

50TH LEGISLATIVE SESSION
MINUTES OF THE MEETING
LOCAL GOVERNMENT COMMITTEE
MONTANA STATE SENATE

February 5, 1987

The ninth meeting of the Local Government Committee was called to order at 1:00 p.m. on February 5, 1987, by Chairman Bruce D. Crippen in Room 405 of the Capitol.

ROLL CALL: All committee members were present.

CONSIDERATION OF HOUSE BILL 159. Representative Brandewie, Bigfork, District 49, presented the bill to the committee. He said it is an extension of the bond authority to loan money to airports for improvements. The law pertaining to that authority was written such a way that it could only apply at airports where FAA money was available; usually 90% federal money and 10% state funds. Only 71 out of 124 airports are FAA airports, and further, FAA won't participate in some improvement, i.e., hanger space and parking space. This bill would also provide bonding authority for the small non-FAA airports for lighting or whatever is needed.

PROPOSERS: Mike Ferguson, administrator, Montana Aeronautics Division, Department of Commerce, said there is a need for the extended authority provided by the bill. He said the use of the money would have to be retired July 1 without being used. Smaller airports have contacted the department about borrowing money, and some aren't eligible. In addition, some projects aren't eligible even by the larger FAA airports.

Karen Munroe, Department of Administration, Central Services Department, appeared and presented written testimony. See Exhibit 1, which explains the department's interest.

OPPONENTS: There were no opponents present.

QUESTIONS FROM THE COMMITTEE: Chairman Crippen asked if a representative of the FAA is present. Rep. Brandewie said none were able to attend the hearing. He said there was only going to be \$2.5 million available for the FAA this year for Montana airports for matching funds, even though there is far greater requests, so it is urgent that this be taken care of soon.

Senator Crippen said he knew of a 90/10 project at the Billings airport for lengthening a runway and lining the runway for noise abatement. He asked if this bill would provide funding by non-FAA airports for this type of project. Rep. Brandewie said there is \$2.5 million available at the 10% match.

Rep. Brandewie closed the hearing on House Bill 159.

CONSIDERATION OF HOUSE BILL 99: Rep. Sales, West Yellowstone, District 76, said the bill clarified the way in which resort tax money can be used to fund capital improvement bonds. West Yellowstone is extremely happy with the way the resort tax is working and wants to make improvements. This bill will provide them a way to bond.

PROPOSERS: Cal Dunbar, West Yellowstone, distributed copies of House Bill 826 (See Exhibit 2) from the 49th Legislature which provided for the resort tax, and also a list showing resort tax collections for 1986. He said the residents want to improve their streets and water systems, install fire hydrants, and thus, hope to reduce their fire insurance costs.

Bill Howell, West Yellowstone, distributed Exhibit 3 entitled "West Yellowstone Project Costs". He mentioned the projects planned, as did Cal Dunbar, adding they also want storm sewers. Engineers have been selected, plans are being made, and a water supply 4 miles from town has been found. The people of West Yellowstone hope to have much of this done by this fall. This should drop the fire rating and insurance considerably. Without the ability to bond, the projects would take 10 or 15 years to complete. He stated we want to bond for \$6 million and get the project completed.

Craig Jones of D.A. Davidson, said his firm had been retained as financial consultant to the town of West Yellowstone for their infrastructure improvement program. The bonding will allow for much greater efficiency in financing and for orderly implementation of the program.

OPPOSERS: There were no opposers present.

QUESTIONS FROM THE COMMITTEE: Senator Beck asked how this bonding authority could be used by unincorporated towns such as encompassed by Senator Story's resort area bill. Rep. Sales said that some sort of bonding authority would have to be established. It could be a soil conservation district or some other kind of organization. Senator Walker felt the

term "expected revenues" was vague and wondered if there shouldn't be figures listed. Mr. Jones said that the problem will be handled by the marketplace itself. The marketplace would be skittish about issuing bonds without a historical revenue for 1½ to 2 years. A feasibility study would probably be required.

Chairman Crippen said if the proceeds were not sufficient, would your prospectus be required to assess an additional levy. Mr. Jones said under the resort tax, as it now exists, the city is not in a position to levy additional taxes. The bond will be payable solely from that tax. The bonds will be structured with a coverage covenant that will say the community must generate 25% over and above the payments on the bonds annually. A reserve fund will be set up, and if there should be an insufficiency, that could be made up by the reserve fund. The program will be conservative by nature.

