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LOCAL GOVERNMENT INTERIM COMMITTEE
67th 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

Sept 9, 2020
9:00 AM
Remotely Via Zoom

Please note: This document is a Minutes Log and provides annotation 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 recording 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 the 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.

ROLL CALL

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
Rep. Lola Sheldon-Galloway

Members Excused:

Staff Present:

Julie Johnson, Attorney
Bri Nordhagen, Secretary
Toni Henneman, Research
Analyst

(Attachment 1)

Committee work session

The Local Government Interim Committee approved the following bills as committee legislation for introduction during the 2021 Legislature:

- **PD3TH – Allow the creation of regional fire protection authorities**
- **PD9 – Authorize funding for the multifamily coal trust home loan program**
- **PD8v3 – Require reviews of experimental on-site wastewater treatment systems**
- **PD3JJ – Appropriation for the MSU Local Government Center**

The committee also approved the final report for the SJ3 study of alternative on-site wastewater systems

Call to Order & Roll Call

09:00:49 Chair MacDonald called the Local Government Interim Committee to order.
The committee secretary took roll. ([Attachment 2](#))

Meeting Overview

09:03:18 Toni Henneman, Research Analyst, Legislative Services Division (LSD), gave her meeting overview.

COVID Relief Fund Local Reimbursement Program

09:04:09 Kristin Reynolds, Local Government Services Bureau Chief of the Department of Administration, began her overview regarding the updates from the department.

Public comment

09:07:54 Tim Burton, Montana League of Cities and Towns

Questions and discussion from the committee

09:11:08 Rep. Dunwell stated she would like to thank the state employees who were working very diligently and with dedication to distribute COVID funds to Local Government entities, individuals, nonprofits and small businesses.

09:12:19 Chair MacDonald also thanked the state workers, as well as partners in local government navigating these difficult times.

Housing Montana Fund

09:12:34 Ms. Henneman began her review of the "Housing Montana Fund" handout. ([Exhibit 1](#))

09:16:47 Cheryl Cohen, Montana Housing Administrator, began her review of the "Montana Housing fiscal history" handout. ([Exhibit 2](#))

Public comment

09:21:53 Sheila Rice, Montana Housing Coalition

Questions and discussion from the committee

09:22:31 Rep. Fern asked Ms. Cohen if there were any thoughts she might have about how the committee could increase the use of the fund, increase revenues coming in and options for revenues coming into the fund especially in leu of the housing problems in the state, both urban and rural. Rep. Fern stated he would like to volunteer himself to engage in a conversation with commerce, especially regarding involving the private sector.

- 09:25:47 Rep. Dunwell asked Ms. Cohen if they increase the amount of federal funds received the more the fund is used, and if not do they lose it if they don't use it.
- 09:26:46 Chair MacDonald asked Ms. Cohen about the revenue stream for the Temporary Assistance for Needy Families (TANF), if there was a threshold pertaining to families and what exactly was the revenue stream for TANF loans in housing and grants.
- 09:28:35 Sen. Malek asked Ms. Cohen about Ms. Rice's reference to use of the money as assistance for people who needed help with their rent, as she understood the program to be more about the development of housing. Sen. Malek asked about the constraints on developers, if a developer built through this loan program how long were they restricted in saying one would have to abide by the qualifications of the program, as well as what effect Airbnb has done in terms of affecting affordable housing. Sen. Malek asked about the restrictions on buildings that had been built through the program and how long those would last.

Emergency Housing Assistance Program

- 09:32:14 Ms. Cohen began her review of updates and response from the Department of Commerce, as well as the "Missoulain article" and "Montana Housing – Department of Commerce" handouts. [\(Exhibit 3\)](#) [\(Exhibit 4\)](#)

Public Comment*

- 09:41:00 Sheila Rice, Montana Housing Coalition

Questions and discussion from the committee

- 09:43:19 Rep. Webb asked Ms. Cohen about the \$50 million set aside for emergency assistance, where d the figure come from and if the money wasn't used for emergency assistance whether it be used somewhere else.
- 09:47:20 Rep. Dunwell asked Director Tara Rice, Department of Commerce, about hiring temporary workers from a temporary agency that don't offer health insurance and if there was any thought given to the possibility of adding that.
- 09:51:38 Sen. Malek asked Dir. Rice about the President's mandate regarding landlords not evicting tenants from housing until January, whether restrictions applied to proving the individual was laid off due to COVID, and whether that moneysaved be used to help landlords in this situation.
- 09:55:42 Sen. Ellsworth asked Ms. Cohen about the number of staff in the current program, what the number of applications were in the month of August, as well as how long the application process took. Sen. Ellsworth asked if they were going to see better efficiencies related to staff in regard to the ability to process applications. Sen. Ellsworth asked for the average cost per hour regarding the 5,000 hours spent on personnel.
- 10:03:33 Rep. Custer asked Ms. Cohen if there was any way they could reimburse the TANF dollars that were spent on housing assistance with the COVID relief

dollars. Rep. Custer stated she didn't see why the funds couldn't be used for payroll and suggested the committee investigate that.

10:05:57 Rep. Webb asked Dir. Rice how much of the COVID relief funds had been awarded.

10:06:45 Rep. Fern asked Ms. Cohen if there was any possibility of using unused funds to help people with rental assistance or property tax assistance.

10:08:32 Sen. MacDonald asked if there was language in the health act that passed in the House of Representatives that would allow property taxes to be reimbursed to local governments or to eligible impacted citizens.

BREAK (Reconvened at 10:45 am)

10:11:51

Legislative Fiscal Division Updates

10:45:27 Joe Triem, Fiscal Analyst, Legislative Fiscal Division (LFD), began his review of the Local Government Data Collection Project update.

10:55:14 Cathy Duncan, Senior Fiscal Analyst, LFD, began her review of the long-term planning infrastructure tool. [\(Exhibit 5\)](#)

Questions and discussion from the committee

11:06:04 Sen. MacDonald asked Ms. Duncan if the tool was live now and how frequently she saw spending revisions.

11:08:25 Rep. Dunwell asked Ms. Duncan if she could clarify the glitch she was referring to in the historical preservation grants and whether that was in regard to the online application or the actual lending of grants.

Public Comment*

11:09:20 none

Questions and discussion from the committee

11:10:17 Sen. Esp asked Ms. Henneman for the link to the interactive map.

11:12:06 Sen. Malek asked Mr. Triem if the report on Tuesday included what Local Governments had requested for COVID spending and if it would also show what kinds of deficits there were, how it has affected communities and what their plans were moving forward to deal with the crisis. Sen. Malek asked if the report would try to get some consistency across the state regarding to local spending.

11:16:41 Rep. Fern asked Mr. Triem if there were any surprises coming from the meeting regarding how the budgets might look going forward or any significant changes.

11:19:14 Sen. Esp stated to Ms. Duncan that in Sweet Grass County there was a bridge project that it says is in the planning stages but was torn out three weeks ago so there's no longer a bridge.

Legislative Services Division Updates

11:20:20 Sonja Nowakowski, Research Director, LSD, began her interim review regarding the "The Interim: Is it what you want?" handout, as well as gave an overview of the PowerTools for Legislators and the 2021 Session Planning Survey Results. [\(Exhibit 6\)](#) [\(Exhibit 7\)](#) [\(Exhibit 8\)](#)

Questions and discussion from the committee

11:34:35 Sen. Malek asked Ms. Nowakowski what she saw happening in terms of helping people testify in Zoom meetings.

11:37:07 Rep. Dunwell asked Ms. Nowakowski about public input/comment during the upcoming session and if there were any relationships being built between the library system, community colleges or state facilities for those who had internet connectivity problems at home but still wanted to engage.

11:40:02 Sen. Esp asked Ms. Nowakowski about anticipating 300 people testifying via zoom in an hour-long hearing and how logistics would work.

11:41:55 Rep. Fern stated the importance of allowing people to safely give their input, to democratize the legislature even further and to look at the opportunities through technology so there may be a better model moving forward.

