

MINUTES

**MONTANA SENATE
54th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON LOCAL GOVERNMENT

Call to Order: By **CHAIRMAN TOM BECK**, on March 16, 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: Susan Fox, Legislative Council
Elaine Johnston, Committee Secretary

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

Committee Business Summary:

Hearing: HB 393, HB 417, HB 425, HB 530
Executive Action: HB 393, HB 417, HB 425, HB 530, HB 249,
HB 289

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

HEARING ON HB 393

Opening Statement by Sponsor:

REP. ED GRADY, HD 55, Canyon Creek, presented HB 393 which allowed county commissioners to assign supervision of county roads to either a county surveyor or a county road superintendent. HB 393 established duties and gave the county commissioners the assignment of responsibility of the surveyor or the road supervisor.

Proponents' Testimony:

Blake Wordal, Lewis and Clark County Commissioner, stated that HB 393 was generated by a resolution at the MACO convention. Section 7-14-2101 through 7-14-2103 set the powers and duties of the boards of county commissioners with regards to roads. Those powers and duties were broad and sometimes conflicted with duties given to the county surveyor in 7-4-2812. HB 393 would clarify the duties to layout, maintain, control, and manage county roads could be assigned by the county commissioners to the county road surveyor or the county road superintendents. This would resolve some distinct problems; first, many counties don't have elected surveyors, second, five counties had combined the office of surveyor with another office or the position was appointed. He continued that salaries for elected county officials were not competitive enough to draw professional surveyors to run for the position. HB 393 would eliminate any questions or conflict on how the counties assign road duties. He encouraged the committee's support of HB 393.

Lance Clark, Montana Association of Realtors, supported HB 393.

SEN. GARY FORRESTER, SD 8, Billings, supported HB 393 and stated that his district had been severely affected by the actions of a county surveyor. HB 393 would allow the county commissioners to assume some of the responsibilities for county roads which would allow for some flexibility.

Horace Brown, Missoula County Surveyor, said he supported the bill but did have a few problems. He pointed out on page 1 subsection 2 (c), the word construct bridges would be one of the capabilities of a road superintendent and 2 (d), (e), and (f) required more expertise than a road supervisor. Road superintendents may decide to reconstruct roads in an area and may cause a liability problem because the road may be built by eye rather than through a design. The road would not meet the county standards and if an accident were to happen, the county would lose the case because the standards formally recognized were not met. The section of the law which applied to counties over 20,000 (7-4-2812) if changed to lower standards, you would be going backwards. A first class county should be able to afford the necessary personnel to provide the services required of a first class county.

Bill Kennedy, Yellowstone County Commissioner, supported HB 393. He responded to the comment that they may be going backwards with HB 393 by saying he did not think that was the case. He said that currently they did not have an engineer but they did have a surveyor and a lot of their work was contracted out. With the option of a surveyor or road superintendent, the engineering or surveying may be contracted out and work could be cost effective. In Yellowstone County, they had a budget of about 2.3 million dollars for roads, 1 million for bridges, and a surveying budget of 6 to 8 hundred thousand dollars. HB 393 would give them the

efficiency they need in a large department. He said they were working on road policies to classify the roads and a policy that was affordable and safe. He also pointed out that the bill gave the option of appointing a road superintendent. He continued that HB 393 would give counties local control and would help counties as they addressed road problems.

Gordon Morris, Montana Association of Counties, pointed out that they had a resolution, 94-16 which called for the HB 393 and he urged the committee's support. He also pointed out that 46 counties had a superintendent or all the road work was under the offices of the foreman and the bulk of the work was done by contracting with professional firms.

Vernon Zickefoose, Yellowstone County Road Action Group, said that his group consisted of about 800 people and he urged support of HB 393.

Opponents' Testimony:

Jim Logan, Yellowstone County Surveyor, said that he opposed the process of HB 393 but was in favor that some type of process take place. He presented his written testimony (**EXHIBIT 1**).

Questions From Committee Members and Responses:

SEN. DON HARGROVE asked **Mr. Morris** to respond to the comments made about the duties to maintain and repair bridges along with other things were semantics and are the oversight responsibility would not be a problem with the bill. **Mr. Morris** said all they were doing was cleaning up the language.

SEN. JEFF WELDON asked **Mr. Brown** to answer the same question **SEN. HARGROVE** asked as he argued they were making a substitute change in the construct and adding of (d), (e), and (f) one page one which were present law. **SEN. WELDON** asked if they had misunderstood his argument? **Mr. Brown** said that he did not agree that it was the same thing. He did not think a road superintendent would have the expertise and there would have to be an understanding that the commissioners would contract to an engineering firm to take care of the problems to avoid a law suit.

SEN. J.D. LYNCH asked what the qualifications to run for county surveyor? **Mr. Brown** said that a person must be a registered land surveyor or a registered engineer and three years experience in the field.

SEN. LYNCH asked in regards to page two lines seven and eight, if duties are not assigned to the county surveyor, does he not get paid? **Susan Fox, Legislative Council**, said that it was an ambiguous statement and could be interpreted that way.

Closing by Sponsor:

REP. GRADY said the counties needed some flexibility and his county had run well without a county surveyor for some time. He said HB 393 was a good bill and he asked the committee to leave it the way it was and move it on through the system.

HEARING ON HB 417

Opening Statement by Sponsor:

REP. NORMAN MILLS, HD 19, Billings, presented HB 417 which allowed a city to have more than one city court judge and takes away the designation of police court instead of city court as they did more than police court work. He then referred to his written testimony (EXHIBIT 2).

Proponents' Testimony:

Dick Larsen, Mayor of Billings, said that HB 417 was initiated by the City of Billings and was needed by many other cities. He referred to page two paragraph three of the letter from Gayle Stewart, Billings City Judge, which was included in EXHIBIT 2. He said that felony and misdemeanor amounts were also added in HB 417. He continued that there were no state funds involved and that HB 417 was enabling a city at their option to make a selection of adding an additional judge as needed. He asked for the unanimous support of the committee for HB 417.

Alec Hanson, League of Cities and Towns, said that the City of Billings discussed this legislation at their annual conference and the organization agreed that cities should have the flexibility to add an additional judge. He said this was a perfect example of how state law restricts the ability of a city to provide adequate, fast, and efficient services to its citizens. He urged the support of the committee.

Bill Kennedy, Yellowstone County Commissioner, stated that Billings had been growing significantly and their court in the past two years added two court rooms to handle the justice court in the county. He stated that their court room books people up to five months time and HB 417 would enable them to have another judge to work possibly a night court or out of the jail court house to speed the process up and take the demand off of one judge.

Opponents' Testimony: none

Questions From Committee Members and Responses:

SEN. WELDON asked if the October effective date was soon enough? Mayor Larsen said that they did not need it any sooner.

SEN. SHARON ESTRADA asked what the cost of HB 417 would be to the City of Billings? Mayor Larsen said they had done some

preliminary work and it would cost them around \$50,000 and it would be a business decision every city would have to make.

Closing by Sponsor:

REP. MILLS responded to SEN. WELDON'S question in that the people of Great Falls contacted him and thought they would need this postponed to be able to budget. He said HB 417 would do a lot to help the cities of Montana and it was a matter of local control that he urged the committee to vote for.

HEARING ON HB 425

Opening Statement by Sponsor:

REP. BOB KEENAN, HD 75, Big Fork, said that HB 425 was bringing a statute that was overlooked in 1993. He was sponsoring HB 425 for the County Treasurers Association. The statutes amended in 1993 were 76-3-207 section 3, 7-4-2613 section 1(b), and 70-21-213.

Proponents' Testimony:

Cort Harrington, Montana County Treasurers Association, stated the HB 425 amended 76-3-611 to bring it in compliance with the bill mentioned by the sponsor in 1993. The major change was on line 16 where the taxes on subdivided land are not paid and it used to say if taxes were delinquent. The reason to precipitate the change last session was that land was sometimes subdivided and the plat would be filed between the time the first and second half taxes were due. When the parcels are separated, each parcel received a different parcel number and in the second half when taxes were due a certain parcel would get left unpaid. HB 425 was intended to correct a situation where a developer may not pay on a certain parcel and eight years down the road, the new owners find out there are delinquent taxes.

Opponents' Testimony:

Lance Clark, Montana Association of Realtors, presented written testimony on behalf of the Association and Bill Spilker (EXHIBIT 3).

Questions From Committee Members and Responses:

SEN. DELWYN GAGE asked what was meant by assessed and levied? Mr. Morris answered that special assessments were like special improvement district assessments against property and he assumed that the opponent to the bill was understanding was that the special assessments would have to be paid to the point where they would be fully cancelled and that was not the intent of the bill.

SEN. GAGE asked **Mr. Clark** if he had language that would clarify that as long as they were paid for the current tax year, the plat should be recorded? **Mr. Clark** said that language would clarify the problem but he would communicate with their lead lobbyist. **Mr. Harrington** also responded to the question and stated that line 16 was the guts of the bill and all the other changes were made by Legislative Council and were intended to be style and drafting changes to make the language consistent. There was no intent to require all special assessments to be paid to the end of the line. The only difference would be if a person tried to file a plat between November 30 and May 31, they would have to pay the May 31 payment ahead of time. He said if there was a concern about adding the special assessments, he would prefer they strike the language.

SEN. ETHEL HARDING commented that she had talked to the Lake County Treasurer and she said the bill was to bring delinquent taxes up to date and if the bill did not read that way it would need to be changed.

SEN. GAGE said he felt the bill's intent was if you filed a plat between January and May, the May payment would not be delinquent yet. What they wanted to say was before you can file the plat, you must pay your May payment.

Closing by Sponsor:

REP. KEENAN closed.

EXECUTIVE ACTION ON HB 417

Motion/Vote: **SEN. WELDON** MOVED HB 417 BE CONCURRED IN.

Discussion:

SEN. HARGROVE questioned that it would take an act to allow a city to appoint another judge. **Ms. Fox** said that by the terminology "an elected or appointed city judge" she felt it was the understanding that there were doors. **Mayor Larsen** said the law says they had the opportunity to appoint or elect one city judge.

Vote: THE MOTION CARRIED UNANIMOUSLY.

HEARING ON HB 530

Opening Statement by Sponsor:

REP. BILL WISEMAN, HD 41, Great Falls, presented HB 530 which was an act implementing the recommendation of the Governor's Task Force to Renew Montana Government by creating an alternative

accounting method for local government entities. A study the previous summer looked at what it would take to clean up the accounting procedures in the present statute. The compromise reached allowed generally accepted accounting procedures (GAAP) to be used as well as the old procedures.

Proponents' Testimony:

Tim Magee, City of Great Falls Finance Director, presented his written testimony (EXHIBIT 4).

Alec Hanson, League of Cities and Towns, supported HB 530 and said that this would be a good change to title seven by giving cities the option of what accounting system they chose to use.

Newell Anderson, Administrator of Local Government Assistance Division, Department of Commerce, stated that they operate the local government auditing function which deals with the definitions of what local governments were intended to follow to report and account for their funds. They worked with the Task Force to make sure HB 530 protected the accountability and the reporting and disclosure requirements of public finance to the people at the local government level. As the bill was currently written they felt those functions were protected and not diminished in any way. He stated they felt HB 530 was a responsible bill and they looked forward to the rewriting of title seven in the future.

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

Gordon Morris, Montana Association of Counties, stated they supported HB 530.

Laurie Ekanger, representing Governor Racicot, stated they supported HB 530.

Ed Blackman, Gallatin County Fiscal Officer, presented his written testimony in favor of HB 530 (EXHIBIT 5).

David Ashley, Deputy Director, Department of Administration, stated that if the committee chose to look favorably on HB 530, he encouraged them to consider the amendments he presented (EXHIBIT 6). He asked the committee's concurrence of HB 530 and consideration of his amendments.

David Johnson, Legislative Chairman of the Montana Society of CPA's, presented the committee with two documents regarding HB 530 (EXHIBIT 7 AND 8). He stated that they have a concern that the bill talked about creating an alternative accounting method and in fact there was not an alternative accounting method, GAAP was the accounting method. He felt that what was being proposed was alternative accounting procedures or administrative

procedures as to how things were going to be done administratively. They were not changing GAAP as municipalities were not authorized to do so and they suggested that they look into the title and address alternative accounting administrative procedures because they were not really accounting methods from the technical point of view.

Dick Larsen, Mayor of Billings, said they felt this needed to be considered and did not see it as a detriment and supported the opportunity to allow choices.

Opponents' Testimony:

Dennis Burr, Montana Taxpayers Organization, stated that section 67 which required if you were going to increase property taxes budgeted that you made notice of public hearing. He said it served the property owner by providing notice and provided protection for local governments. He said they objected to having an exception because of accounting methods to that particular section of law. He felt that with the amendment, HB 530 would be satisfactory.

Questions From Committee Members and Responses:

SEN. DOROTHY ECK asked if anyone still used the pegboard system? **Mr. Anderson** said that there were some governments who still used that system.

SEN. ECK asked if instruction was still given to the small entities to help them with their accounting? **Mr. Anderson** said they did still give instruction. They produce a bars chart of accounts which references every statute in Montana and what it requires.

SEN. GAGE asked if the House addressed the technical amendment to the satisfaction of everyone concerned? **REP. WISEMAN** replied that they did answer the questions presented by **Mr. Magee**.

SEN. HARDING asked in regard to page two line two if a entity adopted the GAAP method are they complying with state accounting alternative method? **REP. WISEMAN** said he thought so and said that the alternative was looked at as whether it was methods or procedures. If an entity had adopted GAAP, they were ok.

CHAIRMAN TOM BECK asked the difference between GAAP and what was currently being used. **Mr. Magee** said that GAAP was generally accepted accounting principles as set by the governmental county standards book or any of the other volume.

CHAIRMAN BECK asked **Mr. Nowell** if he had a guide on GAAP they would send to the counties and if he would like to see it mandatory in all counties? **Mr. Nowell** said that they did have a guide that is very large and additional information appeared monthly. He said that GAAP was the leading edge of accounting

methods and the bar system was on the trailing edge as it was not as broad or detailing. He suggested that depending on the capacity of the local entity they chose the method that would best fit them.

CHAIRMAN BECK asked if **Mr. Nowell's** department would be willing to take the lead to help a county set up on the GAAP system. **Mr. Nowell** said that they would be very helpful.

SEN. HARDING asked if there were any counties on the GAAP method? **Mr. Nowell** said that he was reluctant to suggest that there were people out of compliance with GAAP because they would not be able to receive an unqualified audit. He said that the bars system fell within GAAP and suggested that very few entities were out of compliance.

SEN. HARDING asked who from the counties were represented on the Governor's Task Force? **Mr. Ashley** said Stan Hughes from Gallatin County, Gloria Polatachuck, and Andy Dwightman of Yellowstone County but he could not remember all of the members.

SEN. HARDING said that if there were finance people on the Task Force then there would be different levels represented. **Mr. Ashley** said that he felt there was a good representation of small and large counties.

SEN. ECK asked if there would be significant changes in the budget due to a change in the accounting method? **Mr. Magee** said that would not happen because she was talking about the annual report rather than the budget and under GAAP you must also restate if methods would be changed.

Closing by Sponsor:

REP. WISEMAN said this was not a loop hole or a procedure for any city or county that could be in bad financial shape. HB 530 would make the budget easier to fit in the fiscal year. He suggested that more cities and counties will go to the GAAP method and he urged the committee to concur HB 530.

EXECUTIVE ACTION ON HB 393

Motion: **SEN. LYNCH** MOVED TO STRIKE ON PAGE 2 LINE 7 AND 8 "IF THE DUTIES ARE ASSIGNED TO THE COUNTY SURVEYOR".

Discussion:

SEN. LYNCH said his amendment would remove the possibility of any mischief.

SEN. HARGROVE asked if the same result would come from striking the whole sentence? SEN. LYNCH said they were going into present law and the old law probably said "he shall" in regards to receiving a salary.

SEN. HARDING said they had changed to a surveyor or road superintendent.. SEN. LYNCH said that in that section it only referred to the surveyor. He said that in the rewording they were ambiguous.

