HB 49 Subcommittee on Local Government Special Purpose Districts

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60th Montana Legislature

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SHOOTS VEIS

COMMITTEE STAFF
HOPE STOCKWELL, Lead Staff
CLAUDIA (CJ) JOHNSON, Secretary

MINUTES

HB 49 Subcommittee -- Special Districts

May 29, 2008
10 a.m. to 2:30 p.m.

Room 152, State Capitol
Helena, MT

Please note: These are summary minutes. Testimony and discussion are paraphrased and condensed. **Exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of the document.**

Please note: These minutes provide abbreviated information about committee discussion, public testimony, action taken, and other activities. The minutes are accompanied by an audio recording. For each action listed, the minutes indicate the approximate amount of time in hours, minutes, and seconds that has elapsed since the start of the meeting. This time may be used to locate the activity on the audio recording.

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COMMITTEE MEMBERS PRESENT

SEN. KIM GILLAN, Chair
REP. GARY BRANAE, Vice Chair
PAULETTE DEHART
MARTY REHBEIN
PAULA ROBINSON
SHOOTS VEIS
REP. BILL NOONEY

COMMITTEE MEMBERS EXCUSED

SEN. RICK LAIBLE
MIKE MCGINLEY
ED MEECE

STAFF PRESENT

HOPE STOCKWELL, Lead Staff
CJ JOHNSON, Secretary
GREG PETESCH, Code Commissioner and Staff Attorney

Visitors/Agenda

Visitors' list, Attachment #1.
Agenda, Attachment #2

COMMITTEE ACTION

- Approval of minutes from October 2, 2007.
- Approval of minutes from December 13, 2007.

AGENDA

- **Uniform Act**
  - Review of draft legislation (LC9208)
    - General overview - Hope Stockwell
      - Which special districts are included
      - Current statutes that would need repealed or amended
    - Other considerations - Greg Petesch
      - Bonding provisions
      - Annexation provisions

Call to order, roll call

00:00:27 SEN. GILLAN called the committee to order at 10:05 a.m. The secretary called the roll. SEN. LAIBLE, Ed Meece and Mike McGinley were excused. (Attachment #3) SEN. GILLAN thanked everyone for their attendance and participating in this hearing.

Motion:

00:02:48 REP. BRANAE made the motion to approve the minutes for October 2, 2007.

Discussion:

REP. BRANAE questioned why a group of people from Red Lodge was trying to bring Big Sky resort into the boundaries. See page 11 of the minutes. The committee discussed how Red Lodge was trying to expand boundaries for resort areas in non-contiguous areas, and Big Sky resort is out of the boundaries. Red Lodge was trying to include them in the boundaries as a fire service area. The

motion carried unanimously. SEN. RICK LAIBLE, Mike McGinley, and Ed Meece were excused.

00:04:41 REP. BRANAE made the motion to approve the minutes from December 12, 2007. There was no discussion. The **motion** carried unanimously. SEN. RICK LAIBLE , Mike McGinley, and Ed Meece were excused.

- **Introduction of new staff**

00:05:26 SEN. GILLAN introduced Hope Stockwell, research analyst. SEN. GILLAN asked Ms. Stockwell to give a brief background of herself.

- **Overview of last two meetings and today's considerations**

00:07:02 SEN. GILLAN informed everyone on the procedure that will take place at today's meeting. She asked Ms. Stockwell to give an overview of the last two committee discussions.

00:08:09 Ms. Stockwell talked about the last two committee meetings, what has taken place, and why HB 49 is before the committee. She said that Ms. Heisel wanted to make sure the committee addressed the following issues:
1) To look at the draft Uniform Act as is.
2) Is it appropriate to move forward.
3) Does the committee want to move forward, and
4) Are the districts ok that are included.

