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MEMORANDUM

To: Land Use/Environmental Trends Subcommittee Members

From: Mary Vandenbosch
444-5367

Date: March 21, 2000

Subject: Funding for Development and Implementation of Local Growth Policies

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Introduction

This memorandum is a discussion document to help the Land Use/Environmental Trends Subcommittee consider options in order to make a decision regarding its approach to the issue of funding for development and implementation of local growth policies.

Key Decisions

Some questions for consideration by the subcommittee are:

1. Is additional funding for development and/or implementation of growth policies needed?

If so,

2. What is the total amount of money needed?
3. What should be the maximum grant award?
4. Who should be eligible to apply for grants?

5. What should the eligible expenses for grant programs be?
6. Where should the money come from?

Costs of Development and Implementation of Growth Policies

Growth Policies

Attachment 1 shows estimated costs for development of growth policies. Costs vary considerably and depend on: whether or not the local government has an ongoing planning program; how long it has been since the plan was last updated; the rate of change in land use in the jurisdiction; the scope of the plan update; and other factors. The cost estimates range from $8,500 for Powder River County to $200,000 for the City of Bozeman.

Implementation of Growth Policies

The 1997-1998 EQC emphasized the importance of funding implementation of growth policies. Growth policies are required to include an implementation strategy. Examples of implementation items in the Great Falls City-County Comprehensive Plan include: rewriting regulations, developing a Missouri River Master Plan, preparing a downtown revitalization plan, and conducting an impact fee feasibility study.

The costs of implementation actions will vary widely. Information about these costs has not been collected. However, as an example, the City of Helena has a $50,000 contract with a consultant to prepare unified development regulations. These include subdivision regulations, zoning regulations and relevant portions of the city code. The contract also includes costs related to a web site for the regulations.

Overview of Currently Available Funding Sources

Federal

Community Development Block Grant Program Planning Grants

The Community Development Block Grant (CDBG) Program is a federally-funded competitive grant program. The Planning Grant program is one program for which Montana's CDBG funds are allocated. The amount of money available depends upon the federal appropriation for Montana as well as Montana's allocation of CDBG funds among the various state administered CDBG programs. Currently, three cities (Great Falls, Billings, and Missoula) get entitlement monies which are automatic payments to the community. The communities with a population less than 50,000 are eligible to apply for grants.

For the year 2000, the Montana CDBG Program administered by the Department of Commerce has allocated $250,000 for planning grants of up to $15,000. Local governments must match the grants on a 50-50 basis; however, provision of in-kind services "counts" toward the match. The program was revised this year to increase the maximum grant award from $10,000 to $15,000. The amount of funds allocated was increased from $203,025 in 1999 and $100,000 the previous year.

The grants can be used for a variety of planning activities in addition to preparing or updating a comprehensive plan or growth policy. These include the initial planning necessary to get a project underway, neighborhood redevelopment plans, housing studies, capital improvement plans, or similar planning processes needed to help a community address critical needs.

The grants are competitive. Ranking criteria include:

1. Relationship to Community's Long-Range Planning Process (100 points)

2. Threat to public health or public safety (80 points).

3. Financial need (60 points).

4. Benefit to low and moderate income (40 points).

5. First time recipient (20 points).

Cities, counties and towns are eligible applicants.

Transportation Planning

The metropolitan planning organizations in the urban areas of Billings, Missoula and Great Falls are eligible to receive federal funds for transportation planning. For example, this was one of the funding sources utilized by Great Falls to develop its City-County Comprehensive plan.

Under the Transportation and Community and System Preservation Pilot Program, the Federal Highway Administration provides funding for planning grants, implementation grants, and research to investigate and address the relationship between transportation and community and system preservation. States, local governments and metropolitan planning organizations are eligible.

Other Grant Programs

Some Montana communities have received grants and/or technical assistance from the U.S. Forest Service. For example, Gallatin County received a grant from the Forest Service to pay for some of the cost of developing the county's Growth Policy Plan update. Gallatin County also received a grant from the National Spatial Data Infrastructure Community Demonstration Project that will pay for a portion of Gallatin County's plan update activities. The grant is going to pay for: upgrading the county's maps, making the map and growth scenarios available on public computers and sharing data among federal, state and local government agencies.

State

Coal Severance Tax (8.36%)

State law (15-35-108, MCA -- Attachment 2) requires that 8.36 percent of the coal severance tax be allocated to a state special revenue fund for:

- Local impacts.
- County land planning.
- Provision of basic library services.
- Conservation districts.
- Montana Growth Through Agriculture Act.

The funds allocated are separate from the coal tax trust -- they are a separate "piece of the pie."

Any unreserved fund balance at the end of the fiscal year must be deposited in the general fund. The Governor's office requests money for each of these programs in its executive budget request. The Legislature decides how much money will be appropriated to each program. The Legislature will be working from an estimate of coal severance tax revenues that will be developed prior to the legislative session.

Attachment 3 shows the amount appropriated for each program during the 2001 biennium. The amount appropriated for county land planning was $198,693 each fiscal year which amounts to a total of $397,386 for the biennium. The table also provides an *estimate* of the amount of money that would go to the general fund --- $53,606 for fiscal year 2000 and $217,625 for fiscal year 2001.

The county land planning funds are appropriated to the Department of Commerce.

Section 90-1-108 establishes requirements for distribution and use of the funds. Each county receives an equal amount of the funds available, up to $3,000 per county. If funds in excess of $3,000 per county are available, they are distributed to counties using a formula based on land area and population. The amount distributed to each county ranges from approximately $3,000 to approximately $6,000 per year.

Counties must use the funds for land planning purposes, which include but are not limited to comprehensive planning, economic development planning, and capital improvements planning. Counties are not explicitly authorized to use the funds for development of subdivision or zoning regulations.

Local

Local governments may fund planning activities from the general fund.

Planning Mill Levy

Local governments are authorized to levy property tax mills for planning. The maximum tax levy varies according to the class of the county or municipality and is specified in the law (76-1-405).

Private

Grants may be available from private foundations or companies. Usually the grants are competitive and targeted toward specific, special projects.

Local governments or others may seek donations from landowners or businesses. Madison County solicited donations from landowners and conservation organizations to help pay for the county's GIS mapping effort. A fund-raising organization raised the bulk of the $500,000 spent on the Cooperative Planning Coalition's effort to develop a comprehensive plan for Flathead County. The county contributed $50,000 to this effort.

Options: Funding Sources

Coal Severance Tax (8.36%)

Various options for funding development and implementation of growth policies from this revenue are presented below. If the EQC believes that it is desirable to establishing a grant program, consideration should be given to legislation authorizing the grant program. This is discussed in the section entitled "Options: Grant Program"

A1. **Convert to grant program to provide larger grants to counties. Fund at current level ($400,000 per biennium). Clarify that counties can use money for implementation of growth policies.** Convert County Land Planning Fund Program from automatic distribution of funds to all counties to a program that would pay for grants to counties for development and implementation of growth policies. This option would require legislation to amend 90-1-108, MCA. This option would impact all 56 counties ($3,000 to $6,000 per fiscal year).

A2. **Convert to grant program to provide larger grants to counties. Add cities and towns. Fund at current level ($400,000 per biennium).** This option would require legislation to amend sections 15-35-08 and 90-1-08. This option would impact all 56 counties ($3,000 to $6,000 per fiscal year).

A3. **Convert to grant program to provide larger grants to counties. Add cities and towns. Fund at increased level (_______$ per biennium).** This option would affect (reduce funding for) the general fund or one of the other programs funded from this pot of money. This option would require legislation to amend sections 15-35-08 and 90-1-08.

A4. **Establish a grant program for counties, cities and towns. Statutorily allocate county land planning funds to this program. Seek appropriations from other sources for the program.** Repeal or amend 90-1-108 to establish a grant program (see "Options: Grant Program"). Section 15-35-108, MCA would also need to be amended to clarify that the county land planning funds are to be spent to implement the new grant program.

A5. **Continue to allocate county land planning funds to each county. Allocate X additional funds from this source for a grant program for cities and towns.** This option would affect (reduce funding for) the general fund or one of the other programs funded from this pot of money (see above). This option would require legislation to amend sections 15-35-08 and 90-1-08.

A6. **Continue to allocate county land planning funds to each county as provided under current law.**

A7. ??

Lodging Facility Use Tax (Bed Tax)

Current Status

The Legislative Audit Division recently completed a performance audit of the lodging facility use tax (June 1999). This report is the source of the information presented here. The 1987 Legislature imposed a four percent lodging facility use tax (bed tax) on the price of overnight lodging. Bed tax collections have increased each year since the tax was created in 1987. Collections were $5 million in fiscal year 1988-89 compared to approximately $10 million in fiscal year 1997-1998.

Bed tax revenues are statutorily appropriated. Table 1 shows how bed tax funds are distributed and used.

Table 1
Distribution and Use of Bed Tax Funds

	Percent/Dollars	How Funds Are Used
Montana Historical Society	1.0 percent	Install and maintain roadside historical signs and historic sites.
University System	2.5 percent	Establish and maintain travel research program.
Dept. of Fish, Wildlife & Parks	6.5 percent	Maintain state park facilities.
Dept. of Commerce	67.5 percent	Tourism and film promotion.
Regions and Cities	22.5 percent	Tourism promotion and development.
MT Heritage Account	$400,000/yr[1]	Operation and maintenance of Virginia and Nevada Cities

Source: Compiled by the Legislative Audit Division from MCAs.

The Legislative Audit Division Report concluded that the statutory appropriation of bed taxes does not meet three of the nine guidelines outlined in law for these appropriations. The report recommended that the 2001 Legislature consider if bed tax funds should continue to be statutorily appropriated. State law requires the Legislative Finance Committee to review each statutory appropriation and eliminate statutory appropriations that no longer fulfill a legislative need. The Bed Tax Futures Task Force recommended elimination of the tax if statutory appropriation of bed tax funds was changed.

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[1]Until June 30, 2001.

Options

B1. **Establish a grant program for development and implementation of growth policies by counties, cities and towns. Seek an appropriation of X % or X$ from bed tax revenue.** This option would reduce potential funding available for the other programs funded by the bed tax. However, if revenue continues to increase, the program funding may not be reduced from the previous biennium. This could be a statutory appropriation or a regular appropriation, depending on what the 2001 Legislature does with the recommendation of the Legislative Audit Division.

B2. **Establish a grant program for development and implementation of growth policies by counties, cities and towns. Seek a temporary allocation and appropriation of X$ from bed tax revenue.** The Legislature has allocated temporarily allocated bed tax revenue for specific purposes. This could be a one-time allocation or for a biennium or two. This would affect each of the programs that receive statutory appropriations proportionate to the share that they receive. Under this approach, X $ would be allocated for development and implementation of growth policies and the remainder of the bed tax revenue would be allocated according to the percentages specified in the law.

B3. ??

General Fund

C1. **Establish a grant program for development and implementation of growth policies by counties, cities and towns. Seek X$ from the general fund to pay for the program.**

C2. ??

Other Options

The EQC requested comments on several options that could be used to provide increased state funding or authorize additional funding authority for local governments (Attachment 4).

A letter received after the close of the comment period is also attached (Attachment 5).

Options: Grant Program

SB 407 Model

The EQC's 1999 legislation, Senate Bill 407 would have established a grant program in Title 90, Chapter 1, Part 1. The text of the relevant section is presented below.

Grants to local governments for development of growth policies. (1) Subject to appropriation of the funds allocated under 15-65-121(1)(d)(ii), the department of commerce shall make grants from the account established in 15-65-121 to eligible local governments for the development and implementation of growth policies that meet the requirements of 76-1-601.

(2) The department shall award grants to eligible local governments as long as funds are available. A grant may not exceed 50% of the eligible costs or $25,000, whichever is less.

(3) For the purposes of this section, "eligible local governments" means cities, towns, counties, and planning boards established pursuant to 76-1-101 that agree to:

(a) develop a growth policy that meets all of the requirements of 76-1-601 or carry out specific implementation activities described in a growth policy that meets all of the requirements of 76-1-601;

(b) contribute 50% of the eligible costs using cash or in-kind contributions;

(c) complete the growth policy or implementation activity within 1 year of the award of the grant; and

(d) refund the grant award if all activities agreed to under subsection (3)(a) are not completed within 1 year, unless the department grants an extension as provided in subsection (6).

(4) Any costs directly attributable to the activities described in subsection (3)(a) are eligible costs. Local governments are encouraged to solicit private donations to pay for their share of eligible costs.

(5) The department may adopt rules, if necessary, to administer this section including rules governing applications for grants, procedures for awarding grants, and monitoring use of granted funds.

(6) The department may authorize up to 1 additional year for completion of a growth policy or implementation activity if the department finds that the grant recipient is making reasonable progress toward completion of the policy or activity.

Expand Uses for County Land Planning Funds

Counties are not explicitly authorized to use the county land planning funds for development of subdivision or zoning regulations. The law (90-1-108, MCA) could be amended to clearly authorize this use of these funds.

