

MINUTES OF THE MEETING
LOCAL GOVERNMENT COMMITTEE
MONTANA STATE
HOUSE OF REPRESENTATIVES

January 24, 1985

The meeting of the Local Government Committee was called to order by Chairman Paula Darko on January 24, 1985 at 3:15 p.m. in Room 312-2 of the State Capitol.

ROLL CALL: All members were present.

Preceding the public hearing, Chairman Darko asked that witness sheets be signed if there is any written testimony. She then turned the chair over to Rep. Norm Wallin, Vice-Chairman of the Local Government Committee, so that she could present her bill.

CONSIDERATION OF HOUSE BILL NO. 170: Rep. Darko of District #2, Libby, appeared before the committee as sponsor of HB 170. She explained that this bill would give 5 percent of the proceeds from the state individual income tax to the local government block grant program - 1/2 of which would go to reduce property tax levies of all purpose or general funds. Rep. Darko presented written testimony, which is Exhibit 1.

PROPONENTS: Alec Hansen, representing the Montana League of Cities and Towns, stated that this bill is the most important piece of legislation in the League of Cities and Towns, and they have been thinking about it for more than a year. They adopted this bill unanimously as they feel this program would mean something for cities, counties and towns. It would be more of a liability than an asset. The \$4.2 million block grant program will fall short and will not be available for cities, towns, counties and schools. This money will have to be made up by cutting services, increasing taxes, and raising mill levies. The basic problem is an excess line of property taxes, and our dependency on these taxes is 65%. Local governments have very few options, and they have not developed acceptable alternatives. By taking 5% of state income taxes and putting it into the block grant program, 1/2 of which would go into reducing property taxes, this bill will do the job.

Ardi Aiken, representing the city of Great Falls, presented written testimony (exhibit 2) in favor of HB 170.

Jim Van Arsdale, Mayor of Billings, introduced Karma Ruder, Assistant City Administrator for Billings, who stated that in behalf of the city of Billings, she urged support of this bill. They are concerned that a revenue source other than property taxes be established. She also presented written testimony (exhibit 3).

Mike Young, Finance Director for the city of Missoula stated he came here two years ago to ask for relief and the most single legislation of importance to them that came out two years ago was the block grant program. It gave them additional money of about \$50,000 per year and this was the first time the Legislature helped out local government by providing new money and property tax relief. Local governments are calling for property tax relief and property tax reforms. They are still looking at 3/4 of a million dollars to make up for losses.

Don Peoples, Chief Executive of Silver Bow County, stated the real issue today is the property tax system in Montana. This is in eminent danger and we simply cannot continue to provide good service with this system. He urged the committee to favorably consider this legislation; otherwise, we are facing severe problems. It only makes good sense to utilize a portion of the personal income tax for this purpose.

Ray Blehm, Montana State Fire Association, appeared before the committee in support of HB 170.

Mary Vant Hull, City Commissioner from Bozeman, stated many reasons have been heard why this bill should pass. Local option taxes take a long time to pass. Whether local option is passed or not, this is an important issue. They have fewer city employees than they had five years ago.

Bob Worthington, Mayor of Great Falls, stated he is here in support of HB 170 and he is also here to speak on behalf of the property taxpayers. He presented written testimony, (exhibit 4).

Marie McAlear, Madison County Commissioner, representing MACo, stated she was here to represent considerable efforts of all local governments to work together, and those who have suffered from cuts in their paycheck. When property tax base is cut back they go look for other sources of revenue. This is found in the block grant program. HB 170 provides an avenue of income. She has served on national boards and the cutback in federal funding is very grim. She urged the committee to accept the responsibility to put the 5% of income tax on the local block grant.

Greg Jackson, Urban Coalition, stated he had seen the 1981-82 study on the financial condition of local government. He supports this bill and asked for a do pass.

Ed Gallagher, representing the city of Kalispell, appeared with the Mayor of Whitefish and on behalf of both cities, they endorse HB 170.

Bob Marlence, Mayor of Plentywood, stated that Plentywood has a population of only 3,000 people and they suffer just as

drastically as the larger ones. On behalf of the smaller towns in Montana, he urged the committee to pass this bill.

Bob Palmer, Missoula County Commissioner, stated that this bill will restore revenues and he urged a do pass.

OPPONENTS: Rep. Pistoria said that as a member of this committee, he is an opponent. He said Rep. Darko had guts to introduce this bill and that Alec Hansen is doing a terrific job. Local governments are in trouble, but Rep. Pistoria felt he has the solution. By taking 5% of \$200 million, that is too much to take away from the general fund. Who is going to make up that \$10 million? He suggested using HB 368 and take 5% of the permanent trust fund to go to local governments each year for 10 years, approximately \$5 million per year would go to local government. The future is today and the coal trust is gone. There is \$194 million right now in the permanent trust fund and there is \$40 - \$50 million to go into it each year. This will take care of the problem. Rep. Wallin told him to wait on this as this will be heard later when his bill comes up.

Keith Anderson, President of the Montana Taxpayers Association, stated that he has to address the issue of earmarking money which he feels is poor fiscal management. The earmarked funds are taking most of the general funds. The Legislature is losing control over money. Local governments are receiving revenue from all kinds of departments, and the state cannot afford to give local governments this much money. The revenue outlook for the state is bleak. It is \$28 million in trouble just in the highway program. The property tax has a broader base than the income tax base and largely includes the same people who are paying income taxes. Taxes will be collected from a narrow tax base. This provision would not provide property tax reduction and is entirely unsatisfactory. For this reason he hoped the committee would kill the bill.

DISCUSSION OF HOUSE BILL NO. 170: In closing, Rep. Darko said the committee has heard a lot of testimony, all sincere. It is our responsibility as legislators to provide for local government. They need a reliable source of revenue, and income tax would provide that. They need a source that will move with the economy. She felt it is the responsibility of this committee that this bill will go through the Appropriations Committee and there it will stand on its own merit. It is also the responsibility of this committee to make a statement to the rest of the representatives.

Rep. Switzer asked Mike Young or Don Peoples what areas would they cut in state projects to provide this 5% income tax from counties. Mr. Young answered that since 1977 the state general fund has increased by 15% and local government 65%. Mr. Peoples suggested that it should start with the Legislature. He didn't have any specific suggestions other than to emphasize

the fact that the property tax program in Montana needs assistance.

Rep. Pistoria wanted to know how we in state government can make up that \$10 million that you want to take away. Alec Hansen answered that he couldn't tell him how to make it up anymore than Rep. Pistoria could tell us how we are going to make up the money we have lost in the past years as a result of the block grant program. We want this bill to be passed, and we are prepared to help you do this. Rep. Pistoria asked Mr. Hansen if he would support the only solution that has been made in HB 368, and Mr. Hansen replied that if that is what the Legislature decides to maintain this block grant, he would support it.

Rep. Switzer said that state government has too much money but it also has too many programs. He would be happy to work with anyone to provide 5% of income tax to local government. This 5% has to come from somewhere.

Rep. Sales asked Rep. Darko if the \$3 1/2 million shown on the fiscal note is being taken from the general fund the way she expected it to be taken out. Rep. Darko answered that the distribution on the fiscal note is wrong.

Rep. Hansen stated there are technical and mechanical defects in the bill and she would be willing to work with the committee to correct these defects.

Rep. Sands asked Mr. Hansen how much money is generated through the block grant program. The answer was \$24 million each year.

Rep. Brown stated that millage levels in Missoula and across the state have reached the point where it can't be pushed any further. The taxpayers are saying they have had enough.

Mr. Peoples said it is extremely difficult to do anything about property taxes, but to keep them level. They had to hire two people to handle complaints during the tax season, and these people were faced with physical threats. Local government is in the position of not getting any respect at all and it can't go any further.

Rep. Brandewie stated that the same people who pay property taxes are the same who pay income taxes -- they are one and the same in many cases.

Discussion was closed on HB 170.

CONSIDERATION OF HOUSE BILL NO. 118: Rep. Tom Hannah, District #86, presented his bill to the committee. This bill is an act providing for the preservation of private fire service upon annexation of an area receiving such private

fire services. He asked Lee Heiman, Committee Counsel, to explain the gray bill, which is attached as Exhibit 1. Lee Heiman explained that he had prepared a list of amendments to this bill, and if the amendments are adopted, this is how the bill would look.

Rep. Hannah explained of a problem which was created in Billings by annexing. As a result of this problem, a committee of the people of the community was developed, and the results of those meetings and what has been done in that area are before us today. He passed out a synopsis of the bill, Exhibit 2, which was prepared by Lee Heiman. Rep. Hannah went over it and explained each part. He presented several letters from residents of Billings who helped put this together but were unable to come here and testify. These letters are all together as Exhibit 3. Rep. Hannah also presented letters from the Yellowstone Boys and Girls Ranch, (Exhibit 4) and a letter from Tex E. Rieke, Chairman of the Board of Trustees of the Canyon Creek School who wanted to express their support of the bill (Exhibit 5). Rep. Hannah stated that these are legitimate concerns expressed in the letters and he hoped the committee would give this bill careful consideration.

PROPONENTS: Tim Pinter, from Billings and representing himself, stated that he resides in a rural area and they have no fire protection program. He feels he has the right to make the choice as to whether to keep the existing service or the city service. He stated he felt strongly enough about this that he took time off from work to come here to testify. He asked the committee to look at this seriously and give it a do pass.

Chuck Hensley, representing the O'Donnell Fire Service of Billings, stated he is a private firefighter. The last seven months their rates have increased and they have laid off firemen. The city did not take into account what would happen to the people who live outside the city. He said private fire protection services can save money. This bill is fair and gives people the chance to choose how to spend tax dollars.

Ken Gilbertson, chief of the RAE Volunteer Fire Department from Bozeman, presented written testimony in support of HB 118 which is marked as Exhibit 6.

Bill Weber, president of the Gallatin County Fire Council, appeared in support of HB 118. The brunt of fire protection is on the landowners who are taxed for fire protection on all property. This bill will give people the ability to levy a fee for protection in lieu of the property taxes.

Ray White, Gallatin County Commissioner, presented written testimony in favor of HB 188, Exhibit 7.

