

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON LOCAL GOVERNMENT

Call to Order: By Chairman Paula Darko, on January 19,
1989, at 3:00 p.m.

ROLL CALL

Members Present: All except the following:

Members Excused: Rep. Budd Gould

Members Absent: None

Staff Present: Lee Heiman, Legislative Counsel

Announcements/Discussion: Rep. Wallin will vote for Rep.
Gould by proxy.

Chairman Darko announced that HB 105, Rep. Ellison's bill on
facsimile copies would be placed in subcommittee.
Rep. McDonough will chair. Also on the
subcommittee will be Rep. Hoffman and Rep.
Johnson. She asked that they work with the Clerk
and Recorder's organization and also title company
representatives and that they report back at their
earliest convenience.

HEARING ON HOUSE BILL 148

Presentation and Opening Statement by Sponsor: Rep. Hal
Harper, District 44, stated that state and local
governments have been under increasing pressures to
take over functions that the federal government had
previously performed. The magnitude of the problem is
very underrated by state government. Twenty-eight
other states have already enacted some form of this
bill and at least 12 others are considering such
legislation.

List of Testifying Proponents and What Group They Represent:

K.L. (Ken) Weaver, Local Government Center
Judy Mathre, Local Government Center
John Thorsen, Self
Gordon Morris, Montana Association of Counties

Dwight MacKay, Yellowstone County Commissioner
Alec Hansen, Montana League of Cities and Towns
Ann Mary Dussault, President, Montana Association of
Counties, Missoula County Commissioner
Alfred Kaschube, Vice-President, Montana Association of
Counties, Roosevelt County Commissioner
A.R. (Toni) Hagener, Montana Association of Counties,
Hill County Commissioner

Testimony:

K.L. (Ken) Weaver, presented himself as a resource person to the committee. He stated that the Local Government Center refrains from advocating any kind of public policy but they are available to assist local governments in any way possible. The legislation has served a number of others states well particularly in this time of declining federal payments to the states and local governments. Exhibit 1 and 2.

Judy Mathre, colleague of Mr. Weaver's, gave a brief overview of the history of advisory commission of intergovernmental relations in the United States and a list of possible services that such a commission could offer both state and local government.

John Thorsen, proponent, attorney and former member of Council of State Governments' staff, stated that in his experience it is extremely helpful for states whose legislatures do not meet annually, that there be an on-going body that addresses issues that come up between legislative sessions.

Gordon Morris, proponent, stated that this bill has been explored by interested parties for about two years. The time has come for this legislation in Montana. The Association is highly in favor of such legislation. (Exhibit 3 & 4)

Dwight MacKay, proponent, re-iterated Mr. Morris' statement in support of such legislation. Yellowstone County has found that this type of committee has worked well in Yellowstone County, Billings and the school government. It is a mechanism for local government entities to deal with problems that arise after a law has been passed and with needed changes in administrative rules.

Alec Hansen, proponent, stated that the local governments are the lifeline of this state. They provide the services such as police and fire protection, streets and roads, sewer, water, sanitation and emergency care. The municipalities need a comprehensive unified strategy to deal with their problems and a place where they can find some answers to their problems and this bill provides such help.

Ann Mary Dussault, proponent, said this bill would provide a mechanism to authoritatively involve all entities in resolutions of problems and can be tailored to meet Montana's specific needs. She did not anticipate that this particular legislation would evoke the negative response that is being heard from her area, specifically, the Montana Freeholders and apologized for it.

Al Kaschube, proponent, chaired the meeting that decided on the structure of the commission created by the bill, and believes it to be a very good bill.

A.R. (Toni) Hagener, proponent, reiterated local government's need for such legislation since they are directly involved in service to the public, have the citizens as their concern and must deliver services to them. The effort must be a consolidated effort to deal with the problems of local governments.

List of Testifying Opponents and What Group They Represent:

Julie Hacker, Missoula County Freeholders
Jack E. Traxler, Missoula County Freeholders

Testimony:

Julie Hacker, opponent, did not see the need for Ann Mary Dussault to apologize for the presence of Missoula County Freeholders at this meeting. She read testimony for their chairman, Exhibit 5, an agenda of Missoula County Commissioners, Exhibit 6, and for herself as Vice-President, Exhibit 7.

Jack Traxler, opponent, expressed his opinion that the services provided for by this legislation, are already being provided by other entities such as the Legislative Council.

Phone calls were received in opposition to the bill from the following:

Vern & Ellen Impoder, Missoula
Mr. Blanchette, Missoula
Mary Alexander, Frenchtown
Mrs. Edrie Bowers, Missoula

Questions From Committee Members:

- Rep. Hansen asked Gordon Morris what Missoula county paid in dues to MACO. Mr. Morris stated that the dues for Missoula County are \$7,000. That money is used to pay significant travel and expenses associated with MACO and is an amount equal to what is paid by other Class 1 counties in the association.
- Rep. Brooke asked Mr. Weaver for further clarification of the entities that may provide grant monies for this commission. Mr. Weaver stated that the primary grant will be for start-up and there are references throughout the bill that will enable them to pursue other grants for purposes such as research, economic development and other areas. It will not just be confined to travel expenses and administrative expenses. Mr. Weaver stated that there are many at MSU prepared to contribute their time to this commission.
- Rep. Jan Brown asked Ms. Dussault about the large, unwieldy number of people proposed for this commission. Ms. Dussault stated that adequate representation from each of the entities proposed is the critical factor. There has to be adequate representation from the executive branch, local government and from the legislative branch. The factor of equal representation outweighed the concerns of size.
- Rep. Johnson asked Mr. Weaver what administrative structure would be required and if there would be duplicative efforts of services now in place. Mr. Weaver stated that there would not be a director until there were funds to pay for a director. The bill enables but does not contemplate a staff at this time. Mr. Weaver was not aware of any duplicative services except perhaps the Legislative Council since they would fundamentally be a research group of what needs to be done.

Rep. Good asked Mr. Weaver about where start-up costs will come from and if the Local Government Center is part of Montana State University. Mr. Weaver stated that the Center exists almost entirely on grant funding especially from a Kellogg grant of \$400,000. Mr. Weaver explained that start-up costs would be absorbed by grant resources and that he is prepared to donate the resources of his center to the purpose of research. He also stated that the Vice-President of Research is prepared to have his office serve as the start-up fiscal agent for the organization. Rep. Good asked about the funding for his center. Mr. Weaver stated that the grant from Kellogg is a grant for a three year period to cover the administrative costs. The University is paying lights and other costs.

Re. Rehberg asked Mr. Weaver to get copies of the funding for the following states: Washington, Colorado and South Dakota. Mr. Weaver agreed and added that he would like to include Tennessee, Connecticut and Florida.

Rep. Rehberg asked Rep. Harper if it could be assumed that there would not be a lobbying effort by this commission and that this commission could request legislation. Rep. Harper did not anticipate such action and felt that it was extremely optimistic that this group could agree to any piece of legislation. Rep. Rehberg asked how legislators and others could make use of this research group. Rep. Harper felt that anyone could approach the commission and request research. The committee would then decide upon the request. Rep. Rehberg asked Rep. Harper about the possibility of staggering the terms of the members of the commission and other questions. Rep. Harper believed staggered terms were a good idea and felt that terms should be longer than two years to provide the commission with some continuity. Rep. Rehberg asked Rep. Harper if there was justification for this type of organization or if other nonprofit organizations were not already providing much of what the commission would be doing. Rep. Harper stated that it would depend on the status of the commission and that would be determined by the Legislature.

Closing by Sponsor: Rep. Harper believes that this is a good measure and encouraged the committee and the legislature to join hands with the local governments and enter into a new age of cooperation and communication with each other.

DISPOSITION OF HOUSE BILL 148

No action taken.

HEARING ON HOUSE BILL 121

Presentation and Opening Statement by Sponsor: Rep. Norm Wallin, District 78, stated that this bill provides for equitable fire protection of remote areas - not many people but vast sections of land. The bill is attempting to provide for what was not provided in the original legislation.

List of Testifying Proponents and What Group They Represent:

Lyle P. Nagel, Montana State Volunteer Firefighters' Association
Henry E. Lohr, Montana State Volunteer Firefighters' Association
Bill Weber, Rae Volunteer Fire Company

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Lyle Nagel, proponent, explained that a fire service area is a vehicle for funding and that most services are provided by fire companies. This bill would provide immunity to the chiefs and also enable such fire services areas to choose their trustees and suggested that some amendments may be necessary. The bill would clarify and strengthen previous legislation.

Henry Lohr, proponent, expressed his support of this legislation.

Bill Weber, proponent, stated that this bill would enable them to enter private property and would prevent them from having to watch homes burn.

Questions From Committee Members: None.

Closing by Sponsor: Rep. Wallin asked for the committee's support of this bill.

DISPOSITION OF HOUSE BILL 121

Motion: Rep. Wallin moved that HB 121 DO PASS. Rep. Dave Brown seconded.

Discussion: None

Amendments and Votes: Rep. Jan Brown moved to amend HB 121. Rep. Stickney seconded. The vote to AMEND was unanimous. Lee recommended a technical amendment to this bill and explained the amendment at Rep. Dave Brown's request. Rep. Brooke moved that the second amendment. Rep. Nelson seconded. It passed unanimously.

Recommendation and Vote: Rep. Wallin moved that HB 121 DO PASS AS AMENDED. Rep. Dave Brown seconded. The motion CARRIED unanimously.

HEARING ON HOUSE BILL 175

Presentation and Opening Statement by Sponsor: Rep. Stella Jean Hansen, District 57, stated that the bill allows a county to put money into a financial institution that offers the highest return on the money. Currently, they are confined to their own county or, in some instances to adjoining counties.

List of Testifying Proponents and What Group They Represent:

Gordon Morris, Montana Association of Counties
Alec Hansen, Montana League of Cities and Towns
Brad DeZort, Teton County Commissioner

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Gordon Morris, proponent, stated that their organization passed a resolution in support of this bill which would open investment opportunity to counties and enable them to get a much better return on their deposits. Currently, counties with two or less banks can solicit

bids from neighboring counties only. According to an Attorney General's opinion the counties must be adjacent to them or they cannot solicit bids. This bill broadens the area where they can seek bids to the entire state and will force banks to be more competitive.

Alec Hansen, proponent, said that their organization supports the bill for the reason that interest earnings are important to counties because of the precariously balanced budgets of our cities and towns and introduces competition in local investment policy. The bill would not require or mandate them to go outside their county but would permit to if they wanted.

