



Education and Local Government Interim Committee

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56th Montana Legislature

SENATE MEMBERS

GREG JERGESON, VICE PRESIDING OFFICER
ALVIN A. ELLIS JR.
BEA MCCARTHY
MIKE SPRAGUE
JON TESTER
DARYL TOEWS

HOUSE MEMBERS

GAY ANN MASOLO, PRESIDING OFFICER
JOAN ANDERSEN
TOM FACEY
JEFF MANGAN
LINDA McCULLOCH
JOE MCKENNEY

COMMITTEE STAFF

CONNIE ERICKSON
RESEARCH ANALYST
EDDYE McCLURE
STAFF ATTORNEY
JOANN JONES
SECRETARY
SANDY WHITNEY, FISCAL ANALYST

MINUTES

November 5, 1999
Federal Building
Helena, Montana

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Committee tapes are on file in the offices of the Legislative Services Division. **Exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of documents.**

COMMITTEE MEMBERS PRESENT

Rep. Gay Ann Masolo, Presiding Officer
Sen. Greg Jergeson, Vice Presiding Officer

Sen. Alvin A. Ellis, Jr.
Sen. Bea McCarthy
Sen. Mike Sprague
Sen. Jon Tester
Sen. Daryl Toews

Rep. Joan Andersen
Rep. Tom Facey
Rep. Jeff Mangan
Rep. Linda McCulloch
Rep. Joe McKenney

STAFF PRESENT

Connie Erickson, Research Analyst
Eddy McClure, Attorney
Jo Ann Jones, Secretary

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VISITORS

Visitors' list, Attachment #1.

CALL TO ORDER AND ROLL CALL

Rep. Masolo called the meeting to order at 8:07. Roll call was noted. See Attachment #2.

Sen. Ellis moved to adopt the minutes of the October 1, 1999, meeting. The motion was unanimously approved.

DISCUSSION OF MEETING SCHEDULE

Exhibit #1: June and July [2000] Committee Meetings

Sen. Ellis wished to move the June 2000 meeting to July. After discussion, consensus was to leave the meeting schedule as is, with the possibility of Sen. Ellis participating through a conference call, if necessary.

LOCAL GOVERNMENT SUBCOMMITTEE MEETING UPDATE

Sen. Sprague said a proposal in regard to salary structure was presented by juvenile probation officers (jpo). He asked that a packet of information be brought to the attention of the entire committee. There were no county representatives in attendance at the Subcommittee meeting. Rep. Mangan added that the Subcommittee also heard staff reports on the jpo salary issue.

Sen. Sprague said the issue of the cleanup of archaic or obsolete laws in Title 7, in accordance with HJ 29, was also discussed.

LOCAL GOVERNMENT STRUCTURE

Exhibit #2: Title 7, Chapter 3: A Cafeteria-Style Approach to Local Government

Exhibit #3: Charts illustrating different forms of local governments

Exhibit #4: Resolutions Adopted or Reaffirmed by MT Association of Counties at 1999 Annual Conference

Connie Erickson, staff, discussed Exhibits #2 and #3.

Sen. Sprague said that Missoula has local government problems because the city limits cut through the middle of the city, and half of the city is actually under county governance.

Sen. Ellis said that in a recent election in Red Lodge, a mayoral candidate had recommended the municipality adopt a commissioner-manager form of government. The incumbent had advocated leaving things as they are (commissioner-mayor) and was defeated.

Sen. Sprague asked how a county might, if desired, consolidate with another county. Ms. Erickson said counties can enter into inter-local agreements or agree to share services without voter approval; however, a merger of counties would require approval by voters.

Rep. Mangan asked if the form of local government had ever been changed through the use of petition. Ms. Erickson said she was not aware of any, all have been changed by study commission.

Sen. Ellis commented that he has spoken to no resident of Petroleum County (population 527) who would want to merge with Musselshell County. He said the voters of Montana opted to transform 28 counties into 56 in the 1910 and 1920s. Sen. Sprague said there were federal and state subsidies available then to create counties, so it was an economic decision.

