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2 INTRODUCED BY

*House BILL NO. 289  
Local Govt Finance Bill*

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT IMPLEMENTING THE RECOMMENDATION OF THE GOVERNOR'S  
5 TASK FORCE TO RENEW MONTANA GOVERNMENT BY ELIMINATING THE 12 PERCENT A YEAR UTILITY  
6 RATE INCREASE LIMIT FOR MUNICIPAL UTILITIES; AMENDING SECTION 69-7-101, MCA; AND  
7 REPEALING SECTION 69-7-102, MCA."

8

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

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11       **Section 1.** Section 69-7-101, MCA, is amended to read:

12       **"69-7-101. Municipal utilities -- regulation by municipality —limitation.** A municipality has the  
13 power and authority to regulate, establish, and change, as it considers proper, rates, charges, and  
14 classifications imposed for utility services to its inhabitants and other persons served by municipal utility  
15 systems. Rates, charges, and classifications ~~shall~~ must be reasonable and just ~~and, except as provided in~~  
16 ~~69-7-102, they may not be raised to yield more than a 12% increase in total annual revenues or, in the~~  
17 ~~case of mandated federal and state capital improvements, the increase may not exceed amounts necessary~~  
18 ~~to meet the requirements of bond indentures or loan agreements required to finance the local government's~~  
19 ~~share of the mandated improvements. Annual revenues must be computed on any consecutive 12-month~~  
20 ~~period for purposes of this chapter."~~

21

22       **NEW SECTION. Section 2. Repealer.** Section 69-7-102, MCA, is repealed.

23

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0289, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

A bill implementing the recommendation of the Governor's Task Force to Renew Montana Government by removing the Public Service Commission (PSC) from reviewing municipal utility rate increases.

ASSUMPTIONS:

1. In FY94 there were twelve (12) municipal filings made to change utility rates, that were processed by the PSC. For the most part these were small filings.
2. Approximately 150 person hours were required to process the 12 filings.
3. The PSC is funded with a utility tax levied on gross operating revenue of public utilities regulated by the PSC. By statute, the tax is calculated to generate the amount of PSC's approved budget. Municipal utilities contribute to the funding of the PSC through the tax. The amount of revenue that would have been contributed by the municipal utilities, but now must be covered by other regulated utilities because of this legislation, cannot be determined at this time.

FISCAL IMPACT:

	<u>FY96</u> <u>Difference</u>	<u>FY97</u> <u>Difference</u>
<u>Expenditures:</u>		
Personal Services	(5,798)	(5,798)
Operating Expenses	(426)	(426)
Total	(6,226)	(6,226)
<u>Funding:</u>		
State Special Revenue (02)	(6,226)	(6,226)

Dave Lewis 1-24-95  
DAVE LEWIS, BUDGET DIRECTOR DATE  
Office of Budget and Program Planning

Loren Soft  
LOREN SOFT, PRIMARY SPONSOR DATE

Fiscal Note for HB0289, as introduced

HB 289

APPROVED BY COM ON  
LOCAL GOVERNMENT

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7 REPORT; AMENDING SECTION 69-7-101, MCA; AND REPEALING SECTION SECTIONS 69-7-102 AND  
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NEW SECTION. **Section 2. Repealer.** Section SECTIONS 69-7-102 AND 69-7-121, MCA, is ARE  
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INTRODUCED BY SOFT, QUILICI, MILLS

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