SEN. HARDING said that in the beginning they would allow the delegation to either a county surveyor or county road superintendent they were saying if the duties were assigned to the surveyor he or she should receive an annual salary. SEN. LYNCH said that a county surveyor must receive an annual salary whether the duties are assigned or not under state law.

SEN. ECK said that if you decide to eliminate the surveyor office, it could be done by resolution and the amendment was correct.

CHAIRMAN BECK said that the title allows for a county surveyor or road superintendent then in section 3, the surveyor must receive the annual salary provided.

Vote: THE MOTION CARRIED UNANIMOUSLY.

Motion: SEN. LYNCH MOVED HB 393 BE CONCURRED IN AS AMENDED.

Discussion:

SEN. HARDING pointed out there was a question regarding section 2 (c) and if they needed to do anything with that. CHAIRMAN BECK said his interpretation of the duties gave the highway supervisor the authority to make sure everything was running. There would be no boss who knows everything there was to do but would have the qualified people do the work. The purpose was not that the road superintendent would actually construct the bridge or road, they will oversee the qualified people.

SEN. ECK pointed out where it said the board may allocate the duties between the surveyor and the superintendent and listed the duties.

SEN. WELDON said that part only dealt with county surveyors and the duties associated with them. What was new was the local board of commissioners could give the superintendent those duties. He said he would have to trust the local commissioners that they would assign competent people the duties.

Vote: THE MOTION CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON HB 425

Motion/Vote: SEN. HARDING MOVED HB 425 BE CONCURRED IN. THE MOTION CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON HB 530

Discussion:

SEN. WELDON said that the amendments passed out looked correct.

Ms. Fox said there were the second amendments passed out which talked about using the word method. She said it was not complicated but method was used 71 times in the bill.

SEN. GAGE said he did not feel it was a big deal and did not need to be changed.

Motion/Vote: SEN. ECK MOVED TO ADOPT THE AMENDMENTS TO HB 530. THE MOTION CARRIED UNANIMOUSLY.

Motion: SEN. ECK MOVED HB 530 BE CONCURRED IN AS AMENDED.

Discussion:

SEN. HARGROVE asked if all the things in the fiscal note had been addressed? Ms. Fox said they appeared to have been addressed in the House.

Vote: THE MOTION CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON HB 249

Motion/Vote: SEN. ECK MOVED HB 249 BE CONCURRED IN. THE MOTION CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON HB 289

Discussion:

CHAIRMAN BECK said he thought the Public Service Commission supported the bill.

SEN. LYNCH was concerned that if utilities were raised more than 12% there should be some type of hearing.

SEN. ECK said they would have to have a hearing because a resolution would be needed for the increase.

Motion/Vote: SEN. LYNCH MOVED HB 289 BE CONCURRED IN. THE MOTION CARRIED WITH SEN. GAGE AND SEN. ESTRADA VOTING NO.

Discussion on HB 220:

SEN. ECK had a question on the method of assessment adopted by resolution could not be modified if protested. This meant that if someone protested, you could not change and that was the opposite of what they wanted to say. She asked if there were any amendments.

Ms. Fox said she had some suggestions but none were drafted. The suggestion she received was to say the method of assessment adopted in the resolution may be modified unless protested in writing.

CHAIRMAN BECK said he had written down the possibility of using the method of assessment adopted in the original resolution.

SEN. LYNCH said he like the unless approved and then it was changed to if protested in writing. The old way was a positive and the protesting was negative.


SEN. ECK said by resolution unless protested was the general way of doing the assessments.

SEN. LYNCH said the public was not as well served that way because it would be a lot harder to get a majority of the people to protest than it would be to approve.

CHAIRMAN BECK asked to hold up action until the following week.

ADJOURNMENT

Adjournment: 5:00 p.m.



SEN. TOM BECK, Chairman



ELAINE JOHNSTON, Secretary

TB/ej

MONTANA SENATE
1995 LEGISLATURE
LOCAL GOVERNMENT COMMITTEE

ROLL CALL

DATE 3-16-95

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SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 17, 1995

MR. PRESIDENT:

We, your committee on Local Government having had under consideration HB 249 (third reading copy -- blue), respectfully report that HB 249 be concurred in.

Signed: 
Senator Tom Beck, Chair



Amd. Coord.
Sec. of Senate

Sen. Eck
Senator Carrying Bill

621148SC.SRF

SENATE STANDING COMMITTEE REPORT


Page 1 of 1
March 17, 1995

MR. PRESIDENT:


We, your committee on Local Government having had under consideration HB 289 (third reading copy -- blue), respectfully report that HB 289 be concurred in.

Signed: _____


Senator Tom Beck, Chair


Amd. Coord.

Sec. of Senate


Senator Carrying Bill

621128SC.SRF

SENATE STANDING COMMITTEE REPORT


Page 1 of 1
March 17, 1995


MR. PRESIDENT:

We, your committee on Local Government having had under consideration HB 417 (third reading copy -- blue), respectfully report that HB 417 be concurred in.

Signed: _____


Senator Tom Beck, Chair

 Amd. Coord.

 Sec. of Senate


Senator Carrying Bill

621125SC.SRF

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 17, 1995

MR. PRESIDENT:

We, your committee on Local Government having had under consideration HB 425 (third reading copy -- blue), respectfully report that HB 425 be concurred in.

Signed: Sen Tom Beck
Senator Tom Beck, Chair

AS
Amd. Coord.
Sec. of Senate

Sen. Harding
Senator Carrying Bill

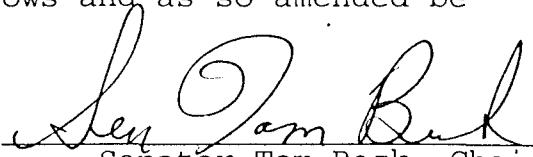
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SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 20, 1995

MR. PRESIDENT:

We, your committee on Local Government having had under consideration HB 530 (third reading copy -- blue), respectfully report that HB 530 be amended as follows and as so amended be concurred in.

Signed: 
Senator Tom Beck, Chair

That such amendments read:

1. Page 2, line 11.

Insert: "(5) A local government entity that adopts the alternative accounting method by resolution shall submit a copy of the resolution to the department of commerce."

2. Page 34, lines 19 and 20.

Strike: "--" on line 19 through "exception" on line 20

3. Page 34, line 21.

Strike: "it received"
Insert: "of"

4. Page 35, lines 15 and 16.

Strike: lines 15 and 16 in their entirety

-END-



Amd. Coord.
Sec. of Senate


Senator Carrying Bill

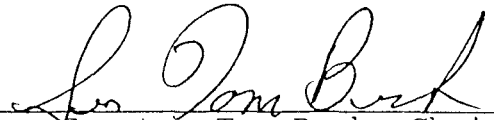
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SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 20, 1995

MR. PRESIDENT:

We, your committee on Local Government having had under consideration HB 393 (third reading copy -- blue), respectfully report that HB 393 be amended as follows and as so amended be concurred in.

Signed: 
Senator Tom Beck, Chair

That such amendments read:


1. Page 2, lines 7 and 8.

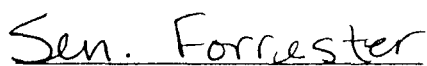
Following: "~~shall~~" on line 7

Strike: the remainder of line 7 through ", the" on line 8

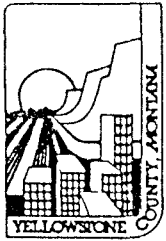
Insert: "The"

-END-


Amd. Coord.
Sec. of Senate


Senator Carrying Bill

641014SC.SPV



YELLOWSTONE COUNTY
OFFICE OF THE SURVEYOR
P.O. BOX 35023
BILLINGS, MONTANA 59107-5023
(406) 256-2727
FAX (406) 256-2736

SENATE LOCAL GOVT. COMM.

EXHIBIT NO. 1
DATE 3-16-95
BILL NO. HB 393

March 16, 1995

Senator Tom Beck, Chairman
Committee Members
Senate Local Government Committee
Room 405

Re: HB 393

Reviewing the above captioned bill brings several concerns to mind.

Overall, if the bill is in conformity with the Montana Constitution (Article 11, Section 3) it certainly violates the spirit. This is evident throughout the document on Page 1, line 15 and 17, Page 2, lines 1,2,3,11,18,19, and 20. It is the removal of authority and management capability from an elected office, with out cause, by any two commissioners, creating a pseudo elected office. The authority created by HB 393 with the Commissioners gives such leverage over the elected official that it effectively changes the form of government, without having to stand the test of Government review, and the electorate. Excessive leverage is displayed on Page 2, line 11, 12 and 13 - If the duties are assigned to the county surveyor, the surveyor must receive the annual salary provided by law for salaried county surveyors and other county officials. This allows the commission to effectively do away with an elected office by simply not assigning duties.

HOUSE BILL NO. 393

INTRODUCED BY _____

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING COUNTY COMMISSIONERS TO ASSIGN THE SUPERVISION OF COUNTY ROADS TO EITHER A COUNTY SURVEYOR OR A COUNTY ROAD SUPERINTENDENT; AND AMENDING SECTIONS 7-4-2812, 7-14-2102, AND 7-14-2301, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

1. Section 7-4-2812, MCA, is amended to read:

~~"7-4-2812. Duties of county surveyor related to roads and bridges in certain counties. (1) The county surveyor of all counties having a total registered vote of 20,000 or over at the last general election shall be responsible~~ The board of county commissioners may assign responsibility for the supervision and direction of all highways, bridges, and causeways within his the county to a county surveyor or to a county road superintendent. The board may allocate the duties between the surveyor and the superintendent.

~~(2) In the exercise of such control, supervision, and direction, he shall~~ The duties are to:

(a) keep all highways and bridges free and clear of all obstructions;

~~(b) cause highways to be graded, when needed, and grade, maintain, and repair the same~~ all highways;

~~(c) cause construct, maintain, and repair all bridges and causeways to be made, when needed, and keep the same maintained and in good repair and renew the same when destroyed;~~

(d) make all surveys;

(e) establish grades;

(f) prepare plans, specifications, and estimates;

(g) keep accurate cost data;

~~(h) approve all claims against the county for all highway, bridge, and causeway construction, maintenance, and repair, prior to presentation to the board of county commissioners;~~

1 (i) employ ~~and assign~~ deputies, ~~men, and teams and discharge at his pleasure such deputies,~~
2 ~~men, and teams and determine how, when, and where such deputies, men, and teams shall work and~~
3 ~~staff;~~

4 (j) purchase and secure all highway and bridge machinery and machinery equipment and tools to
5 be used upon highways and bridges, with the approval of the board;

6 (k) purchase and secure all highway, bridge, and causeway supplies and materials, with the
7 approval of the board;

8 (l) from time to time, make reports and estimates of all matters relating to highways and bridges
9 when required by the board; and

10 (m) perform such other duties as ~~are now or which may be hereafter~~ required by law.

11 (3) ~~In the exercise of such control, supervision, and direction, he shall~~ If the duties are assigned
12 to the county surveyor, the surveyor must receive the annual salary provided by law for salaried county
13 surveyors and other county officials."

14

15 2. Section 7-14-2102, MCA, is amended to read:

16 "7-14-2102. General powers relating to county roads -- assignment of responsibility. Each board
17 of county commissioners may in its discretion do whatever may be necessary for the best interest of the
18 county roads and the road districts. The board may assign responsibility for the supervision of county
19 roads to a county surveyor or to a county road superintendent or may allocate the duties between the
20 county surveyor and the county road superintendent."

21

22 3. Section 7-14-2301, MCA, is amended to read:

23 "7-14-2301. County road superintendent -- appointment and compensation. (1) ~~In counties~~
24 ~~without a county surveyor, each~~ A board of county commissioners may appoint a county road
25 superintendent. ~~He shall~~ The superintendent have such has the duties, powers, and responsibilities as are
26 set forth in this part. After ~~his~~ the appointment, the county road superintendent shall serve at the pleasure
27 of and under the direction and control of the board. ~~He~~ The superintendent shall file with the county clerk
28 the customary oath of office and a bond approved by the board for the faithful performance of ~~his~~ the
29 superintendent's duties.

1 (2) ~~He shall~~ The superintendent must receive such compensation as is determined by the board."

2 -END-

The bill before you is to address the continuing increased caseload for the City of Billings and the effect on other cities in Montana that have a City Court system. For instance, for fiscal year 1992/93, records show 21,381 cases compared to 20,025 in fiscal year 1991/92, or a 6.7% increase from the previous year. Of these cases, 3,000 were criminal cases which means that 81 cases on a daily basis were being filed. We also show there is a 20% increase in the criminal charges filed during the same fiscal years. If we were to look from 1989 to 1993, we show there has been a 68% increase in the criminal charges. Traffic charges have increased from 13,123 to 14,335 or a 10% increase; with a 4% increase in DUI charges.

It is important to point out that the criminal charges are the more serious misdemeanors such as assault, theft, domestic abuse, drugs, MIP, criminal trespass, prostitution, bad checks, and temporary restraining order violations. It is important to point out that the court system can no longer be considered a traffic court, because the charges seen in our court are of a much more serious nature than in the previous years. New legislation such as the stalking laws, new City ordinances also have an impact on the courts and its ability to conduct business in a timely fashion. We also conduct restitution hearings and property return hearings. It is nearly impossible for one judge to continue to handle the increased caseload in a timely and effective manner. It is therefore imperative that the cities have the ability to elect or appoint an additional City Judge to handle the increasing caseloads and keep within the 6 month speedy trial requirement. Currently under Montana law, Montana cities are allowed only one City Court Judge. Obviously, this restriction places an undue burden on any Court that is of considerable size.

Having the ability to elect or appoint an additional City Judge would give the governing body an option, so regardless of which system they choose, they would have the ability to either elect or appoint a second Judge to relieve the caseload.



CITY OF BILLINGS
M O N T A N A

CITY COURT

Box 1178
Billings, MT 59103
Phone 657-8490

GAYLE A. STEWART
City Judge

TO: Mark Watson
FROM: Judge Stewart
DATE: January 12, 1995
RE: Legislative Proposal

JAN 13 REC'D

From July 1992 through June 1993, 21,381 cases were filed with Billings City Court. In the previous year 20,025 cases were filed. This indicates an increase of 1,356 additional cases or 6.7% increase from the previous year. In looking at the charts that have been enclosed, the total violation chart shows a steady increase in cases since 1989.

Included in the total number of violations are 2,999 criminal cases, which means 81 cases were filed for every business day of 1993. The chart illustrating criminal charges filed, indicates a 20% increase in criminal charges filed from the previous years. Since 1989 the statistics indicate a 68% increase in the amount of criminal charges filed. The criminal cases are the more serious misdemeanors, such as assault, theft, domestic abuse, drugs, MIP's, criminal trespass, prostitution, deceptive practices, bad checks, theft of services, criminal mischief, cruelty to animals, temporary restraining order violations, stalking. Criminal charges are the

cases that go to trial, because the penalties are more severe, and people have more at stake. The trials are more complicated often necessitating hearings and requiring more actual trial time, thus requiring more time of the Judge.

Traffic charges have also increased from 13,123 in 1992 to 14,335. A 10% increase. D.U.I. charges have increased 4% from the previous year.

What is important about these numbers is that Billings City Court, is no longer a traffic court - in the sense that the charges we are seeing in this Court are much more serious that they have been in previous years.

These figures tell us that for some reason, whether it be increased population, more crimes, or increased enforcement, there is a significant increase in charges being filed in our City. This creates a problematic situation. Because of our volume, open Court arraignments take longer, resulting in people having a longer wait in City Court to see the Judge. We are now setting trials approximately 5 months from date of entry of plea. This gives the Court a one month leeway before that case is lost for lack of speedy trial.

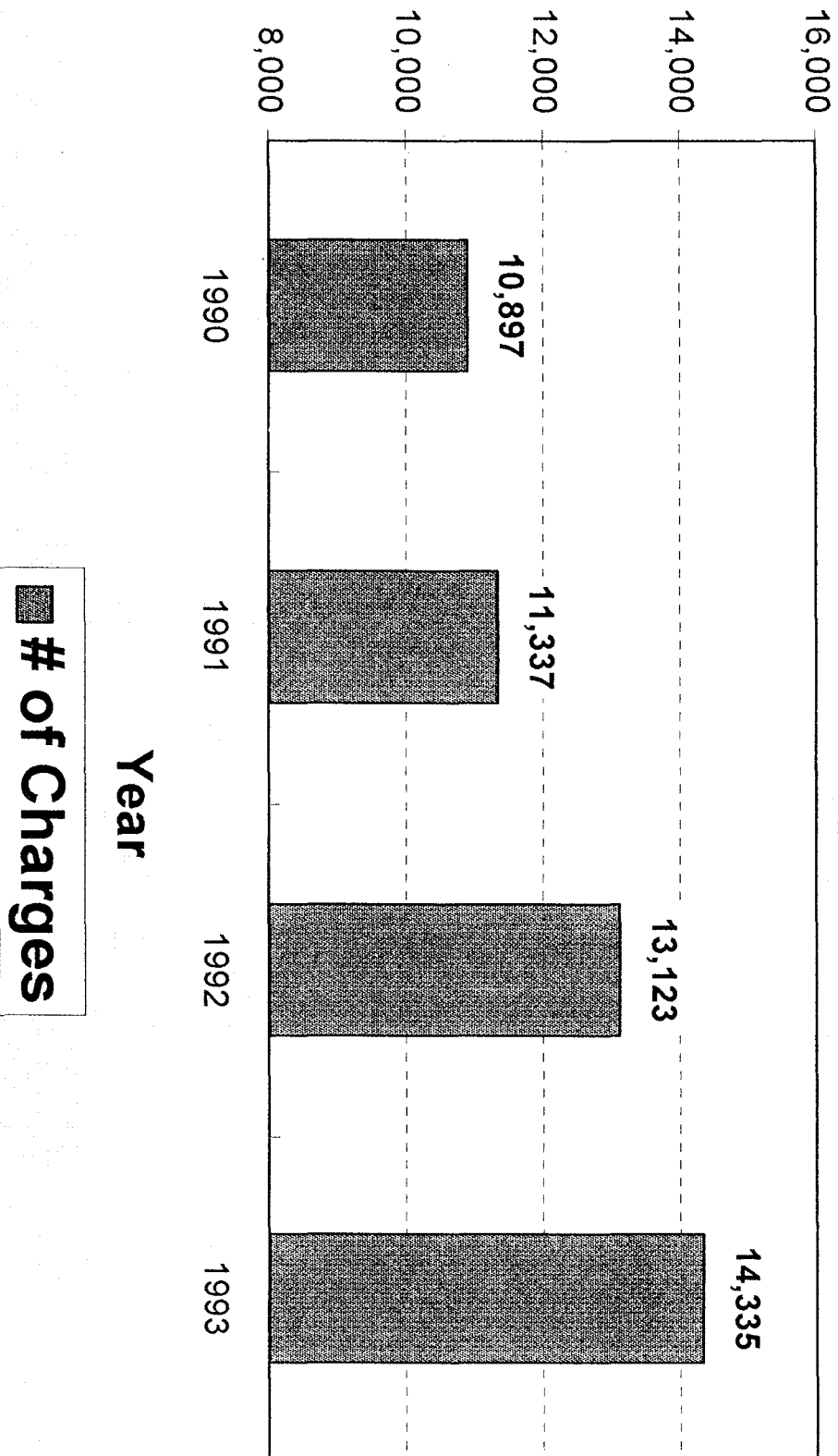
New legislation, such as stalking laws, increase in jurisdictional amounts, new City ordinances all have an effect on the Court and it's ability to conduct business in a timely fashion. We also conduct restitution hearings and property return hearings. It is nearly impossible for one Judge to handle the burgeoning caseload in a timely and effective manner. Currently under

Montana law, Montana cities are allowed only one City Court Judge. Obviously, this restriction places an undue burden on any Court that is of considerable size.

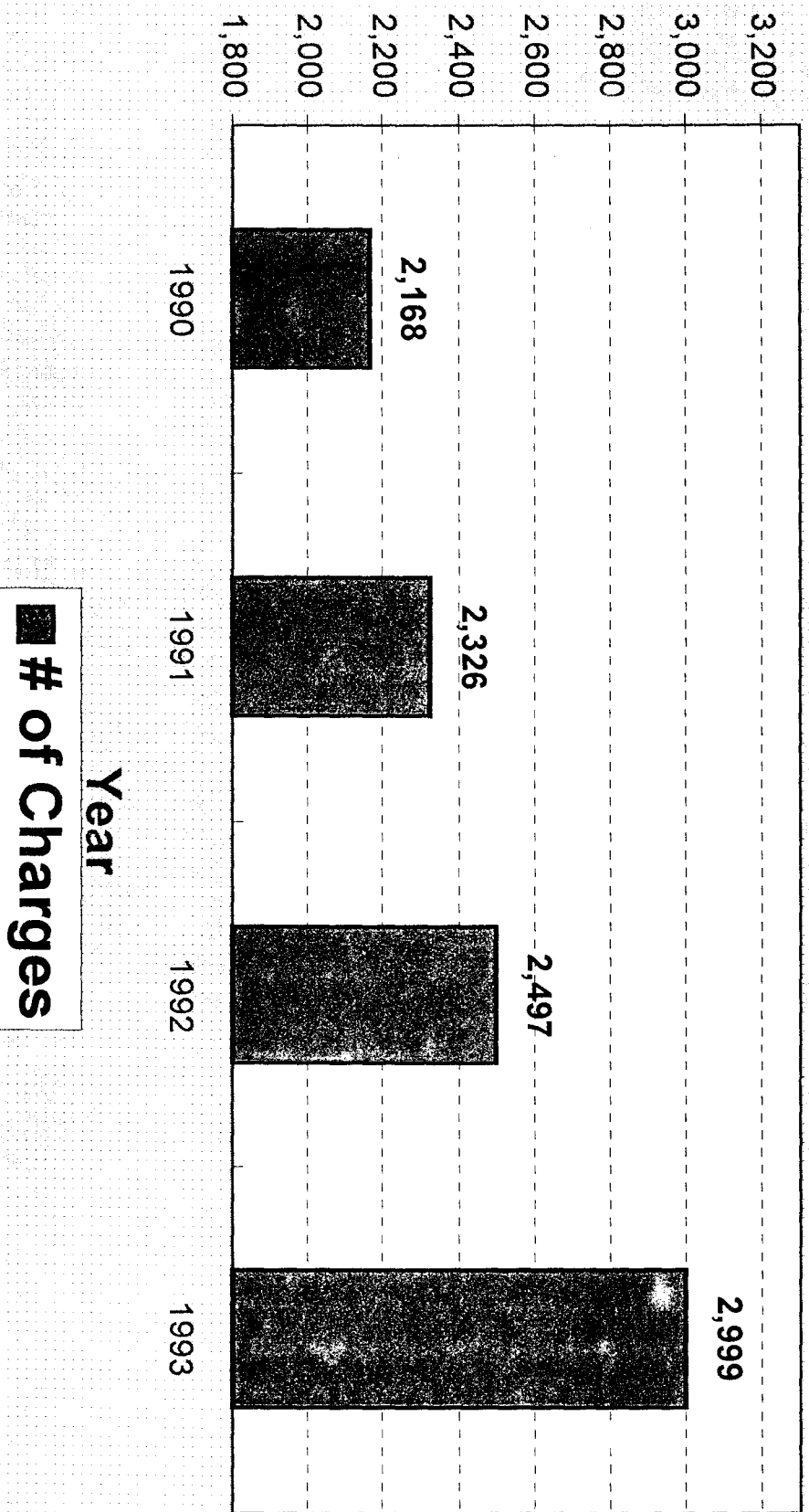
Although a municipal court is an option it is within the discretion of the governing body to elect the municipal court system and the governing body may decide that Billings is not ready for that particular type of Court.