LUNCH (Reconvened at 1:00 pm)

11:44:08

Regional Fire Protection Authorities

13:02:02: Ms. Henneman began her review of the bill draft "PD 003" handout. [\(Exhibit 9\)](#)

Public Comment*

13:13:36 David Russel, Absorke Rural Fire Board/Department

13:17:24 Bob Biskupiak, Deputy Insurance Commissioner for the State Auditor's Office

13:22:11 Paul McKenzie, Lands and Resource Manager for FH Stoltze Land and Lumber Company

13:24:46 Kelly Lynch, Deputy Director of the Montana League of Cities and Towns

13:30:38 Robert Story, Montana Taxpayers Association

13:40:52 Julia Altemus, Montana Forest Collaboration [\(Exhibit 10\)](#)

13:44:02 Sheri Eckwortzel

Questions from the committee

- 13:48:45 Rep. Dunwell asked Ms. Lynch if the communities that voted to do this could start the process over again to create an authority within their communities.
- 13:52:30 Sen. Malek asked Ms. Lynch who had been involved in establishing the authority and addressing the peoples' concern regarding rural fire stations being closed. Sen. Malek asked Ms. Lynch if the idea was to help DNRC, Bureau Land Management, and local fire departments to work together and improve communication.
- 13:55:06 Sen. Esp asked Ms. Lynch if she had considered section 15-10-420, MCA, in creating a whole new taxing identity. Sen. Esp stated if the bill goes forward there were a lot of issues regarding districts and their tax base.
- 14:02:07 Rep. Fern asked Ms. Lynch if they had a scenario where they had a voted merger or governance relationship between a municipal fire department and surrounding districts, how would they take property ownership language to a municipal fire department and how might that work.
- 14:04:41 Rep. Custer asked Ms. Lynch if the funds generated the year prior or whatever they based the mill on could then go from there on a mill basis based on the valuation, and if it was voted that would be considered as well.
- 14:07:53 Sen. Ellsworth asked Ms. Lynch how she would guarantee a constituent would be able to continue getting insurance and those costs would not increase. Sen. Ellsworth asked Ms. Lynch if there could be language added in the bill saying a rural district wouldn't be able to combine and lower ISO ratings for those particular people in that community.

Motion

- 14:12:27 Rep. Dunwell made a motion for the fire authority authorization bill PD3TH be a committee bill and asked for a due pass.

Motion

- 14:13:09 Rep. Fern made a motion for an amendment regarding the language inserted by Ms. Henneman stating the approval requires a majority of each affected entity.

Committee discussion

- 14:13:42 Sen. Esp opposed the bill as amended to become a committee bill as it needs more work in the finance area.
- 14:15:51 Sen. MacDonald asked Ms. Henneman if under this bill would regional fire authority districts be affected.
- 14:17:32 Sen. Malek stated her opinion that the bill was about local control and she strongly supported moving the bill forward.
- 14:18:57 Rep. Fern asked Ms. Henneman about the section of the bill stating there could be dissolution by 10% of the vote and if she could review that. Rep. Fern asked what numbers were used more commonly by districts and suggested if the bill

does move forward increasing that percentage amongst other changes could then be implemented.

- 14:20:59 Sen. Esp stated the people in broad support of the bill were all city fire departments and fire department leadership and that rural people have a different perspective which should be considered.
- 14:22:45 Sen. MacDonald replied to Sen. Esp's concern regarding volunteer and EMS services and stated support from rural fire departments/fire fighters regarding this bill.
- 14:25:03 Sen. Ellsworth stated it was a fact there was the possibility of rural fire departments closing and if that happened individuals wouldn't be able to get insurance, or their rates would significantly increase.

Motion

- 14:26:32 Sen. Ellsworth moved to amend bill draft PD3TH saying any consolidation that does occur, could not negatively affect an individual's ISO rating.

Discussion from the committee

- 14:26:54 Rep. Dunwell called a point or order as they had not voted yet on the bill as proposed with the initial amendment.

Motion

- 14:27:42 Sen. Ellsworth made a substitute motion to include his previous amendment along with Rep. Fern's proposed amendment to move the bill forward.

Committee discussion

- 14:28:05 Sen. MacDonald stated it would be difficult to vote on the proposed ISO amendment and asked for Ms. Henneman's guidance. Sen. MacDonald stated she would like to vote on the bill originally amended, vote on that then have the committee vote on a proposed conceptual amendment to be drafted/prepared and passed on.
- 14:30:19 Rep. Custer asked if Sen. Ellsworth's amendment could go into the planning part.
- 14:30:48 Sen. Ellsworth stated a substitute motion as stated in the rules was a nondebatable motion and requested a vote.
- 14:31:45 Sen. MacDonald opposed Sen. Ellsworth's motion as she didn't think it was the best way to incorporate that concern into the bill.
- 14:33:08 Rep. Dunwell asked for clarification regarding the substitute motion.
- 14:34:02 Sen. Ellsworth restated his substitute motion to pass the bill with the original motion, with the amendment proposed by Rep. Fern and the amendment proposed by himself.