Mr. Harrison, from Yellowstone county, stated that private subscribers have lower service rates, less than if they were annexed to the town. Taxpayers provide jobs. Volunteers of Yellowstone county only engage in range and grassland fires. He stated he supports this bill along with the volunteers and hoped the committee would give it a do pass.

Tom O'Hara, president of the Cascade County Rural Fire Council, stated he has seen rural fire protection grown, and they don't have the problem with annexing. There has to be some kind of approach to taxation. Cascade county has 13 volunteer fire districts and only two are tax districts. He said page 7, number 4, is the key figure of this bill. It is unfair to tax the large landowners and have the small landlords pay a lesser fee when the exposure is greater because it is an agricultural community. He favors this bill because page 7, number 4 seems to be the alternative.

OPPONENTS: Dave Wilcox, Chief Administrative Officer representing the city of Missoula, submitted written testimony in opposition to the bill. This is exhibit 8.

Gregg Groepper, representing the Department of Revenue, stated he is neither a proponent nor an opponent, but favors an amendment.

Jim Loftus, representing the Board of Trustees in Missoula, stated that in Section 3, line 19, there are no guidelines that say what is adequate service for county commissioners to follow. If the county commissioners tried by some means to remove the fire districts from this area, it would affect fire districts real bad. He asked for an amendment to remove fire districts. Fire departments have to go out and put out fires in wheat fields, grassland, etc. and they may not be able to collect money on it. He urged the committee to either amend the bill, or kill it entirely.

Jim Van Arsdale, Mayor of the city of Billings, appeared before the committee in opposition to HB 118. He also presented written testimony listing why he opposes this bill (Exhibit 9).

Ray Blehm, representing the Montana Fireman's Association, spoke before the committee and opposed the bill.

Al Sampson, representing the city of Missoula, stated he is a retired firefighter and there are several things wrong with the bill. It does not present a workable situation.

Alec Hansen, League of Cities and Towns, said he opposes this bill very strongly as it is just another limitation to be put in the annexing laws of Montana.

Mike Walker, representing the Montana State Council of Fire-

fighters from Great Falls, urged the committee to defeat this bill.

In closing, Rep. Hannah said that the potential loss of fire protection and annexing is a serious problem that can't be dismissed. It is a big and important point to a lot of people, and he told the committee he would appreciate their time and consideration of the bill.

DISCUSSION OF HOUSE BILL NO. 118: In section 1, pertaining to municipal fire protection where in order to retain the existing fire service it must be put on the ballot for a vote five years after annexation, Rep. Sands asked Rep. Hannah if he wants this to be a decision of the people, then why doesn't he let them vote. Rep. Sands asked the Mayor for the formula for providing tax credit. If the bill were to pass a tax credit appropriation, he doesn't see how it could be dealt with legally. Jim Tillotson, City Attorney for Billings, said it would be hard to work with this as it would be difficult to determine what is meant by discretionary funds of the fire department.

Rep. Gilbert stated to Rep. Hannah that he did not agree with the flexibility in voting. If the people make the decision to go to the city fire service, they should not have the option to go out of it.

Rep. Brown suggested on page 2, of the gray bill, subsection 2, lines 11 and 12, that the language "or no fire service" be deleted so that the choice of the people would be to have either a municipal or a city service. Rep. Hannah said that would be forcing people to go either way. Rep. Brown said the people have to vote to go on annexation, then they have to decide what kind of fire service they want to have. This bill provides for rejection of the existing city service and accepting the municipal service. He doesn't see an alternative for rejection of municipal service for a cheaper service.

Rep. Kitselman said in Billings, when his district was annexed, there was a discrepancy in the fees and disagreements as to procedures. The people in the area who have private services still have protection that the municipal service provides. The problem is one of economy -- the private service lost a lot of subscribers.

Rep. Sands addressed the people from the city of Billings to section 6. Karma Ruder spoke for the city and said both sections deal mostly with rural sections and it is up to county people to deal with it. Those sections are mostly for county and city areas. Mr. Tillotson said the city of Billings would favor section 6, for removing a barrier of annexation.

There being no further discussion, hearing on HB 118 was closed.

Rep. Darko gave the committee a preview of bills scheduled for Local Government Committee. To date, 41 bills are scheduled, and there are about 75 to 80 bills in the Council. She has been scheduling 4 or 5 per day so the committee would really have to work. She also wanted to remind the members of the committee of the Joint Presentation of the Infrastructure on Saturday, January 26, 1985.

Rep. Darko then said she would like to put HB 118 in a Subcommittee and she then appointed Rep. Kadas as chairman of the Subcommittee, along with Rep. Sands, Rep. Sales and Rep. Poff. She set one week from Thursday to take executive action.

There being no further business before the committee, Rep. Brown made the motion to adjourn at 6:00 p.m.


PAULA DARKO, Chairman

(Type in committee members' names and have 50 printed to start).

DAILY ROLL CALL

LOCAL GOVERNMENT COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 1-24-85

NAME	PRESENT	ABSENT	EXCUSED
Paula Darko, Chairman	✓		
Norm Wallin, Vice Chairman	✓		
Ray Brandewie	✓		✓ 1/2 hr
Dave Brown	✓		
Harry Fritz	✓		
Stella Jean Hansen	✓		
Bob Gilbert	✓		
Mike Kadas	✓		
Les Kitselman	✓		
Paul Pistoria	✓		
Bing Poff	✓		
Walter Sales	✓		
Jack Sands	✓		
Dean Switzer	✓		

Exhibit 1
HB 170
1-24-85
Rep. Darko

January 24, 1985

HB 170 - TESTIMONY - DARKO

DURING THE '83 SESSION OF LEGISLATURE A BLOCK GRANT PROGRAM TO CITY AND COUNTY GOVERNMENTS WAS SET UP IN RECOGNITION OF THE FINANCIAL PLIGHT OF THOSE LOCAL GOVERNMENT UNITS AND THEIR RELIANCE MORE AND MORE ON THE PROPERTY TAX.

TODAY AS I APPEAR BEFORE YOU, THE BLOCK GRANT PROGRAM, WHICH WE AS LEGISLATORS AND THOSE IN LOCAL GOVERNMENT SAW AS AN OPTIMISTIC SOLUTION TO THE TAX BASE EROSION OF LOCAL GOVERNMENTS IS ABOUT \$4 MILLION IN THE HOLE. THE REASON, OF WHICH WE ARE ALL AWARE, IS DECLINING OIL PRICES AND SEVERANCE TAX REVENUES. THIS BILL WOULD REPLACE SOME OF THOSE REVENUES WITH A SHIFT OF 5% OF STATE INCOME TAX REVENUES TO THOSE BLOCK GRANT PROGRAMS - 1/2 OF WHICH WOULD GO TO REDUCE PROPERTY TAX LEVIES OF ALL PURPOSE OR GENERAL FUNDS.

IN PREVIOUS SESSIONS, THE LEGISLATURE HAS ERODED THE LOCAL GOVERNMENT TAX BASE--THE REMOVAL OF THE BUSINESS INVENTORY TAX, AND THE CHANGE IN MOTOR VEHICLE TAX, TO NAME A FEW. WHAT WE HAVE LEFT THEM IS NO METHOD TO RAISE REVENUE ASIDE FROM THE PROPERTY TAX. WE TAKE AWAY TAXING AUTHORITY REDUCING TAXES AND LOOK GOOD. LOCAL GOVERNMENTS AS A RESULT HAVE TO RAISE PROPERTY TAXES OR CUT SERVICES AND THUS LOOK BAD. LOCAL GOVERNMENTS LIVE WITH OUR DECISIONS--WE DON'T FACE THE MUSIC SO TO SPEAK.

IT IS THE BASIC RESPONSIBILITY OF LOCAL GOVERNMENTS TO PROVIDE BASIC SERVICES AND WE ARE TAKING AWAY THEIR ABILITY TO DO THAT.

POLICE PROTECTION IS A BASIC FUNCTION OF GOVERNMENT.

EXPOUND ON LIBBY SITUATION: HOW THEY WANT TO WITHDRAW POLICE

SERVICE FROM COMMUNITY

- 1) INTERLOCAL AGREEMENT--CUT COSTS--SERVICE EVEN BUDGET
FINES
- 2) BALANCING ACT-- BETWEEN POLICE SERVICES
- 3) SEWER RATES
- 4) COMMUNITIES AND CITIZENS SHOULD NOT HAVE TO MAKE
THOSE CHOICES.

IT IS OUR RESPONSIBILITY AS A LEGISLATURE TO SEE TO THE FINANCIAL
NEEDS AND REVENUE RAISING ABILITY OF LOCAL GOVERNMENTS. THIS
BILL RECOGNIZES THAT RESPONSIBILITY OF THE STATE. I URGE THE
COMMITTEE IN JOINING WITH ME IN THAT RECOGNITION OF RESPONSIBILITY
AND URGE A "DO PASS".

SEVERAL PROPONENTS WILL EXPLAIN IN DETAIL SOME PARTS OF THE
BILL.

RESERVE RIGHT TO CLOSE.

WITNESS STATEMENT

Exhibit 2
HB 170
1-24-85
Rep. Darko

NAME Arel Hiken BILL No. HB 170
ADDRESS 3433 14th Ave So - Gt. Falls DATE 1/24/85
WHOM DO YOU REPRESENT City of Great Falls
SUPPORT ✓ OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

H B 170
HOUSE LOCAL GOVERNMENT COMMITTEE
JANUARY 24, 1985

Testimony submitted by Ardi Aiken, Great Falls City Commission

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WHAT ARE THE PROBLEMS RELATED TO LOCAL GOVERNMENT FINANCE?

- Property tax largest source of revenue.
- Significant erosion of property tax base.
- Tax base no longer does the job for all competing interests (i.e., Cities, Counties, School Districts, Special Districts, and the State).
- Declining mill value.
- Legal ceiling on number of mills which can be levied.
- Public resistance to paying increased property taxes.
- State law allows no other local taxing authority.
- Diminished purchasing power due to inflation.

HOW HAS LEGISLATIVE ACTION UNDERMINED THE PROPERTY TAX BASE? *

<u>Category</u>	<u>1981 ACTION</u>	<u>ANNUAL LOSS</u>
Livestock Tax	50% decrease	\$6.5 million
Inventory Tax	Eliminated	\$8.5 million
Farm Machinery/ Equipment Tax	Changed from average retail to average wholesale	\$7.5 million
Motor Vehicle Ad Valorem Tax	Changed to a flat fee	\$15 million

	<u>1979 ACTION</u>	<u>ANNUAL LOSS</u>
12% Rollback on Commercial/Industrial Property	Court Order	\$6 million
Change in method of taxing banks	Exemption	\$2.1 million

These losses are being partially subsidized by increased mills levied on other classifications, principally residential property.

* (Figures provided by State Department of Revenue)

Under State Law, the \$15 million loss resulting in the change from motor vehicle ad valorem tax to a flat fee, is to be replaced. The block grant program enacted by the 1983 legislature was intended for that purpose.

However, with the decrease in the oil severance tax from 6% to 5% and the reduction in the price of oil, the block grant will not meet that intended purpose.

WHAT HAVE LOCAL GOVERNMENTS DONE TO ALLEVIATE THEIR FINANCIAL PROBLEMS?

- Implemented stringent cost controls.
- Cut budgets.
- Cut back, combined or terminated programs.
- Reduced the number of employees (by more than 100 in Great Falls).
- Held down salary increases.
- Attached user fees and licenses where possible.

However, good management has not been enough to offset the continued erosion of our tax base. We have reached the point of diminishing return.

WHY SHOULD THE HOUSE LOCAL GOVERNMENT COMMITTEE PASS HB 170?

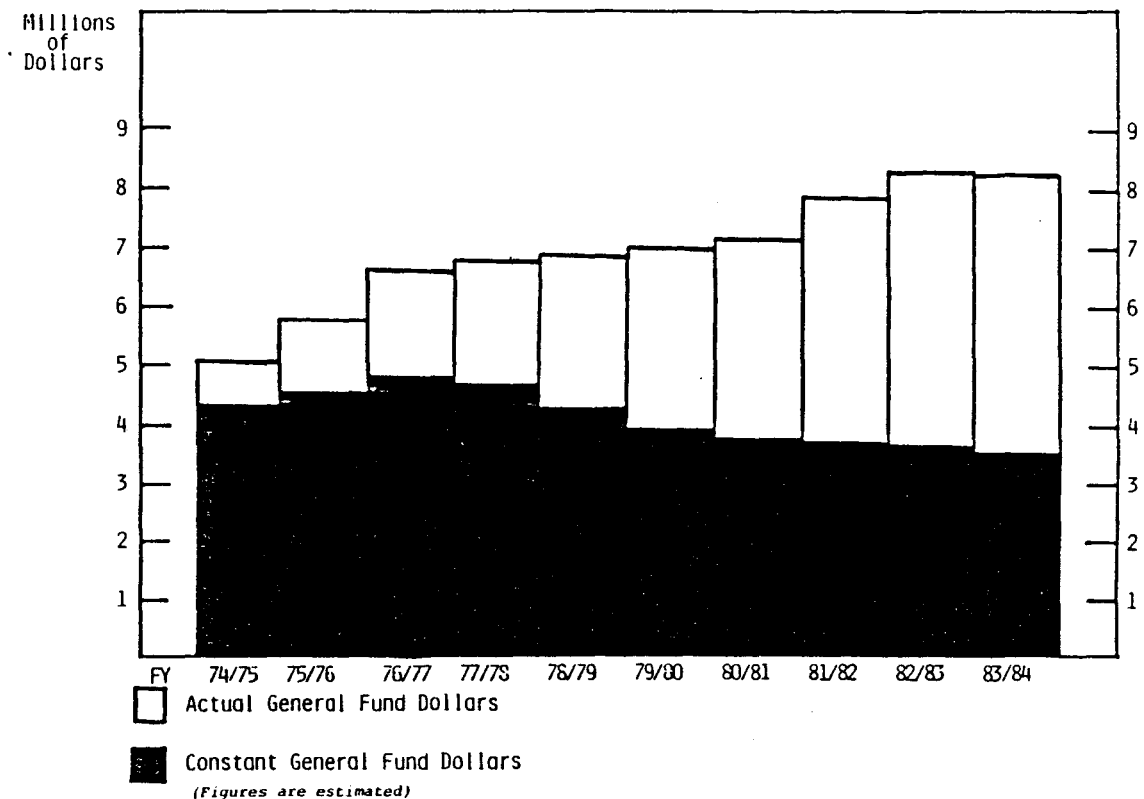
- Local governments have done all they can, under State law, to address the problem.
- The State is legally bound to replace the \$15 million lost in the motor vehicle fee.
- 60% of the personal income tax is generated from urban centers (the State's largest source of revenue); yet, urban centers have only 30% of the property taxable valuation (local government's largest source of revenue).
- Residential property owners need property tax relief.

The City of Great Falls has lost a great deal of purchasing power with the general fund due to the inability of Great Falls to keep pace with inflation. Figure 7 illustrates that in actual reported dollars the general fund rose from a little over \$5,000,000 in 1974 to \$8,283,837 in 1984. However, when projected in constant dollars the general fund in Great Falls declined by almost \$750,000 from \$4,245,432 in 1974 to \$3,501.199 in 1984.

Figure 7

City of Great Falls General Fund
Actual and Constant Dollars
(Implicit price deflator)

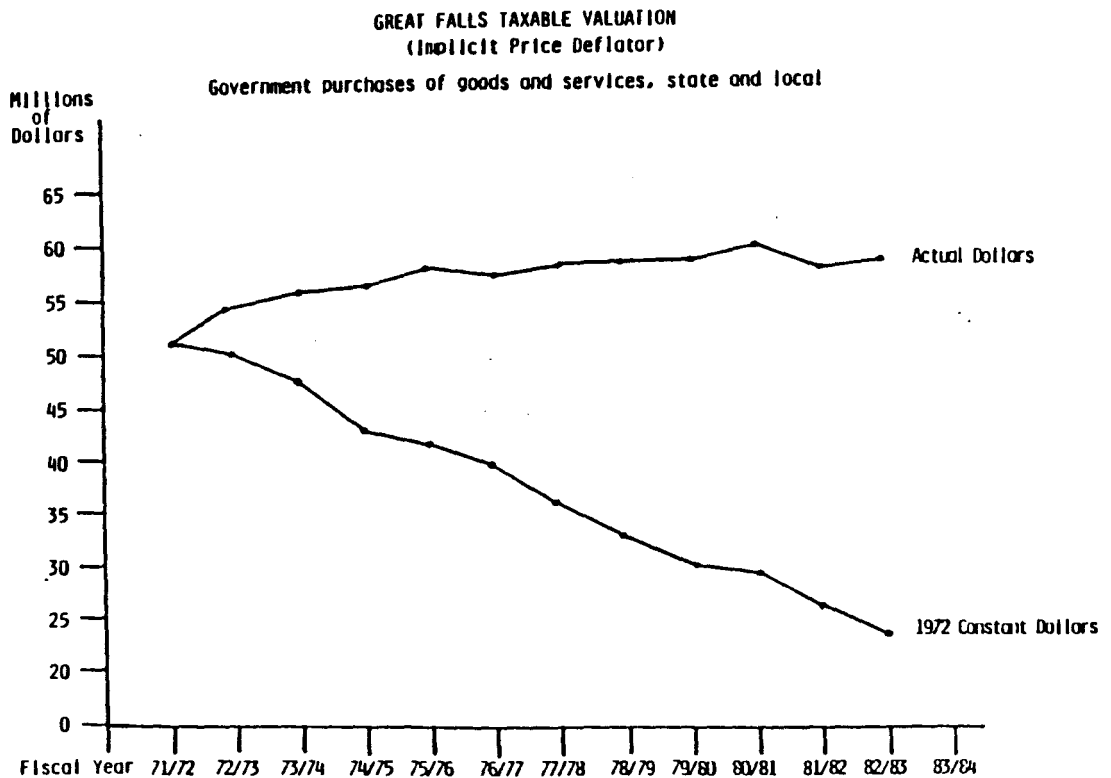
Government purchases of Goods and Services,
State and Local



SOURCE: City of Great Falls Annual Budget Reports, Implicit Price Deflator figured from "Survey of Current Business" published by: U.S. Department of Commerce/Bureau of Economic Analysis.

Figure 3 shows that in actual reported dollars, the total taxable valuation of Great Falls has not grown much in the past decade. In 1972 the taxable valuation of Great Falls was \$51,745,951 and in 1983 it was \$56,571,347. This is an increase in taxable valuation of only \$4,825,396 in the past twelve years. Figure 3 illustrates that taxable valuation for Great Falls in constant 1972 dollars has seriously declined from \$51,745,951 in 1972 to \$26,117,655 in 1983. Although actual reported dollars rose slightly, the projection in constant dollars shows that the tax base in Great Falls has declined by almost 50% in the past twelve years.

Figure 3



SOURCE: Taxable Valuation obtained from annual reports from the Cascade County Assessor's Office, Implicit Price Deflator figured from "Survey of Current Business" published by: U.S. Department of Commerce/Bureau of Economic Analysis.

Exhibit 3
HB 170
1-24-85
Rep. Darko

WITNESS STATEMENT

NAME KARMA RUDER BILL No. 170
ADDRESS 3448 SEQUOIA LANE #4 BILLINGS DATE 1-24-85
WHOM DO YOU REPRESENT CITY OF BILLINGS
SUPPORT ✓ OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

TESTIMONY ON BEHALF OF THE CITY OF BILLINGS ON HOUSE BILL 170.

MY NAME IS KARMA RUDER. I AM THE ASSISTANT CITY ADMINISTRATOR FOR BILLINGS AND I AM HERE TO PRESENT TESTIMONY ON BEHALF OF THE CITY OF BILLINGS ON HOUSE BILL 170.

