



PO BOX 201706
Helena, MT 59620-1706
(406) 444-3064
FAX (406) 444-3036

Local Government Interim Committee

66th Montana Legislature

SENATE MEMBERS

JASON ELLSWORTH
JOHN ESP
MARGARET (MARGIE) MACDONALD
SUE MALEK

HOUSE MEMBERS

GERALDINE CUSTER
MARY ANN DUNWELL
DAVE FERN
TYSON RUNNINGWOLF
LOLA SHELDON-GALLOWAY
PEGGY WEBB

COMMITTEE STAFF

TONI HENNEMAN, Research Analyst
JULIE JOHNSON, Staff Attorney
BRI NORDHAGEN, Secretary

MINUTES LOG

November 12-13
Room 137, Capitol Building
Helena, Montana

Please note: This document is a Minutes Log and provides a notation of the time elapsed between the beginning of the meeting and the time at which the item was presented or discussed, a motion was made, or a vote was taken. The narrative presented here is provided only as a guide to the audio or video record of the meeting. The official discussion, motion, or vote is available on the audio or video archive of this meeting. The Legislature does not prepare a transcript of meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

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Please contact the Legislative Services Division at 406-444-3064 for more information.

COMMITTEE MEMBERS PRESENT

SEN. JASON ELLSWORTH
SEN. JOHN ESP
SEN. MARGARET (MARGIE) MACDONALD
SEN. SUE MALEK

REP. GERALDINE CUSTER
REP. MARY ANN DUNWELL
REP. DAVE FERN
REP. TYSON RUNNINGWOLF
REP. PEGGY WEBB

COMMITTEE MEMBERS EXCUSED

REP. LOLA SHELDON-GALLOWAY

STAFF PRESENT

TONI HENNEMAN, Research Analyst
JULIE JOHNSON, Staff Attorney
BRI NORDHAGEN, Secretary

VISITORS' LIST ([Attachment 1](#)) ([Attachment 5](#))

AGENDA ([Attachment 2](#))

COMMITTEE ACTIONS

None

CALL TO ORDER AND ROLL CALL

13:01:22 Madam Chair MacDonald called the meeting to order. The committee secretary took roll. Rep. Sheldon - Galloway was excused. ([Attachment 3](#)) ([Attachment 4](#))

Meeting Overview

13:03:07 Toni Henneman, Legislative Research Analyst

MSU Local Government Center Update (Tab 1) - Dan Clark, Director

13:04:50 ([Exhibit 1](#)) ([Exhibit 2](#))

Committee questions

13:07:55 Rep. Dunwell asked Mr. Clark what he saw being needed as far as legislation for adjusting the funding structure/increasing the funding to grow and continue to provide the services needed.

13:10:01 Rep. Dunwell asked what a return on investment on 120k per FTE would be.

13:11:49 Sen. Esp asked Mr. Clark about the Real Colors Leadership training.

13:12:41 Rep. Fern asked Mr. Clark about the 23% or \$70,000 from MSU Extension and how the process of increasing that contribution worked. Rep. Fern asked about the history of fees and the capacity of increasing contribution.

13:17:56 Sen. Ellsworth asked what level of education/experience Mr. Clark would like for the training position. Sen. Ellsworth asked if resources could be utilized during an internship.

13:21:37 Sen. Malek asked Mr. Clark if resources could be used that were already on the ground; such as election administrators, throughout Montana. Sen. Malek asked about restoring a for-credit option.

13:25:18 Sen. MacDonald asked Mr. Clark about the makeup of the advisory committee, it's function, the organizational structure, the kinds of ideas they are discussing, planning to recommend Mr. Clark come forward with a broader proposal either to the committee or the board of regents.

Public Comment

13:30:09 Tim Burton, Executive Director of the League of Cities and Towns

Committee discussion/questions

13:32:08 Rep. Fern stated the committee should go back to the various stakeholders and partners and come up with plans to improve services.

13:33:37 Rep. Dunwell stated she supported looking at options to provide more support so the Local Government Center can pursue its mission and grow.