Having the ability to elect or appoint an additional City Judge would give the governing body an option, so regardless of which system they choose, they would have the ability to either elect or appoint a second Judge to relieve the caseload.

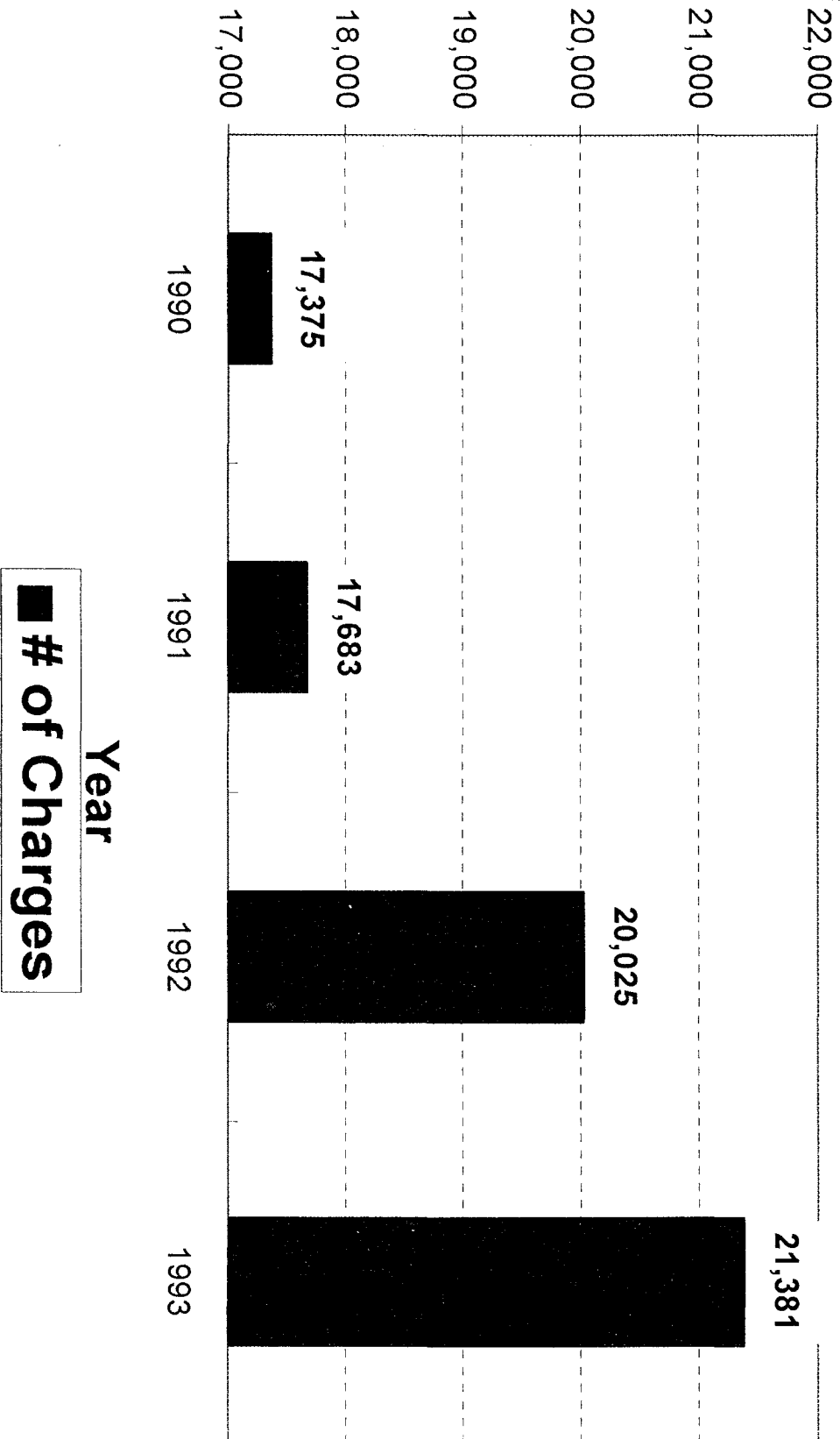
Traffic Charges



Criminal Charges



Total Number of Charges



March 16, 1995

SENATE LOCAL GOVT. COMM.

EXHIBIT NO. 3

DATE 3-16-95

BILL NO. HB 425

Mr. Chairman, Members of the Senate Local Government:

For the record my name is Lance Clark, Public Affairs Director, of the Montana Association of REALTORS®.

Today, I present testimony in opposition to HB 425 on behalf of the Montana Association of REALTORS® and local Helena REALTOR® Bill Spilker of Landmark Realty.

A person may own a tract of land which has a substantial improvement thereon. The person wants to divide a portion of the vacant parcel off for future development. The parcel to be divided has little value compared to the overall taxable value of the parcel.

This bill would require taxes to be paid ahead of the schedule which would be a great burden on the property owner.

For instance, Mr. Spilker states that he owns the Prospector Chevrolet Building and the taxes are in the neighborhood of \$20,000 a year. If he wants to divide a part of the vacant land which he intended to do anytime between November 1 and May 30, he would have to pay the \$10,000 second half in order to file the plat. As long as the taxes are current, as under the current law, the plat should be recorded.

Requiring SID's to be paid off on a property could run into a substantial amount of money. SID's are usually created over a 15 year payment schedule. They usually carry an interest rate of 3 - 5% below what commercial lending rates are. Why penalize a landowner to prepay this debt.

Please vote no on HB 425!

HB 530.02 ALTERNATE ACCOUNTING METHOD

TESTIMONY of : Tim Magee, City of Great Falls Finance Director

KEY POINTS ON HB 530 include:

- ◆ It started out as 1½ pages. The meat of the bill is still contained in the first two pages.
- ◆ It is an OPTION available only to municipal, county and consolidated city-county governments **IF**:
 - the entity adopts the alternative by resolution; and,
 - the entity has received an auditor's unqualified opinion for its preceding fiscal year.
- ◆ It requires an annual audit. Therefore a critical review will be made, and submitted to the Dept. of Commerce, every year for any entity under this option.
- ◆ It is more stringent than existing state law by requiring:
 - a budget is to be adopted by the beginning of the fiscal year (July 1st); and,
 - better advertised public hearings for both adoption and amendment
(2 Notices under 7-1-4127 for municipal, and 7-1-2121 for county)
- ◆ The Department of Commerce has always supported Generally Accepted Accounting Principles (GAAP) in its requirements, and GAAP is the core of this legislation. Therefore there will be no loss of "**comparable**" information among various entities. Entities do not provide "**identical**" records or reports under current requirements.

HB 530.02

ALTERNATE ACCOUNTING METHOD

TESTIMONY of : Tim Magee, City of Great Falls Finance Director
Page 2

TITLE 7 WILL STILL NEED TO BE REWRITTEN:

- A. **Title 7 represents 90+ years of statutory layering.**
It contains:
- contradictory statutes;
 - statutes that conflict with Generally Accepted Accounting Principles;
 - unnecessary micro-management; and,
 - out-dated concepts.
- B. **Title 7 should contain concise requirements**
including:
- recognition of Generally Accepted Accounting Principles;
 - recognition of the Department of Commerce's overview capacity;
 - a minimum of "security blanket" type guidance; and,
 - a consistent approach to providing for the public interest.
- C. **A focus group is working on a major revision of Title 7.**
It is:
- coordinated through the Local Government Center at Montana State University (Ken Weaver, Director);
 - aimed at drafting statutory replacement of Title 7, with emphasis on Part 6;
 - committed to obtaining support from all interested parties before submission to the legislature; and,
 - **to be presented at the 1997 Legislative session.** Recognizing that a Title 7 rewrite, with the necessary broad base input and support, will take significant time and effort to achieve.
- D. **HB 530 provides a foot in the door for more comprehensive improvement.** It does not rewrite Title 7. The entities adopting the alternative should be good testing grounds for eventual Title 7 improvements.