Senator Pinsoneault asked if the merchant would collect his 5% before turning in the money from the tax, or is there a refund. Mr. Dunbar said the merchant deducts the money himself. The taxes are transmitted to the city with a "Resort Tax Transmittal Form" and the city conducts confidential audits to assure correct figures.

At present, West Yellowstone levies a 3% tax with 18 exemptions.

Senator Crippen asked what West Yellowstone would do if a statewide sales and use tax were implemented. Mr. Dunbar said they would continue with the resort tax floated on top of the sales tax. Tourists are used to paying this type of tax coming in from Wyoming and Idaho.

Senator Crippen then asked what the difference would be in revenue for West Yellowstone should the 1% share from a sales tax with fewer exemptions pass. Mr. Dunbar figured \$140,000. There is only one bank in West Yellowstone, and the figures were determined from the bank's figures.

Should a sales tax be imposed, Senator Crippen asked, is there any provision for the 1% going to the city to be used to reduce the bonds. Mr. Jones said yes, they had tried to envision that possibility. Since West Yellowstone has a historically stable economy, what type of interest rates would be used, asked Senator Crippen. Mr. Jones assumed they would be higher rates, and said a sales tax would assist in the sale of bonds as there would be a broader base.

Senator Eck asked what would be the procedure for changing tax collection. Mr. Dunbar said they have 2 ordinances - administrative and definitive. The administrative requires a general election and the definitive requires only council action.

Senator Eck asked if a hotel/motel tax were instituted state-wide, would you have to have an election in your community to adjust for that. Mr. Howell answered they would if they wanted to change the rate of taxation, but said they would use that type of tax as an add-on. Senator Eck said what if the taxes added up to 11%. Mr. Howell said they have an 11% hotel/motel tax right now.

Representative Sales closed the hearing on House Bill 99.

CONSIDERATION OF HOUSE BILL 312: Rep. S. J. Hansen, Missoula, District 57, said this bill would provide for staggering terms, starting in 1988, for the members of the 5-member County Board of Adjustment to insure consistency on the board.

PROPOSERS: Howard Schwarts, Missoula County Executive Officer, distributed and read Exhibit 4, advising why this is appropriate legislation, and urged the committee's support.

OPPOSERS: There were no opposers present.

QUESTIONS FROM THE COMMITTEE: Senator Harding asked what was the purpose of a Board of Adjustment. Mr. Schwartz said it is a five member board appointed by the Board of County Commissioners to 1) hear appeals from an administrative zoning decision or order and 2) hear and decide special exceptions and variances from zoning ordinances. It is a check in power to citizens as they can appeal to the Board of Adjustments if they are unhappy with the zoning commission. Any county that has zoning, has a Board of Adjustment.

Rep. Hansen closed the hearing on House Bill 312.

ACTION ON HOUSE BILL 312: Senator Eck moved that House Bill 312 BE CONCURRED IN. The motion PASSED UNANIMOUSLY. Rep. Hansen said Senator Jacobson would carry the bill in the Senate.

CONSIDERATION OF SENATE BILL 255: Senator Jacobson, Butte, District 36, said the bill was to expand the number of members of the Board of Adjustment. She said the professional planners agree, and also the city commission of Butte felt it would be most beneficial to expand the number so it would be easier to get a quorum.

PROPOSERS: Jeffrey Smith, Butte Silver Bow Planning Board, feels there would be more opportunity to have a quorum and avoid delay in disposition of problems. (See Exhibit 5).

Lee Tuott, Butte, Montana Association of Planners, supported the bill. (See Exhibit 6).

OPPOSERS: There were no opposers present.

QUESTIONS FROM THE COMMITTEE: There were no questions.

EXECUTIVE SESSION

ACTION ON SENATE BILL 255: Senator Story moved that Senate Bill 255 DO PASS. The motion PASSED UNANIMOUSLY.

ACTION ON SENATE BILL 204: Karen Renne, legislative staff, distributed amendments agreed to by Senator Thayer and the Centennial Commission, which provided for \$3 to be given to county treasurers for the handling of centennial license plates, instead of the original \$5. (See Exhibit 7).