- **UNIFORM ACT**

00:14:11 Ms. Stockwell directed the committee to the material in their folders. She explained the table of contents **EXHIBIT 1**, and how it will be informative for them as they go through the Uniform Act. **EXHIBIT 2** She discussed the Unofficial draft and its provisions. **EXHIBIT 3** She also referred the committee to the legal material that identifies the districts and how they pertain to their duties.

00:20:12 Ms. Stockwell explained the definitions and why she is using the word "accommodate". She said the definition needed to be broad enough to cover any kind of multi-jurisdictions, such as county and city, or city and city, etc.

00:22:12 Paulette Robinson talked about the currently drafted protest provisions and how owners are able to create a district, while renters are able to stop it from being created. She said the kinds of individuals allowed to participate at each level of the process should be the same.

00:23:08 Marty Rehbein said at the last meeting her workgroup discussed hospital districts, and services that don't just affect property owners. She said there are also fees that are taken in by hospital districts that serve all different types of populations. She said the committee discussed having different methods of creating districts based on the benefit derived from the district rather than letting there be several options that might be defined by the governing body, or by the petitioners, etc. before it can move forward for signatures and is proportionate to the beneficiary of the district.

00:24:18 SEN. GILLAN said that one of the committee's first discussions was about a supreme court ruling that indicated when a person that didn't own property and the services went beyond those that were real property owners. Ms. Rehbein responded stating that Greg Petesch, Code Commissioner, had given the definition of a freeholder at the last meeting, and that it was unconstitutional to require that it had to be a freeholder that would only be able to petition a district, because it denies equal protection.

00:25:41 Ms. Stockwell informed the committee they will be able to determine what they need to look at as she goes through the draft bill. She pointed out the last four lines of Exhibit 2 on the defect and contents of a petition in title form of notice and signatures may not invalidate the petition in subsequent proceedings as long as the petition has a sufficient amount of qualified signatures attached.

00:26:21 Shoots Veis talked about the wording "may not" being too permissive and wanted to know if it would allow a governing board to invalidate a petition. Mr. Petesch said that the wording "may not" is prohibitory. He said it can negate the permission and the authority both. He said "may not" is a stronger prohibition than "shall not".

00:27:15 SEN. GILLAN asked Mr. Blattie for his thoughts on whether the board can invalidate a petition. She reiterated Mr. Veis' comment about a board and can they invalidate a petition if they want to. Ms. Stockwell directed the committee to section 3, page 6, Exhibit 2. SEN. GILLAN read the quote. Harold Blattie, Executive Director, Montana Association of Counties (MACo) informed the committee that the language was not his drafting, and thought it was language from another document. He talked about the Uniform Act that Leanne Heisel had presented at the last meeting when the committee broke into workgroups. He pointed out the areas where there could be a problem, and several options to fix them.

00:31:07 Ms. Stockwell addressed section 4 - Boundaries. She talked about the Department of Administration (D of A) having concerns where the boundaries are, and using the GIS system. She addressed new language recommended by the department in subsections one and two to prepare legal descriptions of the boundaries and adding property ownership as well as precinct, school district, and municipal and county lines as far as practical so they wouldn't be splitting properties.

00:33:33 Marty Rehbein suggested a change in subsection 1. She said instead of having the governing body or petitioners consult with the county clerk and recorder that it could be a surveyor.

00:34:02 SEN. GILLAN asked if anyone had questions.

- Mr. Veis asked if it has to be a county surveyor. He said that the City of Billings has a number of surveyors that help with special districts. He said the intent is right.
- Paula Robinson commented they could change the language to use a registered surveyor.

00:36:00 Ms. Stockwell addressed section 5 - Public hearing - resolution of intention to create special district.

00:36:28 Marty Rehbein talked about the benefitted area. She said that the boundaries of a district need to fit the benefitted property owner. Ms. Stockwell thought that the language implies that, but she said they could add language to make it explicit.

00:37:42 Ms. Stockwell addressed section 6 - The right to protest - Procedure hearing - a 30-day protest. SEN. GILLAN felt that 30-days is short. Paulette DeHart talked about running ads in the paper, and that the 30-days is ok. Mr. Veis said that 30-days is fine.

Public Comment

00:39:22 Anna Miller, DNRC, said it looks like the committee is lumping special improvement districts with water and sewer districts whose duties are different than a special improvement district, which is created one time to pay for capital improvements such as putting in a line for water and sewer service. The water and sewer district operates, maintains, and Ms. Miller wanted to know why they are lumped together. Ms. Stockwell responded that the idea of the Uniform Act is to create a general provision so everything is generally uniform on how it is created. She said the governing body when issuing an order can have an election that will determine if it is a short-term purpose district or long-term purpose district. Ms. Stockwell said it is lumping generally, but this gives each district a broader authority. She informed Ms. Miller that the special improvement districts (SIDS) are not included in this draft.

00:42:36 Harold Blattie informed the committee that this bill has no effect and makes no amendment of the current special improvement district statutes for municipalities nor the rural improvement district statutes that counties use. He said there are two types of special districts: one that is created to provide a service, and another that's created to provide a funding mechanism. He said that the SIDs and RSID statutes are the funding mechanism.

00:44:37 Ms. Rehbein talked about protest provisions, such as a husband signing without a wife signing, and both are listed on the property and they count that as a protest on the property. She also requested there be a date on the protest. She talked about people gathering petitions a year before the creation of a district.

00:46:41 Paula Robinson talked about two issues on the authorization to create a district; 1) request of signature, and 2) the notification process - regarding people who say they haven't received the mail. She asked if language could be added that states notification could be sent by certified mail. Mr. Petesch said that local governments can use certified mail, and he said it is a policy choice.

00:48:39 SEN. GILLAN and the committee discussed how notification is handled and how the 30-day notice is independent from public notification.

00:51:25 SEN. GILLAN and Ms. Rehbein talked about people needing to be accountable, and to forget certifying and go with public notice.

00:52:18 Ms. Stockwell discussed section 6, page 8, the owner of property such as a condominium may create a protest pursuant to the provisions in section 17.

00:54:33 SEN. GILLAN asked about protest and is it recognizing small vs. large landowners, and does it parallel with the way petitioners may create a district. Mr. Petesch replied no. He said this area is one of the major issues with how a district may be created.

00:59:49 Mr. Petesch He said the problem with creation is it based on property ownership or people benefitted, he said this is the decision that will need to be made. Is it a percentage of property ownership or percentage of people benefitted.

01:00:41 Paulette DeHart talked about resident vs. ownership stating it needs to be streamlined as much as possible. She gave an example of a trailer court where all the residents want to petition and the owner doesn't.

01:01:19 SEN. GILLAN talked about the challenges in creating districts and trying to keep it consistent.

01:01:50 Ms. Stockwell addressed section 7 - Referendum-election. She pointed out two issues; 1) in subsection 5, (b) should renters be allowed to vote, and 2) in subsection 6, what about the property owner in New York. (referring to the example Mr. Petesch had given of a freeholder in the last committee meeting).

01:02:25 Ms. Stockwell addressed section 8 - Certificate of establishment. Reporting requirements to be filed with the Secretary of State's office.

01:02:48 Ms. Stockwell addressed section 9 - Order creating district - power to implement program.

01:03:08 Ms. Stockwell addressed section 10 - Additional reporting procedures - coordination of information collection, transfer, and accessibility. The language requested by Department of Administration (D of A) for GIS is similar to language in a to bill last session on mapping conservation easements, and coordinating the recording of those boundaries between D of A and the DOR.

01:04:40 Paulette DeHart, Board of County Commissioners, stated that if the reporting deadline is January 1, the districts created on January 2 will have to wait a year before taxes come in.