HB 530.02 ALTERNATE ACCOUNTING METHOD

TESTIMONY of : Tim Magee, City of Great Falls Finance Director
Page 3

GOVERNOR'S TASK FORCE RECOMMENDATIONS

In the Governor's Task Force to Renew Montana Government publication Preparing for a New Century the Local Government Committee noted:

The finance and budget administration law for local governments needs to be rewritten and made more concise. This can be done by defining minimum standards for financial and budget administration and by requiring conformance to nationally recognized standards. ... (Page 27)

... The law needs to be changed to refine the relationship between budgets and the fiscal year. ... (Page 28)

Accounting and financial reporting in particular can be virtually done away with in the state law by referring to nationally recognized standards, which are not only vastly superior to current state law, but must be followed anyway for governments wishing to access national credit markets. (Page 28)

GOVERNMENT ACCOUNTING STANDARDS BOARD (GASB)

The Government Accounting Standards Board (GASB) is the nationally recognized authority for GAAP. GASB's Codification of Governmental Accounting and Financial Reporting Standards in:

GASB Cod. Sec. 1200.108 states:

Legal provisions may conflict with GAAP. These differences often occur because constitutional, charter, or other legal provisions governing fiscal operations are antiquated and difficult to change.

GASB Cod. Sec. 1200.110 states:

Conflicts between legal provisions and GAAP do not require maintaining two accounting systems. Rather, the accounting system may be maintained on a legal compliance basis, but should include sufficient additional reports to permit GAAP-based reporting. ...

Accordingly, **GAAP discourages detailed rule making for accounting through statutes, and considers GAAP to be a higher standard of requirements for consistent and comprehensive records and reports.**

HB 530.02

ALTERNATE ACCOUNTING METHOD

TESTIMONY of: Tim Magee, City of Great Falls Finance Director
Page 4

BUDGET DEVELOPMENT

The Government Finance Officers Association (GFOA) is recognized by the AICPA and GASB as being an authoritative source for generally accepted standards in support of other GAAP pronouncements. The GFOA has a Distinguished Budget Presentation Awards Program. This, along with BARS and other Dept. of Commerce guidance, provides very clear guidance to budget development.

HOUSE BILL NO. 530

CREATING AN ALTERNATIVE ACCOUNTING METHOD FOR
LOCAL GOVERNMENTS

March 16, 1995

3:00 P.M.

Senate Local Government Committee

Testimony of Ed Blackman, Gallatin County Fiscal Officer

I am Ed Blackman, the fiscal officer for Gallatin County, I am here in support of House Bill 530 - An act creating an alternative accounting method for local government entities. This bill will allow county commissions greater accountability for budgeting and reporting to their taxpayers.

I particularly like the fact that this act is at a county's discretion. Only those county's that desire to fully implement the requirements of Generally Accepted Accounting Principles need to make the change. Approving a budget prior to the beginning of the new fiscal year will decrease the problems associated with not having spending authority until 1.5 months into a fiscal year.

This bill will decrease local government costs when they decide to purchase accounting software. Currently we must modify existing accounting packages if we adhere strictly to state statute. These modifications add additional costs to the purchase plus and decrease flexibility. Whenever upgrades are received the modifications may or may not work with the upgrade. This results in additional costs or errors in reports occurring.

I encourage you to support House Bill 530. Thank you for your support of this bill.

Respectfully submitted;

Ed Blackman

PROPOSED AMENDMENT TO HB 530 BILL NO. HB 530
Second Reading Copy HB0530.02

1. Page 2, line 11
INSERT: "(5) A local government entity that adopts the alternative accounting method by resolution shall submit a copy of the resolution to the department of commerce."
2. Page 34, line 21
STRIKE: "it received"
FOLLOWING: "property tax revenue"
INSERT: "of"
3. Page 35, lines 15-16
STRIKE: lines 15 and 16 in their entirety.

end

Explanation of Proposed Amendments to HB 530

1. The purpose of this amendment is to provide the Department of Commerce with notification of which cities and counties opt for the alternative accounting method. With the amendment, the Department of Commerce will be better able to work with those local governments and coordinate their administrative overview.
2. This amendment leaves in place section 67 assuring taxpayers the continued security provided under 15-10-203, MCA. The amendment allows more timely adoption of budgets by those cities and counties opting for the alternative accounting method by allowing the use of estimated taxes, as opposed to waiting until the next fiscal year when taxes "it received" are known.

Frenchtown Public Schools, District No. 40

P.O. Box 117
Frenchtown, Montana 59834

SENATE LOCAL GOVT. COMM.

EXHIBIT NO. 7

DATE 3-16-95

BILL NO. HB 530

PEGGY L. ANDERSON

406-626-4461

ELEMENTARY PRINCIPAL

SUSAN M. SHANKLE

406-626-5762

DIRECTOR OF BUSINESS SERVICES

MICHAEL W. NICOLA

406-626-5762

SUPERINTENDENT

THOMAS C. KALLAY

406-626-5232

HIGH SCHOOL PRINCIPAL

MT Society of CPAs

P.O. Box 138

Helena, MT 59624-0138

February 27, 1995

RICK L. UNRUH

406-626-4461

ASST ELEMENTARY PRINCIPAL

Attn. Aaron Williams, MSCPA Legislative Intern

Tom Harrison, MSCPA Lobbyist

RE: HB No. 530

Dear Aaron and Tom:

Per your request, HB #530 was reviewed by Ron Foltz, Loren Randall and myself. Here are our combined comments on this bill:

1. Local governments are already required to adopt generally accepted accounting principles per the Montana Budgetary, Accounting and Reporting System (BARS) implemented beginning in 1975.
2. Generally accepted accounting principles (GAAP) are uniform minimum standards of and guidelines to financial accounting and reporting. Adherence to GAAP assures that financial reports of all state and local governments - regardless of jurisdictional legal provisions and customs - contain the same types of financial statements and disclosures, for the same categories and types of funds and account groups, based on the same measurement and classification criteria. Adherence to GAAP is essential to assuring a reasonable degree of comparability among the financial reports of state and local governmental units. While GAAP does not provide guidance on statutory requirements such as the duties of clerks, tax levy requirements, budgetary notice and hearing requirements, rule making authority, etc. as exempted in HB #530, pursuant to NCGA Statement 1, "A governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the financial position and account groups of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions. An important aspect of GAAP as applied to governments is the recognition of the variety of legal and contractual considerations typical of the government environment. These considerations underlie and are reflected in the fund structure, bases of accounting, and other principles and methods set forth here, and are a major factor distinguishing governmental accounting from commercial accounting. Governmental accounting systems designed in conformity with these principles can readily satisfy most management control and accountability information needs with respect to both GAAP and legal compliance reporting. To that end, the adoption of GAAP does

not eliminate the need to follow detailed rules which ensure consistency between and among local governmental units and which document compliance with legal provisions.

3. Local governments do not adopt their own auditing standards as indicated in the purpose statement. Independent auditors are required to follow auditing standards. Accordingly, there should be no reference to auditing standards within this bill.

4. The term "alternative accounting method" implies, to an accountant, a method other than generally accepted accounting principles. The bill is misleading, as indicated above, as generally accepted accounting principles, are already required pursuant to BARS. (Although we recognize that there are some small local government entities that report on the cash basis - Dept. of Commerce could provide additional information on how many entities report on the cash basis).

5. This bill essentially removes all budgetary and tax levy requirements, except for one public hearing, for those local governments who prepare their annual financial reports based on generally accepted accounting principles. GAAP does not dictate the standards by which budgets are prepared. However, pursuant to NCGA Statement 1, "Budgetary comparisons should be included in the appropriate financial statements and schedules for governmental funds for which an annual budget has been adopted." Care should be taken to protect the public's interest and the accountability in the budget and levy setting process. Again, GAAP encourages adopting a system which demonstrates compliance with legal provisions.

6. We recognize that some of the Title 7 requirements are outdated and may no longer be needed. However, elimination of these requirements should not be contingent upon the issuance of an unqualified opinion. What happens when an entity does not receive an unqualified opinion every year? Some years they must comply and others not? And further, one county doesn't have to comply with certain budgetary and reporting provisions of Title 7 but the neighboring county does because they received a qualified opinion (usually on fixed asset reporting)? Again, we state that GAAP focuses on consistency and comparability between and among governmental units. Additionally, this is accomplished through the role of the Dept. of Commerce in Section 7-6-2302, MCA. There must be authority at the state level to ensure consistency and comparability between and among local government units, particularly for providing state-wide information to the legislature.

