilities, biomass generation facilities, and
26 energy storage facilities classified under 15-6-157, of a centrally assessed electric power company;

27 (b) electrical generation facilities, except wind generation facilities, biomass generation facilities, and
28 energy storage facilities classified under 15-6-157, owned or operated by an exempt wholesale generator or an
29 entity certified as an exempt wholesale generator pursuant to 42 U.S.C. 16451;

30 (c) noncentrally assessed electrical generation facilities, except wind generation facilities, biomass

1 generation facilities, and energy storage facilities classified under 15-6-157, owned or operated by any electrical
2 energy producer; and

3 (d) allocations of centrally assessed telecommunications services companies.

4 (2) Class thirteen property does not include:

5 (a) property owned by cooperative rural electric cooperative associations classified under 15-6-135;

6 (b) property owned by cooperative rural electric cooperative associations classified under 15-6-137 or
7 15-6-157;

8 (c) allocations of electric power company property under 15-6-141;

9 (d) electrical generation facilities included in another class of property;

10 (e) property owned by cooperative rural telephone associations and classified under 15-6-135;

11 (f) property owned by organizations providing telecommunications services and classified under
12 15-6-135; and

13 (g) generation facilities that are exempt under 15-6-225; and

14 (h) property classified under [section 1].

15 (3) (a) For the purposes of this section, "electrical generation facilities" means any combination of a
16 physically connected generator or generators, associated prime movers, and other associated property, including
17 appurtenant land and improvements and personal property, that are normally operated together to produce
18 electric power. The term includes but is not limited to generating facilities that produce electricity from coal-fired
19 steam turbines, oil or gas turbines, or turbine generators that are driven by falling water.

20 (b) The term does not include electrical generation facilities used for noncommercial purposes or
21 exclusively for agricultural purposes.

22 (c) The term also does not include a qualifying small power production facility, as that term is defined
23 in 16 U.S.C. 796(17), that is owned and operated by a person not primarily engaged in the generation or sale of
24 electricity other than electric power from a small power production facility and classified under 15-6-134 and
25 15-6-138.

26 (4) Class thirteen property is taxed at 6% of its market value."
27

28 **Section 3.** Section 15-23-101, MCA, is amended to read:

29 **"15-23-101. Properties centrally assessed.** The department shall centrally assess each year:

30 (1) the railroad transportation property of railroads and railroad car companies operating in more than

1 one county in the state or more than one state;

2 (2) property owned by a corporation or other person operating a single and continuous property operated
3 in more than one county or more than one state including but not limited to:

4 (a) telegraph, telephone, microwave, and electric power or transmission lines;

5 (b) rate-regulated natural gas transmission or oil transmission pipelines regulated by the public service
6 commission or the federal energy regulatory commission;

7 (c) common carrier pipelines as defined in 69-13-101 or a pipeline carrier as defined in 49 U.S.C.
8 15102(2);

9 (d) natural gas distribution utilities;

10 (e) the gas gathering facilities specified in 15-6-138(5);

11 (f) the dedicated communications infrastructure specified in [section 1(2)(a)];

12 ~~(f)~~(g) canals, ditches, flumes, or like properties; and

13 ~~(g)~~(h) if congress passes legislation that allows the state to tax property owned by an agency created
14 by congress to transmit or distribute electrical energy, property constructed, owned, or operated by a public
15 agency created by congress to transmit or distribute electrical energy produced at privately owned generating
16 facilities, not including rural electric cooperatives;

17 (3) all property of scheduled airlines;

18 (4) the net proceeds of mines, except bentonite mines;

19 (5) the gross proceeds of coal mines; and

20 (6) property described in subsections (1) and (2) that is subject to the provisions of Title 15, chapter 24,
21 part 12."

22

23 **Section 4.** Section 15-24-1401, MCA, is amended to read:

24 **"15-24-1401. Definitions.** The following definitions apply to 15-24-1402 unless the context requires
25 otherwise:

26 (1) "Expansion" means that the industry has added after July 1, 1987, at least \$50,000 worth of qualifying
27 improvements or modernized processes to its property within the same jurisdiction either in the first tax year in
28 which the benefits provided for in 15-24-1402 are to be received or in the preceding tax year.

