

## MINUTES

### MONTANA SENATE 54th LEGISLATURE - REGULAR SESSION

#### COMMITTEE ON LOCAL GOVERNMENT

Call to Order: By CHAIRMAN TOM BECK, on March 2, 1995, at 3:00 p.m.

#### ROLL CALL

##### Members Present:

Sen. Thomas A. "Tom" Beck, Chairman (R)  
Sen. Ethel M. Harding, Vice Chairman (R)  
Sen. Sharon Estrada (R)  
Sen. Delwyn Gage (R)  
Sen. Don Hargrove (R)  
Sen. Dorothy Eck (D)  
Sen. John "J.D." Lynch (D)  
Sen. Jeff Weldon (D)

Members Excused: none

Members Absent: none

Staff Present: Jeff Martin, Legislative Council  
Elaine Johnston, Committee Secretary

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

##### Committee Business Summary:

Hearing: HB 113, HB 136, HB 282  
Executive Action: HB 113, HB 136, HB 282

{Tape: 1; Side: A; Approx. Counter: ; Comments: .}

#### HEARING ON HB 282

##### Opening Statement by Sponsor:

{Tape: 1; Side: A; Approx. Counter: 3333; Comments: Due to the absence of REP. EWER at the start of the hearing, he made his opening and closing when he arrived..}

REP. DAVID EWER, HD 53, Helena, "I open".

Proponents' Testimony:

Newell Anderson, Administrator, Local Government Assistance Division, Department of Commerce (DOC), stated that HB 282 is strictly a house keeping bill. He pointed out that some of the laws in HB 282 have been in effect since 1895 without any amendments but the Legislative Auditor has become more intensified in their reviews of annual Department audits and brought to the DOC's attention functions they are commanded to do by law but have not been done. **Mr. Anderson** went through the bill and pointed out all of the changes being made. He stated that HB 282 is not creating any substantive changes in program or progress. He continued that HB 282 is at the recommendation of the Legislative Auditor that these kinds of laws that have become out of date be removed from the books so that they do not become technically out of compliance with the law.

Beverly Gibson, representing the Montana Association of Counties (MACO), stated that they have worked with the DOC and are comfortable with the bill.

Opponents' Testimony: none

Questions From Committee Members and Responses: none

Closing by Sponsor:

REP. EWER closed.

HEARING ON HB 136

Opening Statement by Sponsor:

REP. ALVIN ELLIS, HD 23, Red Lodge, presented HB 136 which deregulates county printing except for legal advertising. He said that for some time there has been significant regulation regarding many types of forms and any type of printing the county may want to do. Many Eastern Montana Counties are facing monopolistic situations in regards to legal advertising as there is only one way available which must remain. He continued that the local entities are best able to address how to meet the needs of their constituents by keeping costs down by making their own decisions.

Proponents' Testimony:

Jim Moore, Red Lodge, stated that his company publishes the Carbon County News, Stillwater County New, and the Big Horn County News, as well as running printing operations with the newspapers in Red Lodge and Hardin. **Mr. Moore** said that he believes that business and government should follow the law but part 24 dealing with county printing has become meaningless as the printing code is contradictory, incomprehensible, and impossible to follow. He noted that over the years his company

has had problems with the law as it is vague, ambiguous, and anti-competitive. He explained some examples of how the law has caused a great deal of confusion and how the code does not give a clear distinction between legal advertising and printed form.

**Mr. Moore** told the committee that without the distinction between legal advertising and printed form it requires every newspaper publisher to purchase assurity bonds to guarantee performance as a printer, and also requires an assurity bond for legal advertising. However, is a problem because bonding companies do not bond for legal advertising therefore, are newspapers in Montana operating outside the law? He stated again that the statute in its present circumstance is anti-competitive. **Mr. Moore** said that most printing companies also work as printing brokers as the ways of printing have become numerous and specialized. This has also caused problems due to the wording in the statute being printing must be done within the county. He noted that HB 136 sets out to accomplish a few things such as: allowing commissioners to accept the lowest and best bid without regard to origin, eliminating self-serving anti-competitive language, makes a clear distinction between legal advertising and printed forms, lets county government purchase quality printing at the lowest price, lets the free market determine pricing through the bid process, and requires every printer to compete for county business while showing favoritism to none. **Mr. Moore** believes that HB 136 will give county government and Montana printers a statute that is clear, understandable, fair, will cut clutter caused by concessions to special interests, and will enhance the ability of county government to operate efficiently and economically. He urged a favorable consideration of HB 136.

**Beverly Gibson, MACO**, stated that they support HB 136 and have worked with the sponsor. She said that they are comfortable with the way HB 136 is written as it separates out the legal advertising contract from the printed forms and materials. **Ms. Gibson** noted that the prior language was quite cumbersome. She referred to the Franklin Printing Catalog which requires the Department of Commerce to provide to every county board a copy of the county printing schedule. There have been problems with this because no one owns the Franklin Catalog, it is a leased publication and occasionally the publishers update the catalog with a loose leaf notebook. She continued that it is impossible to provide this every county in the state. **Ms. Gibson** noted that counties have been asking for bids for there printed forms and materials on a case basis, annually, or biannually. Through this system they have been able to get the lowest price. She pointed out on page four rather than using old language they have referred to the section 18-2-201 which is a very specific and broad requirement of state and local government with a variety of options.

Opponents' Testimony: none

Questions From Committee Members and Responses:

**SEN. JEFF WELDON** asked if a company out of the county could underbid a local company would they be able to receive the job? **Mr. Moore** answered that right now there is a 5% preference for a local company but a company out of the county could bid on the job.

**SEN. WELDON** asked for clarification that the 5% preference would be stricken in HB 136? **Mr. Moore** responded that this was correct.

**SEN. DON HARGROVE** asked what the county printing code is? **Mr. Moore** replied that the county printing code is the section of law in part 24.

**SEN. HARGROVE** asked what the thick book the sponsor was mentioning? **Mr. Moore** stated that the Franklin Catalog was what was adopted which is not understood by most people and HB 136 would dispense with the Franklin Catalog.

**SEN. DELWYN GAGE** asked if there was a difference between county printing forms and county printing? **Mr. Moore** responded that he felt they were the same. **SEN. GAGE** pointed out that he felt there was a conflict in regards to page 3 lines 12 and 13 and page 4 lines 11 and 12 in the reference to the amount of time to bid out a job in regards to county printing forms and county printing. He asked for clarification. **Mr. Moore** stated that he felt that page four is intended to recognize two different types of contracts for printed materials and legal advertising which would be independent of each other. **SEN. GAGE** questioned the language of "may" on page three which could allow for a time period of perhaps five years and he thought that time would be limited to an annual basis or on a printing basis. **Mr. Moore** stated that he believed a limit would be imposed of two years but the second year would be in limbo and the language is not as clear as it should be.

Closing by Sponsor:

**REP. ELLIS** stated that if the committee felt the language conflict was a problem they could change it to clarify a two year period. He said that in regard the question on printed forms and county printing, they are some what synonymous but printed forms are more restrictive and if the committee would like to clarify that he would not object. He noted that HB 136 is good for county governments and urged a favorable outlook.

Continued Discussion:

**Jeff Martin, Legislative Council**, stated that he was not clear if there was a conflict in HB 136 as page 3 the language was initially stricken and then reinserted. He said it may be helpful to ask the House Committee for their reasons to reinsert the language.

**SEN. WELDON** said the part stricken was the biannual basis and possibly that limits it.

**SEN. GAGE** pointed out that maybe wanted some printing reforms on materials to not more than an annual basis.

**REP. ELLIS** stated that the amendments were worked out between Jim Moore and Beverly Gibson.

**Beverly Gibson** stated that the language was reinserted because now and in the future, a county's forms like envelopes and letterhead may be awarded either one time or longer as opposed to mandating they be awarded annually or biannually as these items may not be needed in a certain year.

**SEN. GAGE** asked if they have a problem with the counties awarding the job on a two year basis? **Ms. Gibson** said that if the county like a companies numbers that would be fine.

**SEN. GAGE** continued by asking **Ms. Gibson** if she felt printed forms and county printing were the same thing? **Ms. Gibson** said they were but legal advertising had been separated out.

EXECUTIVE ACTION ON HB 136

**Motion/Vote:** SEN. GAGE MOVED HB 136 BE CONCURRED IN. THE MOTION CARRIED UNANIMOUSLY.

HEARING ON HB 113Opening Statement by Sponsor:

**REP. DAVID EWER, HD 53, Helena**, presented HB 113. He stated that he worked for the Board of Investments as the Bond Coordinator and in that position lends money to local governments including rural fire districts. In reviewing the statutes relating to lending money, the statutes for rural fire districts did not allow them to have explicit bond authority except through voted bonds. Because of this statute, the Board of Investments stopped making loans without a vote of the people. HB 113 will allow rural fire districts to borrow money against their budgets which rural fire service areas are currently allowed. He explained that there are a variety of different fire protection, but rural fire service areas can borrow money without a vote of the people

subject to within their budget parameters. HB 113 would allow rural fire districts to borrow money subject to the county budget law. Without HB 113, the Board of Investments will continue not to make loans to rural fire districts for needs such as fire trucks, and fire houses. In 1980, the Attorney General ruled that rural fire districts had the explicit authority to borrow. In 1987 the Legislature passed current law that fire districts can borrow money through bonded indebtedness, but the law is silent as to borrowing money by loans. Fire districts had been borrowing money through loans and were upset by the Board of Investments stopping this procedure.

**Proponents' Testimony:**

**James Loftus, President, Montana Fire District Association,** stated that HB 113 will make legal what fire districts across the state have been doing for some period of time. He stated that to his knowledge there has only been one district that has gone to a bond issue to borrow money. Most districts find money through some other means and HB 113 will put many fire districts back within the law.

**Stan Frasier, Helena,** a local volunteer fireman stated that their annual budget is approximately \$35,000. A new fire truck is in the range of \$150,000 and it is absolutely necessary to borrow against the budget to get the equipment that is needed. He noted that his group is currently in the process of trying to get a loan from the Board of Investments and they need HB 113 to get this loan. The equipment needed is very expensive and they do not want to raise the mill levy when they can work within their budget to make payments on a loan for the equipment.

**Opponents' Testimony:** none

**Questions From Committee Members and Responses:**

**SEN. GAGE** asked **REP. EWER** if he would like a passage and approval date on the bill. **REP. EWER** answered that he thought it would be very beneficial.

**SEN. J.D. LYNCH** asked if there was any problem leaving it the way it is as it would be less cumbersome on the Legislative Council? **REP. EWER** stated that if he knew the bill would be effective October 1, the Board of Investments would probable go ahead and make the loans.

**CHAIRMAN BECK** asked **REP. EWER** if the county commissioners have the authority to regulate the levy for a rural fire district? **REP. EWER** was not sure that was technically correct. **CHAIRMAN BECK** then asked what other income the fire districts would have without the levy? **REP. EWER** said the fire districts have tax levies and have elected trustees that submit a budget to the county.

CHAIRMAN BECK noted that he thought the county commissioners could set the levy. Mr. Loftus stated that the question of the levy came up with the auditors and they had a problem with the word may in 7-33-2109 and there may be a problem.

Closing by Sponsor:

REP. EWER pointed out that on line 26, the debt limitation is still in tact, additional debt is not allowed in excess of 18%. The risk taken on by the borrower compared to general obligation is that the taxpayers of the district are not forced to pick up the tab by an additional mill levy.

EXECUTIVE ACTION ON HB 282

Motion/Vote: SEN. DOROTHY ECK MOVED HB 282 BE CONCURRED IN. THE MOTION CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON HB 113

Motion: SEN. GAGE MOVED HB 113 BE CONCURRED IN.

Discussion:

SEN. WELDON in reference to the passage and approval date noted that he did not feel it would make any difference.

SEN. LYNCH said that there should be pressing reasons to put an immediate effective date and the committee just needs to get the districts up to compliance.

CHAIRMAN BECK said that some of the bills in the committee may want a July 1 effective date to coincide with the fiscal year of county and state government.

Vote: THE MOTION CARRIED UNANIMOUSLY.

ADJOURNMENT

Adjournment: 4:05 p.m.

  
SEN. TOM BECK, Chairman

  
ELAINE JOHNSTON, Secretary

TB/ej



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SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
March 3, 1995

MR. PRESIDENT:

We, your committee on Local Government having had under consideration HB 113 (third reading copy -- blue), respectfully report that HB 113 be concurred in.

Signed: Sen Tom Beck  
Senator Tom Beck, Chair

  
Amd. Coord.  
515 Sec. of Senate

Sen. Hargrove  
Senator Carrying Bill

501140SC.SRF

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
March 3, 1995

MR. PRESIDENT:

We, your committee on Local Government having had under consideration HB 136 (third reading copy -- blue), respectfully report that HB 136 be concurred in.

Signed: Sen Tom Beck  
Senator Tom Beck, Chair

JS  
Amd. Coord.  
Sec. of Senate

Sen. Gage  
Senator Carrying Bill

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SENATE STANDING COMMITTEE REPORT

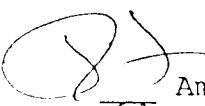
Page 1 of 1  
March 3, 1995

MR. PRESIDENT:

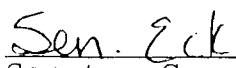
We, your committee on Local Government having had under consideration HB 282 (third reading copy -- blue), respectfully report that HB 282 be concurred in.

Signed:

  
Senator Tom Beck, Chair

  
Amd. Coord.

SP Sec. of Senate

  
Senator Carrying Bill

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DATE 3-2-95

SENATE COMMITTEE ON LOCAL GOVERNMENT

BILLS BEING HEARD TODAY: HB 136 HB 113 HB 282

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Check One

Name	Representing	Bill No.	Support	Oppose
JAMES N. LOFFTUS	MT FIRE DIST ASSN	HB113	✓	
Jim Moore	News Montana Inc.	HB136	✓	
Nedell Anderson	MT Dept of Commerce	HB282	✓	
Chuck Warr	MT Newspaper	HB136		
Stan Frosier	Boxendale FD	HB113	X	
Beverly Gibson	MACO	HB282	X	
Beverly Gibson	MACO	HB136	X	

## VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY