

MINUTES OF THE MEETING
LOCAL GOVERNMENT COMMITTEE
50TH LEGISLATIVE SESSION
HOUSE OF REPRESENTATIVES

February 2, 1987

The meeting of the Local Government Committee was called to order by Chairman Norm Wallin on February 2, 1987, at 1:00 p.m. in Room 312-F of the State Capitol.

ROLL CALL: Roll call was taken with all members present except Rep. Dave Brown who was absent. Lee Heiman, Committee Counsel from the Legislative Council was also present.

CONSIDERATION OF HOUSE BILL 492: Rep. Joan Miles, House District 45, stated they were attempting to raise revenue for the Motor Vehicle Account in the Department of Justice. The account has been used during the past few years to fund programs or portions of programs that have been paid by the general fund. The account does not generate enough money at this time to support these programs. The proposed increases in HB 492 would be used to fund the Motor Vehicle operations. The money that would be raised from the title fee going from \$3 to \$5 would be \$450,000 per year. The proposal to raise the fee for duplicate title from \$2 to \$5 would bring in \$57,000 per year. The fee for filing security interests or liens would go from \$3 to \$5 which would raise \$250,000 per year over the biennium. These three areas have had no fee increases since 1965. The last section deals with increases in the registration fee. This registration fee goes into the State Special Revenue Account. It is not the license fee that goes to the counties. Subsection 5 on the last page speaks of the registration fee that goes into the Special Revenue Account. This fee would raise \$2.5 million for each year of the biennium. The difference between the proposed fees and the current fees would be \$3.3 million for each year of the biennium or a total of \$6.7 million.

The main reason for requesting the registration fee increase is due to a law passed last session which required that there be special centennial plates and that there be a re-issuance of the plates. There is no money to pay for that. Another alternative would be to repeal that section which requires reissuance of the license plates.

PROPONENTS: Larry Majerus, Administrator Motor Vehicle Division of the Department of Justice, stated they were asking for the fees to be increased because of a revenue

bill which pointed out that the Motor Vehicle Earmarked Recording Account of the State Special Fund was broke. The department was asked to review the fees and come up with a reasonable proposal. The 1979 Legislature increased the fee from \$1 to \$2 which funded the Crime Control Lab, and Law Enforcement Academy and the Law Enforcement Telecommunications Network (LENS). The academy and LENS also used user fees. Most of the user fees are provided by local governments on the system.

The fees under existing law now generate \$2.6 million. Motor Vehicle operations use \$2 million and the license plate factory in the Department of Institutions uses \$500,000. On an annual basis \$2 1/2 million is already used leaving no money for other programs. One alternative is to increase user fees. One recommendation increased user fees by \$60,000 which would be a 30 to 40 percent increase to local governments. As an alternative to increasing user fees they proposed the increases in HB 492. These fee increases show Montana close to fees in surrounding states: California \$7, Washington \$7, Colorado \$5.5, North Dakota \$5, Idaho \$3 and Wyoming \$3. These are the states' title fees.

Mr. Majerus said they felt the duplicate fees were too low because it is easier to get a duplicate issued for \$2 than to try to find the original. The bill increases the fee from \$2 to \$5. On a lien file, he said it is a considerable process and that fee would go from \$3 to \$5.

Mr. Majerus asked the committee to hold the bill for a week because the department's budget is being heard in subcommittee. They did not know whether the subcommittee will fund the reissuance of plates. They need \$1.8 million for the reissuance as required by law. If the law is repealed, they will not need the fees increased as much as indicated in HB 492.

Gordon Morris, Executive Officer MACo, stated he was in support of HB 492 and would hope the bill would not be confused with local governments' obligation to pick up the cost for administering the centennial plates. The increase in fees represents an additional revenue source to local governments which is nontax revenue. Mr. Morris indicated there is another centennial bill, SB 204, which does propose to increase the \$5 fee for purposes of helping to offset the cost to the county treasurers in administering the distribution of centennial plates.

He said there is no effective date on the bill and if it becomes law the effective date suitable for local governments would be July 1, 1987.

OPPONENTS: None.

DISCUSSION (OR QUESTIONS) ON HOUSE BILL 492: Rep. Grinde asked as a point of clarification which portion of the fees goes to the counties?

Mr. Majerus stated none of the fee changes go to the counties. All of the revenue goes to the State Motor Vehicle Recording Account. There are other funds in the bill that are not changed that currently go to the counties.

Rep. Ramirez stated on the original certificate of ownership, the fee would go from \$3 to \$5 and the treasurer will get \$4 rather than \$2. He asked if that is divided between the city and county road funds?

Mr. Majerus responded that currently \$3 is collected for title transfers; \$1 is kept by the county, \$2 is remitted to the Department of Justice by the county treasurer. The state share of that fund is increased from \$2 to \$4. The fee is increased from \$3 to \$5.

Rep. Ramirez asked if this would replace general fund for the Crime Lab, the communications network and the Law Enforcement Academy?

Mr. Majerus replied the LFA's and Governor's budgets are different on that. The LFA has 100 percent general fund money going into the Forensic Science Division (Crime Lab). If the fees are increased possibly the motor vehicle money would be used to replace general fund money.

Rep. Ramirez asked how the \$6.7 million would be used?

Mr. Majerus stated if the legislature reissues plates, the \$6.7 million will be a source for that. It would be used for all the programs authorized to be funded from that money and for requested mailers. It would also provide for a contingency at the end of the fiscal year so there would be some money going to the following fiscal year.

Rep. Ramirez asked if Mr. Majerus could provide a list of how current programs are funded and how the programs are proposed to be funded with the \$6.7 million.

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Mr. Majerus stated he would be glad to furnish the information.

Rep. Hoffman asked if mailers referred to registration notices for renewal of licenses and would some of the money be used for that?

Mr. Majerus stated they did ask the subcommittee for an appropriation to fund mailers. The subcommittee is having a problem funding this because there is no money left in the account. That is one reason for the requested increase in fees. The increase would be additional revenue in that account which could be appropriated to the department to do mailers.

Rep. Sales asked for an approximate cost for doing the mailers?

Mr. Majerus replied slightly less than \$100,000 a year.

Rep. Sales asked how much went into Forensic Science? How much went into the Law Enforcement Academy? How much went into the communications network?

Mr. Majerus replied the general fund recommendation is between \$650,000 and \$700,000 per fiscal year for the Forensic Science. Approximately \$600,000 went into Law Enforcement and \$450,000 into LENS (communication network) per fiscal year.

Rep. Gould asked where the \$3 increase would go from the increase in the registration fees?

Mr. Majerus replied into the Motor Vehicle Recording Account of the State Special Fund.

Rep. Ramirez stated that presently one-third of the money for that particular fee is going to counties, cities or towns. He said the share is now being dropped to 20 percent for the city and county road funds.

Rep. Miles stated they get \$1 right now and would still get \$1 with the increase. The percentage of the total amount to be charged decreases; the actual dollar amount remains the same.

Rep. Ramirez asked why the counties, cities and towns are willing to have the percentage reduced instead of kept

proportional?

Mr. Morris stated they had assumed they were getting the increases. He said he still supported the bill and commented that local government should be getting an equitable portion of the increases.

Rep. Gilbert was concerned that if citizens were paying the additional fees then they should get something back that was important to them such as the registration renewal notices.

Mr. Majerus responded that they did make a strong case in requesting that the mailers be funded and hoped they would be funded. However, the account is zeroed out. It is a budgetary or legislative decision to fund the mailers.

Rep. Pistoria asked that being approximately \$6 million will be taken in shouldn't local government get more money?

Rep. Majerus responded that on page 6, lines 22 through 25 of the bill, that this is an existing license fee. He suggested that be the proper place to increase fees which now go to local government.

Rep. Miles in closing stated Mr. Morris was correct about the effective date and it should be July 1, 1987. She stated she is all for the counties getting more money but they did not want to come in with a bill with all kinds of fee increases. They tried to look at fees that have not been raised in recent years in trying to fund the special revenue fund. She stated Section 4 of the bill is the place to increase the money going to local government.

Rep. Miles stated they are assuming there will be no money to fund the programs normally funded by this particular special revenue account and in that case if a portion or all of HB 492 passes that money would go into the special revenue account. The Appropriations' subcommittee would again decide how that money would be spent.

She stated she would provide the committee with a breakdown for each category and also a breakdown of \$1 increases on fees so if the committee decided to only increase some fees by \$1 they would have that information.

CONSIDERATION OF HOUSE BILL 320: Rep. Hansen, House District 57--Missoula, stated the bill asks that two copies be cut out of a technical code that is filed with the city or town clerk. Presently, the technical code is required to be copied with the county clerk. The reason for filing with the town clerk is so it will be available to the public; however, the public does not use it there but goes to the fire department or some other source. In cases where a copy of something is required, it could be done on a copier rather than having three copies published which is quite expensive for the city.

Alec Hansen, League of Cities and Towns, stated the bill would reduce confusion and possibly save some money. He said it is preferred to only have one copy in the possession of the clerk.

Rep. Sales stood in support of the bill.

OPPONENTS: None.

The hearing on HB 320 was closed.

DISPOSITION OF HOUSE BILL 320: Rep. Hansen moved to DO PASS HB 320. The question was called and the motion carried unanimously.

