



MONTANA
ADMINISTRATIVE
REGISTER



DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

NOTICE OF PROPOSED RULEMAKING

MAR NOTICE NO. 2026-233.1

Summary

Amending ARM 36.17.610 regarding the criteria for ranking governmental and tribal renewable resource grant applications and adopting NEW RULES 1 and 2 pertaining to the processing of grants involving conservation districts

Hearing Date and Time

Thursday, June 25, 2026, at 10:00 a.m.

Hearing Information

Montana Conference Room, first floor, located at 1539 Eleventh Avenue, Helena, Montana

Virtual Hearing Information

Interested parties may access the remote conferencing platform in the following ways:

Join Zoom Meeting:

1) <https://mt-gov.zoom.us/j/83182423127?pwd=9RvdxOi30fzWlcn9HHuV1qqn0s1Ljx.1>;
Meeting ID: 831 8242 3127; Password: 090901; or

2) Dial by Telephone: +1 646 558 8656; Meeting ID: 831 8242 3127; Password: 090901

Find your local number: <https://mt-gov.zoom.us/u/kcHAs8CD7J>

Comments

Concerned persons may submit their data, views, or arguments either orally or in writing at the hearing. Written data, views, or arguments may also be submitted to the contact information listed below. Comments must be received by Monday, July 6, 2026, at 5:00 p.m.

Accommodations

The agency will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. Requests must be made by Friday, June 19, 2026, at 5:00 p.m.

Contact

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DNRCRules@mt.gov
Montana Relay 711

Rulemaking Actions

AMEND

The rule proposed to be amended is as follows, stricken matter interlined, new matter underlined:

36.17.610 CRITERIA FOR RANKING GOVERNMENTAL AND TRIBAL RENEWABLE RESOURCE GRANT APPLICATIONS

- (1) For each grant cycle, the bureau shall publish with its guidelines the numerical points to be awarded.
- (2) Points are awarded and deducted based on the following criteria.
 - (a) Points must be awarded for renewable resource benefits related to the project. If a project has no renewable resource benefits, it is ineligible for a grant.
 - (b) Points must be awarded for public benefits. If a project has no public benefits, it is ineligible for a grant.
 - (c) Tie breaker preference must be given to projects that have an equal score and that:

- (i) implement the state water plan priorities; and/or
 - (ii) will mitigate human health or safety problems.
- (d) ~~No points~~ Points may be awarded for financial feasibility with consideration given to the commitment of locally provided match, including cash or capital improvement funds, considering the number of rate or assessment payers and the system's annual operating budget. ~~Points will be deducted for errors or omissions in this section.~~ If a project is determined to not be financially feasible, it is ineligible for a grant.
- (e) If a project is determined to have adverse environmental impacts that cannot be mitigated and do not preserve the state's renewable resources per 85-1-601, MCA, it is ineligible for a grant.
- (f) ~~No points~~ Points may be awarded for technical feasibility. ~~Points will be deducted for errors or omissions in this section.~~ If a project is determined to not be technically feasible, it is ineligible for a grant. Technical feasibility includes, but is not limited to:
- (i) adequacy of the alternative analysis;
 - (ii) adequacy of cost estimates for potential alternatives and the preferred alternative;
 - (iii) preferred alternative selection;
 - (iv) thoroughness and feasibility of the project's implementation plan and schedules; and
 - (v) quality of supporting technical data submitted with the application.
- (g) Points may be deducted from applications for which there have been past management problems, prior project completion issues, or such other concerns as identified in the published guidelines for the grant cycle. If a management plan is not adequate to support the project, it is ineligible for a grant.
- (3) Applications shall be assigned a net ranking score based on the points gained or lost. Once the applications have been ranked, the bureau shall review all of the rankings and shall recommend to the director a funding priority list of all of the applications.
- (a) The priority list will be used to determine department funding recommendations and will be incorporated in a report to the Legislature recommending government and tribal grant applications for funding and the amount of grant award suggested.

- (b) Funding recommendations are made to maximize benefit to Montanans and will be based on the total amount of grant funds available, the amount of grant funds requested, and the total project cost.

Authorizing statute(s): 85-1-612, MCA

Implementing statute(s): 85-1-601, 85-1-605, 85-1-612, 85-1-616, MCA

Reasonable Necessity Statement

This rule change is reasonably necessary to implement HB 6 (2025). The proposed rule establishes that when evaluating renewable resource grant applications, points may be awarded for financial and technical feasibility.

ADOPT

The rules proposed to be adopted are as follows:

NEW RULE 1 (36.32.101) DEFINITIONS

In addition to definitions provided for in Title 76, chapter 15, part 5, MCA, the following definitions apply as used in this subchapter unless the context requires otherwise:

- (1) "Applicant" means the entity who submits an application to the department.
- (2) "Application" means an official request for grant funds submitted to the department.
- (3) "Basis of need" means the financial needs of the district, with due consideration given to the purposes that conservation districts are authorized to perform, available funding, and an applicant's past performance.
- (4) "Complete" means all information requested in the form has been supplied.
- (5) "Department" is the Department of Natural Resources and Conservation, as provided in Title 2, chapter 15, part 33, MCA.
- (6) "Grant agreement" means a legally binding contract between the department and the recipient that imposes terms and conditions to ensure that grant funds are used in compliance with all applicable laws.
- (7) "Guidelines" means an informational document issued by the department that describes how a specific grant program will be administered and which may include information on project scope, eligibility, reimbursement, reporting, and recordkeeping requirements.

- (8) “Recipient” is an entity that has been officially awarded a grant.

Authorizing statute(s): 76-15-530, MCA

Implementing statute(s): 76-15-530, MCA

Reasonable Necessity Statement

This rule adoption is reasonably necessary to define key terms associated with processing grants involving conservation districts.

NEW RULE 2 (36.32.102) APPLICATION EVALUATION

- (1) For each grant cycle, the department shall publish application guidelines.
- (2) To be considered for a grant, applicants must submit a complete application to the department using the appropriate form.
- (3) The department will evaluate applications according to the published guidelines and may award funding to a recipient after a grant agreement is fully executed.

Authorizing statute(s): 76-15-530, MCA

Implementing statute(s): 76-15-530, MCA

Reasonable Necessity Statement

This rule adoption is reasonably necessary to clarify the process for administering conservation district grants.

Small Business Impact

The department has determined that the class or group of small businesses that could be affected by this proposed rulemaking consists of small businesses that may benefit from projects funded through renewable resources and conservation district grants, such as engineering, construction, consulting, agricultural, or other state or local government service providers. The proposed amendments to ARM 36.17.610 and adoption of NEW RULES 1 and 2 (36.32.101 and 36.32.102) govern only the criteria and administrative process for awarding grants to governmental entities and do not impose any new fees, reporting requirements, licensing standards, or other regulatory obligations on small businesses, nor do they alter which entities are eligible to receive grants.

Because grant funds are awarded solely to governmental entities, any impact on small businesses is expected to be indirect and generally beneficial, as successful grant awards can lessen the need for local rates, assessments, or tax increases that might otherwise be borne by small businesses in the project area. The department has not identified any direct compliance costs or changes in monetary amounts that small businesses must pay or will receive as a result of this rulemaking and therefore does not believe the proposed rulemaking will have a significant and direct impact on small businesses.

Bill Sponsor Notification

The bill sponsor contact requirements apply and have been fulfilled. The primary bill sponsor of HB 6 (2025) was contacted by e-mail and by USPS first class mail on March 31, 2026.

Interested Persons

The department maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list shall make a written request that includes the name, e-mail and/or mailing address of the person to receive notices and specifies for which program the person wishes to receive notices. Notices will be sent by e-mail unless a mailing preference is noted in the request. Such written request may be mailed or delivered to the contact person or may be made by completing a request form at any rules hearing held by the department.

Rule Reviewer

Jason Kampman

Approval

Amanda Kaster, Director