01:05:23 Mr. Petesch said that the absolute deadline is January 1, but it can be done sooner. He said it does have to be done by the next tax notification cycle. SEN. GILLAN wanted to know how can it be changed. Mr. Petesch said it will depend on the method of assessment that will be used. He said the requirements that the boundaries are given is very useful to the government in this format. He said they are finding that there is overlaying data for various functions. If using the property tax system to collect the revenue than it will be another year. SEN. GILLAN asked if 30-days is enough time. Mr. Petesch responded that when assessments are made they need to include flexibility in the model act. He said

there are consequences related to each type of district formed.

01:09:09 Ms. Rehbein commented on how her office determines what the reporting requirements are and how they handle assessments.

Public Comment

01:10:13 Harold Blattie said the January 1 date is existing law. He talked about every parcel in Montana has a GEO code. He said every parcel has to be tied to every mill levy, and every special assessment that is applicable to that piece of property. He talked about: 1) how new districts are created, 2) about a proposal on water quality, and 3) different methods of assessments.

01:12:23 Ms. Robinson said her office turns their assessments over to the DOR.

01:12:40 SEN. GILLAN asked about setting a date for reporting. Ms. Robinson said if the districts have been created by a governing body then the budget is built in. SEN. GILLAN said the next draft will have a specific number of days, e.g., 30-days. She changed it to 60-days.

01:14:54 Ms. Stockwell said on page 13 that the DOR would like the language to read at end of sentence "that can be accessed through the department's base map service center website and discovered through the Montana GIS portal at the Montana State Library."

01:15:35 Ms. Stockwell addressed section 11 - Limitations on lawsuits.

SEN. GILLAN asked Harold Blattie to justify or compare this to current law. Mr. Blattie said he cannot address this part, because the language is not his.

01:18:38 Mr. Veis wanted an explanation on why only the state can go after a local governing body. He talked about a defect in not allowing the local government to invalidate a petition. Mr. Petesch responded that he feels there isn't a conflict. He said that section 3 states as long as it has sufficient signatures on the petition a defecting form doesn't allow the governing body to invalidate the petition. He talked about two concepts; 1) to make sure the petition is sufficient, and 2) the election. He said the creation of a district is where we are limiting the legal challenge.

01:21:06 Ms. Stockwell addressed section 12 - Governance -- powers and duties. She said this section deals with all the existing powers and duties that any special district has under this list. She stated that she purposely wrote this section broadly to accommodate various kinds of special districts. She noted that the last sentence in subsection 2 states the governing body has ultimate authority as previously requested by the committee.

01:24:10 SEN. GILLAN asked Mr. Petesch about language on page 13, and wanted to know if the word ultimate is used correctly. Mr. Petesch said the content means the governing body has the authority to determine which powers and duties are granted to a special district board and which are specifically withheld. He said to

him this means that the determination by the governing body is not subject to challenge, or there is no ability to challenge that decision, and no basis for litigation. He said this only applies when the governing body chooses not to administer the district itself. SEN. GILLAN said she is concerned with the word "ultimate", and wanted to know if it can be rephrased. Mr. Veis asked if a governing body grants that authority and it doesn't like what the board is doing, does it have the authority to take power?

01:30:04 Mr. Petesch said once the power has been granted to a separate board they have the power to act as long as they have that power. The governing body cannot second guess the decisions of the board if they have already granted that board the power to make those decisions. Paulette DeHart commented that is why the budget authority by the governing body is very important. Mr. Petesch said "ultimate authority" clarified by adding a phrase "under this subsection".

01:32:04 Mr. Veis talked about local governments not knowing if they could provide legal advice to their boards, and he asked: are they suppose to; are they allowed to; not allowed to, etc. He wanted to know if language should be included to give the boards direction on what they can do. Ms. DeHart replied that there will be a small amount of people that will need access to legal counsel. Some could use the county attorney's office. She said larger boards would be able to retain their own counsel. She said limiting how boards can seek counsel could cause problems.