Senator Walker moved the amendments be passed. The motion carried unanimously.

Senator Harding made a motion that Senate Bill 204 DO PASS AS AMENDED. The motion CARRIED UNANIMOUSLY.

DISCUSSION ON HOUSE BILL 159: Senator Beck asked if there was any money planned in a reserve, or were they going to try to spend it all. Chairman Crippen felt there would be a reserve, because it mentioned that any monies left would go back to reduce the payments on the outstanding debt of the bonds. (Page 3, line 8)

Senator Beck asked if the government program was going to end in 1989. Senator Crippen thought there was a problem that Gramm-Rudman might stop it.

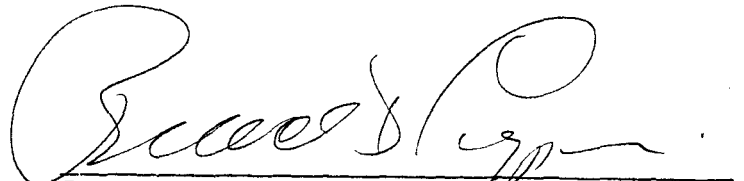
Senator Eck said it stated on the Fiscal Note that the use of the income is to retire the outstanding bond debt; however in another place, it states it can be used for other loans. Senator Crippen said if there are monies left over at the end of the program in FY 89, it would go back to reduce the remaining principle on the indebtedness.

ACTION ON HOUSE BILL 159: Senator Eck moved that House Bill 159 BE CONCURRED IN. The motion PASSED UNANIMOUSLY. Senator Eck was assigned to carry the bill.

DISCUSSION ON HOUSE BILL 99: Senator Beck asked if this bill could help a resort area. Karen Renne said no, not unless it was amended.

ACTION ON HOUSE BILL 99: Senator Eck moved that House Bill 99 BE CONCURRED IN. The motion CARRIED UNANIMOUSLY. Senator Anderson may carry the bill.

The meeting adjourned at 2:50 p.m.



SENATOR BRUCE D. CRIPPEN, Chairman

ROLL CALL

SENATE LOCAL GOVERNMENT COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 2-05-87

NAME	PRESENT	ABSENT	EXCUSED
BRUCE CRIPPEN	X		
R. J. PINSONEAULT	X		
TOM BECK	X		
DOROTHY ECK	X		
H. "SWEDE" HAMMOND	X		
ETHEL HARDING	X		
LES HIRSCH	X		
PETER STORY	X		
ELEANOR VAUGHN	X		
MIKE WALKER	X		

Each day attach to minutes.

KAREN MUNRO

SENATE LOCAL GOVERNMENT

EXHIBIT NO. 1

DATE 2-5-87

BILL NO. SB 159

DEPARTMENT OF ADMINISTRATION

TESTIMONY ON HB159

PURPOSE:

The Department's interest in the bill is in Section 1, subpart 4. Dept. of Admin. is the coordinator for the issuance of general obligation bonds for the state. \$1.7 million in G. O. bonds were issued in July 1985 for the airport loan program. Presently, over \$1.5 million of these bond proceeds remain. The current statute does not state the disposition of any remaining bond proceeds that are not loaned out by the termination date (June 30, 1987 or the proposed extension to June 30, 1989).

The Dept. proposes to add the language in Section 1, subpart 4 to require any remaining bond proceeds (at the termination of the bill) to remain in the state special revenue fund. The funds would be invested and the interest earnings, and the bond proceeds, only used to retire the outstanding debt.

If the law is not revised, by statute the excess funds will revert to the long range building program (LRBP) at June 30, 1987 per Section 17-7-304. Then that money will be available for reappropriation in the LRBP program. It is possible the funds could be reappropriated and the agency receiving the new funds could retire the remaining debt (if the legislature requires this). However, If reappropriation does occur and the new recipient agency does not retire the debt, the general fund would be forced to assume the remaining debt payments. (17-5-802). The debt matures in FY96 and there is approximately \$2.4 million remaining in interest and principal payments.

To protect the general fund's interest , the legislation proposed would keep any remaining bond proceeds in a separate account which would only be used to retire the debt.

airloan.km

RESORT TAX COLLECTIONS

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Date Collections Began January 4, 1986

<u>Collection For</u> <u>Month</u>	<u>Received In</u>	<u>Monthly</u> <u>Total</u>	<u>TOTAL</u>
January 1986	February 1986	18,739.23	
February 1986	March 1986	41,897.55	60,636.78
March 1986	April 1986	16,787.87	77,424.65
April 1986	May 1986	5,260.55	82,685.20
May 1986	June 1986	22,731.05	105,416.25
June 1986	July 1986	64,170.71	169,586.96
July 1986	August 1986	113,551.68	283,138.64
August 1986	September 1986	112,777.91	395,916.55
September 1986	October 1986	58,861.90	454,778.45
October 1986	November 1986	16,208.58	470,987.03
November 1986	December 1986	8,865.38	479,852.41
December 1986	January 1987	23,360.10	502,212.51

WEST YELLOWSTONE

PROJECT COSTS

(No Administration or Financing Costs)

1987 I. WATER SYSTEM

Construction Costs: C-900 Pipe	\$1,290,000
Engineering Costs	<u>186,000</u>

SUBTOTAL	\$1,476,000
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Additional Optional Costs

Ductile Iron Pipe	\$ 130,000
Water Meters: 400 x 200	<u>80,000</u>

SUBTOTAL	<u>\$ 210,000</u>
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TOTAL HARD COSTS	\$1,686,000
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GRANT FUNDS	\$ 350,000
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TOTAL REQUIRED LOCAL BONDING:

\$1,126,000 Plus Administration and Financing Costs

\$1,336,000 Plus Administration and Financing Costs

1988 II. STORM SEWER

Construction Costs	\$1,440,000
Engineering Costs	<u>176,000</u>

SUBTOTAL	\$1,616,000
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FUNDING SOURCES: Highway Department	\$ 48,000
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TOTAL REQUIRED LOCAL BONDING:

\$1,568,000 Plus Administration and Financing Costs

III. STREET IMPROVEMENTS

Construction Costs: Streets	\$1,840,000
Sidewalks	580,000
Engineering Costs	<u>319,000</u>

SUBTOTAL	\$2,739,000
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TOTAL REQUIRED LOCAL BONDING

\$2,159,000 Plus Administration and Financing Costs

\$2,739,000 Plus Administration and Financing Costs

Schwartz

EXHIBIT NO. 4DATE 2-5-87BILL NO. HB 312

Statement in Support of HB-312, which would provide for staggered terms for members of the County Board of Adjustment.

1. What is a County Board of Adjustment and what does it do?

The County Zoning Board of Adjustment is a five-member board appointed by the Board of County Commissioners pursuant to MCA 76-2-221 and 222 to 1) hear appeals from an administrative zoning decision or order; and 2) hear and decide special exceptions and variances from zoning ordinances (MCA 76-2-223).

2. What is the problem?

Under current law, all terms of the Board of Adjustment expire at the same time, so in cases where most of the members do not want to be reappointed, or, in the rare cases where changes are needed, counties may be left with only one or two hold-overs, and, of course, the theoretical possibility of no returning members. In those cases, there is a great loss of institutional memory, and a great lack of consistency from year to year. It is also harder for new members to learn their duties when they outnumber the old members.

3. How will HB-312 help?

Staggering terms, starting in 1988, will ensure continuity in the actions of the Board of Adjustment by making it much more likely that there will always be at least two or three hold-overs when new members are appointed.

4. Is this a major change?

This should not be considered to be a major change since almost all other County boards have staggered terms. The City Boards of Adjustment (MCA-76-2-322) also consist of five members to be appointed for a term specified by the City or Town Council. Most cities, like the City of Missoula, have chosen to stagger their terms. What HB-312 would do would be to mandate for County Boards of Adjustment what is a common practice on City Boards of Adjustment and on other County Boards. If the Legislature feels that such a mandate is inappropriate, then this bill could be amended merely to give Boards of County Commissioners the same authority that City Councils have to set the terms as they deem appropriate.

Prepared by:



Howard Schwartz, Executive Officer
Missoula County
1/22/87

5
DATE 2-5-87
BILL NO. SB 255

NAME JEFFREY N. SMITH BILL NO. SB 255

ADDRESS 108 SOUTH CRYSTAL STREET DATE 2/5/87

WHOM DO YOU REPRESENT BUTTE-SILVER BOW PLANNING DEPT.