Other

These are two options. Are there other options you wish to consider?

Possible Next Steps

One or more of these steps (or others) could be taken by the subcommittee.

1. Do nothing further on this issue at this time.

2. Monitor the CDBG technical assistance grant process to determine of demand is greater than supply for planning grants.

3. Participate in the Montana Growth Policy Forum. See if the other participants would support pursuing additional funding for development and implementation of growth policies.

4. Invite interest groups to the next (May 5) meeting of the Land Use/Environmental Trends Subcommittee to discuss whether or not there is a need for additional funding and if so, how to pay for it. Interest groups could include: the Montana Smart Growth Coalition, the Montana Association of Realtors, the Montana Building Industry Association, the Montana Association of Counties,(MACo), the [illegible] League of Cities and Towns, the Montana Association of Planners (and others?).

5. Decide what to do with the motion approved by the subcommittee during the last meeting (move forward, hold off, reconsider).

6. Publish a draft options paper for comment before June 16. Request written comments by July 7. (Note: this is the time frame for seeking comments on draft documents that was set in the EQC work plan. It is designed to provide time for you to make a recommendation, if any, to the EQC on July 28.)

7?

Attachment 1

Status of Local Growth Policies
Draft
3/21/00

Jurisdiction	Date/Status	Estimated Cost	Source of Funding
Beaverhead County	11/99; Beginning process with information gathering. Working closely with City of Dillon.	Unknown	$10,000 Community Development Block Grant (CDBG) Technical Assistance Grant.
Big Horn County	11/99; Consultant hired for phase 1: Data gathering in process. Northern Cheyenne, Crow Tribes and Hardin interested in participating. Expect to finish information gathering required by SB 97 by January.	est. $80,000	$10,000 CDBG Technical Assistance Grant.
Gallatin County	3/00; Plan update in process. Next round of public meetings in summer. Public hearings planned for fall 2000. Expect to complete in 2000.	est. $100,000 to $125,000	General fund, Planning mill levy. NSDI grant, U.S. Forest Service grant. County land planning funds
Jefferson County	1/00; Plan to launch development with training of community leaders in March		Funding from Sonoran Institute/NACo for training and technical assistance
Lake County	1/00. One-third complete.	$18,000 spent so far.	$7,500 CDBG grant.
Lewis and Clark County	12/99; Completion expected April 2000.	$195,000 + $30,000 staff time	All purpose mill levy. Planning levy.
Ravalli County	3/00; Decided to develop growth policy. Old comprehensive plan repealed.		

Status of Local Growth Policies
Draft
3/21/00

Jurisdiction	Date/Status	Estimated Cost	Source of Funding
Sanders County	3/00; Growth policy adopted by county commissioners 1/00. However, never passed resolution creating planning board. In process of creating new planning board. Will have to adopt growth policy again.	$30,000	$15,000 CDBG. $15,000 General Fund.
Sweet Grass County	10/99; In process.	$40,000.	County planning funds (other source unknown).
Powder River County	10/99; Waiting for minimum requirements from Commerce.	$8,500.	Coal Tax.
Bozeman	10/99; Ongoing. Anticipated completion in 1 year.	Up to $200,000	General fund and Planning Mill Levy.
Dillon	10/99; Just beginning planning process.	$20,000.	$10,000 CDBG Technical Assistance Grant
Great Falls	3/00; Plan adopted November 1999.	170,000	$150,00 from federal sources: FHWA, FTA, CDBG. Other sources
Hamilton	10/99; In progress.	Unknown.	General fund.
Manhattan	10/99; Plan to start in January 2000.	Don't know.	General fund.
Polson	10/99; Pre-plan	$20,000	Internal/city.

Title 15 TAXATION \ CHAPTER 35 COAL SEVERANCE TAX \ Part 1 General Provisions

15-35-108. Disposal of severance taxes. Severance taxes collected under this chapter must, in accordance with the provisions of 15-1-501, be allocated as follows:

(1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law.

(2) Twelve percent of coal severance tax collections is allocated to the long-range building program account established in 17-7-205.

(3) The amount of 8.36% must be credited to an account in the state special revenue fund to be allocated by the legislature for local impacts, county land planning, provision of basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred from this account to another account other than the general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

(4) The amount of 1.27% must be allocated to a nonexpendable trust fund for the purpose of parks acquisition or management. Income from this trust fund must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.

(5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable resource loan debt service fund.

(6) Beginning July 1, 1997, and ending June 30, 1999, the amount of 0.87% must be allocated to an account in the state special revenue fund for the purpose of protection of works of art in the state capitol and for other cultural and aesthetic projects. Beginning July 1, 1999, the amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund must be appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.

(7) All other revenue from severance taxes collected under the provisions of this chapter must be credited to the general fund of the state.

Title 90 PLANNING, RESEARCH, AND DEVELOPMENT \ CHAPTER 1 DEVELOPMENT COORDINATION \ Part 1 Planning and Economic Development

90-1-108. County land planning assistance. (1) The department of commerce shall annually distribute the funds appropriated to it for county land planning. Each county must be allotted an equal percentage of the funds, up to $3,000. After this disbursement has been made, 40% of the balance of the funds must be apportioned among the counties according to the ratio of each county's land area to the total land area of the state and 60% of the balance of the funds must be apportioned among the counties according to each county's portion of the total population of the state. If a multijurisdictional planning board has been established in the county, it may receive and expend part or all of the funds allocated to that county.

(2) Counties, cities, or joint planning boards receiving funds under this section shall use the funds for land planning purposes, which include but are not limited to comprehensive planning, economic development planning, and capital improvements planning.

(3) At the end of each fiscal year, each local governing body and planning agency receiving funds under this section shall provide an accounting of how the money was spent, in a form acceptable to the department of commerce.

Combined Coal Tax Account
8.36% of Coal Severance Taxes
2001 Biennium-Final

			Fiscal 2000	Fiscal 2001	
ROC Estimates			$2,781,000	$2,637,000	
Uses	Fiscal 1998 Actuals	Fiscal 1999 Appropriated*	Legislative Appropriations		Biennial Change
Growth Through Agriculture (Agriculture)	$318,119	$319,388	$404,676	$408,011	$175,180
Local impacts-Coal Bd. (Commerce) **	188,669	907,683	1,190,242	889,885	$983,775
County land planning (Commerce)	198,693	198,693	198,693	198,693	$0
Conservation districts (DNRC)	600,685	601,078	657,481	656,484	$112,202
Library services (State Library)	199,301	167,918	266,302	266,302	$165,385
Senate Bill 644***			10,000		
	$1,505,467	$2,194,760	$2,727,394	$2,419,375	$1,436,542
Miniumum balance to general fund			$53,606	$217,625	$271,231
Changes					
From Subcommittee:			$49,691	$49,517	$99,208
From House Appropriations:			$0	$0	$0
From House			$0	$0	$0
House Bill 644			$10,000	$0	$10,000
From Senate F&C			$0	$0	$0
From Senate			$0	$0	$0
From Conference Committee			$0	$0	$0
Total Changes			$59,691	$49,517	$109,208

* From LASR4C at the end of November 1998

** In fiscal 1998, the legislature appropriated $1,000,000 to the coal board as a biennial appropriation, of which $145,154 was spent. The balance of $854,846 is shown in fiscal 1999.

*** Biennial appropriation

Attachment 3

Option g. Authorize additional funding authority for local governments.

Options that have been proposed include:

•Local option sales tax.
•Local option bed tax.
•Exemption from the property tax freeze established by Initiative 105.
•Increased special mill levy for planning in combination with the previous option.

Comments

Four commenters supported this option; the last two options were favored. No commenters opposed the option.

Suggested Modifications/Alternatives

- Funds also needed to implement master plans (Jones, Schwecke).
- Local option real estate transfer tax. Specify what funds can be spent on and maximum tax allowed. Exempt agricultural parcels. Use for implementation (e.g., purchase of easements) (Schwecke).

Other Comments

- If more money is needed for local government, it should be broad-based and voter-approved (Snezek)

Option f.	**Provide additional state funds to local governments for planning.**

Funds could be targeted to growth areas. Potential funding sources that have been suggested by various parties include: the bed tax, the general fund, the coal tax, a real estate transfer tax, a sales tax, a tax on gambling, a tax on the construction of new roads and a tobacco tax.

Comments

Nine commenters supported the general concept. Several noted that funding is critical. Two commenters supported the bed tax, two supported a real estate transfer tax. One commenter opposed the real estate transfer tax.

- Planning benefits the entire community, not just those who transfer real estate. Thus, any costs for this planning should come from the community as a whole (Snezek).

Suggested Modifications/Alternatives

- Support tax on trophy or second homes or a percentage of realtors' commissions (i.e., tax on homes over 4,000 sq. ft., tax on second homes, tax on homes not used as primary residence, tax on homes over $200,000, sliding scale percentage of realtors' fees) (Hedges).

Attachment 5

KINNEY CONSULTING SERVICES

H.C. 50, BOX 4405
RED LODGE, MT.59068
406-446-4080 PH. & FAX

November 11, 1998

RECEIVED
NOV 16 1998
ENVIRONMENTAL
QUALITY COUNCIL

Dr. Ken Weaver, Ph.D.
Local Government Center
Montana State University
Bozeman, MT 59717

RE: Property transfer tax proposal

Dear Dr. Weaver:

It was good to speak with you in Great Falls at the MAP meeting. As normal, your presentation was fun and informative - may the center of the earth never fill up with sewer affluent!

As you will remember we spoke about the possibility of developing a property transfer tax for Montana counties and cities to help with the cost of infrastructure construction. I believe it is an idea that needs to be debated again in the state. If adopted, I believe it would be an equitable means to tackle the enormous problems that Montana communities and counties have in providing essential public services such as roads, sewer, water and other public capital needs.

The tax legislation, as I envision it, would have the following provisions:

- The transfer tax would be a local option voted on by the local electors and would have a ten year life. At ten years the tax would be voted upon again if the community wanted to continue the tax.
- The counties or cities that vote to have the transfer tax would be required to have an adopted comprehensive / growth plan, and an adopted capital improvement plan. The capital improvement plan would have a bi-annual review by the governing body and all modifications would be voted on by the governing body after a public hearing.
- The funds collected **could only** be spent on the items in the capital improvement plan and would not cover normal O&M cost.
- The city or county could set the transfer tax between .25% and .75%, at the time of the

original vote, depending upon the needs outlined in the capital improvement plan and the historic growth rate in the area.

- Only sale of agriculture or residential parcels/lots 25 acres or less in size would be subject to the tax, unless the property was sold to, or placed under, a conservation easement which would last more than 50 years, or sold to a government agency for public purposes. Land transfers between adjoining property owners would not be taxed so long as no new lot is created. Agriculture or residential property sold having more than 25 acres would not be taxed. [The size and time mentioned herein are fairly debatable items.]

- All other classes of land including single and multi-family residential properties and commercial and industrial uses would be subject to the tax. If one of these properties covered more than 25 acres, such as a large multi-family complex, a shopping mall, a large industrial plant or a mine, all the property would be subject to the tax.

- At the time of each transfer the tax would be levied. For an example: A twenty acre parcel is sold to a developer and the developer places eighty homes on the site; the original twenty acre sale would be taxed and each of the eighty homes when they are sold would be taxed. The reasoning here is that government doesn't know if only one house or eighty homes will be ultimately constructed on the property at the time of the original sale.

I believe that this tax system is fair and equitable to all concerned. The public will know what the funds will be used for and will be able to vote the tax in and then out in ten years if the work is done or the growth issues change. The transfers should be on all eligible properties no matter how often they change hands, since the new occupants will be using up the capital infrastructure as they occupy the property, and just like business they are "buying into the municipal/county corporation" when they occupy a new/old home or buy a business block.

The amount of the tax would be minimal on most sales and can be made part of any mortgage to be paid out over many years, so the impact on real estate development in the counties or cities will be insignificant, in my opinion. Depending on the tax rate, a sale of a $200,000 residential property would generate between $500.00 to $1,500.00, a sum that is not impossible to finance, but a sum that will be significant to governments to use to support the property with adequate public facilities.

I just heard this morning about the Governor's new business consumption tax that the administration is going to put before the legislature this session. I don't know what the bill will contain, or how it will address the local infrastructure issues, if at all. I do believe the idea addressed in this letter will attack the local issues more directly **without going through a state bureaucracy first.**

Byron Roberts, of the Montana Building Industry Association and others at the MAP meeting stated that they would be willing to work on this issue, I certainly would be willing and able to lend my time to this issue. Please inform us how we could help.

Sincerely yours,

Don L. Kinney, AICP, CED

CC.
Ms. Mary Vandenbosch, Legislative Environmental Policy Office
Mr. Byron Roberts, Montana Building Industry Association, Helena
Mr. J. David Stahley, Stahly Engineering & Associates, Helena

transfer tax. letter. weaver