29 (2) "Industry" includes but is not limited to a firm that:

30 (a) engages in the mechanical or chemical transformation of materials or substances into products in

1 the manner defined as manufacturing in the North American Industry Classification System Manual prepared by
2 the United States office of management and budget;

3 (b) engages in the extraction or harvesting of minerals, ore, or forestry products;

4 (c) engages in the processing of Montana raw materials such as minerals, ore, agricultural products, and
5 forestry products;

6 (d) engages in the transportation, warehousing, or distribution of commercial products or materials if 50%
7 or more of the industry's gross sales or receipts are earned from outside the state;

8 (e) earns 50% or more of its annual gross income from out-of-state sales; or

9 (f) engages in the production of electrical energy in an amount of 1 megawatt or more by means of an
10 alternative renewable energy source as defined in 15-6-225; or

11 (g) operates a qualified data center or dedicated communications infrastructure classified under [section
12 1].

13 (3) "New" means that the firm is new to the jurisdiction approving the resolution provided for in
14 15-24-1402(2) and has invested after July 1, 1987, at least \$125,000 worth of qualifying improvements or
15 modernized processes in the jurisdiction either in the first tax year in which the benefits provided for in 15-24-1402
16 are to be received or in the preceding tax year. New industry does not include property treated as new industrial
17 property under 15-6-135.

18 (4) "Qualifying" means meeting all the terms, conditions, and requirements for a reduction in taxable
19 value under 15-24-1402 and this section."
20

21 NEW SECTION. Section 5. Codification instruction. [Section 1] is intended to be codified as an
22 integral part of Title 15, chapter 6, part 1, and the provisions of Title 15, chapter 6, part 1, apply to [section 1].
23

24 NEW SECTION. Section 6. Effective date. [This act] is effective on passage and approval.
25

26 NEW SECTION. Section 7. Applicability. [This act] applies to tax years beginning after December 31,
27 2017.
28

- END -

ROCKY BOY'S / NORTH CENTRAL MONTANA REGIONAL WATER SYSTEM PROJECT NEWS

First Quarter 2017

IN THIS ISSUE:

EPA Boil Order for Christmas

Tiber Raw Water Pipelines Progress Update

Shelby to Cut Bank: Segment W₃ Update

Shelby South: Segment W₄-B Update

Project Websites

Check out the Rocky Boy's / North Central Montana Regional Water System Project Web Site: <http://www.rockyboynorthcentral.com/>

EPA Boil Order for Christmas

Over the holiday season, families were gathering to celebrate on the Rocky Boy's Reservation, but this year many celebrated with boiling their water. In addition, the staff of the Chippewa Cree Tribal Water Resources Department (TWRD) was braving the winter weather to fix water pipe breaks, restore drinking water service to hundreds of families, and work to eliminate the EPA Boil Order.

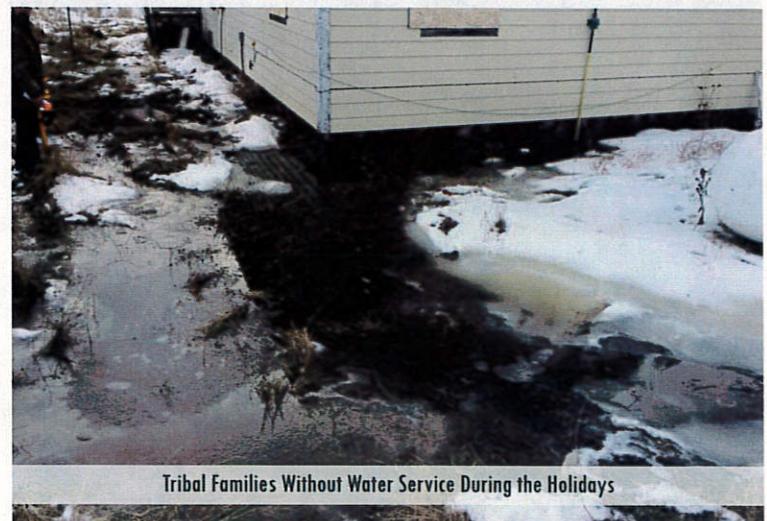
The Chippewa Cree TWRD operates and manages water service to nearly 4,500 people, which was severely compromised by the freezing temperatures from the December winter storms. The system experienced water pipe breaks, service and appurtenance failures, supply well power outages, and numerous residential service line breaks.

Tribal Vice-Chairman Ted Whitford stated, "These water service interruptions for residents of Rocky Boy's Reservation are a reminder of the importance of drinking water as an essential need for survival."

TWRD currently provides water to residents with 17 groundwater wells that fill the Rocky Boy's Rural Water System. Water service in rural areas is unique because the lengths of water piping is often extensive, and pipeline leaks are difficult to find and/or repair due to the expanse of the system and difficult terrain. The groundwater on Rocky



Tribal Water Resources Completing Leak Repairs During Cold Nights to Restore Water Service



Tribal Families Without Water Service During the Holidays

Boy's is currently withdrawn from alluvial pockets which, due to the geologic formation of the Bears Paw Mountains, are slow to refill with water. The average well is capable of producing 10-15 gallons per minute of flow. Even without winter storms, the geological features and well capacity limitations force the residents of

Rocky Boy's Reservation under permanent water restrictions. This means that residents in this part of Montana live with a maximum water supply of 90 gallons per capita per day, while most Americans are accustomed to 160-500 gallons per capita per day.

Continued on Page 2 ►

EPA Boil Order for Christmas (cont.)

For decades, Tribal leaders have partnered with north central Montana communities to work with Federal Agencies to secure funding for a Regional Water System that will help solve water quantity shortages and quality issues. The challenge that these leaders have experienced is inadequate levels of Federal Funding. In 2002, Congress authorized the Rocky Boy's/North Central Montana Regional Water System (NCRMWS) Project, with the understanding that it would be completed by 2012. Given the Project is only 25% complete to date,

additional funding to invest in north central Montana is needed to prevent Christmas boil orders from happening again. Tribal leaders are planning a trip to Washington, DC to meet with Senators Tester and Daines and Representative Zinke to discuss the urgent need to complete this Project on a timely basis.

Tribal Chairman Harlan Baker noted that, "The Rocky Boy's/NCRMWS Project will address water challenges and improve the quality of life for our Tribal members and

north central Montanans. Problems such as boil orders can be solved with additional funding appropriations for the Rocky Boy's/NCRMWS Project. Tribal leadership is committed to its partnership with the North Central Montana Regional Water Authority, the State of Montana, and Congress to stop the significant funding gaps occurring in north central Montana and complete this Project."

Dustin White, Director, Chippewa Cree Tribal Water Resources Department. ■

Tiber Raw Water Pipelines Progress Update

The Chippewa Cree Construction Corporation (CCCC) continues to focus construction efforts on the Tiber Raw Water Pipelines project. Following the completion of mainline pipe in October of 2016, CCCC completed installation of the project appurtenances. These appurtenances (consisting of air release valves, isolation valves, and blow offs) will allow the system

to operate safely and efficiently while supplying the future Rocky Boy's Water Treatment Plant with up to 34.5 million gallons per day of raw water for treatment.

In conjunction with appurtenance installation, CCCC continued construction of the valve vault, began construction of the vault access building, and began installation of the

cathodic protection system. In January of 2017, CCCC began filling the Tiber Raw Water Pipelines to allow for pressure testing. CCCC plans to complete pressure testing of the Tiber Raw Water Pipelines prior to spring start-up to allow for non-pipeline components to be prioritized early during the 2017 construction season. ■



Vault Access Building Construction



Air Release Valve

UPCOMING EVENTS

Rocky Boy's/North Central Montana Regional Water System Coordinating Committee Meeting

