

**MINUTES**

**MONTANA HOUSE OF REPRESENTATIVES  
57th LEGISLATURE - REGULAR SESSION  
COMMITTEE ON LOCAL GOVERNMENT**

**Call to Order:** By **CHAIRMAN MARK NOENNIG**, on February 13, 2001 at  
3:00 P.M., in Room 472 Capitol.

**ROLL CALL**

**Members Present:**

Rep. Mark Noennig, Chairman (R)  
Rep. Rod Bitney, Vice Chairman (R)  
Rep. Jeff Mangan, Vice Chairman (D)  
Rep. Joan Andersen (R)  
Rep. Eileen Carney (D)  
Rep. Larry Cyr (D)  
Rep. John Esp (R)  
Rep. Dennis Himmelberger (R)  
Rep. Hal Jacobson (D)  
Rep. Rick Laible (R)  
Rep. Jesse Laslovich (D)  
Rep. Bob Lawson (R)  
Rep. Michelle Lee (D)  
Rep. Brad Newman (D)  
Rep. Ken Peterson (R)  
Rep. William Price (R)  
Rep. James Whitaker (R)  
Rep. Cindy Younkin (R)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** **Eddy McClure, Legislative Branch**  
**Pati O'Reilly, Committee Secretary**

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

**Committee Business Summary:**

**Hearing(s) & Date(s) Posted:** HB 469, HB 470, HB 275,  
2/19/2001

**Executive Action:** HB 285, HB 469, HB 275, HB  
345, HB 409

**HEARING ON HB 469**

**Sponsor:** Rep. Diane Rice, HD 33

**Proponents:** Ted Kaufman, Madison County Commissioner  
Gordon Morris, MACO  
John Semple, Montana Fireman's Alliance

**Opponents:** None

**Opening Statement by Sponsor:** Rep. Diane Rice, HD 33. This bill allows fire districts to own property. *{Tape : 1; Side : A; Approx. Time Counter : 0 - 1.2}*

**Proponents' Testimony:**

**Ted Kaufman, Commissioner Madison County,** lives north of Ennis, this came to our attention when our rural fire district was expanding, with a lot of people moving into the Madison Valley and they wanted to buy some ground to build a firehouse, currently they lease from the town of Ennis and have a mutual agreement-they have outgrown that facility, we asked our county attorney to see if the fire district could buy the land and get a loan to build, the county attorney said it does not say in statute that a fire district can own property. This bill will allow us to own property. *{Tape : 1; Side : A; Approx. Time Counter : 1.2 - 2.4}*

**Gordon Morris, MACO,** this bill is before you because general governmental powers say that you can only do what the legislature says you can do. If it is not addressed in statute you cannot do it. *{Tape : 1; Side : A; Approx. Time Counter : 2.4 - 3}*

**John Semple, Montana Fire Alliance,** supports the bill. *{Tape : 1; Side : A; Approx. Time Counter : 3 - 4.4}*

**Opponents' Testimony:** None

**Questions from Committee Members and Responses:** None

**Closing by Sponsor:** Rep Rice closed HB 469. *{Tape : 1; Side : A; Approx. Time Counter : 4.4 - 6.2}*

**HEARING ON HB 470**

**Sponsor:** Rep. Jim Keane, HD 36

**Proponents:** Jim Davidson, MT Economic Development Assn.  
Alec Hanson, MT League of Cities and Towns

**Opponents:** None

**Opening Statement by Sponsor:** Rep. Jim Keane, HD 36. This bill will allow local communities to levy above the mill levy, one to two mills for economic development or port authority. **{Tape : 1; Side : A; Approx. Time Counter : 6.2 - 7.2}**

**Proponents' Testimony:**

**Jim Davidson, Pres. Montana Economic Development Association,** Our members and communities see this bill as a tool to get funding and help economic development. This will not be a voted levy-often voted levies are hard to pass and cost more than they generate. **EXHIBIT (loh36a01) {Tape : 1; Side : A; Approx. Time Counter : 7.2 - 10.1}**

**Alec Hanson, Montana League of Cities and Towns,** support HB 470, this bill will allow local government to levy one mill for port authority or two mills for economic development without taking it to the voters. **EXHIBIT (loh36a02) {Tape : 1; Side : A; Approx. Time Counter : 10.1 - 11.4}**

**Opponents' Testimony:** None

**Informational Testimony:** None

**Questions from Committee Members and Responses:** Rep. Price to Hanson: can a county already levy up to one and one half mills. Hanson did not know. Gordon Morris-counties do have authority, however this is an additional levy for economic development and port authority. Rep. Esp - Alec Hanson; these current limits go back to 1986 with the passage of C-109. In the 1987 legislature they came in and implemented a series of exemptions and inclusions to the law. A lot have changed over the past 14 years. Explains how the various locations get from a mill. **{Tape : 1; Side : A; Approx. Time Counter : 11.4 - 26.7}**

**Closing by Sponsor:** Rep. Keane closed HB 470. This is not a major shift and currently there is three ways to increase mills. This bill allows a one mill increase above the cap. This is to enhance structures and will help all local areas control economic

development. {Tape : 1; Side : A; Approx. Time Counter : 26.7 - 30} {Tape : 1; Side : B; Approx. Time Counter : 0 - 6.3}

HEARING ON HB 275

Sponsor: Representative Ken Peterson, HD 20

Proponents: Alec Hanson, MT League of Cities and Towns  
Jani McCall, Billings, MT  
Chris Kurkowski, Mayor of Kalispell

Opponents: Steve Turkowitz, MT Auto Dealers  
Mary Whittinghill, MT Taxpayers Assn.  
Riley Johnson, Natl. Federation of Independent  
Businessmen  
Webb Brown, MT Chamber of Commerce  
Geoff Feiss, MT Telecommunications  
Beth Baker, Montana Dakota Utilities  
Ronda Carpenter, MT Housing Providers

Informational Witnesses: Gordon Morris, MACO

Opening Statement by Sponsor: Rep. Ken Peterson, HD 20 introduced HB 275. He explains self governing powers and the Dillon rule. The Dillon rule states self governing powers can only do those things authorized by legislature. In 1977 the city of Billings adopted a charter form of government, prescribed like a mini constitution, the authority of the city of Billings, it also set a mill levy cap that provided for an amendment to the charter if you intended to levy mills above the cap. This charter has been amended several times. Legislature decided to adopted rules that limited these actions. The local governments have allowed the state to take over these powers. This bill is designed to give the powers back to the self governing entities. It give local governments the options to tax, the only change is to allow self governing powers to impose a sales tax not to exceed 2 percent of the retail price of goods or services upon which it is imposed and may not be imposed on necessities, including food, prescription drugs, fuel and other goods and services that may be determined as necessities by the local government. That means the local government can declare all kinds of things necessities exempt from this tax. The option is left with the local government. The only option that is taken away from local governments is for the above mentions items. It provides in the last paragraph that any tax of the nature that is

invoked has to be submitted to a vote of the voters of the local jurisdiction. The legislature should not be micro managing governments with self governing powers. Some of the Montana "tourist" towns already have the right to impose a sales tax. **{Tape : 1; Side : B; Approx. Time Counter : 6.3 - 9.2}**

**Proponents' Testimony: Alec Hanson, MT League of Cities and Towns,** This organizations adopted a resolution to support this bill. We had other bills involving self-governing powers. The 1972 constitution intent was to turn the control of local government away from the legislature. **{Tape : 1; Side : B; Approx. Time Counter : 9.2 - 10}**

**Jani McCall, City of Billings,** we support this bill, it gives the cities some economic powers. **{Tape : 1; Side : B; Approx. Time Counter : 10 - 15.5}**

**Chris Kulkowski, Mayor of Kalispell,** We support the bill and makes us look at the intent of 1972 constitution and get back to that intent. **{Tape : 1; Side : B; Approx. Time Counter : 15.5 - 17}**

**Opponents' Testimony: Steve Turkowitz, Montana Auto Dealers,** This tax would be a burden on auto dealers in the cities where it is enacted. **{Tape : 1; Side : B; Approx. Time Counter : 17 - 20.5}**

**Mary Wittinghill, Montana Taxpayers Assn.** This is another piecemeal tax and we need to look at the entire picture. This is not specific as to the type of tax and Section 3 is confusing. **{Tape : 1; Side : B; Approx. Time Counter : 20.5 - 22.4}**

**Riley Johnson, NFIB,** our members voted over two thirds to oppose any sales tax. **{Tape : 1; Side : B; Approx. Time Counter : 22.4 - 24.5}**

**Webb Brown, Montana Chamber of Commerce,** opposes this bill. **{Tape : 1; Side : B; Approx. Time Counter : 24.5 - 25}**

**Geoff Feiss, MT Telecommunications,** opposes this bill. **{Tape : 1; Side : B; Approx. Time Counter : 25 - 27.6}**

**Beth Baker, Montana Dakota Utilities,** does not want this type of tax to include utilities and cites that this bill is very vague. **{Tape : 1; Side : B; Approx. Time Counter : 27.6 - 30} {Tape : 2; Side : A; Approx. Time Counter : 0 - 2.9}**

**Ronda Carpenter, MT Housing Providers,** This is an easy way to tax landlords as they get to vote once, no matter how much property

they own and they have to pay the taxes on all properties. **{Tape : 2; Side : A; Approx. Time Counter : 2.9 - 8.2}**

**Informational Witness: Gordon Morris, MT Assn. Of Counties**, he is offering answers to committee questions. **{Tape : 2; Side : A; Approx. Time Counter : 8.2 - 8.8}**

**Questions from Committee Members and Responses: Rep. Lawson** asks sponsor: Are sales tax and resort taxes the same. No, they are not. This is a capped tax that the voters get to vote on. **Rep. Mangan** to Feiss-did anyone in your industry receive tax breaks in the past two years. Yes, they have. **{Tape : 2; Side : A; Approx. Time Counter : 8.8 - 21.5}**

**Closing by Sponsor: Rep. Peterson** closed HB 275 **{Tape : 2; Side : A; Approx. Time Counter : 21.5 - 26}**

#### **EXECUTIVE ACTION ON HB 285**

**Motion/Vote: REP. BITNEY** moved that HB 285 BE TABLED. Motion carried unanimously.

#### **EXECUTIVE ACTION ON HB 469**

**Motion/Vote: REP. CARNEY** moved that HB 469 DO PASS. Motion carried unanimously. **{Tape : 2; Side : B; Approx. Time Counter : 0 - 2.8}**

#### **EXECUTIVE ACTION ON HB 275**

**Motion: REP. PETERSON** moved that HB 275 DO PASS. **{Tape : 2; Side : B; Approx. Time Counter : 2.8 - 4.4}**

**Motion: REP. YOUNKIN** moved that HB 275 BE AMENDED. **EXHIBIT** (loh36a03) **{Tape : 2; Side : B; Approx. Time Counter : 4.4 - 6.1}**

**Substitute Motion/Vote: REP. PETERSON** made a substitute motion that HB 275 BE AMENDED. Substitute motion failed 5-13 with Noennig, Lawson, Laslovich, Jacobson and Peterson voting aye. **{Tape : 2; Side : B; Approx. Time Counter : 6.1 - 18.9}**

**Motion/Vote: REP. YOUNKIN** moved that HB 275 BE AMENDED. Motion carried 15-3 with Noennig, Whitaker and Peterson voting no. **{Tape : 2; Side : B; Approx. Time Counter : 18.9 - 19.4}**

Motion/Vote: REP. YOUNKIN moved that HB 275 DO PASS AS AMENDED. Motion failed 5-13 with Mangan, Laslovich, Price, Peterson and Lee voting no. {Tape : 2; Side : B; Approx. Time Counter : 19.4 - 30}{Tape : 3; Side : A; Approx. Time Counter : 0 - 13}

Motion/Vote: REP. WHITAKER moved that HB 275 BE TABLED. Motion carried 13-5 with Laslovich, Mangan, Price, Peterson and Lee voting no. {Tape : 3; Side : A; Approx. Time Counter : 13 - 16.4}

EXECUTIVE ACTION ON HB 345

Motion: REP. MANGAN moved that HB 345 DO PASS. {Tape : 3; Side : A; Approx. Time Counter : 16.4 - 17.5}

Motion/Vote: REP. MANGAN moved that HB 345 BE AMENDED. **EXHIBIT**(loh36a04) Motion carried unanimously. {Tape : 3; Side : A; Approx. Time Counter : 17.5 - 30}{Tape : 3; Side : B; Approx. Time Counter : 0 - 5.6}

Motion/Vote: REP. MANGAN moved that HB 345 DO PASS AS AMENDED. Motion carried unanimously. {Tape : 3; Side : B; Approx. Time Counter : 5.6 - 8.7}

EXECUTIVE ACTION ON HB 409

Motion/Vote: REP. MANGAN moved that HB 409 DO PASS. Motion carried 15-3 with Himmelberger, Liable, and Esp voting no.

**ADJOURNMENT**

Adjournment: 5:40 P.M.

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REP. MARK NOENNIG, Chairman

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PATI O'REILLY, Secretary

MN/PO

**EXHIBIT (loh36aad)**