

MINUTES OF THE LOCAL GOVERNMENT COMMITTEE MEETING
February 3, 1981

The Local Government Committee met February 3, 1981 at 12:30 p.m. in the auditorium of the SRS Building. CHAIRMAN BERTELSEN called the meeting to order. All committee members were present with the exception of Rep. Hurwitz who was excused due to illness. Staff research Lee Heiman was also present.

CHAIRMAN BERTELSEN opened the hearing on HOUSE BILL 33. Rep. Bertelsen said there is a little misunderstanding on HB 33. It erroneously states that the bill is by request of the Study Committee on Annexation Laws, but the bill was drafted at the request of the Annexation Committee for its consideration at the September meeting. At that time the committee was unable to agree on language in the bill defining high-density land. Committee staffer Debra Schmidt was asked to develop new language and poll the committee for approval or disapproval of the bill. New language was drafted and the bill was sent to committee members. The bill failed on a 4-4 tie vote to receive approval for recommendation to the legislature. Although the bill failed to receive a committee recommendation, Rep. Azzara requested the bill be prefiled for his individual sponsorship. The Legislative Council prepared the bill for prefiling but neglected to remove "by request of the Study Committee on Annexation Laws" on line 3 in the bill. Since HB 33 is scheduled for hearing in Local Government Committee today, they have asked us to clarify this bill and amend it, which will be done after the presentation. At this time, I call on Rep. Azzara to present HB 33.

REP. AZZARA, sponsor of House Bill 33, said he wanted to briefly go through the provisions of the bill and then allow time for the proponents and opponents to speak. Rep. Azzara passed out copies of the amendments. He said HB 33 is designed to deal with a frustrating problem for several cities in Montana but for Missoula in particular. The problem is the growth of high-density urban fringe to its municipal boundaries. Missoula has never owned its water utility and that is why it has never been able to annex or require the waiving of protest annexation for that method of annexation. As a result, much of the city border is surrounded by high-density fringe located in the county. It is the contention of the city that the residents of the high-density fringe areas use city services extensively both in primary and secondary senses without paying an adequate share of the services burden. House Bill 33 addresses this problem specifically

Rep. Azzara went through the bill section by section and explained the amendments. He drew graphs on the blackboard to clarify what was being discussed. Regarding services provided by a rural fire district by petition of 51% of those annexed, the provision of services provided by rural fire districts could be maintained. If the freeholders in the annexed area choose to maintain rural fire district protection through this provision, the city would then be unable to tax them for fire protection. This is to prevent a situation where annexed residents would be paying twice if they chose to keep their RFD protection. The basic objection of the bill is to prevent a rural fire district from serving as a tax loophole for all the other services called secondary services as a result of the impact of the urban

fringe.

There shall be no protest for the general annexation, but there is a protest provision for the maintenance of rural fire district protection. Denial of protest is strictly limited to this section of annexation code and another section dealing with wholly surrounded land. All other methods allow protest in one form or another.

REP. BERTELSEN asked if there were any proponents to House Bill 33.

PROPOSERS TO HOUSE BILL 33

BILL CREGG, Mayor of Missoula, said today is D-Day for Missoula. This has been called the Missoula relief bill, because we seem to have more problems in this area than anyone else since we don't own the water system. Mayor Cregg stated that Reserve Street runs north and south of Highway 93. We don't want to annex west or to the left of Reserve Street. I believe the people who are here today and will testify will live to the west of Reserve Street but we are not interested in annexing them as the density is sparse and the tax too light for the city to provide reasonable services. What we're asking for is that the very densely occupied areas of Wapikiya, Belevue, the Ardell, and Rattlesnake areas be annexed. These people say they never come to town and make use of our facilities. They are using them. They know it and we know it. They are there because of the facilities in our city. It is a free lunch. It isn't very many dollars at stake. It is a bargain for them to be annexed. I'd like to see people solve their own problems. Unfortunately, you are our only salvation and hope, and if you don't do this, we're left with a tax inequity. Only you can solve this and I hope you will.

See copy of letter from David Wilcox, Administrative Assistant for Missoula, attached and made a part of these minutes.

JOHN H. TOOLE from Missoula said he has been involved in public life wrestling with this problem for many years. I have circulated petition after petition to get people to annex but all of them in vain. As the mayor says, when people are getting services free, it is hard to get them to voluntarily accept a new burden of taxation. The mayor has covered many points so I'll be brief. We are in a situation where high income people are tending to move out, leaving the core of the city with relatively low income people. The low income people are being taxed heavily to pay for services which are being used mainly by relatively high income people. This should be regressed. (A copy of Mr. Toole's testimony is made a part of these minutes).

ARNOLD HANSON: Mr. Hanson is from Missoula and an immediate past president of the University Area Homeowners Association, one of the oldest organizations in Missoula. We've been involved in many projects during the years. We took a poll of our Board of Directors when I knew I'd be attending this hearing. They are unanimously in

favor of HB 33 because of its fairness and equity. This is one of the biggest objections. The other thing the bill addresses very well is to allow the rural fire districts to maintain their protection with a 51% petition. This is good and should remove the tax loophole which has been in existence for many years.

ART KORN, Secretary-treasurer of the Montana State Firemen's Association, stated he has a prepared statement of testimony for HB 33 annexation. Mr. Korn read the statement and it is attached to and made a part of these minutes. His organization has no objections to HB 33.

HAL SAMPSON, Fire Chief of Missoula said he is also representing the Montana State Firemen's Association in as much as they had a conflict and were appearing before another committee. Mr. Sampson pointed out the locations of the three fire district stations in Missoula. He stated if a circle were drawn around them, a mile and half is the usual response area for heavily industrialized areas. That limit would come out and they would also be annexed. If you go to the two mile limit, which is the heavily concentrated residential area, you take in all of the area. You can say that the City of Missoula is presently paying for a fire department that can protect that other area without a great deal of additional expense.

DAVE FISHER was representing the Montana Fire Chief's Association as their lobbyist. I'm a second vice president and a director of that association and also a member of the volunteers. We support this bill as amended. We have no objections to it.

ROSALEE BUZZAS said she is a resident of Missoula and a member of the city council. I think it has been said several times and cannot be stressed enough that this particular piece of legislation would apply to areas surrounded or directly adjacent to the current city boundaries. It has always been a forethought to me that we live across the road and pay city taxes for services, but the people in that densely populated area do not. These residents usually work, seek entertainment and use city services on a daily basis. The city taxpayers pay for these services not only once but twice because we also pay county taxes. This places an unfair advantage on a city of 31,000. The municipality simply cannot afford to continue functioning under these current conditions. Thank you for your consideration, and I urge you to support HB 33.

ALICE CAMPBELL of Missoula said she is representing the Westside Neighborhood Association, one of the oldest areas of Missoula. Our board was polled and I am representing our area. I have been a taxpayer of the city of Missoula all of my adult years. I have long felt the tax burden and the inequity in the taxes. I have seen the area outside the city grow to almost the same size as the city, but the city dwellers pay the greatest amount of taxes. They use our recreational facilities and our streets but we pay for them all. I feel that it is time that this inequity be corrected by passing this bill.

REP. DUSSAULT: I think it is important to show you on the map where my district is located. My district runs about seven miles outside of the city limits. I don't think there is any area in my county that would have the density that would be covered by this bill, but it is one area that is growing and will be affected if this legislation passes. I am in strong support of this piece of legislation. It is time that those of us who might have been obstructionists to this particular kind of legislation based solely on the narrow perspective of the district that we represent to take a good, hard look at what we're doing. It is time that we assume a leadership position on the fairness and inequity issues involved. We must articulate these not only to our community but to our state as well. There is no doubt in my mind after having looked at the data and observed what is going on in Missoula that the fringe areas outside of the city are using those services and not paying their fair share. It is understandable why they don't want to come into the city, but it is not fair. Soon my families' property will be involved and I think it is about time this bill passes so we all pay our fair share.