13:34:03 Sen. Malek stated the utilization of the advisory board would be beneficial to the committee.

13:34:37 Rep. Custer recommended inviting the Local Services Division of the Department of Administration (DOA) to compare services and make sure there is no duplication.

13:37:09 Sen. MacDonald stated the committee would be interested in proposals from the advisory committee and the Local Government Center.

13:37:32 Rep. Fern asked if Ms. Henneman could do research on services rendered and what they are doing now.

13:38:16 Sen. Ellsworth asked when the committee could get the DOA present at a meeting.

BREAK

13:39:58

Opportunity Zones (Tab 2)

13:42:45 Current status and update - Tara Rice, Department of Commerce Director ([Exhibit 3](#)) ([Exhibit 4](#))

13:47:42 Relevance for affordable housing - Bruce Brensdal, Montana Housing Administrator

Public Comment

13:50:23 None

Questions from the Committee

13:50:30 Rep. Fern asked Ms. Rice about a proposal from the tax committee last session that looked at the concept of piggybacking on a state opportunity zone for a tax credit. Rep. Fern discussed the concept of state tax credits, which states are if it, does that concept works and where she sees the program going.

13:53:53 Sen. Malek asked Ms. Rice about any projects that are currently in the works. Sen. Malek stated it would be helpful if the department could ask the local development groups for help, and if local jobs are being created, what those are.

13:58:28 Sen. Ellsworth asked Ms. Rice about opportunity zones.

14:00:28 Rep. Dunwell asked Mr. Brensdal about affordable housing being prioritized and if the need matches up with opportunity zones.

14:05:22 Sen. MacDonald asked Mr. Brensdal about the alignment between the opportunity zones incentive and an affordable housing tax credit. Sen. MacDonald asked Ms. Rice about capital ready to move when opportunity zones were set/regulations were adopted, and if they are starting to see those funds move.

14:11:04 Sen. Malek asked Ms. Rice about the Seeley Lake sewer problem, that if the

infrastructure wasn't there how was development supposed to happen and was any interagency work happening.

14:13:29 Rep. Runningwolf asked Ms. Rice about reservations in opportunity zones and who the players are at this matchmaker meeting/seminar.

Committee discussion/questions

14:16:21 Rep. Webb stated some counties were trying to get rid of opportunity zones/affordable housing.

BREAK

14:18:02

Regional Fire Authority Topic (Tab 3)

14:40:35 Review of 2017-18 LGIC work and SB 17 - Ms. Henneman ([Exhibit 5](#)) ([Exhibit 6](#)) ([Exhibit 7](#))

Stakeholder Panel Discussion

14:51:41 Mike DeGrosky, DNRC ([Exhibit 8](#))
14:58:42 Kelly Lynch, MLCT ([Exhibit 9](#))
15:05:18 Doug Martens, Rosebud County Commissioner
15:06:08 Rich Cowger, Montana Fire Chief's Association
15:12:39 Paul McKenzie, FH Stoltze Land and Lumber Company ([Exhibit 10](#))

Public Comment

15:20:00 Julia Altemus, Montana Wood Products Association
15:22:31 Bruce Suenram, Montana Fire Trustee's Association
15:23:14 Dave Maslowski, Montana State Firemen's Association

Committee questions/discussion

15:24:42 Sen. MacDonald asked Mr. DeGrosky about the issue of overlapping jurisdictions.

15:28:34 Sen. Ellsworth asked Ms. Lynch about current use language that would be amenable on the bill and if that was something that could be solved. Sen. Ellsworth asked Mr. McKenzie where the disconnect on the class 10 property was.

15:35:12 Sen. Esp asked Mr. Cowger about rolling stock and personnel that may be lost in a consolidation of jurisdictions.

15:42:11 Rep. Fern asked Mr. McKenzie how much of his timber acreage is connected to a fire jurisdiction.

15:46:27 Sen. Malek asked Mr. McKenzie about how Timberland pays for fire coverage.

15:53:15 Rep. Dunwell asked Mr. McKenzie about an initial assessment increment not being the same due to communities and trees growing at different rates.

16:07:54 Sen. Esp asked Ms. Lynch about exceptions to voting to go over assessments and fees.

16:11:08 Sen. MacDonald asked Mr. Martens about a multi jurisdictional issue impacting an Eastern Montana county notwithstanding the issue of the wild land fee.

16:16:36 Rep. Fern asked Ms. Henneman to build a model regarding fee structures.

Review Wednesday agenda - recess for the day

16:29:41 Ms. Henneman

16:32:58 Meeting adjourned

Wednesday November 13, 2019

Reconvene - roll call

08:01:49 Chair McDonald reconvened the meeting. The committee secretary took roll.
Rep. Sheldon-Galloway was excused.

Pension system overview - Local Government impacts (Tab 4)

08:05:50 Ms. Henneman began her overview of the Treasure State Endowment Program (TSEP) history and background. [\(Exhibit 11\)](#)
08:10:30 Sheri Scurr, Legislative Services Division, Research Analyst **(Exhibit 12)** Sam
08:13:13 Schaefer, Legislative Fiscal Division, Fiscal Analyst [\(Exhibit 13\)](#) [\(Exhibit 14\)](#)

Committee questions

08:24:06 Rep. Fern asked Mr. Schaefer if there was a need for an outside source to make up the gap.
08:25:53 Sen. MacDonald asked Mr. Schaefer if prior to 2008-2009 the state was actuarially sound for 30 years.
08:28:28 Sen. Esp asked Ms. Scurr about the bill that increased employer contributions, if it decreased benefits, if it went to court and, if so, how the case turned out .
08:30:32 Sen. Malek asked Ms. Scurr about the 1.5 reduction and when it happened.
08:32:47 Rep. Fern asked Ms. Scurr if employees have options as to whether they choose a peer pension or some hybrid system, 401k, and what people desire based on observations.
08:35:18 Rep. Dunwell asked about how healthy PERS and TRS are now and how that affects local government.
08:36:42 Rep. Custer asked Mr. Schaefer about HB 454 taking 31.4 million from coal trust funds and if it affected TSEP.

08:38:12 Ms. Schaefer continued his presentation on the pension system overview.
[\(Exhibit 15\)](#)

Public comment

08:43:38 Tim Burton, Executive Director at the Montana Leagues of Cities and Towns

Committee questions

- 08:51:44 Sen. Ellsworth asked about the rate of return for the retirement systems and about the money being put in or the rate of return.
- 08:57:37 Sen. Malek asked when the extra 1% was being put into the system by local government.

Entitlement Share (Tab 5)

- 08:57:25 Ms. Henneman began her overview ([Exhibit 16](#)) ([Exhibit 17](#))

Committee questions

- 09:23:13 Sen. MacDonald asked Ms. Henneman about the growth factor, if she could enlarge what the issues were and where they landed.
- 09:25:48 Rep. Fern asked Ms. Henneman if she knew the percentage of the growth rate, could it be tracked since inception, and was the growth rate created through the department of revenue or had it been legislated.
- 09:27:08 Rep. Dunwell asked Mr. Burton how well the growth rate structure was working currently.

Entitlement Share historical revenues and expenditures

- 09:31:31 Mr. Schaefer began his overview ([Exhibit 18](#)) ([Exhibit 19](#))

Committee questions

- 09:45:08 Rep. Fern asked Mr. Schaefer what one pie chart of all five expenditures and revenues assumed by the state as a result of HB 124 and other legislation would look like.

Public comment

- 09:47:50 Mr. Burton, Montana Leagues of Cities and Towns
- 09:50:14 Jackie Jones, Montana County Attorney's Association

Committee questions/discussion

- 09:54:07 Sen. Esp asked Mr. Schaefer about comparing revenues.
- 09:56:31 Sen. Ellsworth asked Mr. Burton about new OPD costs in regards to specific counties and populations.
- 10:06:33 Rep. Webb asked Mr. Schaefer if cities and counties were better off now than they would have been before/without HB 124.
- 10:08:30 Sen. Malek asked Ms. Henneman to research the specific tax cut in 1999 and report to the committee.
- 10:11:09 Sen. MacDonald asked Mr. Schaefer if he could map out what the finance committee is doing with 715 and where they are in the process.
- 10:14:08 Rep. Dunwell asked about changing the term "entitlement share".

