

## **MINUTES**

### **MONTANA SENATE 53rd LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON LOCAL GOVERNMENT**

**Call to Order:** By Senator Kennedy, on January 7, 1993, at  
1:00 p.m.

#### **ROLL CALL**

##### **Members Present:**

Sen. Ed Kennedy, Chair (D)  
Sen. Sue Bartlett, Vice Chair (D)  
Sen. Dorothy Eck (D)  
Sen. Delwyn Gage (R)  
Sen. Ethel Harding (R)  
Sen. John Hertel (R)  
Sen. David Rye (R)  
Sen. Bernie Swift (R)  
Sen. Eleanor Vaughn (D)  
Sen. Mignon Waterman (D)  
Sen. Jeff Weldon (D)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Connie Erickson, Legislative Council  
Roselyn Cooperman, Committee Secretary

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

##### **Committee Business Summary:**

Hearing: SB 8, SB 25  
Executive Action: SB 8

#### **HEARING ON SB 8**

##### **Opening Statement by Sponsor:**

Senator Francis Koehnke, Senate District 16, stated SB 8 would allow commissioners of fourth class counties the option to serve part time. This bill was drafted at the request of Broadwater County commissioners in response to their recent reclassification from a fifth class to a fourth class county. Current law states that as a class four county, they are required to meet full time. Senator Koehnke believes this bill will save money, and also noted this bill will not affect other counties classified as class four counties.

**Proponents' Testimony:**

Mr. Bob Davis, Chair, Broadwater County commissioners spoke from prepared testimony in favor of SB 8. (Exhibit #1)

Mr. Gordon Morris, Director, Montana Association of Counties (MACo) stated there were currently five counties with a class four designation: Teton, Musselshell, Wibaux, Custer, Beaverhead. He recognized from the audience Mr. Arnie Gettel, Teton County Commissioner, who did not testify on SB 8. Mr. Morris added that bill would impact these remaining counties because it would now be permissive and within the commissioner's discretion to opt whether or not to salary themselves at the class four level or be paid on a part time basis. Mr. Morris noted this bill would probably pressure commissioners in this class to be paid part time when, in some cases, payment for full time might be justified and warranted. He stated MACo had no position on the bill as long as the bill was supported by the commissioners. Mr. Morris commented on the drafting of SB 8 and stated he would have left the bill as it was in regard to Section 1 language, "each member of the board of county commissioners" and struck "class four". This, in his opinion, would have eliminated the need for the third section of the bill as it would automatically put them in Section 2 along with class five, six and seven counties. Mr. Morris concluded MACo would support SB 8 if the Committee members did so.

**Opponents' Testimony:**

None.

**Informational Testimony:**

None.

**Questions From Committee Members and Responses:**

Senator Eck asked Mr. Morris if he had heard any comments from the other four counties in opposition to this bill. Mr. Morris said he spoke with Teton county commissioners who felt they would be somewhat uncomfortable in terms of the public pressure in support of all class four commissioners taking less than full-time pay.

Senator Eck asked Mr. Morris to clarify the difference between class three and four counties. Mr. Morris explained the difference was solely based on taxable value.

Senator Swift asked Mr. Morris if the provision for class four commissioners to be paid less than full time was absolutely optional. Mr. Morris replied yes, and noted Section 2 and 3 were

essentially the same language in that the option to do so currently exists for commissioners in classes five, six and seven.

Senator Gage asked Mr. Morris if the Committee would be better advised to put in an effective date which corresponds with the starting fiscal year of the county rather than October 1st. Mr. Morris agreed with Senator Gage and suggested an immediate start date upon passage of the bill to account for salary resolutions done by commissioners during the month of July.

Senator Bartlett noted in Section 1 of the bill the commissioner's salary is based on the clerk and recorder's salary plus \$2,000 while in Section 2 the commissioner's salary is equal to just the clerk and recorder's salary. She concluded the difference in salary may be the reason for the addition of Section 3.

**Closing by Sponsor:**

Senator Koehnke said he did not object to the amendment if his commissioners did not object. In the event that they did object, he would probably oppose this amendment on the floor.

**EXECUTIVE ACTION ON SB 8**

**Motion:**

Senator Waterman moved SB 8 DO PASS with an amendment for an immediate effective date.

**Discussion:**

Senator Kennedy asked Connie Erickson to prepare an opinion on Mr. Morris' suggestion to delete Section 3 of the bill by striking "fourth class" from Section 1 at the time of executive action. Senator Eck requested that Connie Erickson also prepare an amendment for an immediate effective date. Senator Waterman preferred the committee add an immediate effective date since she felt adding class four commissioners to Section 2 would decrease their salary and penalize them when it was the commissioners who had come forward to request they be allowed to work less than full time. Connie Erickson asked if the committee wanted an immediate effective date or a July 1st effective date. Senator Eck preferred an immediate effective date as it would allow them to set salary schedules prior to adopting the budget in July. Senator Gage agreed with Senators Eck and Waterman in an immediate effective date amendment.

**Vote:**

Motion that SB 8 DO PASS AS AMENDED CARRIED UNANIMOUSLY.

**Discussion:**

While the Committee waited for the return of Senator Vaughn from another Committee to proceed with SB 25, the Committee heard a presentation from Dr. Ken Weaver, Director, and Ms. Judy Mathre, Assistant Director, of the Montana Local Government Policy Center from Montana State University. Dr. Weaver and Ms. Mathre spoke from prepared text and gave an overview of the resources available to the Committee from the Policy Center. (Exhibit #2)

**HEARING ON SB 25****Opening Statement by Sponsor:**

Senator Vaughn, Senate District 1, stated her bill would permit multijurisdictional service districts to provide dispatch services. This addition was drafted at the request of individuals in Senator Vaughn's community who cannot find the volunteer help necessary to provide emergency dispatch services 24 hours a day, seven days a week. Giving smaller communities the authority to set up dispatch services would allow them to pay volunteers who work on holidays, Sundays and the graveyard shift. Senator Vaughn added this district would have to be established like any other district and would require no state funding. The districts would be solely responsible for paying for these services on a mill levy basis. Senator Vaughn concluded she has had complete support from rural counties and communities who would be affected by this bill.

**Proponents' Testimony:**

Senator Vaughn presented a statement of support for SB 25 from Mr. Clifford Halls, President, Halls Emergency Ambulance. (Exhibit #3)

Mr. Gordon Morris, Director, Montana Association of Counties (MACo), spoke in support of SB 25. He added the language of the bill is problematic for smaller counties, especially Section 2. In 1985, when this bill was introduced, it was the position of MACo that the multijurisdictional service district be afforded in the context of aiding authorized service the local government is currently authorized to provide. Mr. Morris concluded had the bill been written this way, local governments would not have to come back each legislative session to add services.

Mr. Alec Hansen with the League of Cities and Towns, spoke in support adding dispatch services to SB 25 as a logical, legitimate and necessary inclusion. He believes the addition of these services is another way of promoting cooperation, consolidation and more efficient and equitable delivery of services.

**Opponents' Testimony:**

None.

**Informational Testimony:**

None.

**Questions From Committee Members and Responses:**

Senator Waterman noted during the last legislative session when the Committee added ambulance services to the list of services which could be provided, the Committee asked the same question as to why they could not just grant smaller areas the authority to make these decisions. Doing so would save the state money, but Senator Waterman wanted to know from others if counties would abuse this authority if it was given to them. Mr. Morris replied a more general grant of authority would allow them to do on a group basis what they are already individually authorized to do. He stated there are multijurisdictional services in existence providing these services, and it could be argued this authority already exists in the code.

Senator Waterman asked what would happen if the Committee decided to strike Section 2 from the bill. Sen Eck replied there would probably have to be some language repealing Section 2. Connie Erickson said the Committee could strike subsection 2 so it would read "a multijurisdictional service district may provide only those services that are authorized to be provided by local governments." Senator Swift noted doing so would make the bill no longer agree with its title. Connie Erickson suggested the Committee amend the title and asked for some time to prepare this amendment.

Senator Gage stated the whole bill was misleading because on the one hand multijurisdictional services can perform all the services a local government can perform and then the bill lists specifically the services they can perform. He said it might be better to instead include those services they would not be allowed to perform. Senator Gage stated he was in favor of creating more multijurisdictional service districts.

Senator Rye asked Mr. Morris and Mr. Hansen their opinion of changing the bill to list what services could not be performed.

Mr. Hansen agreed and stated during the 1985 legislative session when this bill was created, there was some fear the cities and counties would run amok with their new found authority. Subsequently, the bill was drafted carefully to prevent this. Mr. Hansen supported changing the bill as suggested by Senators Waterman, Rye, and Gage and noted this bill is underutilized and was originally intended to create recreation districts. He said the critical distinction is this bill would not only allow cities and counties to combine but would also allow the creation of a district that is within the boundaries of a county where a portion of the city and a portion of the county. Mr. Hansen concluded the district is not just a city-county operation but a city and a portion of a county operation.

Senator Waterman asked Mr. Hansen about the procedure required to establish multijurisdictional services. Mr. Hansen replied the process was lengthy and open to public participation. Mr. Morris agreed with Mr. Hansen in his support for giving local governments broader authority to provide multijurisdictional services.

Senator Gage stated most of the opposition to granting broader authority was merely turf protection and asked Mr. Morris about the existence of statutes regarding multijurisdictional services between counties. He asked if the Committee would need to add a sentence specifying these multijurisdictional services may be between or within counties. Mr. Morris replied the law provides for multijurisdictional service districts period which includes county to county districts, county to city districts and special district districts. He said the counties are already using their discretion to set up districts as needed and noted counties are currently doing this with juvenile detention. Mr. Morris also noted this broad grant of authority carries with it taxing authority.

Senator Waterman asked Mr. Morris whether or not these entities already had this taxing authority and would doing this only permit it on a more streamlined basis. Mr. Morris agreed. Senator Bartlett added these districts' levies must be approved by the county commission before they can be incorporated into the budget.

Senator Eck asked Ms. Mathre about the study done on consolidation of services and whether or not the study examined service districts. Ms. Mathre replied the study focused on examining the law to determine what restrictions existed. It was the conclusion of the Local Government Center there were hardly any restrictions to prevent cooperation from occurring. Senator Eck added many senators are interested in the idea of saving money by getting counties and cities to work together in providing services.

Senator Kennedy asked Senator Vaughn whether or not she would mind if the Committee played around with the bill to possibly

SENATE LOCAL GOVERNMENT COMMITTEE

January 7, 1993

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incorporate some of these suggestions. Senator Vaughn stated she did not object as long as the authority to create multijurisdictional dispatch service districts was integrated into the bill during this session. Senator Kennedy noted to the Committee this bill required a fiscal note, however, it was not clear why one was required.


Senator Kennedy requested the Committee allow him to hold this hearing open to give Connie Erickson until next Tuesday (1/11) to report back to the members on the suggestion of granting broader authority to counties wishing to establish multijurisdictional service districts.

Closing by Sponsor:

Senator Vaughn agreed to close on SB 25 next Tuesday, January 11th.

ADJOURNMENT

Adjournment: 2:25 p.m.

  
SENATOR JOHN "ED" KENNEDY, Chair

  
ROSALYN COOPERMAN, Secretary

JEK/rlc

# ROLL CALL

SENATE COMMITTEE Local Government

DATE 1-7-93

NAME	PRESENT	ABSENT	EXCUSED
Senator John "Ed" Kennedy	✓		
Senator Sue Bartlett	✓		
Senator Dorothy Eck	✓		
Senator Delwyn Gage	✓		
Senator Ethel Harding	✓		
Senator John Hertel	✓		
Senator David Rye	✓		
Senator Bernie Swift	✓		
Senator Mignon Waterman	✓		
Senator Jeff Weldon	✓		
Senator Eleanor Vaughn	✓		



SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
January 8, 1993

MR. PRESIDENT:

We, your committee on Local Government having had under consideration Senate Bill No. 8 (first reading copy -- white), respectfully report that Senate Bill No. 8 be amended as follows and as so amended do pass.

Signed: John Ed Kennedy  
John "Ed" Kennedy, Jr., Chair

That such amendments read:

1. Title, line 6.  
Strike: "AND"

2. Title, line 6.  
Following: "MCA"  
Insert: "; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE"

3. Page 2.  
Following: line 13  
Insert: "NEW SECTION. Section 2. {standard} Effective date.  
[This act] is effective on passage and approval."

-END-

## SENATE LOCAL GOVERNMENT

EXHIBIT NO. 1DATE 1-7-93BILL NO. SB 8

Mr.  
~~Madame~~ Chairman, members of the Committee:

For the record, my name is Bob Davis. I am the Chairman of the Board of County Commissioners for Broadwater County. I rise in support of Senate Bill No. 8. This bill came about as a result of one taxpayer paying large net proceeds taxes in our county, which forced us into a Class 4 county status. This bill will give all Class 4 counties the option of serving on a full time basis or being paid on a per-day rate. Broadwater County has a population of 3,318, the other Class 4 counties range from 6,271 at Teton County to 11,697 at Custer County. As you can see even the smallest population is almost double the population of our county. If our commission were to serve as the law now reads, it would cost our taxpayers an additional \$100,000.00 each year. I, therefore, urge your support of SB 8.

Thank you.

## SENATE LOCAL GOVERNMENT

EXHIBIT NO. 1DATE 1-7-93BILL NO. SB8

Duplicate of  
prepared test  
already  
submitted

NAME Bob DavisADDRESS 8517 Hwy 287HOME PHONE 266-3786WORK PHONE 266-3405REPRESENTING Broadwater CountyAPPEARING ON WHICH PROPOSAL? SB8DO YOU: SUPPORT ☒ OPPOSE ☐ AMEND ☐

## COMMENTS:

Broadwater County had Senator Koehnke  
draft this Bill. We have one taxpayer paying  
large amounts of net proceeds taxes in our county.  
Even though our tax base will exceed 15 million  
our population of 3318 cannot support the \$100,000  
for full time commissioners. We would like to  
operate as efficiently as possible being commissioners  
paid on a per-day rate.

## WITNESS STATEMENT

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

SENATE LOCAL GOVERNMENT

EXHIBIT NO. 2

DATE 1-7-93

BILL NO. presentation on  
services

**EXECUTIVE SUMMARY OF RESEARCH RESULTS**

**SPONSORED BY THE**

**MONTANA LOCAL GOVERNMENT POLICY COUNCIL**

**PREPARED FOR A JOINT MEETING OF THE**

**HOUSE AND SENATE LOCAL GOVERNMENT COMMITTEES**

**OF THE**

**FIFTY-THIRD LEGISLATIVE ASSEMBLY**

**Representative Norm Wallin, Chairman**  
**Senator Ed Kennedy, Jr., Chairman**

**by**

**Dr. Kenneth L. Weaver, Director**  
**Local Government Center**  
**Montana State University**

**January, 1993**

## EXECUTIVE SUMMARY

### JOINT MEETING HOUSE AND SENATE LOCAL GOVERNMENT COMMITTEES FIFTY-THIRD LEGISLATIVE SESSION

#### **Purpose:**

To provide the Members an overview of the work of the Montana Local Government Policy Council and to report research results related to local government.

#### **Presenters:**

Ken Weaver, Director, Local Government Center, MSU  
Judy Mathre, Assistant Director, Local Government Center

#### **Local Government Policy Council:**

The Local Government Policy Council was formed in 1989 to identify policy problems impacting county and municipal government and to sponsor applied research to assist state and local government in the resolution of those problems.

The research is coordinated and published in the Montana Policy Review by the Local Government Center at MSU and is funded by a grant from the Northwest Area Foundation of Saint Paul, Minnesota. No state appropriated dollars are used to support the Policy Council.

The Policy Council is comprised of 17 members including two members drawn from the Local Government Committee in each House; four county and municipal government officials; the Director of the Department of Commerce; the State Coordinator of Indian Affairs; the Governor's Local Government Policy Advisor; and two representatives from the private sector. The Executive Directors of the League of Cities and Towns and the Association of Counties serve as ex-officio members, as does the Director of the Local Government Assistance Division of the Department of Commerce. The Director of the Local Government Center also serves as Director of Research and Secretary to the Policy Council.

HJR 45 was adopted by the 1991 Legislative Session endorsing the Montana Local Government Policy Council as an appropriate agency to sponsor and conduct applied policy research in support of local government needs.

#### **Local Government Center:**

The Local Government Center is a Regents approved outreach program within the Department of Political Science at MSU. Its purpose is to provide training, on-site

*Exhibit ~  
1-7-93  
presentation on  
Services*

technical assistance and applied research directly to local officials. It also supports on-campus courses in local government at the undergraduate and graduate level and publishes the Montana Policy Review twice each year.

The Local Government Center is funded primarily by grants and cost recovery fees for services.

The Local Government Center does not lobby nor does it advocate any public policy.

## RESEARCH RESULTS

### 1. Revenue Crisis in Small Montana Cities; by Dr. Richard Haines.

- Between FY 1985 and 1991, Montana's 38 Class III Cities (p.8) lost 19.2% of their net purchasing power (p.9).
- Loss of Federal Revenue Sharing and the CI 105 tax freeze in 1986 combined with the sharp decline in "industrial tax" revenue was only partially offset by a dramatic increase in electronic gambling (video poker and keno) revenues (p. 10).
- Electronic gambling revenues comprised 9.1% of total operating revenue in 1991 and are now second only to real property taxes as a source of municipal revenue. "Community objections to gambling are made moot by the municipal financial crisis" (p.10).
- Because of the property tax freeze, revenue from real property taxes became a source of "fixed revenue" but was significantly eroded by 21% inflation between 1985 and 1991 resulting in a net loss of 14% in real purchasing power (p.13).
- Non-tax revenues (service charges, fines, fees, interest) declined by 15.3% between FY 1985 and FY 1991 but have leveled off and are improving modestly (p.14)

### Conclusions:

- Montana's Class III cities are in the position of having to respond to the priorities and mandates of the Federal and State government but with diminished transfer payments and diminished control over their own local sources of revenue.
- A net loss of 19.2% in the real purchasing power of these cities may result in the expanded use of "special assessments" to provide community services.

2. Funding Local Infrastructure: The Treasure State Endowment Program; by Dr. Kenneth L. Weaver.

- Renewal of community water, waste water and other essential infrastructure systems is a top priority among citizens and local officials nationally and in Montana.
- In June, 1992 Montana voters adopted the legislative referendum entitled "Treasure State Endowment Program" (TSEP) which is the most innovative infrastructure renewal program in our region.
- The TSEP initiative provides a mix of incentives to local officials to address essential infrastructure repair and replacement. These include:
  - Direct loans at subsidized interest rates;
  - Annual debt subsidies to reduce rate impacts;
  - Matching grants up to 50% of project cost; and
  - Deferred loans to fund preliminary planning and engineering.
- The deadline for the first round of TSEP proposals was December 31, 1992 for approval during this Legislative Session. Approximately \$1.5 million is available during the first biennium. This amount is projected to grow to approximately \$5.6 million in FY 2000 and \$8.8 million in 2004.
- This study of ten Montana Class III cities indicates that local officials have already undertaken considerable debt in support of infrastructure renewal (p.19). Yet each community expressed need for major additional infrastructure investment.
- The annual average water/waste water rate in these ten communities now exceeds 1% of the annual average household income (p.19).
- New debt of \$1 million at 7% interest for 20 years will exceed the 8% household debt standard of the five smallest communities in this sample and, by inference, of most Montana communities with populations of less than 1500 people, which includes 84 of Montana's 128 incorporated municipalities and nearly all of its 530 rural water/waste water districts p. 20).
- Up front grants should provide a greater incentive to smaller communities to address infrastructure needs than will subsidized interest rates. Whereas, Montana's larger communities with greater capital needs will be more interested in reduced interest rates than relatively modest, near term grant opportunities.

Conclusions:

- From the point of view of the local officials in the smaller communities, relatively easy access to planning and engineering loans and grants in the near term is perhaps the most powerful incentive to address infrastructure needs.
- The enactment of direct and substantial infrastructure loan authority at advantageous rates will be of greater interest to Montana's larger communities.

3. Montana Land Use Policy: by Mr. Gordon Meeks.

- Montana and most western states exempt large land parcels from regulation under the subdivision review statutes. Under the 1973 Montana Subdivision Review and Platting Act, any division of a parcel of 20 or more acres is exempt from review by local governments.
- By comparison, Colorado exempts 35 acre parcels, California exempts 40 acre parcels and Wyoming exempts 35 acre parcels.
- The most commonly exempted subdivisions occur just outside city or town limits which places excessive demand on local infrastructure, fiscal capacity, public services and the environment
- In Gallatin County between 1973 and 1992, 5,246 lots were created on 108,425 acres without any local review. This represents 12% of the privately owned land in the county and 91.4% of the acreage subdivided since 1973.
- Legislation increasing the 20 acre exemption to 35 or 40 acres and increasing the time period allowed for "occasional sales" to a minimum of five years may be feasible.

Conclusions:

- The issue of land use policy goes beyond amending the language of the 1973 Montana Subdivision Review and Platting Act and may require "interest based negotiations" among all interested parties to find trade-offs between amended land use regulations (new occasional sale and acreage limits) and, for example, lower agricultural property taxes.
- Perhaps not every county in Montana should be guided by the same statutory language concerning subdivision review; counties with declining populations may not require the same land use planning as do the fast growth counties.



Additional Research Projects Completed:

- "Solid Waste Disposal Options for Montana" by Mr. James Goehrung.
- "The Missoula Region Study: Rethinking the Concept of Community" by Dr. Pat Edgar.
- "The Potential Development of a Rocky Mountain Trade Corridor", by Dr. Larry Swanson.
- "Fiscal Trends in Montana Local Government", by Ms. Judy Mathre.
- "Migration into Small Communities: Problems and Solutions", by Dr. Patrick Jobs.
- "Local Initiatives in Economic Development", by Ms. Jill Ramaker.

Planned Research Projects For 1993-1994:

- Local Government Consolidation Options.
- Funding Alternatives for County Rest Homes.
- Small Government Planning for Infrastructure Renewal.
- The Impact of a Sales Tax on Local Governments.
- County - Tribal Relations.
- Montana Local Government Year Book.
- Local Government Review: 1994-1996.
- Other projects sponsored by the Local Government Policy Council.

SENATE LOCAL GOVERNMENT

EXHIBIT NO. 3

DATE 1-7-93

BILL NO. SB 27

## Memorandum

To: SENATOR ELEANOR VAUGHN

From: CLIFFORD C. HALLS, PRESIDENT  
HALLS EMERGENCY AMBULANCE

Date: 01/07/93

Subject: SENATE BILL 25

DEAR SENATOR VAUGHN:

AS A MEMBER OF THE GALLATIN COUNTY DISPATCH ADVISORY BOARD, I WOULD LIKE TO SUPPORT SENATE BILL 25. AS THE DEMAND FOR EMERGENCY SERVICES INCREASES, THE NEED FOR DISPATCH CENTERS IS GREATER THEN EVER. IT IS IMPOSSIBLE FOR SMALL AGENCIES TO PROVIDE A CENTRAL DISPATCH BY THEMSELVES. SENATE BILL 25 WILL PROVIDE A METHOD TO FUND CENTRAL DISPATCH CENTERS.

THANK YOU.

DATE 1-7-93

SENATE COMMITTEE ON Local Government

BILLS BEING HEARD TODAY: Senate Bill 8, 25

Name	Representing	Bill No.	Check One	
			Support	Oppose
LINDA DAVIS		8	✓	
PAM DAVIS		8	✓	
Bob Davis	Broadwater County	8	✓	
Arnie Gettel	Teton County	8		
Gordon Morris	MACo	8/25	✓	
Ken Wenzel	Loc Soc GR	—	—	—
Alec Hansen	MLCT	SB-25	✓	

## VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY