

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON LOCAL GOVERNMENT

Call to Order: By DIANA WYATT CHAIR, on January 17, 1991, at 3:00 P.M.

ROLL CALL

Members Present:

Diana Wyatt, Chair (D)
Jessica Stickney, Vice-Chair (D)
Joe Barnett (R)
Arlene Becker (D)
Vivian Brooke (D)
Dave Brown (D)
Brent Cromley (D)
Paula Darko (D)
Tim Dowell (D)
Budd Gould (R)
Stella Jean Hansen (D)
Harriet Hayne (R)
Ed McCaffree (D)
Tom Nelson (R)
Jim Rice (R)
Sheila Rice (D)
Richard Simpkins (R)
Norm Wallin (R)

Staff Present: Bart Campbell, Legislative Council, and Lois O'Connor, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

HEARING ON HB 64

Presentation and Opening Statement by Sponsor:

REP. PECK, House District 15, stated HB 64 would change the membership of the museum board from three to five, staggering terms. These members will be appointed, not elected, and cannot serve more than two consecutive terms. The increase in board members, will enable distribution of representation in the counties better.

Proponents' Testimony:

Larry Summer, Director, Mt. Historical Society, supported the bill and provided written testimony. **EXHIBIT 1.**

Questions From Committee Members:

REP. MCCAFFREE asked REP. PECK if he would object to changing the language to "up to five members". REP. PECK said no.

REP. CROMLEY asked REP. PECK if there was a need to limit the number of terms or if it should be left up to the county commissioner. If they limit the terms, shouldn't they also set the length of the term. REP. PECK replied the appointment time would be five years, staggered; it was not a big issue. REP. CROMLEY stated that the term is not presently in the bill and it should be. REP. PECK agreed.

REP. NELSON agreed with REP. MCCAFFREE'S suggestions on the bill and asked REP. PECK if he would object to changing the expiry portion. REP. PECK had no objections.

REP. STICKNEY asked REP. PECK which museums this applied to, a solely owned county museum. REP. PECK responded that the bill read each county owning or acquiring. So it would have to be under county ownership.

Closing by Sponsor:

REP. PECK urged support of HB 64.

HEARING ON HB 119Presentation and Opening Statement by Sponsor:

REP. REAM, House District 54, said this bill addresses 71-24-102, MCA which provides for special improvement districts to acquire land to be designated as public park or open space land.

Proponents' Testimony:

Chuck Stearns, Finance Director, City of Missoula, stated HB 119 would allow cities to use special improvement districts to acquire park land and open space land. Currently, the law prevents this. Cities can acquire land for recreational facilities.

Alec Hansen, League of Cities and Towns, stated the bill would work for all cities and towns. Clarification of the existing law is needed.

Questions From Committee Members:

REP. WALLIN asked REP. REAM if it were possible for cities to acquire park land. REP. REAM preferred to have Chuck Stearns answer the question. Mr. Stearns stated cities can acquire park land for general use; but to do so, cities have to use general taxation or general obligation bonds for the entire city. The

subdivision laws provide money in lieu of taxes that can be used but only for developing existing parks.

REP. SIMPKINS asked Alec Hansen if the situation in the past was that cities have supported parks in neighborhoods, but now with the tight fiscal situations for cities, will districts have to back their own park development. Mr. Hansen replied special districts and user fees are becoming an issue. If a special improvement district wanted to acquire park land, it should be clarified how in the law.

REP. WALLIN asked Mr. Hansen if the bill were needed. Mr. Hansen said yes. A SID could be used to construct a recreational facility. This bill extends the authority to the purchase of land. We are here to clarify the law.

REP. MCCAFFREE asked Mr. Hansen if under the new proposal, would it exempt people living in the district from paying taxes on the remainder of city parks. Mr. Hansen replied it would depend on how the districts are set up. Mr. Hansen asked Chuck Stearns to answer the question. Mr. Stearns replied that people would still pay for general parks because everyone who has taxable property pays for those.

REP. SIMPKINS asked Mr. Stearns if he didn't have the restrictions under I-105, could the taxes in his community to be raised to support all the parks. Mr. Stearns said it is difficult to sell a general tax increase for a particular neighborhood.

Closing by Sponsor:

REP. REAM urged the passing of HB 119.

HEARING ON HB 123

Presentation and Opening Statement by Sponsor:

REP. STELLA JEAN HANSEN, House District 57, said the bill would allow local governments to transfer unused employer group insurance contributions to a special account. These are self-insured entities. We are asking for authority to transfer that money into a special fund to use for other things concerning insurance programs. It is already used in the state statutes for their employees. The local governments are asking that they be allowed to do the same thing with their self insurance funds.

Proponents' Testimony:

Chuck Stearn, Finance Director, Missoula, stated one tax levy is reduced and another increased to stay under the I-105 cap. Cities need the ability to transfer unused funds as the state does to the self insurance fund for the employees. This bill would give more flexibility to transfer funds. Mr. Stearns

provided written testimony. **EXHIBIT 2**

Dave Hartman, Executive Secretary, Mt. Education Association, offered an amendment to HB 123 which would extend the same opportunity to local governments as it now exists for the state of Montana. School districts should also be added to the proposal. **EXHIBIT 3**

Alec Hansen, League of Cities and Towns, stated they support the bill and amendment. It is a better way to manage a self funded health insurance program.

Questions From Committee Members:

REP. S. RICE stated that cities have a permissive mill levy. She asked **Dave Hartman** what happens in school districts with the excess. **Mr. Hartman** said that unused employer contributions at the end of the fiscal year are treated as any fund balance and subject to cash reappropriation.

REP. WALLIN asked if funds are reinsured in case there are many claims at once. **Mr. Hartman** said they do not deal with commercial underwriters but employers who have elected to self-insure their own programs. **REP. WALLIN** was concerned where the special fund premiums are put. What protection do employees have that the fund is adequate to cover claims. **Mr. Hartman** replied the amount contributed by the employer is discussed in the collective bargaining process as well as safeguards for employees.

REP. T. NELSON asked **Bart Campbell** to clarify the unused employer contributions in the New Language and should it be more firm in the bill. **Mr. Campbell** replied yes and asked **Chuck Stearns** for clarification. **Mr. Stearns** said he specifically wanted the bill to read "may" because without this authority, they have to lower the tax levy for health insurance. If they have the authority, the local city council or county commissioners can transfer the funds to the reserves for the benefit of the employee and to offset losses.

REP. WALLIN asked **Bart Campbell** if the amendments submitted by **Mr. Hartman** would transfer funds into a single account or separate account. Separate accounts was the advice of **Mr. Campbell**. **REP. WALLIN** stated if that were the case, a section would have to be amended. **Mr. Campbell** replied he didn't have a problem with the way it is written; but if the committee is concerned, he could clarify it in the amendments.

REP. MCCAFFREE asked **Mr. Stearns** why transfer money from the insurance fund into another fund; is the city not allowed to carry a surplus in a fund. **Mr. Stearns** stated planned reserves are carried in an employee benefit plan. Auditors want the tax levy in its own fund, separate from the employees reserves. **REP. MCCAFFREE** asked if there is a reserve, why not lower the stop

loss or premium. Mr. Stearns replied they have to keep a certain level of reserves, and have to reinsure to prevent erosion of the reserves. The choice to reduce the stop loss or premium insurance is an annual choice through union negotiations and the city council's budgetary process.

REP. DARKO asked Kathy Fabiano, Office of Public Instruction, to comment. Ms. Fabiano expressed concern that the bill excludes teachers. This law is written for the state which is self-insured for health insurance. The state contribution is set in statute. What is the definition of unused contributions for local government and school districts. The bill does not clarify self-insured school districts. Many districts are not self-insured and their contributions are paid out of the General Fund. The General Fund for school districts is allowed to have a reserve. Legislation has been introduced to make selfinsurance funds actuarially sound. If a fund is sound, the contributions are calculated to include a reserve. Ms. Fabiano said the amendments needed more clarification as to intent.

REP. SIMPKINS stated employees are taxed based on anticipated expense. Moving the money around means an added tax based on the same anticipated expense. If you have vacancies, the budget is not being used. This is taxpayers' money. He asked Mr. Stearns if the taxpayers should get that money back. Mr. Stearns said under I-105 taxes cannot be raised. This flexibility would allow them to meet health insurance costs by using the money levied.

Closing by Sponsor

REP. STELLA HANSEN stated that the counties and cities should have the same flexibility to transfer funds as the state.

EXECUTIVE ACTION ON HB 39

Motion:

REP. GOULD made the motion of Do Pass.

Discussion:

REP. SIMPKINS asked Bart Campbell for information on the gasoline tax. Mr. Campbell stated it would not exempt the motor vehicle from paying the state gasoline tax. We are dealing with property taxes. There are other sections of the Montana Code that deal with gasoline taxes. Counties do not pay property tax on motor vehicles.

REP. D. BROWN stated the not-for-profit water companies that deliver potable water wanted exemptions on their vehicles and couldn't. That is why this bill was presented.

Recommendation and Vote:

The motion of DO PASS carried with REP. WALLIN voting no.

EXECUTIVE ACTION ON HB 35

Motion:

REP. MCCAFFREE made the motion to TABLE HB 35.

Recommendation and Vote:

HB 35 was TABLED with REPRESENTATIVES J. RICE, S.J. HANSEN, BROOKE, DOWELL and CROMLEY voting no.

EXECUTIVE ACTION ON HB 64

Motion:

REP. GOULD made the motion of Do Pass.

Amendments, Discussion, and Votes:

REP. BROOKE asked for an amendment stating the board be gender balanced. REP. BROOKE'S amendment failed. Motions were made for changing the language from "five members" to "up to five members" and to amend the term "five year term" to "no longer than five years" by REP. CROMLEY. The amendments passed unanimously.

Recommendation and Vote:

REP. P. DARKO moved HB 64 DO PASS AS AMENDED. The motion passed unanimously.

EXECUTIVE ACTION ON HB 119

Motion:

A motion of Do Pass was made by REP. GOULD.


Recommendation and Vote:

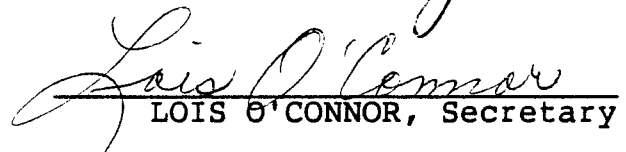
HB 119 carried as DO PASS with REP. BECKER voting no.

REP. DOWELL stated that the subcommittee on HB 57 will meet Tuesday, January 22, 1991 in room 312-2.

ADJOURNMENT

Adjournment: 4:30 p.m.


DIANA WYATT, Chair


LOIS O'CONNOR, Secretary

DW/lo

HOUSE OF REPRESENTATIVES

LOCAL GOVERNMENT COMMITTEE

ROLL CALL

DATE 1-17-91

NAME	PRESENT	ABSENT	EXCUSED
Rep. Paula Darko	X		
Rep. Jessica Stickney, Vice-Chair	X		
Rep. Joe Barnett	X		
Rep. Arlene Becker	X		
Rep. Vivian Brooke	X		
Rep. Dave Brown	X		
Rep. Brent Cromley	X		
Rep. Tim Dowell	X		
Rep. Budd Gould	X		
Rep. Stella Jean Hansen	X		
Rep. Harriet Hayne	X		
Rep. Ed McCaffree	X		
Rep. Tom Nelson	X		
Rep. Jim Rice	X		
Rep. Sheila Rice	X		
Rep. Richard Simpkins	X		
Rep. Norm Wallin	X		
Rep. Diana Wyatt, Chair	X		

HOUSE STANDING COMMITTEE REPORT

January 17, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Local Government report that
House Bill 119 (first reading copy -- white) do pass.

Signed: _____

Diana Wyatt, Chairman

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HOUSE STANDING COMMITTEE REPORT

January 17, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Local Government report that House Bill 119 (first reading copy -- white) do pass.

Signed: _____

Diana Wyatt, Chairman

M A M museums association of montana

16 January 1991

Diana Wyatt, Chair
House of Representatives Committee on Local Government
Capitol Station
Helena, Montana 59620

Dear Madam Chair and Members of the Committee:

The Museums Association of Montana, a statewide organization which represents over 100 museums, historic sites, and other associations that have an interest in preserving our cultural heritage, supports House Bill 64 sponsored by Representative Peck.

This legislation would assist many of our member institutions by enabling them to obtain a more diverse and dynamic representation on their Boards of Trustees. As a result, museums in Montana will be able to obtain increased participation in supporting their organizations while allowing them to respond to broader needs of the local community.

Thank you for this opportunity to present testimony.

Respectfully Submitted,



Ruth Towe, President
Museums Association of Montana
c/o Moss Mansion
914 Division Street
Billings, Montana 59101

RT/sn



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DATE 1-17-91

123

CITY OF MISSOULA **CHUCK STEARNS TESTIMONY ON HOUSE BILL #123**

The City of Missoula supports HB123 and thanks Representative Hansen for introducing this bill. This bill would give local governments the same authority that the State of Montana has in transferring unused employer contributions which were budgeted for medical/dental insurance purposes to a special account for the benefit of the separate medical/dental insurance account or fund.

The City of Missoula has a self-insured medical/dental insurance program. The plan currently has a cash balance of \$314,293.86, but this balance dipped as low as \$126,446.76 in April, 1990. With monthly claims averaging \$50,000, the April, 1990 balance equalled only 2.5 months of claims in reserve. This level of reserves is quite low.

The change of HB123 would allow us to transfer unused employer contributions for group health insurance (last June 30 = \$55,338) from the health special levy fund to the medical/dental self-insurance fund rather than having to use the cash balance to reduce the mill levy by the amount of cash balance remaining.

Medical insurance costs have spiralled beyond the control of local governments in recent years. HB123 would not allow any additional taxing authority, but would allow local governments more flexibility and better use of the taxing authority that already exists.

We believe that this authority is already beneficial for the State of Montana and its' employees and should be an option that local governments have. We thank you for your consideration of HB123 and urge your concurrence.

EXHIBIT 3
DATE 1-17-91
HB 123

Proposed Amendments to House Bill 123

House Bill 123 is hereby amended to read as follows:

1. Page 1
Line 5
Following: "GOVERNMENTS"
Insert: "AND SCHOOL DISTRICTS"

2. Page 2
Lines 16 & 17
Following: "government"
Insert: "or school district"

3. Page 2
Add lines 21 & 22 (new section) to state:

"Section 2. Effective date. [This act] is
effective on passage and approval."

VISITORS' REGISTER

Local Govn.

COMMITTEE

BILL NO.

119

DATE

Jan 17, 1991

SPONSOR _____

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Chuck Stearns	City of Missouri	X	
Alec Hansen	MIC	X	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER
Local Gown COMMITTEE

SPONSOR

DATE _____

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

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VISITORS' REGISTER
Local Govn. COMMITTEE

SPONSOR

DATE _____

CS-33