Brad DeZort, Chairman of the Board, Teton County Commissioners, supports this bill. Teton County recently had a banking transition of \$1.3 million. The best interest rate available in Teton County was 5.06%. By calling five banks in Great Falls, adjacent to Teton County, the rate of 7.27%. The net difference would have gained the county \$28,895. Because of existing law, the county is precluded from taking advantage of this favorable rate of interest. If Teton County pooled their funds with others, such as school districts and cities, they could possibly get a better rate yet and reap the benefits of this bill.

Questions From Committee Members:

Rep. Good asked Commissioner DeZort about county pooling funds with other government entities. Mr. DeZort did not think it was being done now but does not see anything wrong with it especially if they can gain a better rate of return.

Rep. Wallin asked Gordon Morris to expand on the effect this bill would have on counties with less than two banks. Mr. Morris stated that it simply enables all counties to expand their search for a better return to the entire state. Mr. Morris also explained that counties presently have the option of investing in the state's short term and long term capital gains program.

Closing by Sponsor: Rep. Hansen asked for the committee's support of this bill. The state has eroded the ability of counties to fund themselves and this bill would be boost their ability to increase their funds.

DISPOSITION OF HOUSE BILL 175

Motion: Rep. Hansen moved that HB 175 DO PASS. Rep. Good seconded.

Discussion: Rep. Good felt that the bill is a good idea but hopes that the local authorities be given an opportunity to change their bid. Rep. Nelson stated that the bill provides that the local governing body may deposit it in another institution unless a local bank agrees to match the bid.

Amendments and Votes: Lee explained that there is a misspelled word in the bill so he asked for a technical amendment. Rep. Jan Brown moved that a technical amendment be added to the bill. Rep. Stickney seconded. The amendment CARRIED unanimously.

Recommendation and Vote: Rep. Nelson moved that HB 175 DO PASS AS AMENDED. Rep. Nelson seconded. The vote CARRIED with Rep. Rehberg opposing.

HEARING ON HOUSE BILL 176

Presentation and Opening Statement by Sponsor: Rep. Stella Jean Hansen, District 57, stated this bill requires a financial institution to provide 100% security for public monies deposited in their institution. Presently, they are only required to insure 50% of the amount deposited. Rep. Hansen stated that local governments are feeling a need to protect their deposits with the state of the banking industry.

List of Testifying Proponents and What Group They Represent:

Gordon Morris, Montana Association of Counties
Brad DeZort, Teton County Commissioner

Testimony:

Gordon Morris, proponent, stated that the bill simply strikes current language requiring financial institutions to insure 50% of public monies and require 100% insurance coverage. He felt that this bill is a reflection of current state of affairs in the banking industry. He felt that from the standpoint of accountability and the interests of the general public

that the bill should be passed.
Brad DeZort, Teton County Commissioner, said the bill would enhance their position as managers to secure their deposits and protect public monies in light of failing institutions.

List of Testifying Opponents and What Group They Represent:

Alec Hansen, Montana League of Cities and Towns

Testimony:

Alec Hansen opposed the bill because some of the finance officers in the larger cities in Montana felt that the bill could reduce the interest earnings now being received on their investments. Under current law, the first \$100,000 would be insured by FDIC and the remainder is only 50% insured. With this bill the bank would be required to provide 100% security forcing them to buy a security. The cost of that security would be deducted from the interest earnings. They also feel that it could cost a loss of competition in the banking industry. Banks may not bid on local government investments because of these security requirements and associated costs. The larger cities in particular deal with financial institutions every day and are familiar and qualified to make a decision as to whether a particular institution is solvent. The 6% test on net worth, total assets is a valid test of solvency. This law was amended in 1985 at the request of the cities to allow the 50% insurance provision if the bank met the 6% test. They do not advocate losing municipal funds in shaky investments and they feel that the existing security does work and enhances their earnings potential from investments.

Questions From Committee Members:

Rep. Rehberg asked Mr. Hansen asked about the change that was made in 1985. Mr. Hansen thought the change was from 100% to 50% security with the 6% test was included for the specific purpose of enhancing investment earnings. Rep. Rehberg asked if the first \$100,000 is included in that 50% Mr. Hansen stated that the first \$100,000 is covered by FDIC or equivalents. The bank must provide 50% coverage on the remainder.

Rep. Dave Brown asked Mr. Hansen if risk of loss of the money outweighed the interest on the public funds. Mr. Hansen stated that they are presently relying on the 6% rule that is presently in the statutes.

Closing by Sponsor: Rep. Hansen stated that she felt that the 6% test is covered in another statute. She believed that HB 176 was probably a good bill.

DISPOSITION OF HOUSE BILL 176

Motion: Rep. Hansen moved that HB 176 DO PASS. Rep. Hoffman seconded. Rep. Dave Brown made a substitute motion that HB 176 DO NOT PASS. Rep. Good seconded.

Discussion: Rep. Brown felt that the bill was well directed. If local officials are willing to take the risk then the law should remain the way it is.

Rep. Hansen also agreed that HB 175 and 176 were somewhat contradictory and that the cities and towns should not be able to have it both ways. They want to opportunity to have their money earning a higher rate of interest but do not want the risk associated with the higher return.

Rep. Brooke asked about an amendment that may provide the local governing body with options of insurance coverage. Lee suggested that there was some places in the bill that could be changed.

Rep. Hansen asked Lee if there is anything that would prevent the local government from requiring more than the 50% insurance.

Rep. Johnson asked that "may" be changed to "shall". Rep. Brown felt that municipalities have the option of more insurance now.

Amendments and Votes: None

Recommendation and Vote: HB 176 will be reported as DO NOT PASS. The vote was unanimous.

COMMITTEE BILL REQUEST

Rep. Diana Wyatt requested a committee bill. She received a late request from her local government and she is asking the committee to sponsor the bill which would enable her to forego bill draft requests and deadlines for introduction. Exhibit 8.

Rep. Wyatt stated that the bill would redelegate some of the power and responsibility currently given to the Department of Health and give it to the counties and local authorities. The Department of Health would retain the power to reject or approve changes in the public utilities but the local authorities would have the power to do the inspections. The purpose of the bill is to speed up the process presently used. Exhibit 8.

Rep. Wallin asked if such a bill would include counties. There was recently a case at Big Sky where they received permission from the state but could not get permission from local authorities.

Chairman Darko stated that the committee decides the text and then votes on the bill. She asked for a motion to agree to have a committee bill drafted according to Rep. Wallin's and Rep. Wyatt's requests.

Rep. Dave Brown moved that a committee bill be authorized within the specifics outlined in the information packet plus Rep. Wallin's suggestion. Rep. Wallin seconded the motion.

Discussion: Rep. Rehberg asked if he understood correctly that a two-thirds vote was required for such action. Rep. Darko stated that was correct so 11 votes would be required. Rep. Rehberg expressed his concern that this appears to be a revision of the sanitation and subdivision provisions of the law. He wanted to know if anyone had spoken with the Department of Health and Steve Pilcher in particular with regard to this legislation. Rep. Wyatt stated that she has not and offered that Stu Pearson, Great Falls City Engineer might have.

Mr. Pearson stated that he has not discussed this with the Department of Health. He said that it is an action on his part in response to problems that have developed in Great Falls and is attempting to resolve this. The local sanitarians have such an arrangement with the Department of Health. The intent is for the municipal government to be allowed to contract for the delegated authority so that they can be of assistance to the Dept. of Health in processing these plans for a development.

Rep. Rehberg stated that he understood that the review authority was specifically taken away from the local governments for a purpose and given to the Department of Health for major subdivisions. Minor subdivisions would be reviewed by the local government. He wanted to know if this would give the authority back for major subdivisions to the

local governing body to reject or accept the sanitation portions of the law. Mr. Pearson stated that is not the intention of the law because the language qualifies who can do the review. Comparable staff is what is employed in the Department and the local government. If that test is met then the dept. has the authority to delegate the review to the local governing body.

Rep. Brown stated that if he understood the draft correctly it goes to the Dept. of Health with the recommendation to accept or reject. The Dept. has ten days to act. The Dept. is still retaining control but adds an extension of staff. The complaint in the past has been that the Dept. of Health does not have enough staff to complete the work on a timely basis.

Rep. Darko again told the committee that this is simply authorization to have a bill drafted and introduced. It will be before this committee for hearing and there will be opportunity for questioning at that time.

Rep. Rehberg opposed the motion because he understood that this would give the local governing body the authority to review and approve. He understood that meant they could disapprove as well as approve and that is not the intent of the subdivision law that was passed in 1983 so that there was clear authority as to who can approve or disapprove. He thinks the staff should be increased in the Department of Health without affecting the general fund because those that having the review done pay a \$35 per parcel review expenditure so the Department of Health should be checked with rather than delegating the authority to others.

Rep. Brown commented that he saw it as a potential solution that would not give the authority to the local government but still remain with the state.

Rep. Good asked Mr. Wade Woith, independent Civil Engineer independent from Great Falls how this bill would speed up the process. Mr. Woith said first they submit their plans to the city engineer and get his approval. He provides the same function that the Department of Health engineer. This is a duplication of the review process and the Department of Health to reject it. The review process takes too long. It is not intended to take any responsibility away from the Department of Health but simply speed up the process and possibly take some of the burden of review off of them.

Rep. Wallin asked Mr. Woith if the project is accepted by the City Engineer. Mr. Woith explained that this bill only affects previously approved extensions by the Department of

Health and Environmental Sciences and only into public systems, not private systems.

A two-thirds vote of those present and voting is needed to request a bill be drafted. Roll call vote was taken. Authorization was given to Lee Heiman to begin drafting a bill with the information provided by Rep. Wyatt.

ADJOURNMENT

Adjournment At: 5:05 p.m.