BREAK

10:15:58

10:32:58 Reconvened

SJ 3 - Impacts of Failing On-site wastewater treatment systems (Tab 6)

10:33:57 Mike Koopal, Whitefish Lake Institute ([Exhibit 20](#))

Public Comment

11:03:07 Sam Sill, Montana Association of Realtors

11:10:49 Abigail St Lawrence, MBIA

11:14:49 Mr. Burton, Montana City of Leagues and Towns

Committee questions

11:16:33 Rep. Dunwell asked Mr. Koopal [if the committee does nothing] what the map would look like in future years to come. Rep. Dunwell asked Mr. Burton how his members and counties would pay for inspection [county based] programs rather than state wide. Rep. Dunwell asked Rachel Clark what a state wide inspection program would look like compared to a county by county program.

11:20:53 Sen. Esp asked Mr. Koopal about Lion Mountain project, the vote on creating an RSID, and how many septs were installed before 1973.

11:22:09 Sen. Malek asked Mr. Burton about the cost ship related to Helena described during the last meeting.

11:24:16 Rep. Fern asked Mr. Sill if he had any thoughts on how the committee might go forward to provide incentive or a sense of urgency that other large counties in the state should tackle this using local control. Mr. Fern asked Mr. Koopal if he would endorse a county-lead program, such as Lewis & Clark County, or if a state wide approach would be more beneficial.

11:29:56 Sen. MacDonald asked Mr. Koopal about the need for state leadership on this issue.

11:32:04 Sen. Ellsworth asked Mr. Kopol about the cost of connecting to a city system and if there was an opportunity to look at alternative systems.

11:33:50 Sen. MacDonald asked Mr. Koopal if the city of Whitefish should unilaterally annex the Lion Mountain subdivision and require them to come into the municipal water system.

11:36:23 Rep. Custer asked Mr. Koopal about the cost for initial installation of a Level 2 septic system and the life span of such a system.

LUNCH

11:39:06

12:31:39 Meeting reconvened

SJ 3 - Local Government Regulation and Oversight (Tab 7)

12:31:57 Lewis & Clark County Septic Maintenance Program - Beth Norberg, Lewis & Clark County Sanitarian ([Exhibit 21](#))([Exhibit 22](#))

Local Sanitarian/Environmental Health Officer Panel Discussion

12:58:58 Hillary Hanson - Flathead County

13:01:21 Lori Christenson - Gallatin County

13:05:24 Shawn Rowland - Broadwater County ([Exhibit 23](#))

13:14:50 Shannon Therriault - Missoula County
13:22:21 Beth Norberg - Lewis & Clark County

Public comment

13:22:49 none

Committee questions

13:22:57 Rep. Fern asked about the panel's impressions of Lewis and Clark County's model to ensure public health services.
13:30:18 Sen. Esp asked the panel if they do any research on new solutions that may solve some problems or if they are more reactive.
13:39:24 Rep. Dunwell asked about septage placement and funding, assistance for residents wanting to upgrade their systems or link up to public water systems.
13:47:41 Sen. Ellsworth asked about alternative systems.
13:59:02 Sen. Malek asked Ms. Therriault about state leased lands.
14:04:07 Rep. Fern asked Ms. Clark about a time table of where the Department of Environmental Quality is in regards to rule review and when an update would be completed.
14:07:08 Sen. Esp asked Ms. Therriault about having outhouses on a small lot subdivision.
14:07:34 Sen. MacDonald asked Ms. Therriault whether the local governments had authority under state law to regulate water quality or if the authority is granted through county rule, and if so, if that is already in their regulations.

Pubic Comment

14:09:56 none

Committee work session

14:10:14 Ms. Henneman and the committee discussed the work session.

Adjourn

14:32:55