

**SB 486**

**“An Act requiring municipalities to use revenue from public safety mill levies for the purpose stated by the municipality; Providing a process for a petition to be submitted for an investigation and hearing if levy revenue is not being used as stated.”**

*Background*

In 2007, the City of Billings paid a District Court lawsuit of over \$4.85 million in back wages that had been initiated by firefighters about changes made in the 1995 contract. To pay for the wages and penalties, the City borrowed \$1.31 million from its General Fund reserves and \$3.72 million from a private financial firm. The loan needs to be paid and reserves replenished to avoid having to borrow to meet future payrolls. This requires the City to make annual payments of \$474,000 a year for 10 years. To make these payments for firefighters' salaries, the City did not fill 7 firefighter candidates' positions and deleted a Deputy Chief's position, approved as part of a 2004 Public Safety Mill Levy.

The City did open a seventh fire station, purchased a new fire truck and hired eight firefighters with the levy. It also hired 11 new police officers, an animal control officer and support staff in the Police Department.

*Levy Language*

The 2004 Public Safety Levy called for taxes to be raised to fund “the operation, maintenance and capital needs” of the Police and Fire Departments. It contained no specific information about the expenditure details.

*Public Vote*

After a public hearing at an advertised City Council meeting on November 13, 2007, the Council voted to amend the budget to make the payments. Three people spoke at the public hearing. Complete minutes from the hearing are available on the City of Billings web site at [www.ci.billings.mt.us](http://www.ci.billings.mt.us).

*Petition and Audit*

As originally proposed, SB 486 would allow the lesser of 5% or 100 residents of a municipality to petition the City Council, indicating an intent to impose the levy if the group believes levy money is being used inconsistently with the stated purpose. It also requires an independent, third-party investigation of the use of revenue to determine whether it is consistent with the stated language.

This proposed language would allow less than 1% of Billings' population to initiate an audit on action taken by the duly-elected City Council, which represents more than 100,000 residents. Further that audit would cost at least \$10,000, based on City of Billings' experience, with no hope of recovering those costs, which is a further drain on the City's limited resources.

*Municipal Powers*

MCA 7-1-102 authorizes a local government with self-government powers such as the City of Billings to exercise any power not prohibited by the constitution, law or charter. They include, but are not limited to, powers granted to general power governments. MCA 7-1-4124 Powers allows a municipality with general powers to (5) pay debts and expenses; (6) borrow money; and (11) hire, direct and discharge employees and appoint and remove members of boards. Action by 100 people could prevent the City of Billings' ability to pay its debts by managing its staff. Further, there are no limits on the number of petitions a City would have to answer on a levy.

*City of Billings Opposes Bill*

The Billings City Council has instructed its staff to oppose this bill.

*For More Information*

Please contact the City of Billings at (406) 657-8430.

*Reviewed by Billings City Council 3/2/09  
Presented by Vince Ruegamer, City Council, &  
Christina F. Volek, City Administrator, 3/10/09*