

1 *Knapp* *HB* BILL NO. *208*
 2 INTRODUCED BY *Meyer* *Wynick* *Endlich* *Seash*
 3 *Alay* *O'Connell* *Johnson*

4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING LOCAL
 5 GOVERNMENT UNITS TO CHARGE THE STATE FOR SERVICES SUPPLIED
 6 FOR THE BENEFIT OF THE STATE."
 7

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

9 Section 1. Declaration of policy. It is found and
 10 declared that local governments, both cities and counties,
 11 are providing certain essential governmental services to
 12 state government. The provision of such services is an
 13 expense which it is increasingly more difficult for local
 14 governments to bear without decreasing both the quantity and
 15 quality of essential services performed on behalf of all
 16 citizens. It is further found and declared that local
 17 governments should have a means of defraying the cost of
 18 providing essential services to the state by charging it for
 19 actual services provided.

20 Section 2. Definitions. As used in this act, unless
 21 the context clearly indicates otherwise, the following
 22 apply:

- 23 (1) "Local government unit" means any city, town, or
 24 county within the state of Montana.
 25 (2) "Essential services" means the provision of

1 garbage and refuse collection and disposal; street, road,
 2 highway, and bridge repair; snow removal; fire protection;
 3 and street cleaning and improvements made by any authorized
 4 special improvement district;

5 (3) "State" means the state of Montana or any office,
 6 department, agency, authority, commission, board,
 7 institution, hospital, college, university, or other
 8 instrumentality thereof.

9 (4) "Department" means the department of
 10 administration provided for in chapter 2, Title 82A.

11 Section 3. Charges against state for essential
 12 services. Any local government unit may charge the state
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 14 to the state for those essential services from which the
 15 state receives a direct benefit. No charge may be made for
 16 street and road repair, improvement, maintenance, cleaning,
 17 or snow removal unless the state owns real property which
 18 abuts upon or is serviced by the street or road on which
 19 these services are provided.

20 Section 4. Resolution of intent. Any local government
 21 unit choosing to exercise the powers conferred by this act
 22 shall first pass a resolution declaring its intent to do so.
 23 In the resolution, the local government unit shall list the
 24 real property owned by the state within its boundaries.
 25 Whenever a local government unit operates a police

1 department or fire department, it is presumed that the state
2 receives police and fire protection therefrom.

3 Section 5. Contract with state -- rate resolution.

4 (1) Within a reasonable time following final passage of the
5 resolution of intent, the local government unit shall cause
6 a certified copy of the resolution to be mailed by
7 registered or certified mail to the department. As soon
8 thereafter as practicable, the department shall execute a
9 contract with the local government unit providing for
10 payment to the local government unit for essential services
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12 than 5 years. The contract must provide for annual or more
13 frequent payments and for the provision of essential
14 services only in the same manner as those services are
15 provided to residents of the local government unit
16 generally.

17 (2) If, within 90 days of the receipt by the
18 department of the resolution of intent, no contract
19 agreeable to both the department and the local government
20 unit has been executed, the local government unit may by
21 resolution establish rates to be charged for the provision
22 of each essential service to the state. The rates may not
23 exceed the estimated cost of provision of the essential
24 service as assessed against or attributed to taxable
25 property within the local government unit boundary of like

1 value and nature. Within a reasonable time following final
2 passage of the rate resolution, the local government unit
3 shall cause a certified copy of the resolution establishing
4 rates to be mailed by registered or certified mail to the
5 department.

6 (3) (a) Except for garbage and refuse collection and
7 disposal, for which the state may itself make provision, the
8 decision of the local government unit as made in the rate
9 resolution, in the absence of an abuse of discretion, shall
10 be binding upon the state. The state shall pay the amount
11 assessed annually on or before June 30.

12 (b) The decision of a local government unit may be
13 reviewed by the district court of the county where the local
14 government unit is located. The petition for review shall be
15 filed within 30 days after the receipt of the resolution by
16 the department. Where applicable, the provisions of 82-4216
17 apply to review under this subsection.

18 (4) If, after the resolution establishing the rates to
19 be charged has been enacted and approved by a court of
20 competent jurisdiction or the time for review thereof has
21 passed, the state does not make the annual payment, the
22 local government unit may sue the state to collect the
23 payment.

24 Section 6. Severability. It is the intent of the
25 legislature that if a part of this act is invalid, all valid

1 parts that are severable from the invalid part remain in
2 effect. If a part of this act is invalid in one or more of
3 its applications, the part remains in effect in all valid
4 applications that are severable from the invalid
5 applications.

-End-

STATE OF MONTANA

REQUEST NO. 118-77

FISCAL NOTE

Form BD-15

In compliance with a written request received January 20, 19 77, there is hereby submitted a Fiscal Note for House Bill 208 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 208 proposes to grant local government units the authorization to charge the state for services provided by the units.

ASSUMPTIONS:

- 1. There are approximately 567 cities, counties and towns in Montana.
2. Average statewide mill levy is 193 mills.
3. Value of state-owned properties (land, buildings and contents) is \$334.8 million.
4. Department of Revenue determined that because all state-owned land is presently classified, no added costs would be incurred. Relating to state-owned buildings and contents, the added workload would be absorbed in proposed budget requests.
5. Section 5 of this bill provides that "No contract may be for a period longer than 5 years."

In order to be fair to all owners of real property, maintain a consistent base, and to levy taxes in an equitable manner, all local government units would execute contracts for one (1) or two (2) years only; thus the state's administration costs would be the same each year.

- 6. If the state appeals any contract submitted by a local government unit, such costs could be absorbed in proposed budget requests for both the state and the local government unit.
7. Tax rate levied on state-owned properties would be only for direct benefits received from "Essential Services" not presently being paid for. The state presently pays SID assessments.

FISCAL IMPACT:

Additional cost to the state due to the proposed legislation is as follows:

Table with 3 columns: Description, FY 78, FY 79. Rows include Personal Services, Operating Expenses, 'Essential Service Costs' not presently provided for, and Additional cost to state of proposed legislation.

Richard L. Drury for
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-24-77

STATE OF MONTANA

REQUEST NO. 118-77

FISCAL NOTE

Revised

Form BD-15

In compliance with a written request received January 28, 19 77, there is hereby submitted a Fiscal Note for House Bill 208 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

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In order to be fair to all owners of real property, maintain a consistent base, and to levy taxes in an equitable manner, all local government units would execute contracts for one (1) or two (2) years only; thus the state's administration costs would be the same each year.
6. If the state appeals any contract submitted by a local government unit, such costs could be absorbed in proposed budget requests for both the state and the local government unit.
7. Tax rate levied on state-owned properties would be only for direct benefits received from "Essential Services" not presently being paid for. The state presently pays SID assessments.

FISCAL IMPACT:

Additional cost to the state due to the proposed legislation is as follows:

	<u>FY 78</u>	<u>FY 79</u>
Personal services	\$ 3,993	\$ 4,089
Operating expenses	720	720
"Essential Service Costs" not presently provided for*	<u>923,910</u>	<u>923,910</u>
Additional cost to state of proposed legislation	<u>\$928,623</u>	<u>\$928,719</u>

*These costs are distributed to the local government units thusly:

Counties	\$642,720
Cities and towns	<u>281,190</u>
	<u>\$923,910</u>

There is attached an additional schedule showing a distribution of these costs to the respective state agencies.

TECHNICAL NOTE:

1. "Essential Services" definition does not include police protection; however it is referred to in Section 4.
2. House Bill No. 122 contains provisions to allow local government units to charge tax exempt properties for services provided.
3. No wording for Legislative Assembly to appropriate required funding.
4. House Bill No. 400 provides similar language to allow a state aid payment to school districts where state-owned property is located.

Richard L. Dwyer
BUDGET DIRECTOR
Office of Budget and Program Planning
Date: 2-8-77

SCHEDULE OF IN-LIEU PROPERTY TAX COSTS BROKEN DOWN INTO UNITS

	<u>Cost</u>	
Department of Administration, Capital Complex ¹	\$ 52,919	
Department of Natural Resources	4,679	
Department of Social & Rehabilitation Services ²	549	
Department of Agriculture	341	
Department of Fish and Game ²	4,146	
Department of Highways ³	37,319	
Department of Community Affairs	1,371	
Department of Justice	263	
Superintendent of Public Instruction	453	
Department of Labor and Industry	8,030	
Department of Military Affairs ⁴	13,596	
Department of Education:		
Eastern Montana College	\$ 57,238	
Montana College of Mineral Science & Tech.	25,024	
Montana State University	196,380	
Northern Montana College	37,437	
University of Montana	165,006	
School for the Deaf and Blind	7,993	
Western Montana College	<u>28,560</u>	517,638
Department of Institutions:		
Boulder River School and Hospital	\$ 25,919	
Center for the Aged	4,826	
Eastmont Training Center	1,537	
Galen State Hospital	20,293	
Montana Health Center	1,183	
Montana Childrens Center	6,955	
Montana State Prison ⁵	13,330	
Montana Veterans Home	5,406	
Mountain View School	3,463	
Pine Hills School	10,583	
Swan River Youth Forest Camp	1,739	
Warm Springs State Hospital	<u>40,540</u>	135,774
State owned land - not included above		<u>146,832</u>
TOTAL		<u><u>\$923,910</u></u>

¹ Included PERS and TRS buildings.

² Does not include building constructed in 1976.

³ See Assumption No. 3.

⁴ That agency projected this cost to be \$25,000.

⁵ That department projected this cost to be \$23,750; does not include new facilities completed in 1976.

Approved by Comm.
on Local Government

1 *Kropp* HB BILL NO. 208
2 INTRODUCED BY *Meyer* *Wypicki* *Condoloch* *Santh*
3 *Foley* *O'Connell* *Johnson*

4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING LOCAL
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8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 Section 1. Declaration of policy. It is found and
10 declared that local governments, both cities and counties,
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12 state government. The provision of such services is an
13 expense which it is increasingly more difficult for local
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15 quality of essential services performed on behalf of all
16 citizens. It is further found and declared that local
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20 Section 2. Definitions. As used in this act, unless
21 the context clearly indicates otherwise, the following
22 apply:

23 (1) "Local government unit" means any city, town, or
24 county within the state of Montana.

25 (2) "Essential services" means the provision of

1 garbage and refuse collection and disposal; street, road,
2 highway, and bridge repair; snow removal; fire protection;
3 and street cleaning and improvements made by any authorized
4 special improvement district;

5 (3) "State" means the state of Montana or any office,
6 department, agency, authority, commission, board,
7 institution, hospital, college, university, or other
8 instrumentality thereof.

9 (4) "Department" means the department of
10 administration provided for in chapter 2, Title 82A.

11 Section 3. Charges against state for essential
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17 or snow removal unless the state owns real property which
18 abuts upon or is serviced by the street or road on which
19 these services are provided.

20 Section 4. Resolution of intent. Any local government
21 unit choosing to exercise the powers conferred by this act
22 shall first pass a resolution declaring its intent to do so.
23 In the resolution, the local government unit shall list the
24 real property owned by the state within its boundaries.
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HB208

1 department or fire department, it is presumed that the state
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4 (1) Within a reasonable time following final passage of the
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17 (2) If, within 90 days of the receipt by the
18 department of the resolution of intent, no contract
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21 resolution establish rates to be charged for the provision
22 of each essential service to the state. The rates may not
23 exceed the estimated cost of provision of the essential
24 service as assessed against or attributed to taxable
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6 (3) (a) Except for garbage and refuse collection and
7 disposal, for which the state may itself make provision, the
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12 (b) The decision of a local government unit may be
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15 filed within 30 days after the receipt of the resolution by
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18 (4) If, after the resolution establishing the rates to
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 2 INTRODUCED BY *Meyer Weyrich* *Sundback Smith*
 3 *Foley O'Connell Johnson*

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