SHERRIE SAMPSON from Missoula represented herself as a taxpayer of Missoula. She said she enjoys the services they receive from the city and helps pay for them. It is my obligation to do so if I want to live in the city. The thing I don't care for is that other people are able to use my services but I end up paying the taxes for them and they don't. I do not feel that as a city taxpayer the burden should be totally upon us. We should all pay our fair share.

LEON STALCUP said he is an alderman from one of the wards in Missoula. There is a large portion of the Wapikiya area which is not in the city and considered as high-density populated which perhaps more than any other area shows the inequities in the present structure. We feel this bill addresses these inequities. The city taxpayers provide roads, police forces, parks, etc. for a large urban population who finds themselves in the enviable position of having the benefits without having to pay for them.

The League of Women Voters in Missoula which consists of many county residents has strongly endorsed HB 33. Another item of interest is that Missoula has a great leapfrogging problem in that the city has a sewer system which provides for a more densely populated housing development. Because we are unable to go out into these other areas, the density has decreased and as it now turns out approximately 50% of our best agricultural land has now been subdivided for residential use. In Montana our greatest asset is our land, our farms and our agricultural base. If you continue to destroy it in the Missoula area, we'll have a really bad problem.

DAN MIZNER, Executive Director of the Montana League of Cities and Towns, said what we are talking about in HB 33 applies all over the State of Montana. Many of you now live in the eastern part of the state and growth has taken place around the outside of the cities and towns. The subdivisions are outside but adjacent to the city limits. The problem isn't just a big city problem. It is becoming a small town problem too. Those people want the sewer and water services. The city simply is not capable of delivering those services unless they are annexed to the city. This takes the urban area outside of the city limits which is urban oriented. On behalf of those towns, we hope you will see fit to pass HB 33.

REP. GERALD KESSLER from Billings said a lot of the testimony today which relates to Missoula could also relate to Billings. I think it is important that we realize this isn't just a Missoula problem. It is a very critical problem in Billings too. I think it is time that we realize we do have some large cities with large city problems. Unless we address these problems now, we will have this problem Missoula has. Rep. Azzara's bill is very specific in the type of areas that can be annexed. They are essentially urban areas that can be annexed; it is not a land grab. It is an area where the majority of people live because the city is there. This is a good bill and should be given favorable consideration.

CHAIRMAN BERTELSEN asked for further proponents. As there were none, he called for opponents to HB 33.

OPPONENTS TO HOUSE BILL 33

MIKE STEPHEN, representing the Montana Association of Counties, stated they are opposed to HB 33. Primarily the part that bothers us is that the triggering mechanism here is a density one. We oppose any legislation on annexation which does not have the support of the majority of the property owners that are affected. That also includes the right of protest. This is also demonstrated by the proponents as you don't see a lot of people coming over asking to be annexed. This is a point we shouldn't forget.

DOUG O'DONNELL from Billings said he is representing the O'Donnell Fire Service and Equipment Company. He asked to go on the record that his company and family opposes HB 33. (Mr. O'Donnell furnished written testimony which is attached to and made a part of these minutes)

MAXINE LANE of Missoula represented the Orchard Homes Country Life Club. We would like to go on record as opposing HB 33. The first and foremost reason that we oppose the bill is that our right to protest annexation is deleted. We further oppose the bill because the people are tired of being run by the government; they want to govern themselves. (See written testimony attached to and made a part of these minutes)

BRUCE BENSON said he is a farmer in Missoula County in the Leisure Homes District. He produces crops on several plots of land east of Reserve Street which the Mayor indicates he is interested in annexing. If no protest can be allowed in this bill, I request that HB 33 be killed. (Mr. Benson furnished written testimony which is attached to and made a part of these minutes)

CHARLES E. HENSLEY of Billings said he is a retired Captain Detective of the Billings Police Department. He said he is age 42 and a prime example of what happens to a city employee after he has a certain length of service with the city. At some point several sessions ago someone decided we should have police retirement after 20 years. The city taxpayer pays that. If you should annex someone from outside the city, they will be paying part of my retirement. People outside of the city should not be required to pay for services when they say they don't want to be annexed by some city who mismanaged the funds previously. I feel the city should put a user fee on the services for people outside of the city and not force them to be annexed if they don't want to be. (See written testimony which is attached to and made a part of these minutes)

R.A. ELLIS representing the Helena Valley Fire Districts said he was asked to attend the meeting and object to HB 33. He asked the committee to kill it.

REP. KETSELMAN said he is from the Billings Heights area just mentioned. He knows that Rep. Azzara has wrestled with this bill and that it is a step in the right direction as far as addressing the problem. He doesn't feel the bill addresses the problem completely. The biggest problem is the right to protest. The area he represents is partly in the urban area and partly in the county. We have a tremendous problem with services. He said he sees a policeman approximately once a week in the Billings Heights area. Travel time if you make a call for a policeman is 20 minutes if the patrol is in the other end of town. Fortunately our end of town is a low crime area. But it is a problem. The question we raise is how can we continue to annex more areas when we can't provide the services to citizens already there. Last weekend there was a fire in Billings on the Rimrocks. A house was burned to the ground. This is a new subdivision. They did not have the water pressure in the water main to fight the fire. It was not the fault of the firemen; they did everything they could to extinguish that fire but it was a total loss. Until the city can provide the services to the already existing area, I question the land grab policy.

REP. GOULD: I will save most of my testimony for executive session, but there are a few things I want to say. First of all, I do

think that the right of protest is basic in America, and we should have it. Secondly, people say Missoula is surrounded and can't grow, but since the time of the last legislature, Missoula has grown by approximately 10% with the Grant Creek annexation. This is a large subdivision which asked to be annexed and the city took them in. It is very simple to detract from the rural fire district and be annexed to the city. All the city has to do is to sell itself to the people, and I don't feel that should be a difficult job. What has been done in the past is the major problem here. Strip annexation of surrounding areas has caused bitterness among the people of the area I represent, but I think it is withering and will eventually be forgotten. We fought it all the way to the Montana Supreme Court before winning the case. The city might not be as much distrusted as it was in the past. We must not force people to annex. We must not take away the right of protest from the people; that is what is distasteful and if that is what we are doing, I hope the committee will reject HB 33.

OTTO BENSON said he is Bruce Benson's father. He farms the land east of Reserve Street which the city is looking at. He has spent four years in different areas learning how to produce the products which he is now producing. In the last few years he has developed this place into the largest truck garden in the state. We have top ground. Why should we ruin some of the best ground in the state? We have neighbors east of Reserve who are on minimum social security. They have a small garden in their backyard which subsidizes their retirement income. They take vegetables to the farmer's market and also sell produce at home. We need these people. They are not on welfare or food stamps. They cannot afford to pay any extra taxes and they know it. They have asked me to come here and speak for them as to why they are opposed to HB 33.

BOB JOHNSON represented the Missoula Rural Fire District and said they go on record that the district has never opposed annexing land adjacent to them. When the Grant Creek area went in, we didn't try to tell them they should stay within the Rural Fire District. We have never opposed any annexations. If the city could offer the services people want, they would be flocking to the city and asking to be annexed. At this time there are seven petitions out to join our district. If the people felt they'd get better services from the city, they would be willing to pay for them.

Several other people submitted written testimony opposing HB 33 which has been attached to and made part of these minutes.

REP. BERTELSEN asked for further opponents and as there were none, he asked Rep. Azzara to close.

REP. AZARRA closed. We've heard a lot about not wanting higher taxes. We are not talking about high taxes or the fact that the government has gotten too big. We are talking about the fair distribution of the tax burden that services you. Look at this fringe. I want you to know that the people who are living in high-density contiguous areas of the city border are impacting on the center of this urban area. They are using the services which we talked about as being secondary services as such, if not more than the city residents and nothing you can say can change that. Those are the facts. The fact also remains that these people are paying considerable less for those services than the city people. Nothing can change this fact and that is not fair. It hasn't been fair in the past; it is not fair now, and it won't be fair in the future if this bill does not pass.

I'd like to answer briefly some of the remarks made by some of the opponents. The gentleman from Helena suggests that these services are eroding or are poor. I would like to suggest that to the extent that is true he proves the point that the cities are trying to make. The cities are strapped financially because they are not being allowed to grow rationally and tax according to the services used. The result of that is a diminution in the quality of service for those residents who live within the city. It is not the city's poor administrative qualities or abilities that are causing the services to erode. It is the fact that there are significant amounts of people ripping cities off because they are using services without paying for them. This bill doesn't attempt to address all the inequities in the Montana statutes dealing with land development and subdivision review. It is hardly fair to suggest that this bill is lacking something because it doesn't in all those areas.

The opponent from Orchard Homes suggests that rezoning would threaten open space and I think that was Mr. Benson's concern as well. I want to assure Mr. Benson that that is one of my most real concerns in Missoula. We must do everything possible to encourage open space and I think you know that has been my position ever since I became vocal. I am as deeply concerned with preservation of open space and the maintenance of agricultural land in the urban area as Mr. Benson is. I fail to understand how people who are not covered by this bill perceive it as a threat to their security or their ability to maintain the openness of their land. The bill only allows the city to take in high-density fringe that is directly and sequentially contiguous to the border of the city. By implication it specifically exempts agricultural land. I would fight any attempt on the cities' part to grab land for which they do not provide services or which would be in violation by the way of current statutes or which don't fall under the definition of high-density in this particular act. My objective is to make the people who are using services pay for them.

The gentleman from Billings suggests a users fee as an adequate solution to the problem the cities face. I feel that is no more realistic than the other suggestion that we put toll booths up on the road and charge people tolls if they come in from the urban county to the city. There is no way that could be equitably enforced. Mr. Kitselman and others have referred to the American right to protest. I would suggest to you that the people who are paying two or three times the taxes in this area in the red zone to service those who are getting a free ride by not paying their fair share are currently being denied their right to protest. If you don't find that inequitable, then I guess we're seeing the world very differently. I would like the members of the committee and the audience to recognize that we are discussing the nature of an urban fringe. We're talking about secondary impacts that are difficult to classify but are very real. I want to leave the committee and those who have come to listen in on the bill with the final thought that we're talking about tax equity. We're talking about protecting the legitimate interests of the people in the urban county by not forcing them to come in under conditions where all services would have to be provided by the city. There is a provision in the bill to allow the Fire District to be maintained. There is an economic reality present which simply can't be denied either by the opponents and certainly isn't denied by the city. The city has no desire to move out into rural areas and annex low density land for which it would cost more to provide services than the return in taxes would generate. To continually suggest that that is the city's ultimate motive is to simply flaunt the fly in the face of the objective of this bill. I hope the committee will consider the bill in that spirit and recommend that HB 33 Do Pass.

REP. BERTELSEN announced it is time for committee questions. I remind you, however, that we have another bill to hear before 3:00 and I ask that matters that can be handled in executive session not be carried out today, but I will welcome the questions if you think they should be cleared up.

QUESTION REGARDING HOUSE BILL 33

REP. GOULD for Rep. Assara: You mentioned that the people in the red area are denied their rights because they pay two or three times as much in taxes as the people in the outlying area. Yet the mayor said he only pays \$21 a month for city taxes. In other words, you're saying that the people in the outlying area probably have a tax of \$80 to \$120 a year.

REP. AZZARA said he thinks if the figures are equalized we will come up with a set ratio in which case we would have taxes that are twice to two and one-half times in excess.

REP. GOULD said most of the people he talks to say they are paying from \$500 to \$800 a year in taxes.

REP. HANNAH to Rep. Azzara: If the cities cannot get additional revenue and the cities should have to disenfranchise, what would happen with the situation in Missoula?

REP. AZZARA: Are you asking me what would happen if the City of Missoula disincorporated?

REP. HANNAH: Yes.

REP. AZZARA: Present law provides for a method by which cities may be disincorporated and what county forms would then have to fill their place with local governing structures. It is possible, if the city did have to disincorporate, that the people in the rural areas would be straddled with service districts which might be even more inequitable than they foresee the annexation bill yielding. It is possible that people at Seeley Lake would be paying for services on a par for a relationship which they would never use. It would be almost impossible to predict what the other method would cost people on a cost basis if the county were to take over. If special districts were set up for taxing purposes, there would be a redistribution of the tax liability which would probably not be in the interests of the people who lie in the area of the fringe.

REP. ANDREASON to Rep. Azzara: In terms of the language, you are expressing that you have high-density when there are a certain number of dwellings in an area yet you mention a couple of times that contiguous land is the requirement? Is that correct?

REP. AZZARA: It must be contiguous land.

REP. ANDREASON to Rep. Azzara: On page 2 starting with line 2, down to line 4, it talks about receiving city services. One of the possibilities raised here was that the city services wouldn't be immediately forthcoming and perhaps even the city services would arrive at an extended time in the future to the area annexed. Would you address that please?

REP. AZZARA: The same plan is being referred to in this bill as is being required to the area annexed, but the city is obligated to provide services according to the provisions of this section of code. It basically says that the services must be as adequate as they are for every other area of the city and that they must be provided in a reasonable time. The code also goes on to provide a method of redress for citizens who believe that the local government is not providing those services for which it is obligated.

REP. ANDREASON: I'm concerned about open space. I'm worried about the evolution kind of thing of moving from one thing to another and soon the open space isn't there any more. Particularly the additional tax burden placed on tracts of land that are used for agriculture.

REP. AZZARA: They are protected by Green Belt legislation if they choose to be, and they are not in danger of being annexed.

REP. DUSSAULT: I would like to ask a question of someone who has children in the public school. What is your quoted mill levy for incorporated schools?

ANSWER: It's about 47.1 or 2.

REP. DUSSAULT: What is it in Missoula?

ANSWER: I'm sorry, I don't know.

REP. DUSSAULT: Could you get a copy for me?

ANSWER: Yes.

CHAIRMAN BERTELSEN opened the hearing on House Bill 57.

REP. AZZARA: House Bill 33 was not given favorable consideration by the Interim Committee on Annexation. It failed on a 4-4 tie vote. I did not mean to imply that anything else was the case. House Bill 57 did, however, receive a clear endorsement by the Interim Committee. What House Bill 57 does is to delete the restrictions of annexing wholly surrounded lands. The committee recommends we eliminate all but one of the exceptions to the waiver of protest requirements to the procedure for annexation of wholly surrounded lands. The city could not annex wholly surrounded land that was truly agricultural in character. The code describing bona fide agricultural land is 15-7-202. The bill basically allows a city to annex wholly surrounded land but does not allow it to strip annex under this method or any other method in a special way so that it could, through a series of strip annexations, create islands of wholly surrounded portions and thereby take them in. I think the bill is fairly self-explanatory. Every section of code dealing with wholly surrounded method is amended to read "a municipality may annex only those areas that can be reasonably assumed to be used for orderly development of the municipality." The municipality may not annex these areas if they will be connected to the municipality only by a strip of land less than 20 feet wide or a strip of land containing only land within the right-of-way of a public highway or street considered longitudinal."

CHAIRMAN BERTELSEN asked if there are any proponents for HB 57.

PROPOSERS OF HOUSE BILL 57

AL SAMPSON, Missoula, representing the Montana State Firemen's Association rises as a proponent for the same reason I stated in the previous bill.

DAN MIZNER of Helena and Secretary-Treasurer of the Montana League of Cities and Towns: To be honest, I should be opposing this bill primarily because it is going to make it tougher for cities and towns to annex because you are taking away some of the things they can do with strip operations. It will be tougher because the land cannot be less than 25 feet and they can't use the street. You are taking out some of the things that have caused problems over the years in the orderly growth of the community. You are striking the mining, smelting and refining. I know some of my friends from the industry are here to oppose this bill. The cities and towns get some benefits out of part of the bill and they lose some benefits out of the other part of the bill. Basically, I think it gives more orderly growth of the community and I think the bill itself, HB 57, should be passed.

MARGARET DAVIS represented the League of Women Voters of Montana. She said they rise in favor of HB 57. (Written testimony is attached to and made a part of these minutes.)

CHAIRMAN BERTELSEN stated that if testimony tends to be repetitive, he'd prefer it be handed in written. If you have new testimony, that is fine.

BILL CREGG, Mayor of Missoula, said he rises in staunch support of HB 57 for the same reasons enumerated for HB 33.

DAN ANDERSON representing the City of Great Falls said, "We support HB 57 for the same reasons given by other proponents."

CHAIRMAN BERTELSEN asked if there were any further proponents. As there were none, he asked for opponents to HB 57.

OPPONENTS TO HOUSE BILL 57

BOB GANNON represented Montana Power. I rise in opposition to section 3, subsection 1 so my comments will be directed only to that section, where you delete from the present existing law mining, smelting, refining, transportation or any industrial or manufacturing purposes. My testimony the other day in your committee on HB 56 is exactly the same as what I would give here today. We are basically opposed to cross subsidization by utility

consumers, rate payers in one area of the state for services in another area of the state where they are so fortunate to have annexed a large utility operation such as the Corette refining plant in Billings. Mr. Dowling was here representing the Montana Railroad Association. He also testified on HB 56 and with your leave I would ask that his testimony be in opposition to this bill the same as he testified on HB 56.

DON ALLEN with the Montana Petroleum Association said Bob Blomeyer, whom you also heard from on HB 56, was ill and could not be here. I do have a gentleman who will make a couple remarks in regard to their particular problem under Section 3 that Mr. Gannon referred to. That is the one we have a problem with particularly. Not that we object to the intent of the rest of the bill but for the reasons stated the other day and some of those which he will elaborate on specifically regarding their situation in Billings. We have a serious concern for the bill. I would like to point out to the committee that I did raise a question in regard to the hearing on HB 56 as to whether or not anyone had examined the impacts on the county regarding the transfer of funds. I refer to those regarding air pollution, the road fund which is the largest of the three, and library funds. I thought it was rather ironic because we were concerned with the refining situation and yet the air pollution funds for which there is a county organization which is a subsidiary of the State Health organization, is entrusted with enforcing health laws, and yet they would lose the fund. They would go to the city which is not set up for that unless there is some sort of an arrangement there. I am sure that is not a task that couldn't be accomplished but I just raise the question. I'd like to ask John Augustine to come forward and make a couple of remarks as far as Conoco's particular situation.

JOHN AUGUSTINE stated he works for Conoco and is here because Mr. Blomeyer who testified on HB 56 could not be here due to illness. Again as for reasons that Don Allen specified, we are in opposition to this bill. We feel that there is no way that this annexation would help our refineries located on the outskirts of Billings. The refinery has its own fire protection and its own plant protection. We do purchase water from the city, but this is with an agreement with the city when they requested us to do so when the refinery was built. This bill would increase our property taxes approximately 31%. It would affect the county on the road tax, their pollution and library.

OTTO BENSON stated his last report would take care of this also. The thing I am pushing though is that we give the people who this will effect their right to protest.

CHAIRMAN BERTELSEN asked if there were any further opponents. As there were not, he asked Rep. Azzara to close.

REP. AZZARA said he'd begin with the last speaker and work his way back. Mr. Benson was concerned with the right of protest but his type of land would not be effected. The other rights of protest are really not denied. They are simply transferred to the people who have the most legitimate claims. But when an area is wholly surrounded, it is certainly impacting the area immediately around it. Deletion of mining and heavy industry is traditionally part of the annexation law in Montana and cannot be justified simply on the basis for a tax equity for services provided. Mr. Mizner observes that this bill would make it more difficult for cities to annex, but to the extent that cities have annexed by strip annexation in my opinion has never been a legitimate right of cities to begin with. I'm happy to see a provision in the law which clarifies the cities responsibility in this connection, and if it should make it more difficult, than that is as it should be. Mr. Gannon is concerned with redistributing tax liability over a utility rate base essentially. But is my understanding that in most cases generating transmission facilities are not taxable by municipal governments or at least they are taxed according to state schedules. The type of utility property being referred to is administrative and support type structures which could be said to be no different than any other type of structure that may be taken in at any given demography. I don't think that constitutes a valid objection and would like to reiterate that the law already makes the distinction in cases of generating and transmission facility property of a utility.

Mr. Allen mentions air pollution programs being under funded with the result of loss of county funds. I'm not sure to what he is referring but to the extent that we have air pollution programs administered by city-county health departments in accordance with interlocal agreements, so there is no immediate disruption of that particular area of government. I would be interested during question and answer period if Mr. Allen might elaborate on his negotiations with Rep. Kessler regarding HB 56 and whether any compromise was reached there on the duplication of service questions.

QUESTIONS:

REP. GOULD asked that Mr. Allen respond to the above request.

DON ALLEN: I have not yet had the opportunity to examine the language of that propped amendment. My understanding was that the language was being drafted this morning so that in some way we could come up with some contractual agreement arrangement that might take care of everyone's problem with HB 56. If that is the case, it would certainly work in HB 57. When this came up, someone asked me if we'd be willing to look at some minor amendments.

REP. GOULD asked Mr. Gannon if he'd explain the taxing of plants like the J.E. Corette plant that you talked about.

MR. GANNON stated he believes the situation to be as follows. We got crosswise the other day in hearing HB 56. A substation is considered intercounty property in the same way that transmission lines are. They are allocated on a mileage basis across the state and taxes are paid on that basis. My comments were addressed to a generating plant. They are not in the same class as centrally assessed property. A generating plant like the Corrette plant and the Bird plant in Billings has a property valuation of about \$3.1 million. If they were annexed, they would go into the tax base of the city, would be locally taxed and the increased city assessment would then go against the generating station with a 70 mill levy which would mean about \$200,000 in taxes. The point is with that amount of taxes we certainly wouldn't get any services. The utility rate fares in Missoula and rural areas would in effect be the rates that they paid in subsidizing services which were then provided for the City of Billings.

REP. GOULD: I was interested in the question the other day about who put out the fires. Did anybody figure that out?

MR. GANNON: Yes, the information was given to Rep. Dussault. That centrally assessed property is within the City of Missoula. The City of Missoula did fight that fire and because it was centrally assessed property, the mill levy for the city is applied against that substation so it, in my understanding, is paying it way.

REP. DUSSAULT for Mr. Gannon: Are there any circumstances where the property you are describing is completely surrounded by the city.

MR. GANNON: Not that I know of. In Billings the J.E. Corette plant and Bird plant are right on the edge of the city. In Great Falls there are dams and Black Eagle is next to the city of Great Falls.

REP. DUSSAULT: So they are contiguous, but not wholly surrounded.

MR. GANNON: That is right.

REP. DUSSAULT: So they would not be effected by this bill.

MR. GANNON: Not today they wouldn't, but the future is what we are talking about.

REP. AZZARA of Mr. Gannon: I was wondering if you or MPC would have any problem with an amendment that would make a distinction in the case of a utility which obviously shouldn't have a full millage levy against it. There is definitely a problem there and I don't see why an amendment can't be made. The distinction I have in mind would involve a liability for those services that are required to police and provide fire protection for the facility.

MR. GANNON said he'd be happy to work with Rep. Azzara on it and said there is room for negotiation.

REP. KITSELMAN: You mentioned the location of those plants. One is on the other side of the interstate and adjacent to the river and one is adjacent to a coal pile. I believe the other plant is a diesel gas generating plant.

CHAIRMAN BERTELSEN asked if there were further questions. If not, we'll close the hearing on House Bill 57.

He thanked everyone who testified.

CHAIRMAN BERTELSEN asked the committee what would be a better time to hold extra meeting. Would you prefer 7 a.m. or 11:30 a.m.? Guess I'll play it by ear.

The meeting adjourned at 2:50 p.m.


Verner L. Bertelsen, Chairman

hm

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ROBERT PERSON
DIRECTOR, RESEARCH

SHAROLE CONNELLY
DIRECTOR, ACCOUNTING DIVISION

ROBERT C. PYFER
DIRECTOR, LEGAL SERVICES

February 3, 1981

TO: Representative Bertelsen, Chairman, House Local Government
Committee
Speaker Marks
Representative Azzara

FROM: Diana Dowling, Executive Director *Diana*

RE: HB 33

HB 33, sponsored by Representative Azzara, erroneously states that the bill is "By Request of the Study Committee on Annexation Laws." The bill was drafted at the request of the Annexation Committee for its consideration at its final meeting in September. At that meeting, the Committee was unable to agree on language in the bill defining "high density land" and asked the Committee staffer, Deborah Schmidt, to develop new language and then poll the Committee for approval/disapproval of the bill. New language was drafted, and the bill was sent to the Committee members. The bill failed on a 4-4 tie vote to receive approval for recommendation to the Legislature.

Although the bill failed to receive a Committee recommendation, Representative Azzara requested that the bill be prefiled for his individual sponsorship. We prepared the bill for prefiling but neglected to remove "By Request of the Study Committee on Annexation Laws" on line 3 from the bill.

HB 33 is scheduled for hearing in the Local Government Committee today. We have asked Chairman Bertelsen to clarify that this bill is not introduced "By request of..." and to amend it accordingly. He has agreed to do so.

My apologies for any confusion this oversight may have caused the sponsor or the Committee, and thank you for your consideration.

DSD:ec

VISITORS' REGISTER

HOUSE

Local Govt.

COMMITTEE

ALL

HB 33

Date

2 3

SPONSOR

James E. Green

NAME	RESIDENCE	REPRESENTING	SUPPORT	OPPOS
Deane G. Benson	Missoula	Sec		X
Bill Craig	Missoula	City	X	
Rosalie Buggen	Missoula	City	X	
Arnold Hansen	"	UNIT FIRE HEMERGENT ASSN	X	
P. H. Ellis	1735 Sierra Helena Valley MT	Helena Valley		2
RT KORN	1910 50, WIGHT ST BURE MONT ST VAL FIRE ASSOC	MT ST VAL FIRE ASSOC	NO OBJECT NOT OBJECT	
John F. Anderson	City of Great Falls	City of Great Falls	X	
Mike Stephen	Helena	MT Assoc of C		5
Phyllis J. Stout	Missoula			

IF YOU CANNOT WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE

COMMITTEE

LL

LB 33

Date 2-25-88

ONSOR

Res. Brown

NAME	RESIDENCE	REPRESENTING	SUPPORT	OPPOS
James A. Benson	Missoula	Sec 1		
Charles E. Kersley	Billings	SELF		
Madeline Fene	Missoula	Deborah Howard C. H.		
Tom Dowling	Helena	Mt. R.R. Ass'n		
DAVE Goss	Billings	Chambers of Commerce		
Wm Erickson	Missoula	Mont State		
Wm Erickson	Missoula	7th Assoc		
Wm Erickson	Missoula	Wm Erickson		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FOR...

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

HB 33

WITNESS STATEMENT

Name _____ Date _____

Address _____ Support ? _____

Representing _____ Oppose ? _____

Which Bill ? HB-33 Amend ? _____

Comments:

All opponents are also in committee

Please leave prepared statement with the committee secretary.

WITNESS STATEMENT

Name JOE VERA Date 7-1-88
Address 1100 20th St. N. NE Support ?
Representing MAINE STATE VOL. FIREMEN ASSN. Oppose ?
Which Bill ? HB 333 Amend ?
Comments:

Please leave prepared statement with the committee secretary.

WITNESS STATEMENT

Name _____ Date _____

Address _____ Support ? _____

Representing _____ Oppose ? _____

Which Bill ? _____ Amend ? _____

Comments:

Please leave prepared statement with the committee secretary.

WITNESS STATEMENT

Name John H. Toole Date FEB 3 '91
 Address 617 W. CRISTLINE, MISSOULA Support ? ☒
 Representing CITY OF MISSOULA Oppose ? ☐
 Which Bill ? H. R. 33 Amend ? ☐

Comments:

INTOLERABLE BURDEN IN PROVIDING
 SERVICE TO URBANIZED CITIZENS
 NOT ANNEXED. - STREETS, PARKS, SWIMMING
 POOLS. HIGH INCOME PEOPLE MOVE
 OUT OF CITY, LEAVING LOW INCOME TO
 BEAR TAX BURDEN. HARD TO ANNEX
 PEOPLE + ASK THEM TO PAY THEIR
 SHARE OF TAXES WHEN THEY ARE
 GETTING A FREE RIDE. 30 YEARS TRYING
 TO SOLVE THIS PROBLEM. HAVE CIRCULATED
 PETITIONS OVER THE YEARS IN VAIN. THE
~~COMMUNITY~~ COMMUNITY SHOULD BE ABLE TO
 SPEAK WITH ONE VOICE.

Please leave prepared statement with the committee secretary.

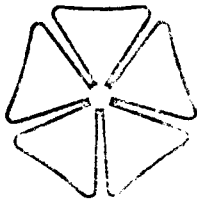
OF course people won't go
to a meeting to annex. Why should
they? Not Flocking.

Speaking with one voice.

People don't go to City Hall.

People don't go to see Commissioners

COUNTY is not equipped to
cope w/urban problems.



THE GARDEN CITY
HUB OF FIVE VALLEYS

Missoula, Montana 59801

Bill Cregg
Mayor
201 W. Spruce St.
Phone 728-2112

February 2, 1961

TO: House Local Government Committee

FROM: David W. Wilcox, Administrative Assistant

RE: Annexation -- Specifically H B 33

The Legislature's Interim Study Committee on annexation laws identified numerous problems with Montana's existing annexation legislation. As the report states: "The annexation process is one of the oldest methods of dealing with problems of urban and metropolitan growth . . . used to control many urban problems by capturing the available tax base and stopping the proliferation of unplanned development." As the report notes cities believe annexation "provides a sound basis for planning, orderly growth, and standardization of services and facilities." Further, it is important to note that annexation by the central city minimizes the creation of multi-jurisdictions.

I would like to address three major concerns. First, cities want the ability to annex surrounding property of a given density without allowing the residents to protest. Residents of those areas say they ought to have the right to decide if they need or want city services. I submit that given the right to protest these out-of-city residents almost invariably will do so. They already receive substantial benefit from the city without paying for it (more on that later). Our city residents not only subsidize the out-of-city dweller through city services; our city residents pay county taxes to finance services given only to residents of the county living just beyond the city boundary.

Further you might consider that county governments in urban areas have grown beyond their traditional and intended purpose. This has been necessary to provide the services demanded by the out-of-city urban dweller. The real rural dweller to which county government is responsible may be treated as inequitably as our city residents. The farmers, ranchers, loggers who reside far from the urban center are paying higher taxes to pay for services predominantly enjoyed by residents of unincorporated urban areas.

Second, city services provided by cities to residents of the unincorporated urban area are diverse -- direct and indirect. It is easy to identify that city streets are used by county residents, as well as city parks and city recreation programs. Police protection and traffic regulation are also rather obvious. Less apparent services enjoyed by non-city-residents include central administrative functions, city engineering of public works projects, building, fire and zoning

House Local Government Committee
Annexation -- Specifically H R 33
February 2, 1981
Page 2

code enforcement, library, cemetery and further police protection.

One must remember the purpose of cities -- to provide residents greater opportunities for jobs, shopping, entertainment -- recreational and cultural, and better transportation. The vast majority of shopping, service businesses and entertainment facilities are within the city, as are government facilities of both the city and county and a majority of schools. The city provides the services to these enterprises used by all urban dwellers. It will be purported that these commercial properties pay their way, but they don't. City residents pay higher taxes than county residents because of the intensity of services required for the myriad of city amenities such as bars and large events. The job of providing city services is greater because twice the population relies on these facilities as pays taxes to supply government services. In addition many of the facilities mentioned are tax exempt but most of the same city services are necessary.

Third, it has been asserted that cities suffer financial woes, not because of annexation restrictions, but because of unwarranted expansion of municipal bureaucracies. Certainly annexation constraints are not the only cause of our financial problems. However, the City of Missoula has not greatly expanded employment or introduced many new services. The total number of city employees has increased by 13% over the last five years, while the area of the city increased by about 15%. Our financial problem results from costs rising more rapidly than available revenue.

Since 1971 the value of a mill within the City of Missoula has increased by an average of seven percent (7%) per year. Personnel costs have consistently risen by more than seven percent yearly. Street construction costs have increased by 10.75% annually, from \$6,500 per 300 ft. block in 1971 to \$16,000 per block in 1980. Among other increases in street construction costs, asphalt has raised in price by 234% since 1971, from \$5.10 to \$17.04 per ton. Utility costs have risen during the same period by an average of 15.50% per year. We in the city government are simply faced with maintaining a desired service level in the midst of declining relative resources.

In an attempt to deliver the services demanded by our urban residents, we clearly must find new resources. We are looking to a variety of sources including better utilization of the human resources we employ. Annexation of contiguous urban fringe, so that everyone benefiting from city services helps pay for them, is another way to help maintain our city's vitality. I urge you to pass the proposed annexation measure.



HOUSE Local Govt COMMITTEE AB33

Date _____

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Gary Gray
Clem Duaine
Arthur-J. Korn

Belt
Butte
Butte

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Vice President At Large
Secretary-Treasurer

Gene Darling
Ed Tennant
Joe Moriarity
Joe Armstrong Nelson
Frank Frankovich
Lyle Storts
Dennis Garsjoe
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Glasgow
Pleasant

Vice-Pres. Dist. #1
Vice-Pres. Dist. #2
Vice-Pres. Dist. #3
Vice-Pres. Dist. #4
Vice-Pres. Dist. #5
Vice-Pres. Dist. #6
Vice-Pres. Dist. #7
Vice-Pres. Dist. #8

Montana State Volunteer Firemen's Association

From the Office of
ARTHUR J. KORN, Sec'ty-Treas.
1916 So. Washington St.
Butte, Montana 59701

Jan. 20, 1961

Testimony of H. B. 33 Annexation

Chairman and members of this committee. The name of our Association is the Montana State Volunteer Firemen's Association. We are a voluntary organization for the purpose of promoting and improving fire protection and fire fighting throughout the State of Montana. We have over 10,000 members and are organized on various local, county, and state levels. We are a non-profit organization and our members are volunteers. We are not a labor union and we do not have any dues or fees. We are a voluntary organization and we are not a labor union.

In regard to H.B. 33 with the amendments proposed by one of your committee members, these volunteers have a right to be heard and to be heard in their own defense. We will not be charged with the cost of the hearing and we will not be charged with the cost of the hearing. We will not be charged with the cost of the hearing and we will not be charged with the cost of the hearing. We will not be charged with the cost of the hearing and we will not be charged with the cost of the hearing.

At many times we have testified over the years and we have been actively tried to prove the right of our volunteer firemen and women to be heard and to be heard in their own defense.

We are not a labor union and we are not a labor union. We are not a labor union and we are not a labor union. We are not a labor union and we are not a labor union. We are not a labor union and we are not a labor union.

We therefore, are neither proponents nor opponents of H.B. 33 and H.B. 33 are both the proponents and opponents should appreciate our position as we have taken.

dedicated to the betterment of the fire fighting service

It is not what this Association is doing for you, but what are you doing for the Association

Mr. Chairman and committee members:

My name is Maxine Lane and I represent the Orchard Homes Country Life Club in Missoula. I want to thank the committee for allowing me this opportunity to speak.

The Orchard Homes Country Life Club would like to go on record as opposing House Bill 33.

The first and foremost reason that we oppose this bill is that our right to protest annexation is deleted. This is in direct violation of our first amendment right which guarantees us the right to "petition the Government for a redress of grievances". The club feels that by passing this law the state government is infringing upon our right to make decisions on how and where we want to live.

The other feeling is in a time when people are asking for less government interference in their life, less bureaucracy, this bill accomplishes exactly the opposite. By annexating areas to one large government, you further remove our ability to govern ourselves. It is harder for people to make themselves and their problems known in larger government structures. It also takes away our ability to govern ourselves. People are trying to govern themselves. They are very tired of government interference.

The Orchard ~~H~~omes Country Life Club requests that you defeat this bill in committee.

Thank you.

Maxine Lane
Box 2457
Missoula, MT 59801

WITNESS STATEMENT

Name Mr. J. H. [unclear] Date 10/1/61
Address 214 [unclear] Support ?
Representing Charles E. [unclear] Oppose ? 1
Which Bill ? H.R. 311 Amend ?

Comments:

C. H. [unclear] signed this bill on
[unclear] [unclear] [unclear] [unclear] [unclear] [unclear]
[unclear] [unclear] [unclear] [unclear] [unclear] [unclear]
[unclear] [unclear] [unclear] [unclear] [unclear] [unclear]
[unclear] [unclear] [unclear] [unclear] [unclear] [unclear]
[unclear] [unclear] [unclear] [unclear] [unclear] [unclear]

Please leave prepared statement with the committee secretary.

To: House Local Government Committee

Re: House Bill No. 33

I am a farmer producing crops on several plots of land east of Reserve Street. This extremely productive land has belonged to members of my family for several decades.

The Mayor of Missoula has indicated his desires to annex the area east of Reserve Street into his city.

I do not believe that it is your intent to force agricultural land into cities. In my own case during many years profitability is only marginal and a additional tax burden would seriously make me consider other lines of work.

I fear problems if the Mayor has his way I could be farming an island surrounded by a city which I have no say in it's affairs.

I am now facing all the urban pressure I can handle. It seems to me that once land is annexed by the city developers seek higher density zoning to get a greater return. With more people, I will have more conflicts with their dogs, automobiles, and pollution.

I am also wondering if this legislation would submit agriculture to any rules the city may have. My fear is that tools of agriculture as open burning to clear weed patches and Barbed wire are currently prohibited by city ordinances. To lose tools such as these would put many farmers out of the competition. I can only dream of what agricultural practices may be used in the future so I must say I cannot accept any rules which I have no representation in.

I request the right to effective protest when a city wishes to take part of a rural fire district.

If no protest can be allowed in this bill, I request it be killed.

Bruce A. Benson
2418 So. 7th West
Missoula, Montana 59801

WITNESS STATEMENT

Name Charles E. Hensley Date 2-3-81
 Address P.O. Box 2011 Billings Mont Support ?
 Representing Self Oppose ? ✓
 Which Bill ? H. B. 33 Amend ? possibly

Comments:

In an age when ingenuity and hard work are praised, it seems strange to axxx people out side city limits, who do not desire to be in the city. Many times those citizens choose not to live inside the city for many reasons. Their basic rights should include that ability to remain free of the city management. Many times these people disagree with the city and don't wish to have the services or the obligations incurred by the citizens. The police and fire reserves for retirements are out of hand and many citizens outside of the city do not believe they should be responsible for past debts which were not properly handled by the city at the time they (~~incurred~~ the debts) were incurred.

Charles Hensley

Please leave prepared statement with the committee secretary.

WITNESS STATEMENT

Name _____ Date _____

Address _____ Support ? _____

Representing Myself + Neighbors Oppose ? _____

Which Bill ? 32 Amend ? _____

Comments:

want the right to protest

Please leave prepared statement with the committee secretary.

WITNESS STATEMENT

Name R. A. Ellis Date 2/3/51
Address 1735 Sierra Helena Mt Support ?
Representing Helena Valley Oppose ? ✓
Which Bill ? HB-33 Amend ?
Comments:

Please leave prepared statement with the committee secretary.

WITNESS STATEMENT

Name _____ Date _____

Address _____ Support ? _____

Representing Walt Disney Oppose ? X

Which Bill ? 33 Amend ?

Comments:

Please leave prepared statement with the committee secretary.

WITNESS STATEMENT

Name _____ Date _____

Address _____ Support ? _____

Representing _____ Oppose ? _____

Which Bill ? _____ Amend ? _____

Comments:

The state right to life individual I believe, and determine
the American way of life, the Bill's purpose on the right.

At the time of the Bill, I believe that
the state has the right to determine the right to life.

At the time of the Bill, I believe that
the state has the right to determine the right to life.

At the time of the Bill, I believe that
the state has the right to determine the right to life.

At the time of the Bill, I believe that
the state has the right to determine the right to life.

At the time of the Bill, I believe that
the state has the right to determine the right to life.

Please leave prepared statement with the committee secretary.

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DIRECTOR, ACCOUNTING DIVISION

ROBERT C. PYFER
DIRECTOR, LEGAL SERVICES

July 3, 1980

TO: Study Committee on Annexation

FROM: Deborah Schmidt *DBS* Senior Researcher

RE: Materials for July 10 Meeting

Enclosed are the minutes of the April 26 meeting in Missoula. Although it has taken longer than usual for us to send them to you, I think you will appreciate their completeness and detail. Helen MacPherson spent many long hours transcribing and digesting the testimony of over forty participants in the hearing.

I am also enclosing extra copies of the two sets of discussion proposals previously agreed upon by the Committee. These proposals will be acted upon at the July 10 meeting. For your convenience, I have also abstracted from the testimony received in Missoula on April 26 several specific proposals for statutory change suggested by participants. These do not include suggestions of a philosophical nature such as "protect landowners' rights" or "make urban fringe residents pay their way", etc., but consist of specific suggestions not previously discussed by the committee. These include:

- (1)A. Eliminate the discrepancy between resident and nonresident freeholders. This discrepancy makes it more difficult for the city to annex because nonresident freeholders renting property have the right to protest annexation by the city. If this discrepancy is eliminated in 7-2-4301, MCA, the resident freeholder requirement in 7-2-4601 should also be eliminated because it is causing the city a lot of difficulty. That section of the law allows annexation by petition of the property owner and the section is basically unworkable because it requires that annexation be either on request of 50% of the resident freeholders or one-third of the resident electors. Asked that if the above changes are made that the Committee pay particular attention to part 46 of the annexation law.
- B. Use the word land rather than territory in order to provide consistency in the language of the statutes, specifically in part 46.

- C. Limit the right of protest in a very dense urban area that is contiguous. There could be descending amounts of density that would trigger a protest provision.

(Mae Nan Ellingson)

- (2) Develop a system of urban service districts with rates to be determined by the distance from city services.

(Kay Cain)

- (3) Develop a plan that would be fair to the city and to the area to be annexed: whichever entity instigates annexation proceedings would put out an impact statement on both the city taxpayer and the area being annexed; then a vote would be taken to determine if the city taxpayer wishes to accept or reject the area or to determine if the area residents still wish to be annexed.

(Art Korn and Robert Ellis)

- (4)A. Determine how disagreement between city and people to be annexed will be resolved when the city and the people in an area to be annexed must agree on the type of services that would be best for the area, such as city or rural fire protection. If the city makes the final determination this simply softens the blow for annexation.
- B. Insure that newly annexed areas have immediate and proper representation in city government.
- C. Prohibit the levying of city taxes on newly annexed areas until the city actually begins to provide services that have been agreed upon.

(Rep. Eudaily)

- (5) Consider the creation of a boundary commission. A statutorily authorized boundary commission could deal essentially with local problems and there could be a separate boundary commission for each county so that each area can deal with its annexation problems within the unique framework of the historical growth patterns of the area.

Study Committee on Annexation
July 3, 1980
Page 3

If a boundary commission should become a reality it could make some decisions about where the city boundaries ought to be and it may be appropriate that the Missoula Rural Fire District have an important voice on the commission.

Believes protest provisions should be dealt with by a boundary commission and does not think it is appropriate, even though it may be politically popular, and politically unavoidable in some people's minds, to give every property owner the right of protest. This creates a chaotic situation that leads to avoidance of an issue.

People get involved in a rumor mill and often get misinformation and sign protest petitions based on that misinformation. A boundary commission would provide a representative for those people in a governmental setting and a dialogue can take place which will air the issues.

Urged the Committee to find some overall general framework in which problems can be dealt with and believes a local boundary commission could provide this framework.

(Senator Van Valkenburg)

I hope this information will be helpful to you in preparing for next Thursday's meeting. Please contact me if you need any other information for the meeting.

DBS:hm

HOUSE

COMMITTEE

ALL

AB 57

Date 4-5-81

SPONSOR

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

WITNESS STATEMENT

Name _____ Date _____

Address _____ Support ? _____

Representing James L. [unclear] Oppose ?

Which Bill ? 1 Amend ? 1

Comments:

Please leave prepared statement with the committee secretary.

League of Women Voters of Montana

Margaret A. Lay

101 Harrison, Helena, Montana 59601

10/17 - 10/18/11

Repealing certain exemptions to the annexation of wholly surrounded land; prohibiting strip annexation.

Cities perforated by Swiss cheese-like holes of county land within their boundaries need the legislation proposed in H.B. 117. Maintaining clear lines of jurisdiction over these exempted properties is difficult, if not impossible. City services are strained by having to either work around these properties or by having to provide municipal services in the interest of protecting the health, welfare, and safety of the surrounding city residents.

It present land may pass from one exempted use to another (agricultural land to industrial use for example) without regard for the surrounding city's plans or ordinances.

The prohibition against strip annexation assures that the removal of certain exemptions cannot be abused.

Original Signed

WITNESS STATEMENT

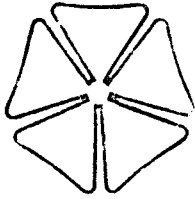
Name Alvin Thompson Date 2/3/19
 Address 1000 10th Ave Support ? ✓
 Representing Self (Tax payer) Oppose ? _____
 Which Bill ? H.B. 33 HB 37 Amend ? _____

Comments:

In a tax payer I would like to see a fairer method of taxation. I end up being taxed for some things as law enforcement, & libraries, etc. twice. I feel that who ever is able to use these services should pay their fair share instead of placing the burden on the city tax payer.

Q If an industry is persuaded by the city it should be ~~encouraged~~ be paying their fair share of taxes to the city. They can own a store & business which should not have to pay no more tax so to speak. It is getting harder & harder for the tax payer to pay the taxes that are levied. This would help us all out & provide us with a fairer taxation.

Please leave prepared statement with the committee secretary.



THE GARDEN CITY
HUB OF FIVE VALLEYS

Missoula, Montana 59801

Bill Cregg
Mayor
201 W. Spruce St.
Phone 728-2112

February 2, 1981

TO: House Local Government Committee

FROM: David W. Wilcox, Administrative Assistant

RE: Annexation -- Specifically H B 33

The Legislature's Interim Study Committee on annexation laws identified numerous problems with Montana's existing annexation legislation. As the report states: "The annexation process is one of the oldest methods of dealing with problems of urban and metropolitan growth . . . used to control many urban problems by capturing the available tax base and stopping the proliferation of unplanned development." As the report notes cities believe annexation "provides a sound basis for planning, orderly growth, and standardization of services and facilities." Further, it is important to note that annexation by the central city minimizes the creation of multi-jurisdictions.

I would like to address three major concerns. First, cities want the ability to annex surrounding property of a given density without allowing the residents to protest. Residents of those areas say they ought to have the right to decide if they need or want city services. I submit that given the right to protest these out-of-city residents almost invariably will do so. They already receive substantial benefit from the city without paying for it (more on that later). Our city residents not only subsidize the out-of-city dweller through city services; our city residents pay county taxes to finance services given only to residents of the county living just beyond the city boundary.

Further you might consider that county governments in urban areas have grown beyond their traditional and intended purpose. This has been necessary to provide the services demanded by the out-of-city urban dweller. The real rural dweller to which county government is responsible may be treated as inequitably as our city residents. The farmers, ranchers, loggers who reside far from the urban center are paying higher taxes to pay for services predominantly enjoyed by residents of unincorporated urban areas.

Second, city services provided by cities to residents of the unincorporated urban area are diverse -- direct and indirect. It is easy to identify that city streets are used by county residents, as well as city parks and city recreation programs. Police protection and traffic regulation are also rather obvious. Less apparent services enjoyed by non-city-residents include central administrative functions, city engineering of public works projects, building, fire and zoning

code enforcement, library, cemetery and further police protection.

One must remember the purpose of cities -- to provide residents greater opportunities for jobs, shopping, entertainment -- recreational and cultural, and better transportation. The vast majority of shopping, service businesses and entertainment facilities are within the city, as are government facilities of both the city and county and a majority of schools. The city provides the services to these enterprises used by all urban dwellers. It will be purported that these commercial properties pay their way, but they don't. City residents pay higher taxes than county residents because of the intensity of services required for the myriad of city amenities such as bars and large events. The job of providing city services is greater because twice the population relies on these facilities as pays taxes to supply government services. In addition many of the facilities mentioned are tax exempt but most of the same city services are necessary.

Third, it has been asserted that cities suffer financial woes, not because of annexation restrictions, but because of unwarranted expansion of municipal bureaucracies. Certainly annexation constraints are not the only cause of our financial problems. However, the City of Missoula has not greatly expanded employment or introduced many new services. The total number of city employees has increased by 13% over the last five years, while the area of the city increased by about 15%. Our financial problem results from costs rising more rapidly than available revenue.

Since 1971 the value of a mill within the City of Missoula has increased by an average of seven percent (7%) per year. Personnel costs have consistently risen by more than seven percent yearly. Street construction costs have increased by 10.75% annually, from \$6,500 per 300 ft. block in 1971 to \$18,000 per block in 1980. Among other increases in street construction costs, asphalt has raised in price by 234% since 1971, from \$5.10 to \$17.04 per ton. Utility costs have risen during the same period by an average of 15.50% per year. We in the city government are simply faced with maintaining a desired service level in the midst of declining relative resources.

In an attempt to deliver the services demanded by our urban residents, we clearly must find new resources. We are looking to a variety of sources including better utilization of the human resources we employ. Annexation of contiguous urban fringe, so that everyone benefiting from city services helps pay for them, is another way to help maintain our city's vitality. I urge you to pass the proposed annexation measure.



WITNESS STATEMENT

Name _____ Date _____
Address _____ Support ? _____
Representing _____ Oppose ? _____
Which Bill ? W.P. 87 Amend ? _____

Comments:

Please leave prepared statement with the committee secretary.

WITNESS STATEMENT

Name Don Allen Date 2/3/81
Address Helen Support ?
Representing MT. Peterkin Assoc. Oppose ? ✓
Which Bill ? HB 57 Amend ?
Comments:

Please leave prepared statement with the committee secretary.

WITNESS STATEMENT

Name John H. Brown Date 10/1/79

Address 1000 1st St. N. W. Support ?

Representing Myself Oppose ?

Which Bill ? Amend ?

Comments:

Don't Have The Right to Protest

Please leave prepared statement with the committee secretary.

WITNESS STATEMENT

Name Robert A Ellis Date 2/3/91
Address 1735 Sierra Helena, MT Support ?
Representing Helena Valley Oppose ? ✓
Which Bill ? HB 57 Amend ?

Comments:

Please leave prepared statement with the committee secretary.

STANDING COMMITTEE REPORT

February 3, 1931

MR. SPEAKER

We, your committee on LOCAL GOVERNMENT

having had under consideration HOUSE Bill No. 33

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR
MUNICIPAL ANNEXATION OF HIGH-DENSITY LAND UNDER CERTAIN
CONDITIONS."

HOUSE

Respectfully report as follows: That Bill No. 33

Amend House Bill 33 introduced copy as follows:

1. Page 1, line 23.

Following: "that"

Strike: "the protest provisions of 7-2-4314(2) do not apply."

Insert: "the protest required to stop an annexation pursuant
to this part must be signed by 66 and 2/3% of the freeholders."

2. Page 2, line 13.

Following: "when"

Strike: "the municipality and"

Insert: "51% of the"

3. Page 2, line 14.

Following: "annexed"

Strike: "mutually agree to"

Insert: "petition for"

~~DO PASS~~

Amendment to House Bill 33 (continued)
Page Two

4. Page 2, line 17.

Following: "provisions of"

Strike: "7-2-4236"

Insert: "7-2-4736"

5. Page 2.

Following: "line 17"

Insert: "(5) If the annexed area is to continue to receive fire protection from a rural fire district as provided in subsection (4)(a), the property taxes levied by the municipality on the freeholders of the annexed area shall be reduced by that amount which can be directly attributed to the municipal fire service."

AS AMENDED

DO PASS

Verner L. Bertelsen
Verner L. Bertelsen

Chairman.

STANDING COMMITTEE REPORT

February 11, 19 61

MR. SPEAKER

We, your committee on LOCAL GOVERNMENT

having had under consideration HOUSE Bill No. 57

A BILL FOR AN ACT ENTITLED: "AN ACT TO DELETE CERTAIN RESTRICTIONS ON THE ANNEXATION OF WHOLLY SURROUNDED LAND; TO PROHIBIT STRIP ANNEXATION; AMENDING SECTIONS 7-2-4301, 7-2-4401, 7-2-4503, 7-2-4504, AND 7-2-4734, MCA."

Respectfully report as follows: That HOUSE Bill No. 57

Amendment to House Bill 57.

1. Page 3, line 4.

Following: "purposes"

Insert: ", or public utility electric generating plants and their associated facilities "

AS AMENDED
DO PASS