THE CITY OF BILLINGS URGES YOU TO SUPPORT HOUSE BILL 170 SO THAT CITIES AND COUNTIES THROUGHOUT THIS STATE CAN HAVE A RELIABLE SOURCE OF REVENUE TO FUND THE BLOCK GRANT PROGRAM. WE ARE CONCERNED THAT WE ESTABLISH A REVENUE SOURCE OTHER THAN PROPERTY TAXES TO FUND BASIC SERVICES. IT IS IMPORTANT THAT THE REVENUE SOURCE BE ONE THAT MOVES WITH THE ECONOMY, UNLIKE PROPERTY TAXES. IN THE CITY OF BILLINGS, ONE OF THE FASTEST GROWING AREAS OF MONTANA, THE INCREASE IN TAXABLE VALUE OVER THE PAST TEN YEARS HAS BEEN 35.6%, WHILE THE INFLATION INDEX FOR THE SAME PERIOD HAS BEEN 81.7% -- MORE THAN TWICE THE INCREASE IN TAXABLE VALUATION.

PROPERTY TAXES IN MONTANA ARE HIGH. A MAJOR RESPONSIBILITY FOR THIS CONDITION MUST BE ACCEPTED BY THE STATE LEGISLATURE. YOU, AS A BODY, HAVE CONTINUED TO REDUCE THE TAXABLE VALUES FOR LOCAL GOVERNMENT. YOU HAVE NOT PROVIDED EITHER DIRECT REVENUE SHARING FROM SOURCES OTHER THAN PROPERTY TAXES OR PROVIDED ALTERNATE SOURCES OF REVENUE FOR LOCAL GOVERNMENTS TO USE. A MAJOR PORTION OF THE RESPONSIBILITY FOR THE QUALITY OF OUR PUBLIC SERVICES RELATES TO THE FISCAL CONSTRAINT PLACED ON US BY STATE LAW.

THE CITY OF BILLINGS CANNOT CONTINUE TO CUT BACK IN POLICE AND FIRE SERVICE! LIBRARY, PARKS & RECREATION AND TRANSPORTATION SERVICE HAVE BEEN SCALED BACK TO A MINIMUM LEVEL!

HOUSE BILL 170 OFFERS A PARTIAL SOLUTION TO THIS PROBLEM. IT WILL PROVIDE A REPLACEMENT FOR LOST MOTOR VEHICLE TAXES FOR THE ~~CITY OF BILLINGS OF ABOUT \$300,000~~ ^{COUNTY OF YELLOWSTONE OF ABOUT \$300,000} THAT WOULD OTHERWISE BE LOST. THESE FUNDS WOULD BE USED TO IMPROVE AND EXPAND ESSENTIAL SERVICES IN THE AREA OF PUBLIC SAFETY.

THE TIME HAS COME FOR THE STATE OF MONTANA TO RECOGNIZE THE PLIGHT OF LOCAL GOVERNMENT. PROPERTY TAXES CANNOT BE THE ONLY SOURCE OF REVENUE FOR LOCAL GOVERNMENT. I URGE YOU TO SUPPORT HOUSE BILL 170.

HOUSE BILL 170

Exhibit 4
HB 170
1-24-85
Rep. Darko

MEMBERS OF THE HOUSE LOCAL GOVERNMENT COMMITTEE:

I am Bob Worthington, the Mayor of Great Falls. I am here in support of House Bill 170.

I am also here to speak in behalf of the property taxpayers - your constituent and mine - who has been faced over the past decade with excessive increases that threaten the possibility of many Montanans continuing to own their own property. Just since 1980 in Great Falls, we have seen an increase in the total property tax millage of almost 120 mills. This year, the total mills levied for a Great Falls property taxpayer in Cascade County was 444 mills! The City's portion of that total pie is a mere 20%. Likewise, the County is but 13% of the total. Over 65% of that total pie is levied by the School District and the State of Montana. (I have included some charts here with my testimony and I will leave a copy so that you can look more closely at the figures I am quoting.)

The local government entities - the City and the County - have not been significantly responsible for that increase in the local property tax mill. We have held the line by tight budgeting and tough management. But many local government entities are facing potential bankruptcy unless we get some form of tax relief or financial assistance.

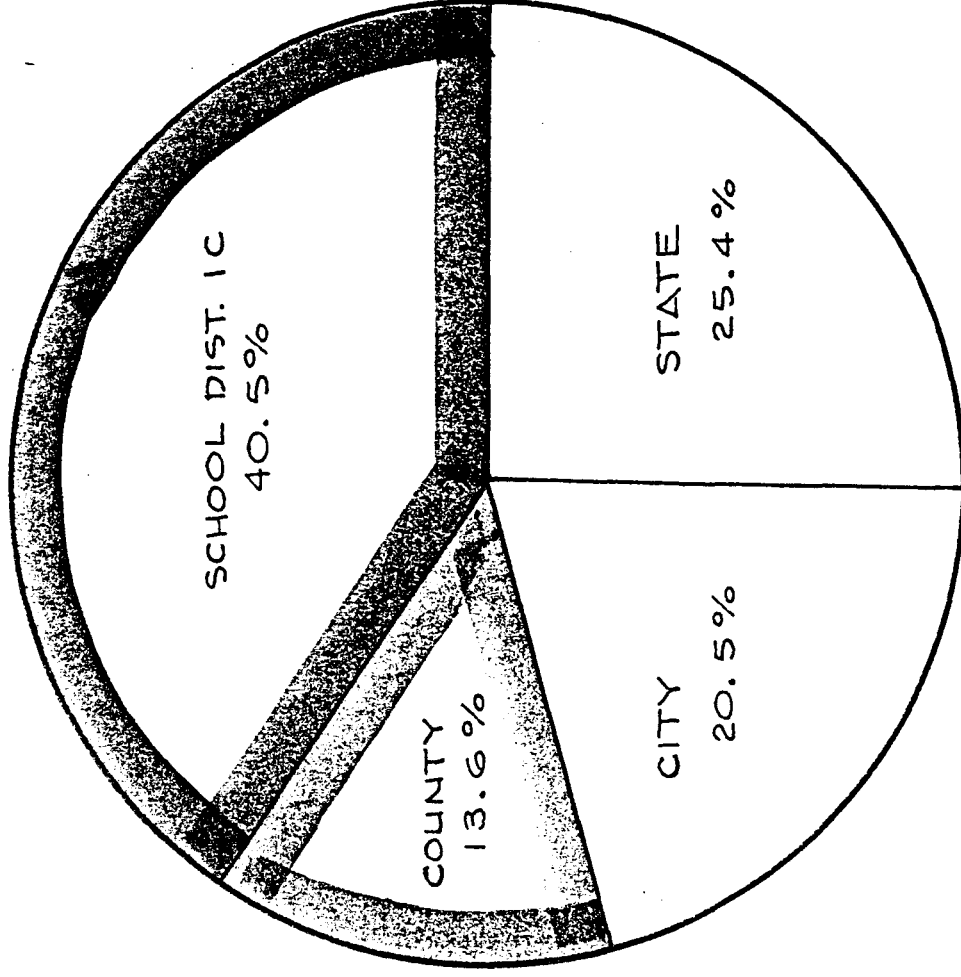
The 1983 Legislature provided an answer to that need in the form of the block grant program. But now, Dave Hunter is telling us that the price of oil will drop ~~from \$32 per barrel~~ to \$25 per barrel - a loss of \$15 million. Not only will there be no significant fiscal assistance to local governments - but the oil severance revenue won't even cover the lost motor vehicle tax. Local governments must have a more stable and predictable source of financial assistance. House Bill 170 not only provides such a source of revenue - but it also provides one of the first creative efforts to provide some form of property tax relief.

1980-84 MILL LEVY

PERCENT OF INCREASE					
		<u>1980</u>	<u>1984</u>	<u>% INCREASE</u>	<u>% ANNUAL INCREASE</u>
City		80.16	91.06	13.5	3.3
	\$ Mill Value	(58,563)	(58,479)		
County		58.30	60.17	3.2	0.8
	\$ Mill Value	(92,928)	(89,426)		
State		80.91	112.96	39.6	9.9
School Dist. 1C		<u>105.29</u>	<u>179.86</u>	70.8	17.7
TOTAL		324.66	444.05		

1984 TAXES

	Mills	Percentage
CITY	91.06	20.5 %
COUNTY	60.17	13.6 %
STATE	112.96	25.4 %
SCHOOL DIST.1C	179.86	40.5 %
TOTAL	444.05	100.0 %



HOUSE BILL NO. 118

INTRODUCED BY HANNAH

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE PRESERVATION OF EXISTING PRIVATE OR RURAL FIRE DISTRICT FIRE SERVICES UPON ANNEXATION OF AN AREA RECEIVING SUCH PRIVATE EXISTING FIRE SERVICES; PROVIDING FOR THE ESTABLISHMENT OF MUNICIPAL FIRE SERVICES FOR AN ANNEXED AREA UNDER CERTAIN CIRCUMSTANCES; PROVIDING FOR A MUNICIPAL PROPERTY TAX CREDIT FOR PROPERTY IN AN ANNEXED AREA RECEIVING PRIVATE FIRE SERVICES; PROVIDING THAT PROPERTY TAXPAYERS IN THE AREA ARE NOT REQUIRED TO PAY CERTAIN OTHER PROPERTY TAXES DIRECTLY RELATED TO MUNICIPAL FIRE PROTECTION; DELETING THE RESTRICTION ON ANNEXATION OF TERRITORY IN A RURAL FIRE DISTRICT UNDER THE ANNEXATION PROCEDURES OF TITLE 7, CHAPTER 2, PART 47; PROVIDING THAT THE TRUSTEES OF A FIRE DISTRICT MAY, AFTER A PUBLIC HEARING, IMPOSE FEES IN LIEU OF PROPERTY TAXES FOR THE FUNDING OF THE DISTRICT; AND AMENDING SECTIONS 7-2-4205, 7-2-4305, 7-2-4506, AND 7-2-4610, 7-2-4734, 7-33-2105, AND 7-33-2109, MCA."

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

NEW SECTION. Section 1. Annexation -- preservation of existing private fire service -- mutual aid agreement. (1) AS USED IN THIS SECTION, AN "EXISTING FIRE SERVICE" MEANS

1 EITHER A PRIVATE FIRE SERVICE OR A RURAL FIRE DISTRICT THAT
2 PRIOR TO THE COMMENCEMENT OF ANNEXATION PROCEEDING PROVIDED
3 FIRE PROTECTION TO THE TERRITORY TO BE ANNEXED.