DISPOSITION OF HOUSE BILL 253: Rep. Gould, Chairman of the subcommittee appointed to propose an amendment to deal with the problem of petitioning in and out of a transportation district, reported that the subcommittee (Rep. Sales, Rep. Darko and Lee Heiman) had met. He felt they came up with an amendment that may help in future instances where people may want to attempt to annex into a transportation district (Exhibit 1). He asked Lee Heiman to explain the amendment.

Mr. Heiman stated the title amendment provided that "territory" be deleted and "areas" be used. He said a substitute bill was made amending the same sections amended in the original bill. It basically provided that any area added by petition may be removed by petition if the area does not directly receive transportation services and 51 percent of the qualified voters sign the petition to be removed. The rest of the bill was as it was introduced.

Rep. Gould moved to DO PASS HB 253. Rep. Gould moved to pass the amendments to HB 253.

Rep. Hoffman stated he had received correspondence on the bill which raised the question of an area petitioning out of a district which still received services.

Rep. Gould responded that the amendment explicitly states that an area in order to petition out of the district has to have lost service and had to have petitioned into the district originally.

Rep. Ramirez asked what it meant in the language "does not directly receive transportation services"?

Rep. Gould responded in the Rattlesnake area the people petitioned in and received services for a short time and then the service was taken out because of lack of ridership. The people in the area were still paying for the service on their property taxes and are now looking for a means to be able to petition out. Rep. Gould said the amendment might possibly make it so that areas might be able to petition in on a test basis for a year or two and if it does not work they could get out without being stuck paying the property tax for the transportation district.

Rep. Darko also responded saying it gives both parties a chance to work out some differences. If the transportation district knows they could lose some money they might be more amenable to meeting the needs of the people. It will give a chance of interaction.

Rep. Ramirez asked for clarification and gave an example of three streets running parallel that petition into a district and receive service. The bus runs up the middle street and down the first street. The last street decides they want to petition out because of the service not running directly to their street and because of having to walk to the service. He asked if the one street could get out of the district?

Rep. Darko responded no, it would have to be the whole area.

The question was called on the amendments. The motion carried unanimously. Rep. Gould moved to DO PASS AS AMENDED HB 253. The question was called and the motion carried unanimously.

There being no further business to come before the committee, the meeting was adjourned at 1:50 p.m.


Rep. Norm Wallin, Chairman

DAILY ROLL CALL
 LOCAL GOVERNMENT COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 2/2/87

NAME	PRESENT	ABSENT	EXCUSED
REP. NORM WALLIN, CHAIRMAN	✓		
REP. RAY BRANDEWIE, VICE CHAIRMAN	✓		
REP. BUDD GOULD	✓		
REP. REP. TIMOTHY WHALEN	✓		
REP. PAULA DARKO	✓		
REP. TOM BULGER	✓		
REP. JAN BROWN	✓		
REP. BOB GILBERT	✓		
REP. LARRY GRINDE	✓		
REP. WALTER SALES	✓		
REP. STELLA JEAN HANSEN	✓		
REP. PAUL PISTORIA	✓		
REP. ROBERT HOFFMAN	✓		
REP. LES KITSELMAN	✓		
REP. JACK RAMIREZ	✓		
REP. DAVE BROWN		✓	
REP. CAROLYN SQUIRES	✓		

STANDING COMMITTEE REPORT

February 2,

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Mr. Speaker: We, the committee on LOCAL GOVERNMENT

report HB 320

do pass
 do not pass

be concurred in
 be not concurred in

as amended
 statement of intent attached

Rep. Norm Wallin

Chairman

FIRST

WHITE

reading copy (_____)
color

Amend House Bill No. 253, Introduced copy (white)
Subcommittee Proposal

1. Title, line 5.

Strike: "TERRITORY"

Insert: "CERTAIN PREVIOUSLY ADDED AREAS"

2. Title, lines 7 and 9.

Strike: "TERRITORY" two times on line 7 and on line 9

Insert: "AREA"

3. Pages 1 and 2.

Strike: everything following the enacting clause

Insert: "Section 1. Section 7-14-241, MCA, is amended to read:

"7-14-241. Procedure to enlarge district. (1) The boundaries of any transportation district may be enlarged if 51% of the qualified electors of the area to be added to the existing district sign a petition requesting addition to such district.

(2) However, each addition must be approved by a majority vote of the transportation board.

3 (b) The area added to a district pursuant to subsection (1) may be removed if the area does not directly receive transportation services from the district and 51% of the qualified voters in the area sign a petition requesting to be removed from the district. The removal of the area is effective 60 days after submission of the petition to the transportation board, unless within that time it is determined that the petition contains insufficient signatures for removal of territory. An insufficient petition must be returned to the petitioners who may submit it again within 90 days.

4 (3)(a) All property within any addition to the district shall be subject to all existing indebtedness of the district.

(b) Property within an area removed from the district is not subject to the district's existing indebtedness if the area had been added to the district within 5 years of the date the petition for removal was submitted to the transportation board."