Please contact me should you desire additional information or comments. The intent of the bill is desirable but we believe it has some unintended consequences and additional review is necessary before making the proposed amendments as written in HB 530.

Sincerely,

Ann M. Munkle CPA



P.O. Box 5021, 59403-5021

March 10, 1995

Tom Harrison, Jr.
Harrison, Loendorf & Poston, P.C.
Attorneys at Law
Suite 21, Professional Center
2225 Eleventh Avenue
Helena, Montana 59601

Fax No. 406-443-7427

Dear Tom:

Thank you for the opportunity to address the concerns expressed by members of the CPA society relative to House Bill 530.

I would like to point out:

HB530 started out as a two pages. The meat of the bill is still contained in the first two pages. Pages 3 through 35 (Sections 5 through 67) were added by the Montana Legislative Council to detail existing statutes which were already contradictory, or would be superseded (at least in part) by HB530.

HB530 is an OPTION available only to municipality, county and consolidated city-county governments.

HB530 allows for an alternative if
the entity adopts the alternative by resolution; and,
the entity has received an auditor's unqualified opinion for its preceding fiscal year.

The Department of Commerce was consulted in the drafting of this bill, their input was included, and they testified for the bill. They are delegated the responsibility to prescribe accounting forms, reports and systems for local governments. Their primary tool has been the Montana Budgetary Accounting and Reporting System (BARS).

Some CPA's involved in local government auditing were consulted for their opinion of this bill. Their response was positive, but they declined to actively endorse the bill due to the possibility of perceived conflict with auditor neutrality.

Page 2

COMMENT 1

Local governments are already required to adopt GAAP per BARS.

BARS is prescribed under the authority of the Department of Commerce. Although it very closely follows Generally Accepted Accounting Principles (GAAP), it does not establish GAAP.

The Government Accounting Standards Board (GASB) is the nationally recognized authority for GAAP. HB530 in Section 4, Part 1 requires GAAP for the local government in accordance with GASB. HB530 does not reduce the usefulness of BARS or minimize the value of the Department of Commerce as a good reference source for local governments in Montana.

COMMENT 2

The adoption of GAAP does not eliminate the need to follow detailed rules which ensure consistency between and among local government units and which document compliance with legal provisions. GAAP encourages adopting a system which demonstrates compliance with legal provisions. (Comment 5 overlaps other parts of Comment 1)

This comment quoted NCGA Statement 1 as GAAP. NCGA Statement 1 has been superseded by GASB's Codification of Governmental Accounting and Financial Reporting Standards. GASB Cod. Sec. 1200.108 states:

Legal provisions may conflict with GAAP. These differences often occur because constitutional, charter, or other legal provisions governing fiscal operations are antiquated and difficult to change.

GASB Cod. Sec. 1200.110 states:

Conflicts between legal provisions and GAAP do not require maintaining two accounting systems. Rather, the accounting system may be maintained on a legal compliance basis, but should include sufficient additional reports to permit GAAP-based reporting. ...

Accordingly, GAAP discourages detailed rule making for accounting through statutes, and considers GAAP to be a higher standard of requirements for consistent and comprehensive records and reports.

Page 3

COMMENT 3

Local governments do not adopt their own auditing standards as indicated in the purpose statement. There should be no reference to auditing standards within this bill.

HB530, Section 1 - Purpose states in part: "... to encourage local governments to adopt generally accepted accounting principles and auditing standards. ..." Note this acknowledges generally accepted standards, and does not encourage entities to create their own standards.

HB530, Section 4 states the entity shall: "(4) cause an annual audit in accordance with the provisions of Title 2, chapter 7, part 5; ..." This confirms existing auditing provisions. AICPA publications are still the authoritative source for audit standards.

COMMENT 4

The term "alternate accounting method" is misleading because it implies, to an accountant, a method other than generally accepted accounting principles. Generally accepted accounting principles are already required pursuant to BARS.

"Alternate Accounting Method" is a title denoting that there would be an option. HB530 wording very clearly establishes a closer tie to GAAP as a requirement. If accountants become interested in this "alternative", they will read the very concise wording of the new statutes (sections 1 through 4) and quickly understand the "alternative" is GAAP.

COMMENT 5

This bill essentially removes all budgetary and tax levy requirements, except for one public hearing. GAAP does not dictate the standards by which budgets are to be prepared. (Comment 5 repeats items addressed in Comment 2)

Section 4, part 5 of this bill is more stringent than existing state law requiring: adoption of the budget by July 1st (the start of the fiscal year); and, better advertised public hearings for both adoption and amendment.

For cities, the combination of 7-6-4228 and 15-10-203 currently only requires a single public hearing for budgetary and tax levy requirements. Under 7-6-4227, MCA the City is only required to do a single publication of notice for a budget hearing. Because that law is superseded, HB530 would require cities to publish notices twice under 7-1-4127, MCA.

The Government Finance Officers Association (GFOA) is recognized by the AICPA and GASB as being an authoritative source for generally accepted standards in support of other GAAP pronouncements. The GFOA has a Distinguished Budget Presentation Awards Program. This, along with BARS and other Dept. of Commerce guidance, provides very clear guidance to budget development.

Page 4

COMMENT 6

Elimination of statutory requirements should not be contingent upon the issuance of an unqualified opinion. What happens when an entity does not receive an unqualified opinion every year? There must be authority at the state level to ensure consistency and comparability between and among local government units, particularly for providing state-wide information to the legislature.

The unqualified opinion is considered the best, readily available, standard to qualify for the option of this "alternative accounting method". It signifies an entity which has shown awareness and implementation of GAAP.

During draft review phases, wording was developed to require continuing unqualified audits. It was eventually dropped for three reasons:

1. Timing. An entity would not know it received other than an unqualified audit opinion until up to 6 months after a fiscal year end. Any reversion from the alternative accounting method would have to be after a one year lag.
2. Commitment. Once an entity has received an unqualified audit opinion, it is unusual for it to significantly regress. An unqualified audit opinion and adoption of the alternate accounting method, shows a long-term commitment to excellence at the highest levels.
3. Pointless. The alternative is not considered a less restrictive requirement. It simply avoids some of the unnecessary micro-management and contradiction in statutes.

HB530 does not exempt entities from filing audits and annual reports with the Department of Commerce. The Department of Commerce overview function has not been eliminated or minimized. The exemptions to Department of Commerce rules simply recognize that generally accepted standards for accounting, budgeting and auditing are set on a national scale.

I believe this answers all of the comments related by Susan Shankle, CPA. Please contact me if there are any further questions on HB530.

Sincerely,

M. Tim Magee, Finance Director
(406) 771-1180 ext 376
fax: (406) 452-8048

DATE March 16, 1995

SENATE COMMITTEE ON LOCAL GOVERNMENT

BILLS BEING HEARD TODAY: HB 393 HB 417

HB 425 HB 530

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
HORACE BROWN	MISSION LA Co.	393	✓	
Jim Logan	Billings-Tell. Co.	393		
Cort Harrington	Mont County Treas.	HB 425	✓	
Tim Magee	City of Great Falls	HB 530	✓	
Newell Anderson	Dept of Commerce	HB 530	✓	
Richard Lawen Mayor	City of Billings	HB 417	✓	
W James Kember	City of Billings	HB 530	✓	
Dave Ashley	Dept of Administration	HB 530	✓	
James Clark	MT Assoc. REALTORS	425		X
James Clark	// //	393	X	
Ed Blackman	Gallatin Co.	530	X	
Blake Wurdal	Levi & Clark Co	393	✓	
Ed Blackman	Gallatin Co.	393 417	✓	
Bill Kennedy	Yellowstone Co.	393	✓	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE _____

SENATE COMMITTEE ON _____

BILLS BEING HEARD TODAY: _____

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
VERNON R. ZICKFOOSE	ROAD ACTION CMTE YELLOWSTONE COUNTY	393	X	
Gordon Morris	MAC	393	X	
u u	MAC	530	X	
Dave Hansen	MT Society of CPA	530		

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY