

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

February 21, 1979

The thirty-third meeting of the committee was held on the above date in Room 415 of the State Capitol Building, Chairman Turnage presiding.

ROLL CALL: Roll call found all the members present at this executive session.

The Chairman asked the committee to direct their attention to a number of bills concerning ID's, RID's and SID's that they had previously heard. There followed some discussion on Senate Bill 270, which permitted local government units to dispense with the notices to the public if a designated percentage of landowners had signed the petition to create a SID. The committee agreed that dispensing with too 'expeditious a creation' would also make it easier for subdividers to get a subdivision created.

Senator Norman Moved SB270 Do Not Pass. The motion carried unanimously.

Senator Manley then Moved SB299 Do Not Pass. This motion also carried unanimously.

The members then discussed Senate Bill 318 also heard by the committee. A number of amendments had been proposed to the bill and these were discussed, also the changes they would make were they to be adopted. Senator Norman asked for an explanation of why 5% of the total bond is put into the revolving fund, and further, if this fund continues to build, in a locale, when there are numerous improvement districts. He believed amendments should be made to prevent this fund from building up and also, that the governing body, referring often to the County Commissioners, should be given some authority to deny some of the applications for the improvement districts. It was pointed out that the term 'in the public interest' could be interpreted a number of ways, and following discussion, it was hoped the law could be tightened in some way.

Following open discussion of both SB318 and 354, both related bills on RID's and SID's, the committee wished to see how the proposed amendments would affect the bill and Researcher Terry Cohea was asked to make such amendments, including them in the bills.

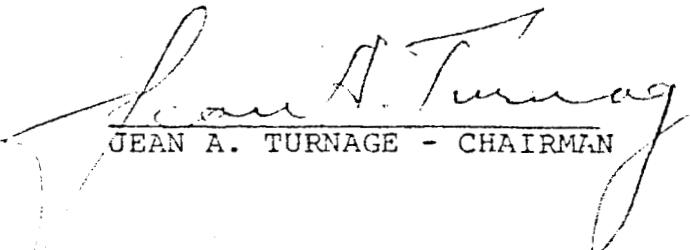
The committee then looked at copies of a letter which included proposed amendments, see Exh. #1, attached, from John Lopach. These were also discussed. Senator Norman asked about some limitations for the issuance of bonds and after it was mentioned that there were several incidents of bonds being issued by a governing body to districts outside its boundaries, the members asked to have such restriction, limiting issuance 'within jurisdictional area' into the bill. He also asked if there were any data kept on all such districts in the state. Researcher Terry Cohea said to her

Feb. 21, 1979

knowledge such information was not available but she stated she would attempt to find such data for the committee. The members discussed the method of creating the districts again and Senator Norman said the argument has been that if you apply for Industrial Development bonds the County Commissioners have to give one unless it is to the direct detriment of the community. He then asked if anyone knew how many of these there were in the state, and how much money was involved.

The committee felt the County Commissioners should have the discretion to turn down applications for the districts. Senator Norman also stated it should be compelled that we might know how many bonds there are in the state.

Following general discussion meeting adjourned.



JEAN A. TURNAGE - CHAIRMAN

Date FEB. 21, 1970

## ROLL CALL

SENATE TAXATION COMMITTEE

46th LEGISLATIVE SESSION - 1979

Each Day Attach to Minutes.



State of Montana  
Office of The Governor  
Helena 59601

THOMAS L. JUDGE  
GOVERNOR

February 21, 1979

MEMORANDUM

TO: Senator Jean A. Turnage  
Chairman, Senate Taxation Committee

FROM: John Lopach, Director *JL*  
Office of Commerce and Small Business Development

RE: Senate Bill 195, "An Act to Provide Criteria for  
the Approval of Industrial Development Bonds..."

I spoke to you last Friday about my concern that the amendments to the Industrial Development Projects Act embodied in Senate Bill 195 might be so limiting as to invite frequent litigation from parties opposed to industrial development in Montana or simply eliminate bonds as an available means of financing development.

As an option to the proposed amendments, I suggest that paragraph (2) of Section 90-5-104, MCA, be replaced with the following paragraphs (2) and (3):

"(2) The governing body shall approve the bonds as provided in this part after it determines through the public hearing that approval is in the public interest of the municipality or county.

(3) The governing body shall publish its approval of the bonds in a newspaper of general circulation in the municipality or county, and in that notice shall state whether it appears that the project to be financed by the bonds:

(a) will meet applicable environmental standards;

(b) will provide services or employment opportunities needed in the municipality or county, with due consideration given to existing services and employment opportunities; and

Senator Jean A. Turnage  
February 21, 1979  
Page 2

(c) will not present an unreasonable danger to the financial well-being of existing viable enterprises or facilities which have not received the direct benefit of a project and bond approval under this part."

The point of my argument is that, while the governing body certainly should consider the issues in (a), (b), and (c) above in reaching its decision, it should not be obligated by the State to reach empirically valid conclusions on these matters as a precondition to its decision. Otherwise, I believe that officials in many municipalities and counties will feel compelled to routinely disapprove requests for industrial development bonds, claiming that they are unable to make such determinations.

Thank you for the opportunity to comment on this matter.