- May 23, 2017 - 10am
AE2S Office in Great Falls

North Central Montana Regional Water Authority Executive Committee Meetings

- Apr. 25, 2017 - 10am
AE2S Office in Great Falls
- May 23, 2017 - 1pm
AE2S Office in Great Falls

Quarterly Authority Meeting

- Mar. 28, 2017 - 1pm
Marias River Electric in Shelby

OM&R Committee Meeting

- May 23, 2017 - 8:30am
AE2S Office in Great Falls

Shelby to Cut Bank: Segment W3 Update

Significant progress has been made by Central Excavation on the Segment W3 facilities, including the meter building and booster pump station. Both buildings have been enclosed, and electrical service has been connected. The backup generator for the pump station was set in place in early December, 2016 to provide backup power to the facility in the event of a power outage.

Installation of interior process

pipng will continue for the remainder of the winter. On January 26, 2017, the vertical turbine pumps were installed at the booster station building. The installation was accomplished by lowering the pumps through the roof hatches, positioning them, and connecting the pumps to the internal process piping. Central Excavation will continue installation of mechanical piping and equipment in the buildings until the work is complete. Downing Construction has

completed all of the underground pipeline installation and has focused its efforts on site cleanup, installing appurtenances, and pressure testing the new water line. This has included: disking the topsoil of the pipe trench and seeding, plumbing for the air release valves (ARVs), installing manhole lids, and general site cleanup. In early December, 2016, Downing began pressure testing the water line and achieved

Continued on Page 4 ▶



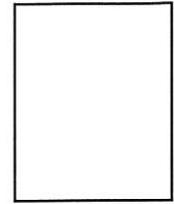
Shelby South: Segment W4-B Update

The North Central Montana Regional Water Authority (NCMRWA) held a Preconstruction Conference on November 22, 2016 and issued a Notice to Proceed to Downing Construction the same day. Downing Construction plans to begin construction activities in early March, 2017. Work will

begin on the north side of the Marias River and move north from the point of connection to the Shelby water system. This section of the project was bid as Schedule 1, consists of 20-inch and 24-inch pipe, and has a substantial completion date of July 31, 2017.

Schedule 2 of the project includes boring under the Marias River and the installation of approximately 4.5 miles of 20-inch pipeline south of the river. Schedule 2 of the project has a substantial completion date of October 31, 2017. ■

North Central Montana Regional Water Authority
PO Box 2456
Havre, MT 59501



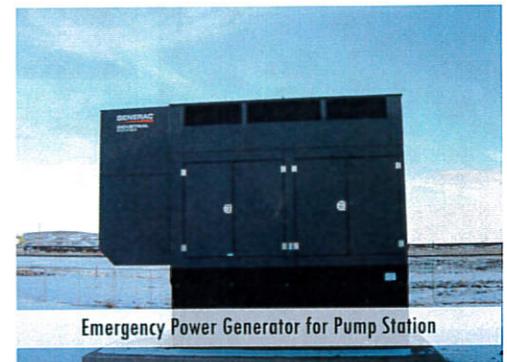
First Name Last Name
Address
City, State Zip

Shelby to Cut Bank: Segment W₃ Update (cont.)

passing pressure tests from Cut Bank to the Pump Station, which is located near Ethridge. As winter weather set in, construction activities slowed and then stopped the week before Christmas. Downing Construction plans to resume construction activities once the weather warms with the arrival of spring. A majority of the remaining construction operations pertain to site cleanup and surface restoration. This will include additional seeding and disking, bollard installation to

protect appurtenances that extend above the ground surface, utility marker installation, and general site cleanup.

Once Central Excavation has completed all internal piping at the pump station, Downing will resume pressure testing, flushing, and disinfection of the new water line. This is tentatively planned to take place prior to substantial completion, which is scheduled for the first week of April. ■



Project Websites

The Chippewa Cree Construction Corporation (CCCC) has been in the process of revamping its company website. All project information and updates can be found at www.CCCC.build. The North Central Montana Regional Water Authority (NCMRWA) has also been in the process of updating its website, which is found at www.ncmrwa.com. ■