4 ~~{1}~~(2) Except as provided in subsection ~~{2}~~ (3), a
5 municipality that annexes an area receiving private fire
6 protection service may not provide competitive fire
7 services for the annexed area. Municipal fire services may
8 not be provided to any private property in an annexed area
9 receiving ~~private~~ EXISTING fire services. Property owners in
10 the AN annexed area RECEIVING EXISTING PRIVATE FIRE SERVICES
11 may choose to receive either the private fire service or no
12 fire service.

13 ~~{2}~~(3) A municipality may provide fire services in an
14 annexed area that was receiving ~~private~~ EXISTING fire
15 services at the time of annexation if:

16 (a) at any time municipal fire protection services are
17 requested by a petition signed by more than 50% of the
18 qualified electors of the annexed area;

19 (b) in the opinion of the board of county
20 commissioners, the ~~private~~ EXISTING fire service is unable
21 to provide adequate service or unreasonably refuses to
22 provide service; or

23 (c) the continued provision of ~~private~~ EXISTING fire
24 services is rejected by a majority vote of the residents of
25 the annexed area during a general election. The question of

1 retaining the private EXISTING fire service must be placed
2 on the ballot for a vote by the electors of the annexed area
3 during the general election held 5 years after the year of
4 annexation and each 5 years thereafter as long as private
5 EXISTING fire services are provided to the annexed area.

6 ~~(3)~~(4) (a) Each owner of property that is located
7 within an area that was annexed while receiving private
8 EXISTING fire services and which continues to be served by a
9 private AN EXISTING fire service is entitled to a credit
10 against municipal property tax liability for property within
11 the area,~~whether-or-not-private-fire-services-are--provided~~
12 ~~for--the--property~~. The amount of the tax credit is the
13 percentage established in subsection (3)(b) multiplied by
14 the municipal all-purpose property tax payable on property
15 within the annexed area.

16 (b) The percentage used to compute the tax credit
17 authorized by subsection (3)(a) is the percentage that the
18 discretionary funds of the municipal fire service budget
19 constitute of the total discretionary municipal budget for
20 the prior fiscal year. For purposes of determining the
21 discretionary budget, only revenues and expenditures from
22 the following sources are to be considered:

23 (i) general purpose property taxes and general purpose
24 in-lieu payments for property taxes;

25 (ii) federal revenue sharing;

1 (iii) state general services block grant funds under
2 7-6-307; and

3 (iv) state general purpose block grant funds
4 established by 7-6-305, including state aid to local
5 governments as provided in 61-3-536 and all other general
6 purpose funds distributed under 61-3-509.

7 ~~(4)~~(5) Owners of property located within an area
8 annexed with the provision of ~~private~~ EXISTING fire services
9 are not liable for taxes or assessments on property within
10 the area for:

11 (a) payment of general obligation bonds issued for
12 municipal fire service capital expenditures;

13 (b) firefighters' group insurance under 7-33-4130;

14 (c) firefighters' disability and pension fund levy
15 under 19-11-503 and 19-11-504; and

16 (d) special levy contributions to the firefighters'
17 unified retirement system under 19-13-606.

18 ~~(5)~~(6) A mutual aid agreement entered into by a
19 municipality and ~~a-private~~ AN EXISTING fire service relating
20 to an area in the municipality that receives ~~private~~
21 EXISTING fire services under the provisions of this section
22 does not constitute competitive fire services provided by
23 the municipality.

24 Section 2. Section 7-2-4205, MCA, is amended to read:

25 "7-2-4205. Provision of services. In all cases of

1 annexation under current Montana law, services will be
2 provided according to a plan provided by the municipality as
3 specified in 7-2-4732, except:

4 (1) as provided in 7-2-4736 and [section 1]; and

5 (2) in first-class cities, where otherwise mutually
6 agreed upon by the municipality and the freeholders of the
7 area to be annexed."

8 Section 3. Section 7-2-4305, MCA, is amended to read:

9 "7-2-4305. Provision of services. In all cases of
10 annexation under current Montana law, services will be
11 provided according to a plan provided by the municipality as
12 specified in 7-2-4732, except:

13 (1) as provided in 7-2-4736 and [section 1]; and

14 (2) in first-class cities, where otherwise mutually
15 agreed upon by the municipality and the freeholders of the
16 area to be annexed."

17 Section 4. Section 7-2-4506, MCA, is amended to read:

18 "7-2-4506. Provision of services. In all cases of
19 annexation under current Montana law, services will be
20 provided according to a plan provided by the municipality as
21 specified in 7-2-4732, except:

22 (1) as provided in 7-2-4736 and [section 1]; and

23 (2) in first-class cities, where otherwise mutually
24 agreed upon by the municipality and the freeholders of the
25 area to be annexed."

1 Section 5. Section 7-2-4610, MCA, is amended to read:

2 "7-2-4610. Provision of services. In all cases of
3 annexation under current Montana law, services will be
4 provided according to a plan provided by the municipality as
5 specified in 7-2-4732, except:

6 (1) as provided in 7-2-4736 and [section 1]; and

7 (2) in first-class cities, where otherwise mutually
8 agreed upon by the municipality and the freeholders of the
9 area to be annexed."

10 *most significant
amendment* SECTION 6. SECTION 7-2-4734, MCA, IS AMENDED TO READ:

11 "7-2-4734. Standards to be met before annexation can
12 occur. A municipal governing body may extend the municipal
13 corporate limits to include any area which meets the
14 following standards:

15 (1) It must be contiguous to the municipality's
16 boundaries at the time the annexation proceeding is begun.

17 (2) No part of the area may be included within the
18 boundary of another incorporated municipality.

19 (3) It must be included within and the proposed
20 annexation must conform to a comprehensive plan as
21 prescribed in Title 76, chapter 1.

22 ~~(4) -- No part of the area may be included within the~~
23 ~~boundary, as existing at the inception of such attempted~~
24 ~~annexation, of any fire district organized under any of the~~
25 ~~provisions of part 21, chapter 33, if the fire district was~~

1 originally--organized--at--least--10--years--prior--to---the
 2 inception---of---such---attempted---annexation---However,--a
 3 single-ownership-piece-of-land-may--be--transferred--from--a
 4 fire-district-to-a-municipality-by-annexation-as-provided-in
 5 7-33-2127."

6 SECTION 7. SECTION 7-33-2105, MCA, IS AMENDED TO READ:

7 "7-33-2105. Powers and duties of trustees. (1) The
 8 trustees shall prepare and adopt suitable bylaws.

9 (2) The trustees shall have the authority to provide
 10 adequate and standard firefighting apparatus, equipment,
 11 housing, and facilities for the protection of the district.
 12 They shall appoint and form fire companies that shall have
 13 the same duties, exemptions, and privileges as other fire
 14 companies.

15 (3) The trustees shall prepare annual budgets and
 16 request special levies or fees on improvements therefor. The
 17 budget laws relating to county budgets shall, as far as
 18 applicable, apply to fire districts.

19 (4) (a) The trustees may establish a fee in lieu of
 20 property taxes to be assessed on all improvements to real
 21 property in the district.

22 (b) The fee may be a flat fee for all improvements or
 23 may be a schedule of fees based upon types of improvements,
 24 types of fire hazards, and difficulty in fighting a fire in
 25 the improvement. The trustees shall publish notice of the

1 amount of the fee or schedule of fees and provide
2 opportunity for public protests of such fees prior to their
3 adoption.

4 (c) The fee must be placed on the property tax notice
5 pertaining to the improved property to be collected with
6 property taxes owed on the property. If a property owner
7 fails to pay the fee, it becomes a lien upon the property."

8 SECTION 8. SECTION 7-33-2109, MCA, IS AMENDED TO READ:

9 "7-33-2109. Tax levy or fee authorized. At the time of
10 the annual levy of taxes, the board of county commissioners
11 may levy a special tax upon all property within such
12 districts or assess the fee on improvements if such a fee
13 was established under 7-33-2105, for the purpose of buying
14 or maintaining fire protection facilities and apparatus for
15 such districts or for the purpose of paying to a city, town,
16 or private fire service the consideration provided for in
17 any contract with the council of such city, town, or private
18 fire service for the purpose of furnishing fire protection
19 service to property within such district. Such tax must be
20 collected as are other taxes."

21 NEW SECTION. Section 9. Codification instruction.
22 Section 1 is intended to be codified as an integral part of
23 Title 7, chapter 2, part 47, and the provisions of section 1
24 apply to Title 7, chapter 2, part 47.

-End-

Exhibit 2
HB 118
1-24-85
Rep. Hannah



The Big Sky Country

MONTANA HOUSE OF REPRESENTATIVES

REPRESENTATIVE TOM HANNAH

HOUSE DISTRICT 86

HELENA ADDRESS:
CAPITOL STATION
HELENA, MONTANA 5962

HOME ADDRESS:
2228 BELOIT
BILLINGS, MONTANA 59102

TO: Representative Tom Hannah
FROM: Lee Heiman, Staff Attorney, Legislative Council
DATE: January 12, 1985
RE: Contents of Substitute Bill on Preservation of
Existing Fire Services on the Event of Annexation

1. Existing fire services are defined as either a fire district or a private fire service providing fire protection services to a defined territory.

2. There would be no restriction on a municipality annexing an area that receives existing fire services, but the existing fire services continue to provide fire services and not the municipality unless:

(a) the residents of the area, by petition of 50% of the residents, request the municipality to provide fire service;

(b) the Board of County Commissioners determine that the fire service is not providing adequate service or that it is unreasonably failing to provide service, in which case the municipality would assume the fire protection; and

(c) the electors of the area, at an election to be held every five years while the existing fire service provides protection, votes to have the municipality to provide the fire protection.

3. The residents of the area have the choice to either receive the existing fire service, in the case of a private fire service, or receive no fire service. In the case of a fire district, all property owners would receive fire protection by the district. The municipality may not provide any fire services within the area, but they may enter into a mutual aid agreement with the existing fire service.

4. The municipal property tax liability would be reduced for all property within the area, because the property does not receive municipal fire services. The reduction is in direct proportion to the amount of the municipal budget, considering discretionary tax funds, of the cost of operating the municipal fire service. This reduction is a percentage of the all-purpose mill levy imposed against real property in the area. Other direct municipal fire service levies are not applicable to property in the territory, such as firefighters retirement, bond issues for fire facilities, etc.

5. All fire districts would have the ability to levy fees for fire protection services in lieu of property taxes. The fee would be collected with property taxes and no resident may opt out of the fire district and not pay the fees. The fees would be established by the district, after public hearing, and could be a flat fee for improvements or could be a schedule of fees to include building types, inflammability, difficulty of suppression, etc. A specific fee for services to non-residents of the district could also be imposed.

Exhibit 3
HB 118
1-24-85
Rep. Hannah

Jan. 18, 1985

Honorable Tom Hannah
Mont. State House of Rep.
Capital Station
Helena, Mt 59620

Dear Mr. Hannah:

I ask for your support and encourage you to do every thing possible to pass the pending legislation with regards to rural fire protection.

As you know, people in the rural areas must depend on the private business such as O'Donnell Fire Service to provide the needed protection. Large annexations of rural areas recently made by the City of Billings can cause undue hardships on these private fire services. It is possible that these actions could cause the loss of these needed services for all those not in the city limits.

I have worked hard to build up my home out here in the country and do not want it jeopardized by unwarranted actions by the city of Billings or any other city in Montana.

Again, I ask for your full support for correct legislation to protect the hard working private fire services. Thank you.

A concerned citizen
from Yellowstone county

Albert Skaar

Albert Skaar
2813 64th St. SW
Billings, Mt 59106

January 18, 1985

The Honorable Tom Hannah
House of Representatives
Capitol Station
Helena, Montana 59620

Dear Mr. Hannah:

I have heard of your efforts over the past several months to make people aware of the possible loss of fire protection to residents outside of the Billings city limits. This results from annexation of more densely populated areas contiguous to Billings, and the loss of revenue to our private fire protection service.

It seems to me that your proposed bill will alleviate this problem by giving residents of proposed annexed areas the right to continue their private coverage for several years - if they choose. It also would give our private service assurance of adequate revenue for this period without raising our premiums drastically, or terminating service completely to these areas and outlying districts.

I hope your bill will secure favorable consideration by the Legislature!

Sincerely your,

Henry W. McCall
4304 Jackrabbit

January 14, 1985

The Honorable Tom Hannah
Montana State House of Representatives
Capitol Station
Helena, Montana 59620

Dear Mr. Hannah:

I support the proposed Substitute Bill on Preservation of Existing Fire Services on the Event of Annexation.

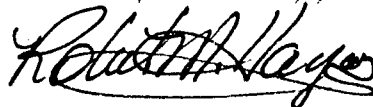
I am a rural resident of Yellowstone County. My home is located in a small subdivision approximately five miles west of Billings. Fire protection for my home is obtained through a private provider on a subscription basis.

My home is not in an area that is being considered by the city of Billings for annexation. That is the reason for my support of this bill. I, and all other rural Montana residents who are served by other than city fire departments, may lose fire protection for our homes and properties without passage of this legislation.

The cities continue to expand their boundaries and broaden their tax bases with the "close in" clusters of homes, and as a result provide these newly annexed homes with city services such as fire protection. This reduces the number of subscribers to private providers of fire protection, and rural fire districts, and as a result makes it impossible for them to maintain the same level of fire protection service to the remaining rural residents at the same rates. In the worst case, it may cause a rural fire protection provider to go out of business and leave the scattered rural residents with no fire protection at all!

I hope and pray that the other Legislators of our great State have the wisdom to see that this proposed legislation is not intended to adversely affect cities, but will help to insure that rural residents can continue to obtain adequate, affordable fire protection for their homes.

Respectfully,

A handwritten signature in black ink, appearing to read "Robert M. Hayes", with a stylized flourish at the end.

Robert M. "Skip" Hayes



PROVIDENT LIFE INSURANCE COMPANY

TOM NELSON, CLU, General Agent
1116 Moon Valley Road
Billings, MT 59105
Phone: (406) 252-3230

January 20, 1985

Representative Tom Hannah
House of Representatives
Capitol Station
Helena, Montana 59620

Re: House Bill 118

Dear Tom:

I am in favor of the legislation you are proposing on the preservation of existing fire services on the event of annexation.

Although I am a city resident of Billings, and have been for many years protected by Billings City Fire Department, I think the options, proposed in your bill, should be made available to the residents of newly annexed areas. If such annexings cause the going out of existence of present fire services, such as O'Donnell in Billings, what will those remaining non-city residents do for protection? I think this is more than an economic question; it could be one of moral considerations.

Good luck on your efforts, Tom!

Best regards,

Tom Nelson

cc: Rep. Les Kitselman



P.O. Box 21193
4616 Robbie Lane
Billings, Montana 59104
January 19, 1985

The Honorable Tom Hannah
House of Representatives
Capitol Station
Helena, Montana 59620

Dear Mr. Hannah:

We strongly support the bill that would allow us to preserve our existing fire service in the event of annexation by the city of Billings.

We had the misfortune of experiencing a fire in our home three years ago. Had it not been for the rapid response of O'Donnell Fire Service, we would have lost our home and all belongings. We're convinced that under the same circumstances the city fire department would not have been able to respond as quickly. While we understand that this bill is not a blanket endorsement of O'Donnell's, we also feel that rural residents should be allowed to choose private fire protection without taxation.

Thank you for your concern.

Sincerely yours,


Mike and Paulette Drozda

Dear Sirs

We are in support of the
house bill Mr Tom Mann
has before you concerning
the private fire services
in our community

Sincerely
Mr & Mrs Geo Birgenheier
3125 S 68th
Billings Mt
59106

GEORGE BIRGENHEIER
3125 SOUTH 68TH WEST
BILLINGS MT. 59106

— 1-22-85
Billings MT.

Rep. Tom Hannah
House Dist 67
Helena, MT

Dear Mr. Hannah.

Thank you for your
concern in our behalf.

Phil & I feel it is very
important to provide a
guideline for our existing
fire service.

With the annexing of areas
immediately around us could
jeopardize this service, which could
force us to create some other
means of protection or leave
us unprotected.

This would raise insurance
premiums besides being very
frustrating to say the least.

Good luck
— Hank Platter
Phil & Betty Platter

6005 GRAND AVE
BILLINGS MT. 59106

1-22-85

Dear Sirs:

I'm writing in regards
to Contents of Substitute
Bill on Preservation of
Existing Fire Service on the
Event of Annexation. I
would like it left just
as it is.

Sincerely
Ron + Myrna L. Carstens
3041 68th St. SW RT. 1
Billings, mt. 59106

January 22, 1985
3940 Austin Dr.
Billings, Mt. 59101

Rep. Tom Hannah
House Distr. 67

Re: Bill on Preservation of Existing Fire Services
in the event of annexation.

Dear Tom:

Please accept this letter in support
of your efforts to retain for Montana
rural homeowners the option of
retaining the services of current
fire protection methods in the event
of annexation of their property into
incorporated towns or cities.

Please consider this as a
petition in favor of the bill you
are sponsoring in the Montana
House of Representatives on this
subject.

Respectfully,

E. Vern Austin E. VERN DUSTIN
Judith A. Austin JUDITH A. DUSTIN

3940 Austin Drive
Billings, Mt. 59101

Belling mt

Dear Mr. Wonnak
My wife and I both
Support your Bill, in
regard to Abeyation
Sincerely

Walter & Loretta Gross
5646 Hesper Rd
Route 1
Belling. mt
59106

Jan. 15, 1985

Dear Mr. Hannah,

I'm writing to let you know
that both my husband and I
support the proposed bill that will
allow us to keep our fire protection
service.

Thank you,

Harry, and Vicki Griffin
4694 Harvest Lane
Billings, Montana

Billings, Mt.
Jan 17, 1985

Dear Sir,

I am in favor of
The Fire Protection Bill.

Robert E. Yost
Elvera Yost
2920 Waco Ave
Rt 4 5919

Jan 16-1985
Honorable Tom Hannah

I definately resent the
treatment that Donald Fire
Serine has recieved from the
City of Billings

The people should have the
right to choose the fire protection
they want.

Yours

John Stricker
215 1/2 Dox St
Billings, MT 59101

Exhibit 4
HB 118
1-24-85
Rep. Hannah W

John F. Eastman
2521 Miles Avenue
Billings, Montana 59102
(406) 652-2790

Dear Tom

I am writing in Support of your proposed legislation to allow residents a choice in the type of fire coverage offered given the event of Annexation.

As a board member of the Yellowstone Boys and Girls Ranch, I am concerned that our program would lose a Substantial portion of its fire coverage if the proposed legislation is defeated.

Thank you for your efforts in this matter

John F. Eastman

January 14, 1985

Dear Tom,

Enclosed please find the original "sign-up" lists from the two public meetings held at the Yellowstone Boys Ranch concerning the fire protection issue. I copied them today and gave copies to Betty Pope and two of the other committee members.

Last night I put together the enclosed letter and attached the summary that you provided at the meeting. I had 75 copies made today, and after work, I went door to door here in Harvest Lane Subdivision and distributed them to my neighbors. I gave a few copies to Hank McCall, in Jackrabbit Subdivision, and some to Betty Pope. I hope at least some letters are sent as a result, maybe even a few people willing to testify.

Betty and I assigned ourselves, and the other committee members, a number of people to telephone this week and this coming weekend. We will ask everyone to travel to Helena to testify and at least write to you in support of this bill. I am also enclosing my letter of support in the event that I cannot make it to Helena. At this time, it does not look too promising.

Thanks again - I appreciate your support and efforts on our behalf.

Sincerely,


Skip Hayes

Canyon Creek School

School District No. 4
3139 Duck Creek Road
Billings, Montana 59106

January 22, 1985

Exhibit 5
HB 118
1-24-85
Rep. Hannah

The Honorable Tom Hannah
House of Representatives
Capitol Station
Helena, MT 59620

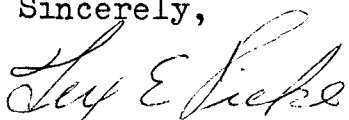
Dear Mr. Hannah,

The Board of Trustees of Canyon Creek School District 4 would like to express their support of HB 118 regarding fire protection to outlying rural areas.

Our school district, with 240 pupils, relies on a private fire protection service to protect our building and the lives of our staff and students. We feel strongly that we should continue to have private fire service protection as opposed to no protection at all. Without any fire protection, our ability to obtain fire insurance would be jeopardized.

We feel that passage of this bill is in the best interest of the citizens of rural Montana.

Sincerely,



Tex E. Rieke, Chairman
Board of Trustees

SZ

WITNESS STATEMENT

Exhibit 6
HB 118
1-24-85
Rep. Hannah

NAME Ken Gilbertson BILL No. HB 118
ADDRESS 63 Lancelot Lane Bynum DATE 1/24/85
WHOM DO YOU REPRESENT RAE Vol Fire Co.
SUPPORT Yes OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: Fire protection in Gallatin County is at a crisis level. We, ^{CRAE Vol Fire Co.} are involved in litigation which if we lose will render all subscription fire companies which cover only paying members null & void. If this happens the majority of the rural suburban area surrounding Bozeman (approx a 5-8 mi radius) will have no protection. The section in this bill allowing formation of fire districts paid by a set fee in lieu of taxes will enable these companies to stay in business. Due to large landowners within their dept. service area the present feasibility of a tax district is impossible. The tax burden on these people is prohibitive, as they are taxed for fire protection on all property. If the set fee could be approved, the fire protection in Gallatin County will be greatly enhanced.

WITNESS STATEMENT

Exhibit 7
HB 118
1-24-85
Rep. Hannah

NAME Ray White BILL No. H.B. # 118
ADDRESS Bozeman Mt. DATE 1-24-85
WHOM DO YOU REPRESENT Gallatin Co. Commissioners
SUPPORT — OPPOSE — AMEND —

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: Since Fire Districts are created by the County Commissioners upon petition of over 50% of the property owners owning over 50% of the land any change in the method of taxation should be done in the same manner. When a Fire District is petitioned for it should state the method of taxation that will be used. Any future change in the method of taxation should follow the original process.

County Commissioners should establish the fees after public hearings, (which is done at the present time when setting the levies), not the Trustees of the District. Their responsibility should continue as it is now prepare budgets



OFFICE OF THE MAYOR

201 W. SPRUCE • MISSOULA, MT 59802-4297 • (406) 721-4700

Exhibit 8
HB 118
1-24-85
Rep. Hannah

Memo To: House Local Government Committee
Representative Paula Darko, Chairperson

From: City of Missoula

Subject: House Bill #118

Date: January 23, 1985

The City of Missoula must raise grave concerns about HB 118 because of its potential impact on annexation and City services and because the bill lacks clarity. HB 118 if passed would add to the protective cloak already supplied by State law to special interest fire service agencies outside our cities and towns.

The City of Missoula recognizes too well the problems caused by a protected single service entity which fights the City at every turn to protect its own tax base. I ask you to remember that rural fire districts and private fire carriers supply a single service. Cities and towns provide numerous vital services; yet cities and towns are held in abeyance from annexation in order to preserve the revenue base of rural fire districts, and as proposed by HB 118 of private fire services. Missoula City officials hope that no city or town in the State will find itself in a situation like that faced by the City of Missoula. Legislated benefits bestowed upon the Missoula Rural Fire District threaten the very existence of services supplied by the City to its residents.

What does HB 118 do to further limit annexation? First, cities proposing to annex a new area will not be able to offer along with other services, improved fire protection. The lure of annexation (such as it is) is diminished. Second, if fire service is not included among the services to be extended and taxes for fire service cannot be collected, it becomes less clear that annexation of additional territory is cost-effective for the existing city. The extension of fire service can be accomplished with little additional expense. Taxes collected for fire service from the newly annexed area can be spread to achieve better fire service City-wide, to reduce City-wide taxes or to allocate toward other services which may be more costly to extend initially.

The negative impact of this bill is important to everyone currently receiving municipal services. Individual municipal services are not provided in a vacuum; services provided by cities and towns are in varying degrees supportive of one another. Within most fire departments, various services are provided which are coordinated with other departments, such as the building code office or police department. For example, in almost every emergency response police and fire personnel have interdependent responsibilities. They learn to work together efficiently and effectively.

If newly annexed areas are to receive service from an outside fire protection agency, overall City services will suffer, particularly emergency response. Residents of the newly annexed

area will receive inferior service. And if City services become fragmented by the impact of this proposed law, all services provided by cities to their citizens will become less efficient with each annexation. The current residents of cities and towns will suffer. It bears repeating: Services provided by cities and towns are not provided each in its own vacuum. The City organization must provide coordinated and equal services to the entire community in order to maintain maximum efficiency and effectiveness.

Lastly, the bill lacks clarity. Perhaps it lacks clarity because it does not state and then pursue a purpose. Is the purpose of HB 118 to perpetuate a private interest? Or is the purpose of the bill to further constrain cities and towns? For example: Section 1, Subparagraph One, last statement says: "Property owners in the annexed area may choose to receive either the private fire service or no fire service." The bill contains several other lapses. We urge that HB 118 not be passed.

For the City of Missoula,

Respectfully submitted by,



David W. Wilcox, Chief Administrative Officer

Exhibit 9
HB 118
1-24-85
Rep. Hannah

WITNESS STATEMENT

NAME Liz Van Arsdale BILL No. 118
ADDRESS 1705 Mariposa Ln DATE _____
WHOM DO YOU REPRESENT City of Billings
SUPPORT _____ OPPOSE X AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

TESTIMONY BY MAYOR JAMES VAN ARSDALE, CITY OF BILLINGS, MONTANA, IN OPPOSITION TO HOUSE BILL 118.

CHAIRMAN, MEMBERS OF THE COMMITTEE, I AM JIM VAN ARSDALE, MAYOR OF THE CITY OF BILLINGS. I WOULD FIRST LIKE TO INTRODUCE MEMBERS OF OUR CITY COUNCIL AND STAFF WHO ARE HERE TODAY. COUNCILMEMBERS JOHN MICHUNOVICH, NEAL KIRKNESS, MIKE KENNEDY, STAFF MEMBERS KARMA RUDER, ASSISTANT CITY ADMINISTRATOR, AND JIM TILLOTSON, CITY ATTORNEY.

I AM ON THE BOARD OF DIRECTORS OF THE MONTANA LEAGUE OF CITIES & TOWNS AND I ALSO TAKE AN ACTIVE PART IN THE COALITION OF URBAN COUNTIES & MAJOR CITIES ORGANIZATION. I AM NOT SPEAKING ON BEHALF OF THOSE TWO GROUPS, BUT THIS BILL WOULD BE DETRIMENTAL FOR ALL THE CITIES AND TOWNS IN MONTANA.

THE REASONS FOR MY OPPOSITION ARE:

(1) HOUSE BILL 118 PROVIDES ADDITIONAL OBSTACLES TO THE ANNEXATION AUTHORITY OF CITIES IN MONTANA AS CURRENT STATE RESTRICTIONS ON ANNEXATION MAKE IT VERY DIFFICULT FOR CITIES TO PROMOTE ORDERLY DEVELOPMENT AND EXPANSION OF OUR URBAN AREAS.

(2) FIRE SERVICE, LIKE OTHER CITY SERVICES SUCH AS LAW ENFORCEMENT, TRANSPORTATION, AND UTILITIES, NEED TO BE DEVELOPED ON A COMMUNITY BASIS RATHER THAN LET EACH NEIGHBORHOOD DECIDE HOW THEIR SERVICE WILL BE PROVIDED TO THEIR AREA AS IS PROPOSED IN HOUSE BILL 118. MASTER PLANNING FOR THE BENEFIT OF THE TOTAL COMMUNITY IS IGNORED IN THIS BILL.

(3) HOUSE BILL 118 PLACES PART OF THE RESPONSIBILITY FOR DETERMINING THE ADEQUACY OF FIRE PROTECTION IN A NEWLY ANNEXED AREA IN THE HANDS OF THE COUNTY COMMISSION. THIS GROUP HAS THE RESPONSIBILITY TO SEE THAT FIRE PROTECTION IS AVAILABLE IN THE UNINCORPORATED AREAS OF THE COUNTY AND NEED TO BE ABLE TO CONCENTRATE THEIR EFFORTS ON THE UNINCORPORATED AREAS OF THE COUNTY. THE COUNTY COMMISSION'S RESPONSIBILITY FOR FIRE PROTECTION SHOULD NOT BE EXPANDED TO THE URBAN AREA WHERE THEY HAVE LITTLE EXPERTISE. THEY NEED TO CONCENTRATE ON FIRE SERVICES TO THE UNINCORPORATED AREAS.

(4) HOUSE BILL 118 GIVES AN ANNEXED AREA A CHOICE OF HELPING TO PAY FOR A COMMUNITY FIRE SERVICE OR TO PURCHASE THEIR OWN SERVICE FROM A PRIVATE COMPANY. WILL THE NEXT LEGISLATIVE BILL GIVE THE SAME OPTION IN THE AREA OF PARKS AND RECREATION, LAW ENFORCE-

MENT, OR SCHOOLS? A CITY IS A COMMUNITY AND WHEN A NEW AREA BECOMES PART OF THAT COMMUNITY, THEY MUST ACCEPT THEIR TOTAL COMMUNITY RESPONSIBILITIES.

(5) IN BILLINGS, WE WILL NOT LET A PROPERTY USE PART OF OUR CITY SERVICES, SUCH AS WATER AND SEWER, WITHOUT ANNEXING. THEY MUST BECOME A FULL MEMBER OF THE COMMUNITY. HOUSE BILL 118, IF ADOPTED, COULD PREVENT AN AREA FROM RECEIVING ANY CITY SERVICES, IF THEY INSISTED ON MAINTAINING A PRIVATE FIRE SERVICE.

HOUSE BILL 118 IS NOT IN THE BEST INTEREST OF CITIZENS OF BILLINGS, YELLOWSTONE COUNTY, NOR THE STATE OF MONTANA. I URGE YOU TO REJECT THIS PROPOSAL.

WITNESS STATEMENT

Name GRELL GROPPER Committee On _____

Address _____ Date _____

Representing REVENUE Support _____

Bill No. HB 118 Oppose _____

Amend ☒ _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1.

2.

3.