01:34:00 Ms. Stockwell responded to Mr. Veis on powers of the boards. She said that the language is broad enough that they could do whatever they wanted. Mr. Petesch said a statement can be added to subsection 2 that would state that the governing body may authorize employment of legal counsel or may authorize the board to use the county attorney's office, or even the city attorney if need be.

01:35:55 Ms. Rehbein talked about a person from Beaverhead county being sued as part of an action taken against a local board. She thought the concern came from a local board that had personnel issues and the county was also sued.

Public Comment

01:37:15 Harold Blattie said that MACo will be looking at the County Attorney's role in section 26 of the bill. He said the committee will need to go to the specific areas of statutes addressing the budget and audit issues.

01:37:47 Ms. Stockwell talked about ultimate authority and concerns that have been voiced by Darlene Staffeldt from the state library about local boards overseeing public library districts. Ms. Stockwell distributed written comments by Ms. Staffeldt. **EXHIBIT 4**

Public Comment

01:38:43 Darlene Staffeldt, State Librarian, discussed uniform standards stating this draft bill would make the public library districts less uniform. She said they would loose their ability to address the needs of the library districts as they merge. She talked about the seven issues addressed in **EXHIBIT 4**. She would like to

have the public library districts pulled out of the uniform draft bill. She closed stating that she would like the library services protected for the citizens of Montana.

01:41:16 Ms. Stockwell discussed section 13 - Multiple jurisdictions She said this is another way of addressing the issue of everyone working together. It addresses local governments equally sharing the ownership of real or personal property acquired by the district vs. splitting the property based on the percentage of the district that falls within the local government's jurisdiction. Mr. Petesch interjected that the word "proportionally" needs to be defined.

Public Comment

01:42:43 Alec Hansen, League of Cities and Towns, addressed multiple jurisdictional service districts, stating the concept is still solid. He said the idea of this law came out of a situation in Bozeman in 1985. The city and county were talking about putting a swimming pool in a recreation district and they would share in the cost. He asked if the proposed uniform act would allow a district to have a multi jurisdictional recreational area as proposed in Bozeman and Gallatin County. Mr. Petesch said he will have to review it.

01:44:13 SEN. GILLAN discussed how fees are shared by multiple jurisdictions, i.e. proportionateley according to the assessment. Mr. Petesch said the committee will have decide which way they want it to be.

01:44:48 Ms. Stockwell discussed section 14 - Alteration of special districts. She talked about the wording "governing body may not [change district boundaries] more than once a year." Mr. Veis said that it might be too restrictive for water and sewer districts. SEN. GILLAN asked if there is a problem with districts changing all the time, but if there isn't a problem then don't fix it.

01:46:00 Ms. Robinson said in Missoula the DOR requires that any changes be made by December 31st.

Break

01:51:40 SEN. GILLAN resumed the hearing by informing the committee they are having a working lunch.

01:52:08 Ms. Stockwell continued with section 14 - Alteration of special districts.

01:52:46 Mr. Petesch explained section 14, and gave an example to the committee what it does. He said the language in this section will prevent large parcels from petitioning out of the sewer and water or solid waste district and going to a septic district or something that would have an negative impact on the environment as opposed to a community system.

01:53:09 Ms. Stockwell addressed section 15 - Financing for special districts.

01:58:20 The committee members discussed: 1) fees on discharge, and 2) ARM.

02:03:17 Ms. Stockwell discussed section 16 - Notice of resolution for assessment.

02:05:10 Mr. Blattie said that subsection 6 is meant to prevent governing bodies from having to hold a separate hearing.

02:06:17 Ms. Stockwell discussed section 17 - Collection of special district assessments. All monies received by the special district must be deposited in an account held only for the special district by the county treasurer's office. Ms. DeHart said interest earned on the funds for the special district should be put directly in the special district's account and not to the county or city's general fund accounts.

02:08:11 Ms. Stockwell discussed section 18 - Payment of assessment under protest - action to recover. She referred to subsection 5, regarding how owners of condominiums may protest. She said this provision is currently included in statute for county water and sewer districts.

02:08:49 SEN. GILLAN asked if an individual in a condo can protest as a single or as a whole. Ms. Stockwell replied as a whole. Ms. DeHart said the covenants outline how the association decides those types of issues.

02:10:52 Ms. Stockwell addressed section 19 - Assessments as liens. She said this section handles matters of delinquency.

02:11:19 Ms. Stockwell addressed section 20 - Dissolution of special district. She discussed subsection 4 that states unless 40 percent of property owners file a written protest the resolution to create a special district will be passed by the governing body.

Public Comment

02:12:58 Erin Geraghty, Base Map Service Center, D of A, talked about the reporting mechanism for the dissolution of special districts. She asked if the committee can add language that addresses notification of the dissolution, so when a district is dissolved her office can make those changes in its geographic information system. Ms. Stockwell said the committee could add language. SEN. GILLAN added this will be a good triggering mechanism.

02:14:20 Ms. Stockwell addressed section 20, subsection 7, which states "if the remaining assets [of a dissolving district] are derived from grants or gifts that restrict the use of those funds, the funds must be returned to the grantor or donor."

02:14:41 Ms. DeHart asked about receiving funds from the federal government to purchase a fire truck, and do they have to give the money back if that district is dissolved. Mr. Petesch said subsection 7 could be changed to address the return of only grants or gifts from "private" sources.

02:16:17 Ms. Dehart interjected that the federal government will let you know what the grant can be used for. Mr. Petesch responded that we don't want something in

state law that forces us to do something that the federal government didn't require us to do in the first place.

02:17:37 Ms. Rebhein said if the museum district becomes a beneficiary of a large endowment and they no longer need that assessment, does the county maintain that district in perpetuity so they don't lose the land. Mr. Petesch said it could. He said they may not need an assessment to operate, but the district could stay in tact and the governing entity could administer facilities that are no longer in use.

02:19:01 Ms. Stockwell informed the committee they have addressed the heart of the bill. She said the rest is numerical changes.

02:19:21 The committee discussed record filing requirements in section 21, subsection 13.

02:21:48 Ms. DeHart said the recorded documents should include everything, minutes, by-laws etc.

02:23:31 Ms. Stockwell referred to subsection 14 on page 27, regarding who may serve on a special district administrative board. The committee talked about a person who is on a board and moves out of the district, do they qualify to remain on the board.

02:24:36 Ms. DeHart said they had a member who moved out of district, but wanted to stay on the board. She said specifying whether the person could remain on the board would be very helpful to give direction for clerk and recorders. Mr. Petesch responded that current statute allows the county commissioners to institute residency requirements, if they choose.

Public Comment

02:25:21 Anna Miller talked about adding language for growth areas where people plan to build a home, but haven't done so yet. However, they still want to be on the board. SEN. GILLAN asked if she would like language that states that person has to be a resident or property owner. Mr. Veis commented that he would rather leave the language broad and residency requirements up to the discretion of the local government. He said the Billings city council gives them that flexibility. SEN. GILLAN said to take that part out and leave it alone.

02:30:51 The committee discussed language pertaining to fire districts on page 29 of the Uniform Act.

02:32:29 SEN. GILLAN asked Ms. Stockwell to go through the draft and insert comments from this meeting, and get input from people that are not here today.

Public Comment

02:35:33 Anna Miller commented that she has asked the state bond counsel to look at the Uniform Act. The counsel will prepare written comments for the committee.

02:35:55 Harold Blattie talked about library districts and asked the committee to follow up

on Ms. Staffeldt's request to take library districts out of the draft. He talked about the county attorney's role as a legal advisor for special districts in some counties and not others. He suggested that the County Attorney's Association would like to respond on this issue.

02:38:18 SEN. GILLAN asked if there should be a motion to remove libraries. There was no comment.