- 14:34:32 Sen. MacDonald asked Sen. Ellsworth if he would be open to adjusting the language.
- 14:35:06 Rep. Custer asked Sen. Ellsworth if the state had the ability in the auditor's office to look at districts to see if anyone's ISO would be affected.
- 14:36:54 Sen. Esp asked Julie Johnson, attorney, LSD for her guidance regarding this substitute motion.

Vote

- 14:32:02 The motion to move bill draft PD3TH forward passed 6-4 on a roll call vote with Rep. Sheldon-Galloway, Rep. Webb, Sen. Ellsworth and Sen. Esp voting no. [\(Attachment 3\)](#)

Motion

- 14:39:22 Sen. Ellsworth made the motion regarding the amendment that no person in the state of Montana would be negatively affected by a rate increase or a cancellation of policy through bill PD3TH and that it would incorporate clarity that no voters of a fire jurisdiction could be overruled by a larger adjacent jurisdiction.

Committee discussion

- 14:40:23 Rep. Fern stated objection in taking two distinct topic matters that should be separated and asked Ms. Johnson for clarification.
- 14:43:48 Rep. Custer stated she agreed with Rep. Fern's statement in that both topic matters being included would make her vote no.
- 14:45:27 Sen. MacDonald asked for a vote on Sen. Ellsworth's conceptual proposal and would then have a vote on Rep. Fern's amendment separately.
- 14:46:16 Sen. Malek asked for clarification regarding a conceptual amendment.
- 14:47:08 Rep. Fern stated he was comfortable seeing Sen. Ellsworth's ISO language happen in the planning discussion.

Motion

- 14:48:38 Rep. Dunwell made a substitute motion to accept the motion currently written up regarding elections.

Vote

- 14:49:34 Sen. MacDonald ruled Sen. Ellsworth's motion as out of order due to hearing direction from staff that the conceptual amendment was too vague to ensure final clarity in drafting and that the substitute motion regarding elections was in order and asked for a roll call vote which passed 7-3 with Rep. Sheldon-Galloway, Rep. Webb and Sen. Ellsworth voting no. [\(Attachment 4\)](#)

Vote

14:51:02 Sen. MacDonald clarified no fire jurisdiction can be put into a larger fire service authority without having its own majority vote passed 6-4 on a roll call vote with Rep. Sheldon-Galloway, Rep. Webb, Sen. Ellsworth and Sen. Esp voting no. [\(Attachment 5\)](#)

Committee discussion

14:52:32 Sen. MacDonald stated the committee needs to find someone to carry the bill and for the time being ask a carry-over individual if they would steward said bill.
14:53:29 Rep. Dunwell stated she would like to carry the bill as a proposed sponsor.

Motion

14:54:40 Sen. Esp made a motion to assign Rep. Runningwolf the bill.

Committee discussion

14:54:53 Sen. MacDonald asked Rep. Runningwolf if he would be able to shepherd the bill until after the election.

Vote

14:55:02 Rep. Runningwolf accepted carrying PD3TH until after the election.

BREAK (Reconvened at 3:13)

14:56:41

Multifamily Coal Trust Home Loan Program

15:14:03 Ms. Henneman began her review of the bill draft "PD 0009 – An act authorizing additional funding for low-income and moderate-income housing loans from the permanent coal severance tax trust fund..." handout. [\(Exhibit 11\)](#)

Motion

15:14:54 Rep. Fern made a motion to move bill draft PD 0009 as presented to the committee to reauthorize the trust fund bill.

Public Comment*

15:15:37 Sheila Rice, Montana Housing Coalition
15:17:01 Abigail St. Lawrence, Building Industry Association

Questions and discussion from the committee

15:18:38 Rep. Fern stated the bill had broad support and was in favor of getting the nonprofit and private sectors involved in certain opportunities.
15:19:30 Sen. Ellsworth stated the fund generates more in interest than what the fund generates itself, so he is in support of this bill.
15:20:14 Rep. Webb stated she understood the interest rate that was received was lower than the coal trust normally received and asked for verification.

Vote

15:22:16 The motion to move bill draft PD 0009 forward passed 9-1 on a roll call vote with Rep. Webb voting no and Sen. Esp voting yes by proxy. [\(Attachment 6\)](#)

Committee discussion

15:24:15 Sen. MacDonald asked Rep. Custer to take the bill until after the election to which Rep. Custer accepted.

MSU Local Government Center

15:24:46 Ms. Johnson began her review of the bill draft "PD 0003 – An act appropriating funds to the Montana university system for the Local Government Center..." handout. [\(Exhibit 12\)](#)

Public Comment*

15:25:32 Tim Burton, Montana League of Cities and Towns

Motion

15:27:04 Rep. Custer made a motion the committee take bill draft PD 0003 and move it forward as a committee bill.

Committee discussion

15:27:47 Rep. Fern stated he would support this bill and he hoped the rest of the committee would as well.

15:28:29 Rep. Sheldon asked for clarification regarding two PD 0003 bill drafts

Motion

15:29:23 Rep. Custer made a motion the committee take bill draft PD 0003 from drafter Julie Johnson and move it forward as a committee bill.

Vote

15:30:02 The motion to pass bill draft PD 0003 from drafter Julie Johnson passed 8-2 on a voice vote with Sen. Esp voting yes by proxy.

Discussion from the committee

15:31:17 Sen. MacDonald asked if Rep. Custer would carry the bill.

SJ 3 Alternative Systems

15:31:50 Ms. Henneman reviewed the subcommittee report and recommendations from the July 28th meeting as well as the "PD 0008 – An Act requiring the department of environmental quality to review experimental wastewater systems..." handout. [\(Exhibit 13\)](#) [\(Exhibit 14\)](#)

Public Comment*

15:34:51 Abigail St. Lawrence, Montana Building Industry Association
15:36:04 Sam Sill, Montana Association of Realtors

Motion

15:37:33 Sen. Ellsworth made a motion to move bill draft PD 0008 version 3 and adopt it as a committee bill.

Vote

15:38:08 The motion to adopt bill draft PD 0008 version 3 as a committee bill passed on a voice vote with Rep. Sheldon-Galloway voting no and Sen. Esp voting yes by proxy.

Committee discussion

15:39:01 Sen. MacDonald asked Sen. Ellsworth if he would be willing to carry this bill to which he accepted.

SJ 3 Final Report

15:39:30 Ms. Henneman began her review on the "Draft report SJ3: Study of Alternative on-site wastewater systems" handout. ([Exhibit 15](#))

Committee discussion

15:41:06 Rep. Fern stated a study needed to be continued on the topic matter and could be continued in a select committee.

Motion

15:42:55 Rep. Fern made a motion to accept the draft report SJ3: Study of alternative on-site wastewater systems.

Vote

15:43:31 The motion to accept the draft report SJ3: Study of alternative on-site wastewater systems, passed unanimously with Sen. Esp voting yes by proxy.

Entitlement Share

15:44:02 Ms. Henneman reviewed the draft letter to the Legislative Council regarding entitlement share training at legislator orientation handout. ([Exhibit 16](#))

Committee discussion

15:46:34 Sen. MacDonald stated without objection the committee would send the letter to Legislative Council.

Entitlement Share Continued:

15:46:54 Ms. Johnson reviewed the entitlement share considerations handout. ([Exhibit 17](#))

Public Comment*

15:49:32 Tim Burton, Montana League of Cities and Towns

Committee discussion

15:51:07 Rep. Sheldon-Galloway stated it was important that legislators share history so future legislators can make better decisions going forward.

15:52:07 Rep. Dunwell asked Mr. Burton if he had any thoughts on the need for something to be done in either one of the options or if he preferred one of the options.

Public Comment on any topic within the LGIC's jurisdiction

51:56:28 none

Committee work session

15:56:43 Ms. Henneman reviewed any wrap up or additional items for the committee.

Adjourn

16:04:08 Chair MacDonald adjourned the Local Government Interim Committee at 4:04 pm.