SUPPORT X OPPOSE _____ AMEND _____

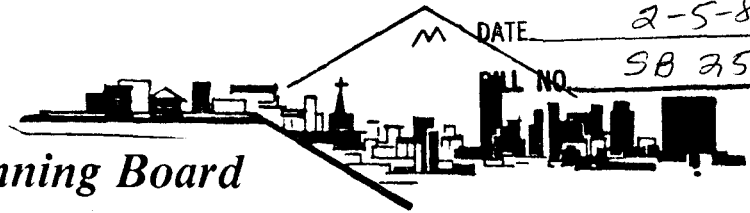
PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

PLEASE SEE ATTACHED STATEMENT.



Butte-Silver Bow Planning Board



February 5, 1987

Senate Local Government Committee
50th Legislative Session
Helena, MT 59601

Honorable Chairman and Members of the Committee:


We support Senate Bill 255 sponsored by Senator Judy Jacobson to expand the number of members of municipal boards of adjustment at the discretion of the municipality. The current statute, 76-2-324, requiring the concurring vote of four (4) members (out of the five (5) members allowed by 76-2-322) to resolve any case before the board of adjustment, does not provide enough flexibility in a situation where one or more board members are absent or disqualified due to a conflict of interest. Several permit application cases have been postponed or required to undergo lengthy delays because one or more members could not vote. This creates unnecessary burdens of time for development proposals. These time delays are detrimental to economic development and can upset the schedule for completion that many projects must adhere to in order to remain viable.

We believe local governments need the flexibility of having up to seven members on the board of adjustment when it becomes apparent that the five member board limit is not serving the intended purpose of timely and judicious disposition of board of adjustment cases.

Again, we support Senate Bill 255 to amend Section 76-2-322 of the Montana Code as presented by Senator Judy Jacobson. Thank you for your time and consideration of this bill.

Respectfully,


Lee C. Tuott, Planning Director


Jeffrey M. Smith, Planner


Kari Lei Pinkerman, Planner

EXHIBIT NO. 6DATE 2-5-87(This sheet to be used by those testifying on a bill.) BILL NO. SB255NAME: LEE TURT DATE: 2-5-87ADDRESS: 1033 W. Gold Bldg, MTPHONE: 723-5114REPRESENTING WHOM? MONTANA ASSOCIATION OF PLANNERSAPPEARING ON WHICH PROPOSAL: SR 255DO YOU: SUPPORT? AMEND? OPPOSE?

COMMENT: The Montana Association of Planners supports this bill which gives municipalities the option of having up to 7 members on the board of adjustment. Five member boards and the lack of a minimum is a problem which occurs in cities throughout the state. This bill allows local govt the flexibility they need to deal with this problem.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Senate Local Government Committee

February 5, 1987

AMENDMENTS TO SENATE BILL 204
(requested by county treasurers)

1. Title, lines 4 through 6.
Following: "AUTHORIZING" on line 4
Strike: remainder of line 4 through "PLATES" on line 6
Insert: "COUNTIES TO ASSESS AN ADDITIONAL FEE OF \$3"
Following: "ISSUING" on line 6
Strike: "THE"
Insert: "COMMEMORATIVE CENTENNIAL"
2. Page 3, lines 16 and 17.
Following: "(a)" on line 16
Strike: remainder of line 16 through "the" on line 17
Insert: "The"
3. Page 3, lines 21 through 22.
Following: "(b)"
Strike: remainder of line 21 through "plate" on line 22
Insert: "A county ~~may~~ assess an additional fee of \$3 for
each set of commemorative centennial licenses plates"
4. Page 3, line 23.
Following: "county"
Insert: "to defray the costs incurred by the county
treasurer. The county treasurer shall collect the fee"
5. Page 4, line 12.
Following: "after"
Strike: "January 1, 1987"
Insert: "the effective date of this act"

STANDING COMMITTEE REPORT

FEBRUARY 5 19 37

MR. PRESIDENT

LOCAL GOVERNMENT

We, your committee on

having had under consideration..... HOUSE BILL No. 312

Third reading copy (blue)
color

S. J. Hansen (Jacobson)

TO PROVIDE STAGGERED TERMS FOR MEMBERS OF COUNTY BOARDS OF ADJUSTMENT

Respectfully report as follows: That..... HOUSE BILL No. 312

BE CONCURRED IN

~~XXXXXXXX~~

~~XXXXXXXXXX~~

SEN. BRUCE D. CRIPPEN Chairman.

STANDING COMMITTEE REPORT

February 5, 1987

MR. PRESIDENT

LOCAL GOVERNMENT

We, your committee on

having had under consideration..... SENATE BILL No. 255

First reading copy (white)
color

TO EXPAND THE NUMBER OF MEMBERS OF MUNICIPAL BOARDS OF ADJUSTMENT

Respectfully report as follows: That..... SENATE BILL No. 255

DO PASS

~~DO NOT PASS~~

SENATOR BRUCE D. CRIPPEN
Chairman.

STANDING COMMITTEE REPORT

58204

.....February 5..... 19.87.....

MR. PRESIDENT

Local Government

We, your committee on.....

Senate Bill

204

having had under consideration..... No.....

first

white

reading copy ()

color

PROVIDE COUNTY TREASURERS \$3 FEE FOR PROCESSING CENTENNIAL LICENSE PLATES

Respectfully report as follows: That.....Senate Bill..... No...204.....

BE AMENDED AS FOLLOWS:

1. Title, lines 4 through 6.

Following: "AUTHORIZING" on line 4

Strike: remainder of line 4 through "PLATES" on line 6

Insert: "COUNTIES TO ASSESS AN ADDITIONAL FEE OF \$3"

Following: "ISSUING" on line 6

Strike: "THE"

Insert: "COMMEMORATIVE CENTENNIAL"

2. Page 3, lines 16 and 17.

Following: "(a)" on line 16

Strike: remainder of line 16 through "the" on line 17

Insert: "The"

3. Page 3, lines 21 through 22.

Following: "(b)"

Strike: remainder of line 21 through "plates" on line 22

Insert: "A county shall assess an additional fee of \$3 for each set of commemorative centennial licenses plates"

4. Page 3, line 23.

Following: "county"

Insert: "to defray the costs incurred by the county

treasurer. The county treasurer shall collect the fee"

5. Page 4, line 12.

Following: "after"

Strike: "January 1, 1987"

Insert: "the effective date of this act"

~~XXXXXXXX~~

~~XXXXXXXXXXXX~~

AND AS AMENDED,
DO PASS

.....
Chairman.

Senator Crippen

STANDING COMMITTEE REPORT

FEBRUARY 5, 1937

MR. PRESIDENT

We, your committee on LOCAL GOVERNMENT

having had under consideration HOUSE BILL No. 159

THIRD reading copy (BLUE)
color

Brandewie (Eck)

REMOVING RESTRICTIONS ON USE OF AIRPORT IMPROVEMENT PROGRAM FUNDS

Respectfully report as follows: That HOUSE BILL No. 159

BE CONCURRED IN

~~X~~

~~X~~

SENATOR BRUCE D. CRIPPEN Chairman.

STANDING COMMITTEE REPORT

FEBRUARY 5

87

19.....

MR. PRESIDENT

We, your committee on LOCAL GOVERNMENT

having had under consideration..... HOUSE BILL No. 99

THIRD reading copy (BLUE)
color

**Sales (Anderson)
ALLOWS RESORT COMMUNITY TO ISSUE BONDS AND PLEDGE RESORT TAX FOR
REPAYMENT**

Respectfully report as follows: That..... HOUSE BILL No. 99

BE CONCURRED IN

~~XXXXXX~~

~~XXXXXXXXXX~~

.....
SENATOR BRUCE D. CRIPPEN Chairman.

CLERICAL

Date: 2/6/87

Senate Bill 204

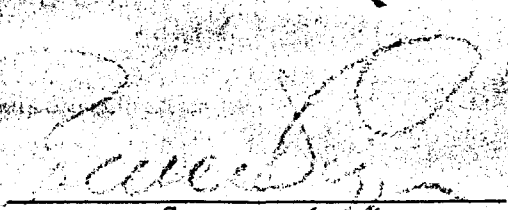
Time: 6 pm

In accordance with Joint Rule 3-7(b) the following clerical errors may be corrected:

Social Gov't
Senate Standing Committee of 2-5

Amendment #3

insert: "centennial license@ plates"



Sponsor *Sen. Crippen*

Secretary of Senate
or
Chief Clerk

MER
Legislative Council