Ms. Erickson distributed Exhibit #4 at the request of Gordon Morris, executive director, Montana Association of Counties (MACo), who could not attend the meeting.

POSTSECONDARY EDUCATION POLICY & BUDGET SUBCOMMITTEE MEETING

Sen. McCarthy reported that the Subcommittee heard a report from the University of Montana about a budget deficit that resulted from a decline in the enrollment this fall. She said that more information will be forthcoming.

Sen. McCarthy said the Subcommittee also heard reports on the budget process and proprietary schools. She said that she did not believe there would be legislation forthcoming from the Subcommittee.

MONTANA LEAGUE OF CITIES AND TOWNS

Alec Hansen, executive director, Montana League of Cities and Towns (League), said there have been 26 votes to disincorporate cities and towns, but all have failed by a wide margin. He said the reason why is that the citizens don't want to turn over local control to someone else. Cities and towns were being incorporated in Montana a quarter century before it became a state.

Mr. Hansen said there is not an immediate financial crisis for local governments, but one may arise in the future. He said the tax base will eventually be reduced by 27 per cent because of legislation passed in 1999 and the question is whether the state can honor its reimbursement promises. He said that cities and towns are already operating on a very narrow budget and cannot survive a 27 per cent revenue cut.

Mr. Hansen said another problem is that homeowners and business owners cannot survive a 27 per cent increase in taxes to make up the difference. He said a

combination is to raise mills a little and cut services a little, but that's the worst situation of all.

Mr. Hansen said his recommendation is to tie the reimbursement to other taxes. He said that if the economy grows, then everyone wins; if the economy flounders, then everyone loses.

Mr. Hansen said the League has had a local option tax bill in the Legislature every session since 1983, but it has always been defeated. He said the local option tax is the best way for a municipality to provide services and benefits to itself.

Mr. Hansen said that local control is another issue for the League. He said cities and towns do not have authority consistent with their responsibilities. Montana has one of the most highly centralized state governments in the western United States and most authority is vested in the legislature and state agencies. Mr. Hansen said a little authority, correctly applied, will produce results.

Rep. Masolo said she recently attended a meeting in Townsend where the local option tax was being discussed. She said that citizens vote in the tax and then go to other communities to shop because they don't want to pay it. Mr. Hansen said the last bill before the Legislature may have been a little too broad. He said the law should be narrow in scope and based on discretionary spending, focusing on what the traveling public purchases.

Sen. Ellis said the state intends to keep up its end of the reimbursement bargain but doesn't believe the municipalities should be reimbursed over 100 per cent. Mr. Hansen said the municipalities can maintain at the present time, but are looking to the future. He said he has seen many bills that promise reimbursement, but that provision eventually falls through.

Sen. Sprague the state is in debt approximately \$2,000 per man, woman, and child. He asked if the cities have been caught in debt with an assumption of cash, and asked if there has been an effect from tax law revision. Mr. Hansen said that, generally speaking, cities are in pretty good shape in regard to debt. He said most bonds were issued with provision that sufficient levies will be made to retire the bond, but that is exempted in SB 184. He said that one issue is the debt limit. Whenever taxable value is adjusted, debt limit has to be adjusted, too.

TUITION WORKING GROUP

Ms. McClure said a tuition survey was sent out to all school districts and county superintendents. She said 242 surveys were sent, 158 have been returned to date. Data is being compiled for consideration by the Tuition Subcommittee, probably in December, and should be ready for presentation to the full committee by the next meeting. Ms. Erickson said substantive discussion of the tuition issue will be planned for the February meeting.

OTHER BUSINESS

Rep. Masolo requested that notebooks be created for the Committee's use. She said that the notebooks will be kept in the Legislative Services Division office and used by members during Committee meetings.

ADJOURNMENT

The meeting was adjourned at 10:00 a.m. The next meeting will be February 10/11, 2000.

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