02:39:13 Mr. Petesch discussed page 14 of the Uniform Act that addresses the freeholder status. He distributed a handout and discussed the school district bonding law and annexation. **EXHIBIT 5**

Ms. Stockwell distributed a handout on the MCA authority to issue revenue bonds. **EXHIBIT 6** Mr. Petesch said he would like to re-write the bonding provisions for special districts under the Uniform Act.

02:45:29 Ms. Rehbien said she seconds the motion for Mr. Petesch to re-write the bonding provision.

02:48:24 The committee discussed annexation and unintended consequences and eminent domain. SEN. GILLAN said the committee should tread lightly on eminent domain. Mr. Petesch directed the committee to read pages 79 thru 84 in the draft bill that deals directly with public use vs. eminent domain.

02:51:37 The committee decided that the Uniform Act should be written so that it allows the use of eminent domain only by special districts that can currently use it.

Public Comment

02:52:53 Ms. Staffeldt again encouraged the committee to take library districts out of the bill. She said she is willing to work with the members on this issue.

02:56:26 SEN. GILLAN summarized today's meeting and what the committee has accomplished. She talked about the 9 or 10 items that need clarification stating they willl be brought before the committee at the next meeting. Mr. Petesch will also prepare and re-write the substantive changes on the bonding provisions for the next meeting.

Public Comment

02:57:50 Harold Blattie, MACo, discussed financing special purposes districts.

03:00:46 Alec Hansen, Montana League of Cities and Towns, talked about the laws that have been around for a long time. He thanked the committee for not including municipal special improvement districts in the Uniform Act.

03:04:27 Ms. Stockwell said if the committee felt combining rural and municipal special improvement districts into one set of statutes was worth looking into, it could recommend such a study to the next Legislature.

03:07:33 SEN. GILLAN asked if there are any public comments. There was none.

03:07:47 Ms. Stockwell addressed several housekeeping issues that had been brought to her attention by Anna Miller, DNRC, and about special lighting districts. Ms. Stockwell said the city of Helena has some concern about its ability to combine several smaller lighting districts into one large district.

Public Comment

03:09:02 Alec Hansen said Billings has combined several districts and he will try to put together some information about how that was done for Helena's consideration.

03:09:40 Ms. Stockwell discussed drafting GIS mapping provisions for existing and future special districts if the Uniform Act doesn't move forward.

Public Comment

03:11:09 Anna Miller, DNRC, talked about working through financing provisions. She said that the smaller districts can wait until their next monthly meeting instead of having to take action within a certain number of days.

03:13:00 SEN. GILLAN asked Mr. Petesch about Ms. Miller's comment and wanted to know if it fits under the title. Mr. Petesch stated that it relates to districts. He said it could be a recommendation from this subcommittee to the full committee on these issues that need to be fixed.

03:14:03 SEN. GILLAN asked at what point does this committee need to present this information to the full committee. Mr. Petesch said that the full committee's last meeting is in September. He said this subcommittee will need to have something in front of the full committee for consideration prior to September.

03:16:39 SEN. GILLAN and the committee discussed a date for their next meeting. The committee decided that Tuesday, July 29, 2008 will work best for everyone.

03:22:19 Ms. Stockwell talked about the housekeeping issue from Alec Hansen regarding a bonding provision that would allow special districts to use private financial institutions. Mr. Hansen responded that based on what has been discussed today they can do a separate bill.

03:23:36 Mr. Petesch said that the full committee will receive housekeeping issues that can include this in the bonding provision.

03:24:15 Mr. Petesch commented to SEN. GILLAN and the committee about the great job that Ms. Stockwell has done on her first draft that is 117 pages. Everyone applauded Ms. Stockwell on a job well done.

03:25:27 Ms. Stockwell distributed a handout of the committee's budget. **EXHIBIT 7** She explained to the committee where they are financially.

03:27:08 SEN. GILLAN adjourned the committee at 1:55 p.m.

draft