4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

WITNESS STATEMENT

NAME Bill Weber BILL No. HB 118

ADDRESS 5817 Boxwood Dr DATE 1/24/85

WHOM DO YOU REPRESENT Gallatin County Fire Council

SUPPORT Yes OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

VISITOR'S REGISTER

HOUSE _____ LOCAL GOVERNMENT _____ COMMITTEE _____

BILL _____ HB 118 _____

DATE Jan. 24, 1985 _____

SPONSOR _____ REP. HANNAH _____

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
Ray Blehm	Billings MT	MT St Firemans Assoc		X
Michael Hunt	Park City, MT	MT ST FIREMANS ASSOC		X
Charles Hensley	Billings mt	O'Donnell Fire Service	X	
Karna Ruder	Billings MT	City of Billings		X
Lynn VanArsdale	Billings MT	City of Billings		X
Glen Michalski	Billings MT	City of Billings		X
Ray White	Bozeman MT	Gallatin Co Comm	X	
Jim Tilletson	Billings, MT	City of Billings		X
Dave Wilson	Missoula, MT	City of Missoula		X
Ken Gilbertson	Bozeman, MT	RAE Vol Fire Co	X	
Beck Weber	Bozeman MT	Gallatin County Fire Council	X	
Jim Wysocki	BOZEMAN	City of Bozeman		X
Tim & Val Pinter	Billings	Self	X	
NEAL KIRKNESS	Billings	City of Billings	X	X
B.H. Prentiss	"			
MICHAEL KENNEDY	BILLINGS	CITY OF BILLINGS		X
BECK WEBER	TRANSPORT	CITY	X	
BECK WEBER	RA's BELL	CITY	X	
Beck Weber	Box 527	plentywood Mayor		X
Mike Walker	Great Falls.	Mt. St. Council Pro firefighters		X

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITOR'S REGISTER

HOUSE

LOCAL COURT

COMMITTEE

BILL

HB 118

DATE _____

24 JAN 85

SPONSOR

REP HANNAH

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITOR'S REGISTER

HOUSE LOCAL GOVERNMENT

COMMITTEE

BILL HB 170

DATE Jan. 24, 1985

SPONSOR REP. DARKO

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
Karina Rueler	3448 Sequoia Lane ^H	Billings	✓	
John G. Michunick	106 Burlington	"	✓	
MICHAEL KENNEDY	2013 CLARK	BILLINGS	✓	
Jim Van Arsdale	17057 Mariposa	"	✓	
Ardi Tiken	3433 14th Ave So.	Meat Lake	✓	
Bob Malone	Box 527	Plentywood Mayor	✓	
Wm HARPER	Box 359	Boulder	✓	
Jim Tillotson	445 Silver Ln.	Billings	✓	
TOM O'HARA	Box 215 ULM MT.	CASCADE CO. RURAL FIRE	✓	
JAMES A. LOFTOS	2521 30 AVE MISSOULA	MISSOULA RURAL FIRE		✓
Don Peoples	Butte	Butte	✓	
Greg Jackson	Helena	Urban Coalition	✓	
May VanHulst	Bozeman	City Commissioner	✓	
Mike WARD	Bozeman	Co Govt Study Com.	✓	
Alec Hansen	Helena	MLCT	✓	
Marie McAlear	Madison County	MACO	✓	
B. Morris	HELENA	MACO	✓	
Bob Ehlers	DENVER	Dain Bosworth		
Jim Wysocki	BOZEMAN	City of Bozeman	✓	
Beth W. Wright	Great Falls	City of Great Falls	—	

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITOR'S REGISTER

HOUSE LOCAL GOVERNMENT COMMITTEEBILL HB 170DATE 1-24-85SPONSOR Rep Daeko

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
Ed Gallagher	Kalispell	City	X	
LeRoy McDowell	Kalispell	CITY MAYOR	X	
NEAL KIRKPATRICK	Billings	City of Bks	X	
Levi HAWBATH	GLASGOW	Councilman	X	
Wilmer Zeller	Glasgow	Mayor	X	
John Garrity	Whitefish	City Council	X	
Louis Ruiz	KALISPELL	CITY COUNCIL	X	
J.K. Anderson	Helena	Gen Tax		X
RAMONA TOW	GLASGOW	City	X	
Louise Olsen	Sidney	City of Sidney	X	
Kathy Wallingford	Browning	Town Clerk + Trans	X	
Doree Tashu	Extonalaba	Town Clerk + Trans	X	
Matthew Tuley	Great Falls	Finance Director	X	
Chingz Berglund	Columbia	Town Clerk	X	
Shirley Mabe	Glendive	City Clerk	X	
Roy Olson	Lewistown	City Clerk	X	
Alice Ruggie	Lewistown	City Treasurer	X	
Barbara Sather	Lewistown	Councilperson	X	
Arthur Tuley	Lewistown	Mayor	X	
Pat Sullivan	Bozeman	Dir of Commission	X	

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

HOUSE

COMMITTEE

DATE 1-34-85

SPONSOR Rep. Marko

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

HEARING VERSION 1-24-84

Requested by Representative Hannah
AMEND HOUSE BILL 118 AS FOLLOWS:

1. Title, line 5.
Following: "PRESERVATION OF"
Insert: "EXISTING"
Following: "PRIVATE"
Insert: "OR RURAL FIRE DISTRICT"

2. Title, line 6.
Strike: "PRIVATE"
Insert: "EXISTING"

3. Title, line 13.
Following: "PROTECTION;"
Insert: "DELETING THE RESTRICTION ON ANNEXATION OF TERRITORY
IN A RURAL FIRE DISTRICT UNDER THE ANNEXATION
PROCEDURES OF TITLE 7, CHAPTER 2, PART 47; PROVIDING
THAT THE TRUSTEES OF A FIRE DISTRICT, MAY AFTER A
PUBLIC HEARING, IMPOSE FEES IN LIEU OF PROPERTY TAXES
FOR THE FUNDING OF THE DISTRICT;

4. Title, line 14.
Following: "7-2-4506,"
Strike: "AND"
Following "7-2-4610,"
Insert: "7-2-4734, 7-33-2105, AND 7-33-2109,"

5. Page 1, line 18.
Following: "existing"
Strike: "private"
Following: "agreement."
Insert: "(1) As used in this section an "existing fire
service" means either a private fire service or a rural
fire district that prior to the commencement of
annexation proceeding provided fire protection to the
territory to be annexed."
Renumber: subsequent subsections

6. Page 1, line 19.
Strike: "(2)"
Insert: "(3)"

7. Page 1, line 23.
Following: "receiving"
Strike: "private"
Insert: "existing"

8. Page 1, line 24.
Following: "in"
Strike: "the"
Insert: "an"

Following: "area"

Insert: "receiving existing private fire services"

9. Page 2, line 2.

Strike: "private"

Insert: "existing"

10. Page 2, line 8.

Strike: "private"

Insert: "existing"

11. Page 2, line 11.

Strike: "private"

Insert: "existing"

12. Page 2, line 14.

Strike: "private"

Insert: "existing"

13. Page 2, line 17.

Strike: "private"

Insert: "existing"

14. Page 2, line 20.

Strike: "private"

Insert: "existing"

15. Page 2, line 21.

Strike: "a private"

Insert: "an existing"

16. Page 2, lines 23 and 24.

Strike: ", whether" on line 23 through "property" on line 24

17. Page 3, line 20.

Strike: "private"

Insert: "existing"

18. Page 4, line 5.

Strike: "a private"

Insert: "an existing"

19. Page 4, line 6.

Strike: "private"

Insert: "existing"

20. Page 5.

Following: line 19

Insert: "Section 6. Section 7-2-4734, MCA, is amended to read:

"7-2-4734. Standards to be met before annexation can occur. A municipal governing body may extend the municipal corporate limits to include any area which meets the following standards:

(1) It must be contiguous to the municipality's boundaries at the time the annexation proceeding is begun.

(2) No part of the area may be included within the boundary of another incorporated municipality.

(3) It must be included within and the proposed annexation must conform to a comprehensive plan as prescribed in Title 76, chapter 1.

~~(4) -- No part of the area may be included within the boundary, as existing, at the inception of such attempted annexation, of any fire district organized under any of the provisions of part 21, chapter 33, if the fire district was originally organized at least 10 years prior to the inception of such attempted annexation. -- However, a single ownership piece of land may be transferred from a fire district to a municipality by annexation as provided in 7-33-2127. "~~

Section 7. Section 7-33-2105, MCA, is amended to read:

"7-33-2105. Powers and duties of trustees. (1) The trustees shall prepare and adopt suitable bylaws.

(2) The trustees shall have the authority to provide adequate and standard firefighting apparatus, equipment, housing, and facilities for the protection of the district. They shall appoint and form fire companies that shall have the same duties, exemptions, and privileges as other fire companies.

(3) The trustees shall prepare annual budgets and request special levies or fees on improvements therefor. The budget laws relating to county budgets shall, as far as applicable, apply to fire districts.

(4) (a) The trustees may establish a fee in lieu of property taxes to be assessed on all improvements to real property in the district.

(b) The fee may be a flat fee for all improvements or may be a schedule of fees based upon types of improvements, types of fire hazards, and difficulty in fighting a fire in the improvement. The trustees shall publish notice of the amount of the fee or schedule of fees and provide opportunity for public protests of such fees prior to their adoption.

(c) The fee must be placed on the property tax notice pertaining to the improved property to be collected with property taxes owed on the property. If a property owner fails to pay the fee, it becomes a lien upon the property."

Section 8. Section 7-33-2109, MCA, is amended to read:

"7-33-2109. Tax levy or fee authorized. At the time of the annual levy of taxes, the board of county commissioners may levy a special tax upon all property within such districts or assess the fee on improvements if such a fee was established under 7-33-2105, for the purpose of buying or maintaining fire protection facilities and

apparatus for such districts or for the purpose of paying to a city, town, or private fire service the consideration provided for in any contract with the council of such city, town, or private fire service for the purpose of furnishing fire protection service to property within such district. Such tax must be collected as are other taxes." "

Renumber: subsequent section

PC5HB118.110

LH/HANNAH

Amendment to HB 118

(1) Page 3, line 2

Following: "area."

Insert: "The taxpayers receiving private fire services will be exempt from the payment of the tax under the provisions of this section provided they file an affidavit with the county assessor describing the property they possess which qualifies under this section."