

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION**

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

**Call to Order:** By CHAIRMAN NORM WALLIN, on April 16, 1993, at 10:00 a.m.

#### **ROLL CALL**

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

Rep. Norm Wallin, Chairman (R)  
Rep. Ellen Bergman (R)  
Rep. Dave Brown (D)  
Rep. Tim Dowell (D)  
Rep. Dave Ewer (D)  
Rep. Stella Jean Hansen (D)  
Rep. Jack Herron (R)  
Rep. Tim Sayles (R)  
Rep. Liz Smith (R)  
Rep. Randy Vogel (R)  
Rep. Karyl Winslow (R)

**Members Excused:** Rep. Ray Brandewie, Vice Chairman (R), Rep. John Bohlinger (R), Rep. Ed McCaffree (D), Rep. Sheila Rice (D), Rep. Diane Wyatt (D)

**Members Absent:** None.

**Staff Present:** Bart Campbell, Legislative Council  
Pat Bennett, Committee Secretary

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

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

Hearing: SJR 33  
Executive Action: SJR 33

#### **HEARING ON SENATE JOINT RESOLUTION 33**

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

SEN. SUE BARTLETT, SD 23, Helena, introduced SJR 33, a resolution requesting that the revenue oversight committee conduct an interim study of special improvement districts (SIDs) and rural special improvement districts (RSIDs) financing. She informed the Committee that a district court decision on a case in Helena has put SID and RSID financing in question. SB 426 is a response to that court decision.

**Proponents' Testimony:**

**Alec Hansen, Executive Director, Montana League of Cities and Towns,** testified in support of SJR 33. He stated the study is very necessary since SID financing is an important part of economic development. A decision must be made on the best form of financing to protect the people as well as the bond holder.

**Gordon Morris, Executive Director, Montana Association of Counties, (MACo),** testified in support of SJR 33.

**John Shontz, Doney, Crowley and Shontz, Attorney for Carbon County,** one of the litigants in the lawsuit in district court, informed the Committee that he opposed SB 426 in the Senate until the parties met and agreed on amendments. SB 426 with the amendments has a sunset provision which would not allow RSID or SID bonds to be issued after July, 1995. SJR 33 would not be dependent upon a vote of the legislators to have as one of the chosen studies during the interim. The revenue oversight committee would undertake this study if it passes in the House.

**REP. DAVID EWER, SD 45, Helena,** testified in support of SJR 33. He stated it was necessary to discuss SB 426 and the proposed amendments because it is integrally important to SJR 33. The amendments to SB 426 have been agreed upon by both parties in the lawsuit. The decision has cast uncertainty in the bond market for SIDs. He stated that if something was not done to correct and define terms for SID law, the market for SID bonds would be less receptive. At this time of high economic growth, areas attempting development would pay a high premium for bonds. The court decision is already having an impact on owners of SID bonds. The owners are not able to sell the bonds in the secondary market for the value. The value of the bonds has decreased because of the decision. SB 426 is currently on an adverse committee report. **REP. EWER** stated he planned to bring SB 426 off the adverse committee report and before the Committee to include the amendments.

**Opponents' Testimony:** None.

**Questions From Committee Members and Responses:**

**REP. VOGEL** asked how **REP. ROYAL JOHNSON** responded to SJR 33 and SB 426 and how the amendments attempt to fix SB 426.

**REP. EWER** said the bill as written, essentially tries to more definitively codify the status quo. The limits of SB 426 would be that the revolving fund would no longer liable for paying after the stated term of the bonds. The amendments would provide a statement of intent and would not make the law retroactive.

**REP. BROWN** asked **Mr. Shontz** if SB 426 were to be resolved, would the study still be necessary. **Mr. Shontz** answered absolutely. Referring to **REP. VOGEL'S** question, **Mr. Shontz** said the concern

REP. JOHNSON has is that the revolving fund has become a reserve fund and not a cash flow instrument. REP. JOHNSON wants some assurance that during the time of the study, until the next session, the money that is paid in by districts be considered a cash flow loan rather than a guarantee. The way that would work is all districts would put money into one revolving fund. Mr. Shontz said the changes which need to be made will require the next two years to accomplish. He noted that SB 426 as amended is not a great bill, but would be workable.

REP. HANSEN asked Mr. Shontz, if SB 426 does not pass, what would happen to the bonds that are out there. Mr. Shontz replied that if the bill does not pass, current statutes remain on the books. There is concern about the breadth of Judge Honzel's decision. The decision basically says that in the event a district is insolvent, then the county can stop paying. In Carbon County it was a \$3.2 million issue. Without SB 426, the decision could be appealed to the Supreme Court, leaving the Supreme Court to make decisions about SID law. He said he would prefer the legislature make those policy decisions rather than the courts. He also said SB 426 as amended would work in the interim for everyone.

Closing by Sponsor:

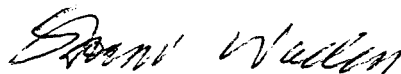
SEN. BARTLETT closed on SJR 33.

EXECUTIVE ACTION ON SENATE JOINT RESOLUTION 33


Motion/Vote: REP. VOGEL MOVED SJR 33 BE CONCURRED IN. Motion carried unanimously.

ADJOURNMENT

Adjournment: 11:35 a.m.



NORM WALLIN, Chairman



PAT BENNETT, Secretary

NW/pb

# HOUSE OF REPRESENTATIVES

LOCAL GOVERNMENT

COMMITTEE

ROLL CALL

DATE

4/16/93

NAME	PRESENT	ABSENT	EXCUSED
REP. NORM WALLIN, CHAIRMAN	✓		
REP. RAY BRANDEWIE, VICE CHAIRMAN			✓
REP. ELLEN BERGMAN	✓		
REP. JOHN BOHLINGER			✓
REP. DAVE BROWN	✓		
REP. TIM DOWELL	✓		
REP. DAVID EWER	✓		
REP. STELLA JEAN HANSEN	✓		
REP. JACK HERRON	✓		
REP. ED McCAFFREE			✓
REP. SHEILA RICE			✓
REP. TIM SAYLES	✓		
REP. LIZ SMITH	✓		
REP. RANDY VOGEL	✓		
REP. KARYL WINSLOW	✓		
REP. DIANA WYATT			✓

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Mr. Speaker: We, the committee on Local Government report that Senate Joint Resolution 33 (third reading copy -- blue) be concurred in .

Signed: *Norm Wallin*  
Norm Wallin, Chair

Carried by: Rep. Ewer

Committee Vote:  
Yes 14, No 0.

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HOUSE OF REPRESENTATIVES  
VISITOR REGISTER

Local Gov. COMMITTEE BILL NO. SJR 33  
DATE 4/16/93 SPONSOR(S) Senator Bartlett

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Gordon Morris	MACo	✓	
J Shontz	Carbon Cty	X	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS  
ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.