REP. PAULA DARKO, Chairman

PD/TD

1611.MIN

DAILY ROLL CALL

LOCAL GOVERNMENT

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date 1/19/89

NAME	PRESENT	ABSENT	EXCUSED
DARKO, PAULA - Chair	X		
MCDONOUGH, MARY - Vice-Chair	X		
BROOKE, VIVIAN	X		
BROWN, DAVE	X		
BROWN, JAN	X		
HANSEN, STELLA JEAN	X		
JOHNSON, JOHN	X		
STICKNEY, JESSICA	X		
WYATT, DIANA	X		
GOOD, SUSAN	X		
GOULD, BUDD			X
GUTHRIE, BERT	X		
HOFFMAN, ROBERT	X		
NELSON, THOMAS	X		
REHBERG, DENNIS	X		
WALLIN, NORM	X		

ROLL CALL VOTE

LOCAL GOVERNMENT

COMMITTEE

DATE 1/19/89 BILL NO. COMMITTEE BILL NUMBER _____
REQUEST BY REP. WYATT

NAME	AYE	NAY
BROOKE, VIVIAN	X	
BROWN, DAVE	X	
BROWN, JAN	X	
DARKO, PAULA	X	
GOOD, SUSAN	X	
GOULD, BUDD	X	
GUTHRIE, BERT		X
HANSEN, STELLA JEAN	X	
HOFFMAN, ROBERT	X	
JOHNSON, JOHN	X	
MCDONOUGH, MARY	X	
NELSON, THOMAS	X	
REHBERG, DENNIS		X
STICKNEY, JESSICA	X	
WALLIN, NORI	X	
WYATT, DIANA	X	

TALLY 14 2

Tennis Dore
Secretary

Paula A. Darko
Chairman

Motion: Rep. Dave Brown moved that a committee bill be drafted

Rep. Wallin seconded the motion.

STANDING COMMITTEE REPORT

January 20, 1989

Page 1 of 2

Mr. Speaker: We, the committee on Local Government report that HOUSE BILL 121 (first reading copy -- white) do pass as amended .

Signed: _____
Paula Darko, Chairman

And, that such amendments read:

1. Title, line 6.

Following: "AREA"

Insert: "OR FIRE COMPANY"

2. Title, line 9.

Following: "DEPUTY,"

Insert: "FIRE COMPANY,"

3. Title, line 14.

Following: "MCA"

Insert: "; AND REQUIRING A TWO-THIRDS VOTE FOR IMPOSITION OF GOVERNMENTAL IMMUNITY FROM SUIT"

4. Page 1, line 20.

Following: "area"

Insert: "or fire company"

5. Page 1, line 24.

Following: "district,"

Insert: "fire company,"

6. Page 3.

Following: line 15

Insert: "NEW SECTION. Section 4. Requirements for approval of governmental immunity from suit -- severability. Because the amendment to 7-33-2208(2) provides governmental immunity from suit for injury to a person or property, Article II, section 18, Montana constitution, requires a vote of two-thirds of the members of each house for the enactment of the amendment to 7-33-2208(2). If [this act] is not approved by the required vote, the amendment to 7-33-2208(2) is void.

January 20, 1989
Page 2 of 2

The remaining sections and amendments to 7-33-2206 are valid and remain in effect in all valid applications upon enactment."

STANDING COMMITTEE REPORT

January 20, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Local Government report that HOUSE BILL 175 (first reading copy -- white) do pass as amended .

Signed: 
Paula Darko, Chairman

And, that such amendment reads:

1. Page 4, line 9.
Strike: "instution"
Insert: "institution"

STANDING COMMITTEE REPORT

January 20, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Local Government report that HOUSE BILL 176 (first reading copy -- white) do NOT pass .

Signed: _____
Paula Darko, Chairman

EXHIBIT 1
DATE 1/19/89
NO. _____

COMMITTEE PROXY

Date: 1-19-89

Mr. Chairman:

Please vote me on bills and
amendments as follows:

Comm Bill - yes

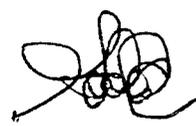


EXHIBIT 2
DATE 1/19/89
NO HB 148

REFERENCE MATERIALS

RELATED TO

H.B 148

"MONTANA ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS"

PREPARED BY

Local Government Center

MONTANA STATE UNIVERSITY
Department of Political Science
Bozeman, MT 59717



Telephone (406)-994-6694

EXECUTIVE SUMMARY
OF
H.B. 148 CREATING

"MONTANA ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS"

Sponsor:

Representative Harper and Senator Jacobson on behalf of the Montana Association of Counties and the Montana League of Cities and Towns.

Fiscal Impact:

None. The bill includes appropriation language to enable the Commission to receive and disburse revenues from grants, contracts and contributions.

Key Provisions:

The proposed legislation:

1. Creates a 20 member Commission consisting of:
 - 4 members from the House
 - 4 members from the Senate
 - 4 county officials
 - 4 municipal officials
 - 2 private citizens
 - 2 members from the Executive Branch
2. Names the executive directors of the Legislative Council, MACO and the League as non-voting members.
3. Names the Local Government Center at Bozeman as the research coordinating arm of the Commission.
4. Authorizes the Commission to conduct research, make recommendations and draft model legislation aimed at strengthening the capacities of Montana's local government units to deliver essential community services efficiently.

Background:

28 states now have an ACIR or comparable panel to improve policy research and coordination between state and local legislative bodies and state agencies. The most successful are created by and are accountable to the State Legislature, rather than the Executive Branch.

Expectations:

- Shared research results enabling the Legislature, state agencies and local officials to approach legislation and policy with the same facts.
- Coordinated legislative position by county and municipal officials and legislative leadership.
- Coordinated policy recommendations to improve the delivery of essential local government services.

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

In 1974, the U.S. ACIR recommended that states act "to ensure that coordination rather than conflict will characterize state-local relations. They suggested that one way to accomplish this goal was to create a state level advisory commission on intergovernmental relations that could serve as a neutral forum for the discussion of mutual interests and problems.

Today there are 28 state ACIRs in existence. Their size, membership, method of creation, funding, and functions vary from state to state. The U.S. ACIR has a state model that it encourages states to implement when they are considering the creation of an ACIR.

THE ACIR MODEL

Options to consider:

Composition: Large enough to include broad representation from among state officials (executive and legislative branches), local officials, past officials, academic experts on government structure and informed citizens. Small enough to enable study and problem solving.

Functions: Evaluate ways of improving the capacity for productive state-local relations, through the study of issues (ie the state's delegation of power to local governments, administrative discretion and intergovernmental finance).

Powers: Advisory only, to convey study findings to legislative committees, executive agencies and constitutional deliberations.

Appointment: Established by law; choices split among legislature, governor, associations of counties and municipalities. Membership ranges from 13 to 39. The average size is 22.

Process: Rules are similar to those of a standing legislative committee.

Staffing: Independent staff or one included in an integrated legislative staff or combination of existing legislative, executive branch and local governments' association staff. Staff should be permanent and continuous.

Funding: Legislative or legislative-executive branch sharing with local contributions (ie specific legislative appropriations, state agency support, grants and contracts).

Creation: By legislative authorization.

Activities of State ACIRs

1. Act as an ombudsman to mediate disputes.
2. Conduct technical training and/or assistance.
3. Acts as an information clearinghouse.
4. Formulates and conducts research on local developments and new state policies.
5. Develops solutions to state-local problems and recommends policies.
6. Is a forum for discussion of long range state-local issues.
7. Is a place for local officials to be heard and engage in focused dialogue.
8. Promotes experimentation in intergovernmental processes.

Policy Issues Studied in Various States

1. Infrastructure reports.
2. Innovative financing techniques.
3. Tort reform and liability insurance.
4. Impact of decline in federal aid on local governments.
5. Home rule.
6. State mandates on local government.

Policy Recommendations

1. Local revenue systems
2. Mandates imposed on local government.
3. Sorting out responsibilities for various functions and state aid to local government.
4. Low cost state assistance to local governments.

Why are state ACIRs needed?

1. There is less federal funding available to local governments.
2. The increased complexity of governance at the local level.

STATES HAVING ACIR ORGANIZATION PATTERN

- | | |
|-------------------|--------------------|
| 1. Connecticut | 11. Oklahoma |
| 2. Florida | 12. Pennsylvania |
| 3. Iowa | 13. Rhode Island |
| 4. Louisiana | 14. South Carolina |
| 5. Massachusetts | 15. Tennessee |
| 6. Minnesota | 16. Texas |
| 7. Missouri | 17. Utah |
| 8. New Jersey | 18. Vermont |
| 9. North Carolina | 19. Washington |
| 10. Ohio | |

ADVISORY TO THE GOVERNOR

1. Colorado
2. Maine
3. Michigan
4. Virginia

LEGISLATIVE COMMISSIONS

1. Illinois
2. Maryland
3. New York
4. South Dakota

ACIRS HAVING SCHOOL REPRESENTATION

1. Connecticut
2. Florida
3. Louisiana
4. South Carolina
5. Texas
6. Utah

MOST IMPORTANT DIFFERENCE BETWEEN ACIRS

The most important difference between the various state ACIRs: state commissions which are broadly representative, have the resources to initiate policy recommendations, perform research and follow up on recommendations and those which serve only as a forum for discussion of intergovernmental issues raised primarily by local officials.

State-Local Panels: An Overview

Michael Tetelman

The age of "fend for yourself" federalism has forced states to reassess their policies toward local government. As suggested by the National Conference of State Legislatures (NCSL) Task Force on State-Local Relations late last year:

One of the major challenges facing the states is to find ways to help local governments without necessarily incurring heavy financial burdens for the states We believe that state-local organizations can play a pivotal role in studying and resolving local problems.

Thirteen years ago, when the Advisory Commission on Intergovernmental Relations (ACIR) first suggested that states create their own intergovernmental panels, there were only four in existence. Today, there are 2 state counterpart organizations, and over a dozen other states have proposals under consideration.

These state-local commissions fall into three structural categories: the ACIR "model," the local advisory panel, and the legislative organization. These agencies exhibit a wide variety in structure, purpose and achievement. Eighteen have been established by statute, and five have been created by executive order. Two are "private" organizations outside of state government. Staffing patterns range from part-time or loaned services to complement of 20 full-time employees. Funding patterns also vary greatly—from no appropriation to over \$1 million.

This article highlights the structural variations and describes the diversity of topics that these commissions have addressed. The wide range of accomplishments reveals the tremendous potential of an organization to facilitate state-local relations.

State ACIRs

State ACIRs are markedly disparate and broadly based. There are currently 18 panels which follow the state ACIR pattern: Connecticut, Florida, Iowa, Louisiana, Massachusetts, Minnesota, Missouri, New Jersey, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Vermont and Washington. Although not all of these state organizations use the acronym, they generally follow the membership pattern and scope of work set out for a state ACIR. Thirteen of the commissions have been established by statute, while four have been created by executive order and one (Pennsylvania) is a nonprofit corporation.

The average size of the state ACIRs is 22 members; Massachusetts has the largest with 39, and Ohio has the smallest at 13. The membership profile exemplifies the diversity in state outlook and needs. For example, Washington's ACIR includes the state's Director of Indian Affairs, and special districts are represented in South Carolina and Texas. State and local education interests are represented in 11 states, and town and township officials are members in four states. Federal interests are represented in two states: two federal agency officials serve on the Texas ACIR, and the eight members of the congressional delegation (or their representatives) have been named to the Oklahoma ACIR.

State ACIR funding and staffing patterns also vary. At least nine of the organizations have a specific appropriation, and eight have full-time staff. The remainder of the ACIRs rely on staff and receive administrative support from other agencies (such as a department of community affairs). For example, the New Jersey panel, a well-established ACIR, has an appropriation of \$221,000 and a seven-person staff, while North Carolina currently has a budget of \$5,397 and one professional staff mem-

ber. Texas, through a combination of a state appropriation, publications sales, and grants and contracts, has a FY 1987 budget of \$703,768 and a 12-person staff. The Pennsylvania council relies solely on grants and contracts to underwrite its \$550,000 budget and staff of ten. The South Carolina ACIR, with four staff members, receives half of its \$239,000 budget from a state appropriation and the other half from state-shared revenues to cities and counties.

Because of their broad representation and generally flexible revenue sources, state ACIRs have been able to address a wide variety of issues and problems, and perform five major roles: (1) acting as ombudsman; (2) conducting technical training; (3) serving as an information clearinghouse; (4) formulating research; and (5) recommending policy.

In the ombudsman role, Washington's ACIR has performed admirably. In 1986, the ACIR successfully mediated a dispute between the state Department of Labor and Industries and the local government associations over workers' self-insurance. Florida's ACIR also has been an active coordinator, sponsoring forums with the Center for Policy Studies at Florida State University to develop comprehensive information on local government issues.

Technical training assistance has been one of the South Carolina ACIR's strong points. In 1985, the ACIR sponsored a conference in conjunction with the University of South Carolina as part of a training program for local officials. The Texas ACIR publishes a guide to state laws for city officials, and the Pennsylvania council conducts training and technical assistance programs for state agencies.

A number of state ACIRs maintain extensive data bases. For example, Texas has established a business/industry data center to assist economic and development specialists. The Texas ACIR also has coordinated with Texas A&M and the University of Texas to collect data on demographic and cultural changes. Florida maintains a general data base on financial information, ranging from local government finances to outstanding bond issues. The Pennsylvania council has developed a data base for an early warning system to detect local fiscal stress.

Undertaking research and subsequent policy recommendations most clearly shows the diversity, common issue areas and impact of the state ACIRs. Several organizations have produced in-depth infrastructure reports covering such broad topics as street and water system improvement (Iowa) and innovative financing techniques (South Carolina). Examples of commonly shared policy concerns include tort reform and liability insurance (Florida, Iowa, Minnesota, Missouri, New Jersey and Texas), the impact of the decline in federal aid on local governments (Florida, Missouri, Pennsylvania, South Carolina and Tennessee), home rule (Connecticut, Florida, Iowa, Missouri, New Jersey, South Carolina and Washington), and state mandates (Florida, Iowa, New

Jersey, Ohio, Pennsylvania, South Carolina and Vermont).

State ACIRs also have responded to more specialized needs. One such area of concern is waste disposal. For example, the Texas ACIR has worked with the state Nuclear Waste Programs Office and the Texas Low Level Water Disposal Authority to implement effective local government relations. In 1985, Washington's ACIR coordinated with the state Department of Ecology to develop guidelines for waste disposal facility operation and management. The recommendations were incorporated into legislation, passed the legislature, and were signed by the governor.

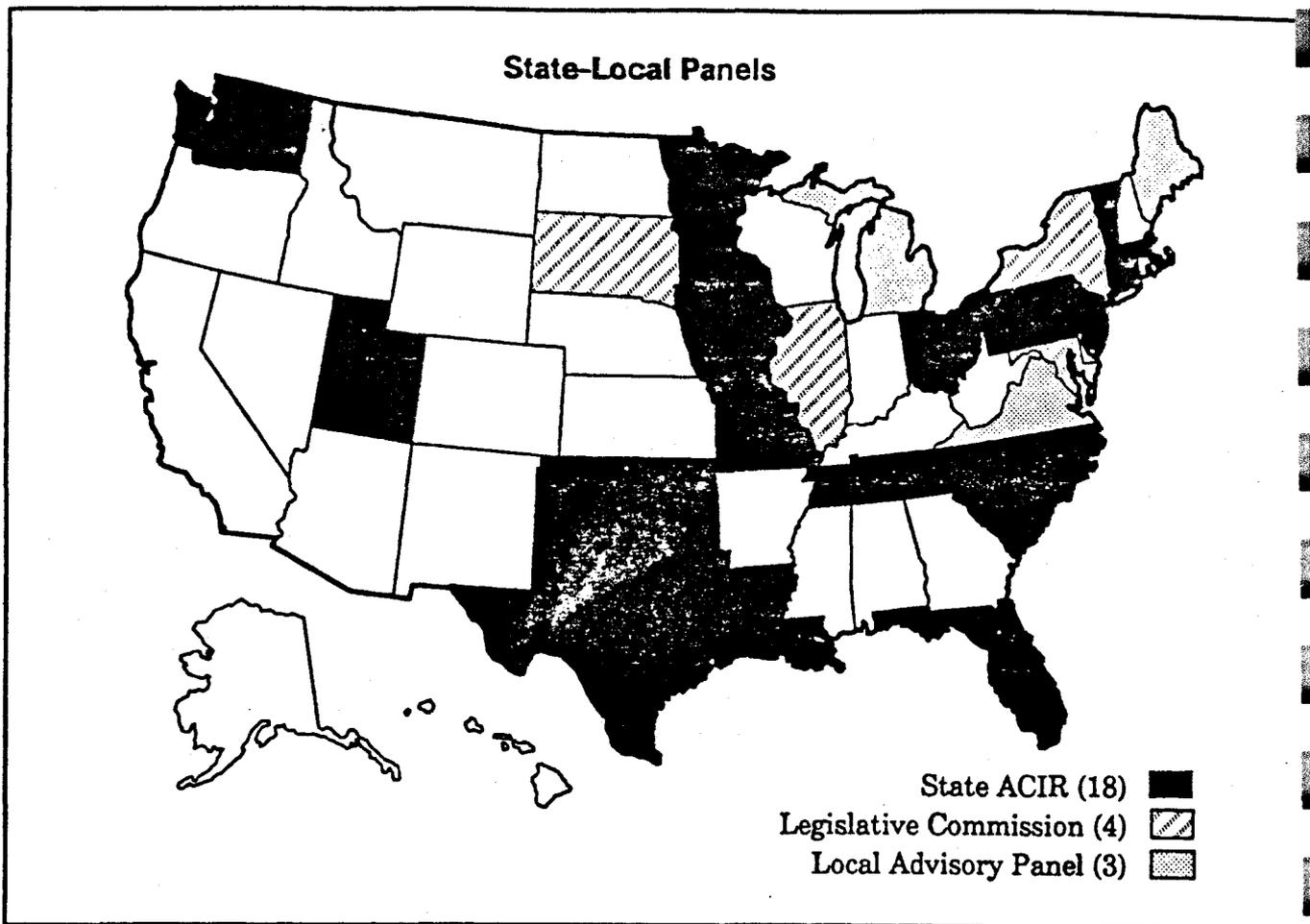
In 1985, Missouri's Commission on Local Government Cooperation made recommendations on liability insurance which led to passage of legislation forging the Public Entity Risk Management Fund. This fund enabled Missouri's local governments to obtain liability coverage through a state-administered insurance pool program. The Tennessee ACIR's 1986 series of tax studies led to the equalization of taxing districts, improvement in appraisal ratio studies, and development of a current value index. New Jersey's Commission on County and Municipal Government developed legislation authorizing municipalities to allow counties to construct flood control and storm drains of any type they choose.

State ACIRs' success in recommending policy underscores the national ACIR observation about the difference in impact among advisory organizations: This distinction—between commissions which are broadly representative and have the resources to initiate policy recommendations, perform research, and follow up on recommendations, and those which serve only as a forum for discussion of intergovernmental issues raised primarily by local officials—is the most important difference between current state organizations.

Local Advisory Panels

The three local advisory groups are fairly uniform in membership and purpose. Their members are predominantly local representatives, and their primary focus is advising the governor. The Virginia Local Government Advisory Council is a statutory agency chaired by the governor. The Maine Municipal Advisory Council is an executive order agency whose chairman is appointed by the governor. The Michigan Council on Intergovernmental Relations is an organization created by a contractual agreement among the four local government associations, and the chairmanship is rotated annually among the organizations.

The average size of the local advisory bodies is 14 members, with a high of 26 in Virginia and a low of eight in Michigan. The Maine panel has 12 members. Staff and funding are relatively modest. Maine's advisory council liaison, for example, is the Commissioner of Transportation, and members' expenses are paid by their respective associations. Michigan's council utilizes staff from the four local government associations, as



needed. Each organization also is assessed an equal share to underwrite expenses. Only the Virginia council has an assigned staff person and a specific state appropriation (\$10,000).

Local advisory boards perform a vital service—to provide a forum. They serve as a “local voice” in discussing a broad range of specific issues such as taxation, education, social services, land use, zoning, solid waste disposal, community development and the environment.

Each of the panels has been successful in bringing attention to issues and problems of importance to local governments. Yet, the very design of these panels makes them somewhat limited. Their structure does not take into account an increasingly important participant in the intergovernmental system—the state legislature. And, the availability of only very modest staff and financial resources militates against their being able to undertake any long-term or sustained project or activity.

Legislative Organizations

All four of the legislative organizations are statutorily based agencies of the state legislature. The Illinois, Maryland and New York panels are comprised entirely of legislators, with equal representation from each chamber. The South Dakota commission is a “permanent committee” of the Legislative Research Council and includes four local government officials.

Each of the panels has staff and budget resources ranging from one staff person and a \$5,000 annual appropriation in South Dakota to a 20-person staff and a budget of about \$1 million in Illinois. The Illinois budget includes support for a four-person staff in the legislature’s Washington, D.C. office.

As legislative entities, these organizations are well positioned to have an important role in their respective state’s policymaking processes. Each panel has addressed and proposed recommendations on a wide variety of topics—from day care to housing and from annexation to federal aid. Two of the commissions, in Illinois and New York, also have developed extensive fiscal data bases.

For example, Illinois’ commission has conducted extensive analyses of federal grants, state mandates and education. The commission also has sponsored conferences on issues ranging from child care services to affordable housing. Their recommendations have resulted in wholesale changes in such areas as child protection enforcement (1981-84) and hazardous waste (1982-83). Recommendations from New York’s commission led to the 1985 enactment of significant revisions in the local government general purpose aid program. The New York panel also has issued a number of extensive studies focusing on the delivery of local services, developed a catalog of federal and state aid programs, and sponsored several

statewide conferences and seminars. The Maryland committee prepares an annual summary of major legislative proposals, monitors congressional and federal administrative developments, and has assumed the role of the former intergovernmental cooperation commission in interstate matters. The South Dakota commission has studied such diverse issues as home rule, which led to the adoption of a constitutional amendment; payments in lieu of taxes and the classification of state park and game lands; court clerks' salaries; real property valuation; day care services; and annexation, which resulted in a complete overhaul of the state's annexation process.

While three of the panels (excluding Maryland) have no formal mechanism to involve state executive officials, the Illinois, Maryland and New York panels have begun to include local officials more actively in their deliberations. The New York commission utilizes a "working group" of the local associations as a sounding board to review and comment on research projects, and regularly contributes articles to these associations' newsletters. The Illinois commission publishes a newsletter, is responsible for the state's block grant advisory committee, and regularly utilizes local officials as advisors to the commission.

In response to a measure sponsored by the Maryland committee, a statutory advisory group has been reactivated and reorganized to involve both state executive and local government officials, and to focus specifically on state-local relations.

Conclusion

The nature of today's federalism debates and global economy place even greater emphasis on the need for strong state governments and a sound state-local partnership. State ACIRs and similar types of intergovernmental panels, demonstrating continuity, capability and ever-increasing credibility, have a very necessary role to play during this critical period for governments at all levels, and will continue to have a positive effect on state-local relations.

Michael Tetelman is a student at Yale University, and served as an ACIR Intern during the summer of 1987.

NCSL State-Local Task Force: The First Year

Steven D. Gold

"This is an excellent report. It has far-reaching implications for all the cities of the country. . . . Several years from now the work of this Task Force will be seen as a watershed" in state-local relations. These are the words of Mayor Joseph P. Riley of Charleston, South Carolina as he addressed the National Conference of State Legislatures' (NCSL) State-Local Task Force last November. Other city representatives, as well as spokesmen for counties and townships, also have applauded the recommendations made by NCSL's Task Force.

What has occasioned all of this cheering? Following a series of meetings throughout 1986, the Task Force approved a set of recommendations to help states reassess their policies toward local governments. The Task Force was the brainchild of North Dakota Senator David Nething, who was NCSL's President last year. He says he created it "to get state officials and local officials talking to one another. For too many years they've been going in different directions. The time has come for them to go in the same direction." Nething appointed Senator Stanley Aronoff of Ohio to chair the Task Force, and 51 other legislators and staff from around the country to serve on it. Most of the legislative members are chairmen of fiscal or local government committees in their respective states. All of the staff (who comprised about one-fourth of the Task Force members) are involved in dealing with state-local issues.

Background

The Task Force decided to take a fresh look at the panorama of state policies affecting local governments. Rather than risk bogging down in specific areas of contention like transportation or mental health, the Task Force concentrated on fundamental questions such as how states should address state-local issues and general principles for shaping policies. A key assumption was that both state and local governments may be headed into a period of fiscal austerity, so it is vital to make the system work as efficiently as possible.

The preamble to the Task Force report noted: "We recognize that many proposed policies go beyond the existing practice in many states. This does not imply that there was anything wrong with past policies but rather that the changed times require new directions." Two developments were foremost in the thinking of the Task Force—the withdrawal of federal support for domestic programs and the anti-tax spirit that is the legacy of the Tax Revolt. The federal aid cutbacks, said the Task Force, "create a vacuum that forces states to reassess their policies."

The Task Force made one fundamental recommendation that underlies all of its other proposals: "Legislators should place a higher priority on state-local issues than has been done in the past. The time has come to change their attitude toward local governments—to stop considering them as just another special interest group and to start treating them as partners in our federal system of providing services to citizens." The Task Force insisted, however, that this is a two-way street, feeling that local officials also ought to change their past attitude toward states: "Local governments should resist a 'go-it-alone attitude' and should participate in the process as partners."

The Task Force recognized from the outset the need to work closely with the US ACIR because of the path-breaking work that it has done in many areas of intergovernmental affairs. John Shannon's description of the current period as one of "fend-for-yourself" federalism was constantly on the mind of Task Force members and was cited in the third paragraph of its recommendations. Jane Roberts of the US ACIR attended and participated in all of the Task Force meetings. Former director William Colman also addressed the Task Force and emphasized the value of ACIR suggested legislation as one vehicle for carrying out the Task Force's recommendations.

State ACIRs

Colman also prepared a revision of ACIR's legislation for state ACIRs in line with the views of the Task Force. Discussions of the role and structure of state ACIRs consumed more of the Task Force's time than any other topic. Relying on the experience of legislators and staff, information provided by Jane Roberts, and a background paper by Harry Green, executive director of the Tennessee ACIR, the Task Force concluded that state-local organizations "can play a pivotal role in studying and resolving local government problems."

The Task Force felt that no single model can be developed for state-local organizations in all states because of differences in traditions and governmental structure. It advocated either a state ACIR or a legislative commission

with a strong role for local governments as advisers. Senator Charles Cook of New York, who chairs such a commission, observes that it has been successful because it can "focus attention on specific issues rather than being caught up in day-to-day activities that normal committees have to deal with." As a bipartisan commission, it "is able to bypass some of the suspicion that normally accompanies program development."

While the Task Force endorsed a legislative state-local commission as a possible alternative to state ACIRs, it recognized that an ACIR also can be extremely important and useful. The Task Force emphasized that legislators should play a prominent role in ACIRs so that the ACIR is responsive to legislative concerns and its proposals receive priority attention from the legislature.

The Task Force also recommended: that the state-local organization should be created by statute rather than by executive order; that it either be part of the legislature or an independent entity, not part of the executive branch; and that it have an adequate budget and qualified staff. A model recommended for states having sufficient resources is a minimum budget of \$200,000 and a staff of at least four persons, with local governments helping to finance it.

Four important functions are envisioned for state-local organizations: to provide a forum for discussion of long-range state-local issues, a place where local officials can be heard and engaged in focused dialogue; to conduct research on local developments and new state policies; to promote experimentation in intergovernmental processes, both state-local and local-local; and to develop suggested solutions to state-local problems.

Information Needs

The Task Force had a second important process recommendation—development of an improved information base about local fiscal developments. Such a data base would keep track of changes in tax rates, expenditures, state and federal aid, tax bases, and fiscal stress, among other measures. The state-local organization should use this information to publish an annual report on the state of local governments, explaining in clear and simple language how the fiscal situation of local governments has been changing.

This sort of information system could be vital in the next decade if, as appears possible, some local governments experience increasing fiscal stress. Otherwise local representatives could find themselves in the position of the proverbial little boy who cried wolf. They have been complaining almost perennially about their fiscal problems, even though many local governments are in relatively good shape. According to Philip Dearborn, vice president of the Greater Washington Research Center, the 30 largest cities in the country are generally in the best financial shape they've enjoyed since he started tracking their fiscal position in 1971. But you wouldn't know this from listening to their mayors.

If states have a good information system, they will be able to identify which local governments are having the most trouble and to sort out some of the causes for their problems. Improved information will make it possible to raise the level of discussion of state-local issues. As one Task Force member said at the November meeting, "Many

states are spending a great amount of time collecting large amounts of information about local governments that is absolutely worthless." Legislators often suffer from information overload. What they need is not more information, but better information, presented coherently to address the issues that matter. This is a place where a state ACIR or legislative state-local commission can be extremely helpful.

Other Recommendations

The Task Force did not stop once it had identified ways of improving the process of formulating state-local policies. Rather, it went on to present some guidelines for improving policies themselves. These recommendations fall into four areas—local revenue systems, mandates imposed on local governments, sorting out responsibilities and state aid to local governments, and other low-cost ways for states to assist local governments.

One theme running through many of the policy recommendations is that, with some important exceptions, they do not have a high financial cost to the state government. With many states battling their own financial problems and finding it difficult to raise tax rates, the resources that can be devoted to aiding local governments may be limited.

Local revenue systems. The Task Force supported the idea of giving local governments more discretion in raising revenues, including the option of levying sales and income taxes. It rejected a no-strings-attached, "tax anything" philosophy, but supported adoption of a set of safeguards such as those recommended by the US ACIR, involving uniformity of state and local tax bases, limits on rates, and equalization among rich and poor localities.

While favoring revenue diversification, the Task Force urged continued reliance on property taxes as an important element of the local tax structure. It came out for reforms such as improving the quality of assessment systems, adopting state-financed relief programs to shield the poor from excessive levels of taxation, and enactment of "truth in taxation" provisions.

One area where the Task Force went beyond the US ACIR's recommendations involved the limitations imposed by states on local revenue or spending. Without taking a position in favor of or against such limits, the Task Force urged states to evaluate their system of limitations to assure that it does not prevent local revenue from rising at least as fast as the inflation rate.

Mandates. The Task Force urged states to review the mandates they impose on local governments, to consider relaxing or eliminating them, and in some cases to assume the cost of complying with them. It said that the mandates deserving closest analysis are those prescribing local personnel policies, environmental standards, service levels, and tax base exemptions. Certain mandates—such as those assuring openness, ethical behavior, and nondiscrimination—are appropriately financed at the local level, it concluded. The National League of Cities conducted a survey of its membership to help the Task Force in grappling with the mandate issue.

Sorting out and state aid. States should reevaluate their system of assigning responsibilities for various functions, including both delivery and financing of services. Such a reevaluation could help to rationalize and simplify

the intergovernmental system that has developed incrementally over time, often with confusing results. In the process, some programs might be shifted from the state to the local level, while others are transferred in the opposite direction.

The Task Force endorsed the principle of allowing the lowest level of government to keep responsibility for a function unless there is an important reason to do otherwise. Poverty-related programs are one area where the state should assume responsibility, the Task Force said. As part of the sorting out process, states should move in the direction of assuming major poverty-related costs from local governments.

Another area for reconsideration is state aid. In a period of "fend for yourself" federalism, a danger exists that inequality will increase and that local governments with relatively small per capita tax bases will be unable to finance needed services. Therefore, the Task Force called upon states to target assistance to jurisdictions with the lowest fiscal capacity, attempting to equalize resources to some extent among rich and poor communities.

Other low-cost programs. In addition to the policies outlined above, the Task Force endorsed the search for other low-cost programs, such as providing technical assistance, bond banks, and insurance pools. Although they were not specifically mentioned, shared procurement programs and investment pools are other examples of such programs.

The Task Force has finished Phase I of its work and is moving into Phase II. The current NCSL President—Representative Irving Stolberg, Speaker of the Connecticut House of Representatives—has indicated strong support for NCSL's state-local initiative. Phase II will concentrate on dissemination of the recommendations and working with states on implementing them. This work will be carried out as part of NCSL's Fiscal Federalism Project, funded by a grant from the Ford Foundation. Late in 1987, a book about how states can reform state-local policies will be published by NCSL.

How the Task Force's recommendations will be received is yet to be determined. Senator Aronoff, who chaired the Task Force while it was developing its recommendations, thinks that their timing is just right. "If the Ohio legislature is typical, there is a new awareness we have to do something for local governments. It's the hottest issue in the legislature. Members are fighting to be on committees involving local government issues."

Mayor Riley told the Task Force that, in the words of columnist Neal Peirce, we need a new state-city Magna Carta. All informed observers realize that reforming state-local policies is a major endeavor, one that will be long and difficult. But, if Mayor Riley is right, NCSL's Task Force may eventually be seen as having helped to bring about a major change in our federal system, building on the foundation laid by over a quarter century of work of the US ACIR.

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RECOMMENDATIONS OF THE TASK FORCE ON STATE-LOCAL RELATIONS

PREAMBLE

We are on the brink of a period of significant change in the way state and local governments interact. One impetus for this change, along with other factors, is the federal government's withdrawal of financial support for state and local governments. Federal aid already has decreased substantially, and further large reductions appear likely. These changes create a vacuum that forces states to reassess their policies.

States have great power to influence the services provided by local governments and the manner in which they are financed. Along with that power comes a responsibility to enact policies that create the best possible system for delivering services, consistent with the resources available. Because of the impending changes in the federal system, it is incumbent upon legislators to reconsider the entire existing system of financing local governments.

John Shannon, one of the most respected observers of federal-state-local relations, has described the current period as one of "fend-for-yourself" federalism. Just as the federal government has limited resources to help state and local governments, the ability of the states to assist local governments financially is not unbounded. One of the major challenges facing the states is to find ways to help local governments without necessarily incurring heavy financial burdens for the states.

This NCSL Task Force on State-Local Relations has developed a set of recommendations that should be helpful to states as they reassess their policies toward local governments. We recognize that many proposed policies go beyond the existing practice in many states. This does not imply that there was anything wrong with past policies but rather that the changed times require new directions.

We recognize that each state must develop its state-local policies in accordance with its unique traditions and the preferences of its citizens. No grand design for state-local relations can be developed to apply in all states. We feel, however, that the recommended policies deserve serious consideration and that the issues raised ought to be debated. We trust that our recommendations will be helpful to legislators as they grapple with the difficult challenges of this new environment.

The bulk of our recommendations fall into two categories: approaches for improving the process of developing new state-local policies and substantive policies themselves. One recommendation underlies all of our other proposals: Legislators should place a higher priority on state-local issues than has been done in the past. The time has come for states to change their attitude toward local governments--to stop considering them as just another special interest group and to start treating them as partners in our federal system of providing services for citizens. Likewise, local governments should resist a "go-it-alone attitude" and should participate in the process as partners.

IMPROVING THE STATE-LOCAL POLICY DEVELOPMENT PROCESS

If a state is to have the necessary tools to improve its system of state-local relations, two elements are critical: (1) an organization dedicated to studying state-local issues and resolving problems and (2) good information about how local governments are faring.

A State-Local Organization

A specific organization dedicated to state-local issues is needed because the profound changes in this area require ongoing study. States have research organizations and standing legislative committees capable of studying a particular problem and developing new policies to deal with it, but those existing entities have many other responsibilities and cannot continuously devote the attention that is required to state-local issues. Other reasons for creating a specific state-local organization are the complexity of the issues and the rapidity with which they are changing. The various local governments within a state differ significantly, local revenue systems are complicated, and solutions to problems must consider both revenue and spending ramifications. An organization that specializes in state-local issues is best able to study the nature of problems in this area and to suggest alternative policies for addressing those problems.

A state-local organization can perform four important functions: provide a forum for discussion of long-range state-local issues, a place where local officials can be heard and engaged in focused dialogue; conduct research on local developments and new state policies; promote experimentation in intergovernmental processes, both state-local and local-local; and develop suggested solutions to state-local problems.

No single model can be developed for such an organization because of differences in traditions and governmental structure among states, but a number of specific guidelines have been developed by the Task Force, based upon the experience of states with various approaches:

- o The organization should be created by statute rather than by executive order so that the legislature is involved in its design and operation.

- o The organization should be either a legislative commission with a strong role for local governments as advisers or a state Advisory Commission on Intergovernmental Relations (ACIR). (State ACIRs typically have members representing each major type of local government along with executive and legislative branch state officials.) If it is an ACIR, legislators should play a prominent role in it. The legislators should be drawn from among leadership and the chairmen of committees with responsibility for policies affecting local governments, including revenue, appropriations, and local affairs. It is essential that the organization have strong ties to the legislature so that (1) it is responsive to legislative concerns and (2) its proposals receive priority attention from the legislature. ACIR members should not be appointed by the governor, except for those who represent the executive branch.
- o The organization should be either part of the legislature or an independent entity, not part of the executive branch.
- o The organization should have an adequate budget and qualified staff. A recommended model for states having sufficient resources would be a minimum budget of \$200,000 and a staff of at least four persons. Local governments should participate in funding the organization.

These guidelines are at variance with most of the existing state-local organizations. According to the U.S. ACIR, 24 states have ACIRs or similar bodies, but most of them have smaller budgets and less influence than envisioned by the Task Force, and the role of legislators in most of them is too limited. We believe that state-local organizations can play a pivotal role in studying and resolving local government problems.

An Improved Information Base

One of the most important tasks of a state-local organization should be to monitor local fiscal developments and to inform the public about significant trends in local finance. We envision creation of systems to keep track of changes in tax rates, expenditures, state and federal aid, tax bases, and fiscal stress, among other measures. An annual report on the state of local governments should be published, explaining in clear, simple language how the fiscal situation of local governments has been changing.

Such an information system will be vital over the next decade if, as appears possible, some local governments experience increasing fiscal stress. State officials are certain to hear complaints from local representatives about their fiscal predicament, and they will be in a much better position to respond to those complaints if a good monitoring system is in place. Improved information will make it possible to raise the level of discussion of state-local issues.

IMPROVING STATE-LOCAL POLICIES

We have developed recommendations in three areas--local revenue systems, mandates imposed by states on local governments, and state aid to local governments, including "sorting out" responsibilities for various governmental functions. States need to reevaluate their policies in these areas for two reasons: federal aid to localities probably will continue to decrease, while increases in state aid to localities will be constrained by the state governments' own fiscal problems.

These recommendations should be viewed as a starting point for reassessing policies, not as an exhaustive list. Each state's agenda for improving its policies toward local governments will vary.

Local Revenue Systems

State governments control the revenue sources that local governments have available to them. Traditionally, the property tax has been the mainstay of local revenue systems. While there has been a shift away from the property tax, it still accounts for 50 percent of tax revenue for municipalities, 76 percent for counties, and 94 percent for townships. While the property tax is properly an important component of a balanced state-local tax system, the heavy reliance on it in many states is undesirable because the property tax is so unpopular with the public. Local governments should not be forced to depend so heavily on the most disliked state-local tax.

States should give localities more discretion in raising revenues. Sales and income taxes should be among the options available to local governments because all other nonproperty taxes, while some of them are appropriate, have only limited revenue potential. States, however, should not adopt a no-strings-attached, "tax-anything" policy for local governments. The Task Force recommends that states consider a set of safeguards such as those proposed by the U.S. ACIR that can avoid problems arising from unfettered use of these taxes. The ACIR's safeguards call for state collection and administration of local sales and income taxes, conformance of local tax bases to the state base if the state imposes the tax, encouragement of uniform or widespread geographic coverage, limits on maximum and minimum local rates, some degree of equalization of revenue among jurisdictions with large and small tax bases, and sharing earnings taxes between place of work and residence.

Another aspect of revenue diversification is promotion of user charges when they are appropriate, particularly when beneficiaries of services are easily identified and charges do not impose an unacceptable burden on low-income households. Impact fees in developing areas are an example.

States should provide technical assistance to help local governments implement user charges. Part of such assistance should be to serve as a clearinghouse for information on user charges implemented by localities.

The recommendation in favor of revenue diversification does not imply that the property tax should be abandoned. It has a valid role to play in a balanced state-local tax system. States should, however, work to make the property tax more acceptable by improving assessment systems, adopting state-financed relief programs to shield the poor from excessive burdens, and enacting "truth-in-taxation" provisions to improve public understanding of why property tax payments may be increasing.^{1/} Aspects of improving assessment systems include raising standards for assessors, providing adequate funding, having the state play a strong role in supervising assessments to ensure that laws are being followed, and basing assessments on the full value of property.

Most states limit local property taxes, total revenue, or spending in some manner. The Task Force takes no position either in favor of or against such restrictions, but it urges states to evaluate their system of limitations to assure that it does not prevent local revenue per capita from rising at least as fast as the inflation rate. Any limitations enacted should be flexible, both in that they respond to the local economy and in that they are subject to override by voter referendum. Even though the level of local taxes is the

1. "Truth-in-taxation" provisions also are known as "full-disclosure" laws. They attempt to demystify property tax changes by requiring clear explanations of why tax bills are changing, including newspaper advertisements and statements sent out with tax bills as well as extra public hearings on budgets. They separate increases due to higher assessments from increases due to rate increases.

responsibility primarily of local rather than state officials, legislators often feel that they are held accountable by their constituents when local taxes increase, which is why they often find it necessary to enact limitations.^{2/}

Mandates Imposed on Local Governments

State governments impose many costly requirements on local governments. In view of the harsh new fiscal environment faced by state and local governments, the Task Force recommends that states review their mandates placed on local governments. States should consider relaxing or eliminating those requirements and in some cases assuming the cost of complying with them. Some method should be developed, such as requiring fiscal notes, to assure that the costs of all prospective new mandates are taken fully in account before they are enacted.

The Task Force believes that the mandates deserving closest analysis are those prescribing local personnel policies, environmental standards, service levels, and tax base exemptions. Many other mandates set out standards of "good government," assuring high ethical standards, nondiscrimination, and full disclosure of government affairs to citizens. Such mandates are appropriately financed at the local level. They may, however, be reconsidered to assure that they are not unnecessarily restrictive.

One of the undesirable effects of mandates is that they may inhibit positive innovations by local governments, either in terms of cutting costs or delivering services most effectively. In weighing the desirability of particular mandates, states should be aware of this danger.

-
2. If the price level fell, it could be appropriate to force local governments to reduce their tax revenue. If such a reduction were forced while prices were rising, it sooner or later would result in a lower level of local services.

"Sorting Out" Responsibilities and State Aid to Local Governments

States have an important responsibility in a decentralized fiscal system such as ours to determine which services should be provided at the state rather than the local level and the extent, if any, to which local services should receive state financial aid. There is no single correct solution to this issue of "sorting out" responsibilities, since it depends on a state's size, diversity, wealth, and the desires of citizens, among other factors. Once established, the assignment of responsibilities usually changes only gradually if at all.

The Task Force urges that each state reevaluate its system of "sorting out" responsibilities in view of the new fiscal environment that lies ahead. This reevaluation should consider why each major program to aid local government was created and whether those reasons are still valid. It should determine the goals of specific programs and whether changes in the structure of the program might help to achieve those goals more effectively or at lower cost. The result of such a reevaluation of "sorting out" should be a simplification of the state-local system, with some programs expanded, others contracted, and still others combined or eliminated. In other words, states should take a step toward rationalizing the intergovernmental system that has developed incrementally over time, often with confusing results. In the process, some programs may be shifted from the state to the local level while others are transferred in the other direction.

The consideration of "sorting out" should be governed by certain general principles, such as keeping responsibility at the lowest level of government unless there is an important reason to do otherwise. A second important principle of federalism is that poverty-related services should be financed by the highest level of government possible, although local administration may or may not be desirable. A state or local government has no control over the

number of poor people within its borders, and there is an inverse relationship between the need for poverty-related programs and the ability to pay for them. This principle underlies NCSL's long-standing position that welfare and Medicaid programs should be national responsibilities and is reflected in the fact that most states have assumed the full cost of Aid to Families with Dependent Children (AFDC) and Medicaid programs in excess of that paid by the federal government. About half of the states also finance general assistance programs for those ineligible for categorical welfare programs. As part of the "sorting out" process, states should move in the direction of assuming major poverty-related costs from local governments.

States need to develop sophisticated formulas for distributing local aid. In a period of "fend-for-yourself" federalism, a danger exists that inequality will increase and that local governments with relatively small tax bases in relation to their populations will be unable to finance needed services, particularly if federal aid cutbacks affect them disproportionately. States should target assistance to jurisdictions with the lowest fiscal capacity, attempting to equalize resources to some extent among rich and poor communities. Aid formulas also should reflect needs for services and spillovers of benefits and costs among local jurisdictions.

By its very nature, the implementation of a process of "sorting out" will affect the relationships of local governments with the state and with one another. States should anticipate the difficulties this process will entail. They should develop procedures that provide the means of resolving the disputes that arise as "sorting out" takes place. Simplification, in other words, must be coupled with flexibility.

Other Low-Cost Ways for States to Assist Local Governments

A theme running through many of the above recommendations is that states should search for methods of helping local governments without incurring heavy financial costs for state government itself. Allowing localities to tap new tax sources, relaxing mandates, providing technical assistance in implementing user charges--all of these do not cost states much money and yet could be beneficial.

Providing technical assistance is a low-cost activity that can pay big dividends, especially for small governments. State help is particularly appropriate when activities involve new functions or processes, when common issues are faced by a broad spectrum of local governments, and when economies of scale are significant. These conditions often exist when activities involve information and technical expertise. State-financed "circuit-rider" programs are popular with local governments in many states, as are bond banks and insurance pools in which the state combines the resources of a large number of small communities.

Approved: New Orleans, Louisiana
August 5, 1986

Local Government Center

MONTANA STATE UNIVERSITY
Department of Political Science
Bozeman, MT 59717

Telephone (406)-994-6694



EXHIBIT

E-1129/87

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EXHIBIT 3

DATE 1/17/89

HB 148

WEDNESDAY, MARCH 9, 1988

The Billings Gazette

OPINION

The Billings Gazette is dedicated to the con-
Billings and Montana while recognizing the
quality of life must be maintained and present

Commission promising

State and local governments in Montana have been playing ping pong for years.

The state bats problems into the local governments' court, and local government bats blame back at the state.

GAZETTE OPINION

The result, of course, is uncertainty and a general distrust of the system, so the public attempts to "run" the initiative process. The state Attorney General's office has considered, or is considering, 36 voter initiatives ranging from the ridiculous to the sublime.

That path is fraught with little promise and great danger. On the other hand, it is obvious that "something" must be done.

Gordon Morris, executive director of the Montana Association of Counties, said lawmakers have treated local officials like special interest groups, rather than partners in delivering essential services.

Alec Hansen, executive director of the League of Montana Cities and Towns, said that if local officials are given a role in developing the legislation they must enforce at the local level, they would become defenders rather than victims of the Legislature.

Both men were right, and now state and local governments are considering a means to do just as Hansen suggests, to find intergovernmental solutions to problems facing this state.

In a few weeks, local officials, legislators and other state officials will meet to discuss creation of a Montana Advisory Commission on Intergovernmental Relations.

The move has great promise. For too long, the state has been balancing its problems on the shoulders of local government, while denying local government the control it needs to deal with those problems.

The commission would bring the Legislature together with local government to ensure that residents' needs take precedence over political expediency. That's a step in the right direction.

VOA

Strength

Robert Collier says is applied in study of my psychology needed more computer auto wreck, theory by study of education, habitations Workshop, tw EMC, several quarterly Band and more earlier political science helped from 1981 to but I have gained much

Put sales

Well, in the Gazette a sales tax — Hager. No Cal Winslow, all tax go know how much in wages farm. But it isn't much of I just heard a few Hampshire. They don't I other thing you don't see I guzzler politicians eating

EXHIBIT 4
DATE 1/19/89
HE 148

An idea whose time has come

Historically, the Legislature has treated local taxing entities — counties, cities and schools — just like any other special interest group instead of partners in delivering necessary public services.

There also has been a great reluctance on the part of the Legislature to give local governments the power they need to perform many of these public services.

The problem is further exacerbated by the tendency of legislators to pass bills mandating that cities and counties provide a specific service or increase funding for a certain program without providing the necessary funds.

AN IR VIEW

When the Legislature eliminated the business inventory tax local governments were assured the lost revenue would be replaced. It wasn't.

In another case cities were told to increase their contributions to the police retirement fund, but weren't given the fiscal wherewithall to carry out the mandate.

When Glen Drake of Helena served in the Montana Senate he sponsored a bill that became known as the Drake Amendment. It stated that any time the state requires local governments to perform a certain service it must provide the funding.

The Legislature got around that by providing authority to local governments to levy extra mills.

Gordon Morris of the Montana Association of Counties noted that in the days of unsophisticated local governments the Legislature probably had legitimate reasons to limit local authority. "But in the past 20 years or so the level of professionalism in local government has increased dramatically," he said.

Morris and Alec Hansen of the Montana League of Cities and Towns hope to remedy the problem via the creation of a Montana Advisory Commission on Intergovernmental Relations.

Membership probably would consist of representatives of local government, legislative leaders, special taxing entities such as conservation districts, the university system and state agencies, such as the Department of Revenue.

They hope to have the commission formed so they can meet this summer and discuss common issues and needed legislation.

An advisory commission on intergovernmental relations is long overdue.

It will promote a better understanding of the various levels of government. It will also enable members to look at the whole structure of government financing.

It's an excellent way to exchange important information and become more aware and informed about problems at all levels of government and possible solutions.

"It was local governments who got together and decided we needed a state," Hansen said. "But somewhere along the line we kinda got things backwards."

"Of course did

Missoula Co. Trustees Assn
Kera Cahoon

HOUSE BILL 148 HOUSE LOCAL GOVERNMENT COMMITTEE 1/19/89

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Need; I question the need the need for creating another bureaucracy of this magnitude at this time. Local governing bodies have numerous agencies now in place to address their problems, The cities have the league of cities and towns and the counties have MACO. as well as numerous organizations for each elected county official. Systems are already in place for whatever resear6ch they might need to deal with local government issues. It appears that MACO has committee meeting on almost every aspect of local government. Looking at my commissioners schedule, I find two of those committees meeting in Helena today. We do not believe that legislators are in need for more advice from local officials or that model legislative bills, local ordinances and resolutions are necessary. It is the duty of the duly elected legislators and elected heads of government to work through the already existing agency (Legislative Council) to design appropriate legislation for the individual districts and counties.

It seems that the electors will be left out when it comes to requesting help from their elected official (legislator) and it will make it more difficult for him to fulfil his campaign promises.

The bill is vague in many areas. It does not state that the legislative appointments will be representative of both parties or of counties of various size. The commission is also top-heavy with government appointments.

We have not been strong supporters of MACO--however we have conceded that their organization does perform a few good services for the counties. To attempt to

COMMISSIONERS SCHEDULE
JAN. 16 - JAN. 20

MONDAY, JANUARY 16, 1989

AMD - Dept. of Labor PIC Meeting - Helena
8:00 - 9:30 a.m. - Handle Admin. Matters - 204
9:30 - 10:15 a.m. - BCC - Departmental Meeting (Health Dept.) - 201
10:30 - 11:00 a.m. - BCC - Administrative Affairs - 201
11:15 - 12:00 noon - BCC - Departmental Meeting (Commissioners Office) - 201
1:30 - 3:00 p.m. - BCC - Rural Planning Staff - 201
3:00 - 5:00 p.m. - Handle Admin. Matters - 204
7:00 - p.m. - JS, John et.al. - Seeley Lake Community Council Meeting (Seeley Lake)

TUESDAY, JANUARY 17, 1989

AMD - Loss Control Workshop (Great Falls)
8:00 - 9:30 a.m. - Handle Admin. Matters - 204
9:30 - 10:15 a.m. - BCC - Departmental Meeting (Surveyor) - 201
10:30 - 11:00 a.m. - BCC - Administrative Affairs - 201
11:15 - 12:00 noon - BCC - Departmental Meeting (Office of Community Development) - 201
1:30 - 3:00 p.m. - Handle Admin. Matters - 204
3:00 - 5:00 p.m. - BE, JS - Clean Air Week Participation (Downtown and Southgate Mall)

WEDNESDAY, JANUARY 18, 1989

8:00 - 9:30 a.m. - Handle Admin. Matters - 204
9:30 - 10:15 a.m. - BCC - Board Interviews - 204
10:30 - 11:00 a.m. - BCC - Administrative Affairs - 201
11:15 - 12:00 noon - BCC - Board Interviews - 204
12:00 - 1:30 p.m. - JS - CTI (Combined Training Institute) Luncheon Meeting (Holiday Inn)
1:30 - 2:30 p.m. - WEEKLY PUBLIC MEETING - 201
2:30 - 3:00 p.m. - Handle Admin. Matters - 204
3:00 - 5:00 p.m. - BCC, John, Dan Corti, Jon S., Pat O. et.al. - Marty Jessen (Freshwater Foundation) - 201

THURSDAY, JANUARY 19, 1989

JS - MACo Health & Human Services Committee Meeting (Helena)
AMD - MACo Taxation & Finance Committee Meeting (Helena)
8:00 - 12:00 noon - Handle Admin. Matters - 204
1:30 - 5:00 p.m. - Handle Admin. Matters - 204

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FRIDAY, JANUARY 20, 1989

AMD, JS - Local Government Day - State Capitol (Helena)

8:00 - 12:00 noon - Handle Admin. Matters - 204
1:30 - 3:00 p.m. - Budget Team Meeting - 204
1:30 - 5:00 p.m. - Handle Admin. Matters - 204

PUBLIC MEETING

January 18, 1989 - 1:30 p.m.

Room 201 - Courthouse Annex

A G E N D A

1. CALL TO ORDER
2. BID AWARD (postponed from January 11th):
One (1) Used Portable Jaw-Cone Crushing System (Surveyor)
3. HEARING (Certificate of Survey Review):
Use of Occasional Sale (John Bourke/George Doherty)

4. OTHER BUSINESS

5. PUBLIC COMMENT

6. RECESS

"CLEAN AIR WEEK"

January 15 - 21st, 1989

There will be NO WEEKLY PUBLIC MEETING on Wednesday, February 15th, as the Commissioners will be attending the MACo Midwinter Meeting in Helena.

Ann Mary need not
apologize for Mc's Inhibitors
We are proud of our organization
& involvement in gov. affairs
We are the ground & we have
the right to speak wherever our
rights, and property & lives are
affected

Form private non-profit
research organization that
could operate on private grants.

We think it is the responsibility
of the legislature to understand
chartered gov. operations &
public officials in town should
do the same.

~~Ann Mary~~

H.B. 148

Missoula Co. Fruit Holders Comm.
Julie [unclear] 7

1/15/89
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FINANCE:

The section (8) regarding finance is vague since there is no estimate of what it will cost to operate an agency such as this and there is no indication of how much money will come from the taxpayers on the local level. How much are they anticipating the state and counties to appropriate and where do they plan to get revenue with state, county and municipal governments already strapped?

The legislature will have no control over this agency due to the statutory appropriation and what will you do if it doesn't work? Grant program is mentioned, but you must be aware that grant money is also tax dollars.

(SECTION 6)

There are no limits to the numbers of the staff personnel and what kind of salaries are proposed? There is no fiscal note attached to this bill so we are unable to guess what kind of a budget you are looking at.

*For-profit organization outside
Gov't entities*

Stu
THIS LOOKS GOOD. WALK

THOUGHT OUT AND DOCUMENTED
I RECOMMEND THAT YOU DISCUSS
WITH HALL, OUR CITY REP.

INTER-OFFICE MEMORANDUM
CITY OF GREAT FALLS, MONTANA

***** EXHIBIT 8
DATE 1/19/89
Bill Request

TO: Erl Tufte, DPW Director

DATE: January 4, 1989

FROM: Stu Pearson, City Engineer

SUBJECT: Local Review of Public Utility Extensions to Subdivisions of the City

After working with the Montana Subdivision regulations over a number of years, I am of the opinion that the City and local developers would be greatly benefitted by the State delegating review authority of public utility (water and sewer) extensions. Present regulations (MCA 75-6) require the Department of Health to review all extensions prior to construction. The problem is the review time required to complete the review and approval.

Development in Montana and in Great Falls, in particular, is always a difficult process. The construction season is approximately 6 months long which requires that the planning for any current construction season should have been done during the prior 6 month period. Unfortunately developers do not appear to follow the desirable schedule. The result is that much of the construction season is spent in the planning and approval stages. Accepting as a given, that developers are following economic parameters which cycle independent of desirable planning and construction timing, it appears incumbent on the regulatory arm of government to develop the most efficient means of processing those applications for utility extensions.

Typically a developers' Engineer brings a set of plans in for review by the City prior to submittal to the State. Depending on staff priorities, up to a week may be required to review the plans. Subsequently, a submission is made to the State to review the same plans. Turn around time by the State on recent projects are listed as reported by the consulting engineers for the project(s).

	Development	#Lots	L.F. Sewer	L.F. Water	Review Time Days
Woith	Beebe Tracts 4 & 5	4	1550	-0-	<u>16</u>
Delta	Bel-View Block 16	16	1042	602	<u>63</u>
Fontana	Bel-View Block 3	7	340	898	<u>30</u>
Woith	Mont. Add. Blk's 8 & 11	7	267	277	<u>74</u>

-129-

	Development	#Lots	L.F. Sewer	L.F. Water	Review Time Days
Turnbull	Westwood #5	1	433	-	<u>99</u>
Delta	Falcon Ridge	15	1515	423	<u>174</u>
Fontana	Beebe Tract 12	1	-0-	90	<u>21</u>
Fontana	Boland Add'n	30	-0-	1000	<u>45</u>

The previously described process is (redundant and linear) in nature. The redundancy occurs where local government reviews and approves plans to the same standards as the subsequent review by the State. To reduce the review time measurably it is necessary to inspect the review time of each agency involved. The review time for the City is 5 working days (maximum). For the State, the review time is as tabulated above. Deduction would indicate that the City would appear to be the faster of the two agencies and the agency to review the extensions.

However, prior to presenting the proposal a brief overview is felt necessary to more clearly define the intent of the proposal. The proposed modification to the Montana Code Annotated proposes delegation of power and redefinition of responsibility, in part, of the Department of Health and Sciences (DHS). The proposal is structured not to eliminate DHS from the process but, where possible, reduce their responsibility from an on-line review agency to a monitoring agency. As a monitoring agency DHS ensures the proper standards are being enforced during the review and receives copies of the approved drawings for report and informational purposes. This approach would 1) reduce the review time, 2) utilize all personnel in the process more effectively and 3) create a team structure as opposed to the several entity structure which currently exists.

The proposal is modify MCA 76-4-131 to allow the addition of the new section "76-4-132" which is parallel to MCA 76-4-128 in delegation of authority as follows:

"76-4-131." Applicability of public water supply laws. The exclusions provided for in 76-4-121 thru 76-4-130 shall not relieve a person of the duty to comply with the requirements of Title 75, Chapter 6." and as provided for in 76-4-132.

"76-4-132." Delegation of department review to local government.

(1) The department shall delegate to a local government the authority to review and approve the necessary maps, plans and specifications to alter or extend any system of water distribution, sewer, drainage, waste water or sewage disposal under this part when the subdivision involves 50 or fewer connections, and the local government has qualified personnel to adequately review the facilities.

(2) When a local government has conducted a review of a subdivision pursuant to this section, it shall advise the department of its recommendation for approval or disapproval of the subdivision. The department shall, within 10 days after receiving the recommendation of the local government, make a final decision on the subdivision.

(3) In delegating authority pursuant to this section, the department shall enter into an agreement with the local government, wherein, the department will allow the local government to collect \$15.00 per parcel for its review of the subdivision and a specified amount per parcel for the department.

----- Proposed for deletion
_____ Underlined-proposed for addition

I would like to have this proposal transmitted to the Montana League of Cities and Towns where it can be presented for their consideration. If favorable comment is received from MLCT, I would like this proposal to be considered by the current Montana Legislature now in session.

Handwritten notes:
Curt
M...
Sept
H...
2-1-61

The State
Department has adopted as
its approved engineer design
standards - ^{the} (10) San State
Standards. These standards
apply currently statewide,
therefore the city review
authority is currently standard
and in some cases more
stringent than the Department
of Health.

Current law requires the
appropriate state department
return on first submittal
by 60 days.

Please Print

WITNESS STATEMENT

NAME Lyle P. Nagel BILL NO. HB 121

ADDRESS Box 93 Simms Mt. 59477

WHOM DO YOU REPRESENT? Mt. St. Vol. Firefighters Assn.

SUPPORT OPPOSE AMEND

COMMENTS: Fire Service Areas in most cases receive fire protection from fire companies formed under 7-33-2311 and 7-33-2312. 7-33-2208 refers to County Fire Chiefs (7-33-2203) and fire district chiefs. There is no mention in any statutes of the fire chief of a fire company or fire service area. Line 20 of page 1 should be amended by inserting the words LINE 20 or fire company after the word area. This would afford immunity to all volunteer fire chiefs.

Page 2 line 9. This added paragraph may already be covered in ~~7-33-2106~~ 7-33-2403 (2) By choosing this option they will determine that trustees are to be elected and not appointed when future trustees are chosen, 7-33-2106 allows for election or appointment.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

Local Government COMMITTEE

BILL NO. 148

DATE 1/19/89

SPONSOR HARPER

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Julie Hacker	Mesa Co. Freeholders		X
VERA CAHOON	Mesa Co Freeholders		X
Janet E. Taylor	Mesa Co Freeholders		X
Bertha Traylor	Eagle Forum M.		
John E. Thomas	See	✓	
K. H. Waver	Local Gov Center		
Alfred Kaschube	Local Gov. MACO	✓	
Milton Markson	Local Gov MACO	✓	
Gordon Morris	MA Co.	✓	
A. R. (Tom) Hagan	"	✓	
Dwight Marley	Yellowstone	✓	
Alec Hunsen	MLCT	✓	
AM DASSAULT	MACO	✓	
Kay Foster	City of Bly ^{City Council}	✓	
Judy Matthei	Local Govt. Center		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FOR
PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

