The work plan can provide an outline of what the LGIC will work on throughout the interim and how much effort will be placed on each subject. It should provide guidance to the committee over the next 15 months and serve as a blueprint for the interim.
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Members and Staff

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<tr>
<th>Committee Members</th>
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Introduction
This is the work plan for the Local Government Interim Committee (LGIC) for the 2019-2020 interim. The main purpose of the work plan is to outline the studies and topics that the LGIC may choose to investigate and the possible approaches the committee may take to meet its goals. The work plan is intended to be a fluid document, subject to modification during the interim as questions arise and Committee decisions are made.

Brief History
The Local Government Interim Committee is one of the newest interim committees, established during the 2017 session by SB151. From 2001 to 2017, local government issues were included in the workload of the Education and Local Government Interim Committee.

Prior to 2001, local government issues were usually addressed in other interim committees. However, the 1999 Legislature enacted SB184 that established and appropriated funding for a Local Government Funding and Structure Committee (LFGSC) to conduct a study of funding local government, including the courts, to determine the best method of allocating resources. SB184 revised property tax law, providing reimbursements to local governments for loss of property tax revenue that resulted from other property-tax related bills that session.

The LFGSC produced a bill draft that later became known as “The Big Bill” during the 2001 session. HB124 created an entitlement share program whose aim was to:
- simplify billing, collection, accounting, distribution, and reporting of all revenue;
- de-earmark revenue and eliminate expenditure mandates for local governments; and
- create a rational, dependable, stable funding structure for cities and counties.

The LGFSC also recommended the creation of a State and Local Government Relationship Committee comprised of legislators, representatives from local governments, the K-12 education community, the Department of Commerce, and the Department of Revenue. Ultimately, this specific committee was not created, but SB10 passed in 2001 that created an Education and Local Government Committee. The wording establishing this committee was nearly identical to the duties outlined in the proposed State and Local Government Relationship Committee, resulting in a committee with the duties and goals recommended by the LGFSC but with a legislator-only membership similar to other interim committees.

From 2001 to 2017, the Education and Local Government Committee studied education and local government issues, both of which can be complicated and complex. Finally, in 2017, the committee was split, creating two independent committees.
LGIC Statutory Authority
The LGIC draws its statutory authority from one source: 5-5-232, MCA.

5-5-232. Local government committee. There is a local government committee. The committee is treated as an interim committee for the purposes of 5-5-211 through 5-5-214. The local government committee shall:
(1) act as a liaison with local governments;
(2) promote and strengthen local government through recognition of the principle that strong communities with effective, democratic governmental institutions are one of the best assurances of a strong Montana;
(3) bring together representatives of state and local government for consideration of common problems;
(4) provide a forum for discussing state oversight of local functions, realistic local autonomy, and intergovernmental cooperation;
(5) identify and promote the most desirable allocation of state and local government functions, responsibilities, and revenue;
(6) promote concise, consistent, and uniform regulation for local government;
(7) coordinate and simplify laws, rules, and administrative practices in order to achieve more orderly and less competitive fiscal and administrative relationships between and among state and local governments;
(8) review state mandates to local governments that are subject to 1-2-112 and 1-2-114 through 1-2-116;
(9) make recommendations to the legislature, executive branch agencies, and local governing bodies concerning:
   (a) changes in statutes, rules, ordinances, and resolutions that will provide concise, consistent, and uniform guidance and regulations for local government;
   (b) changes in tax laws that will achieve more orderly and less competitive fiscal relationships between levels of government;
   (c) methods of coordinating and simplifying competitive practices to achieve more orderly administrative relationships among levels of government; and
   (d) training programs and technical assistance for local government officers and employees that will promote effectiveness and efficiency in local government;
(10) conduct interim studies as assigned pursuant to 5-5-217; and
(11) report its activities, findings, recommendations, and any proposed legislation as provided in 5-11-210.
Statutory Duty

Section 82-2-701, MCA: Sand and Gravel Deposit Program

The Bureau of Mines and Geology is required to establish a Sand and Gravel Deposit Program to investigate, if funding allows, sand and gravel deposits in areas where there are conflicts between development and sand and gravel operations. In prioritizing areas for investigation, the Bureau must consider the largest counties (based on census data) and the counties with the most opencut mining permits and subdivision applications. Within 1 year of starting an investigation the Bureau is required to report the results to the county in which the investigation occurred, the Environmental Quality Council, and the Local Government Interim Committee.

Past Committee Topics

The following is a list of broad topics studied by the Education and Local Government Interim Committee and later the Local Government Interim Committee:

2001 – monitored the implementation of HB 124, “The Big Bill’ and the state assumption of welfare programs (SB 339)

2003 – reviewed the Montana Subdivision and Platting Act (MSPA); introduced and passed SB116 in 2005

2005 – reviewed MSPA again; introduced SB 110, which failed to pass in 2007

2007 – reviewed special purpose district statutes; introduced and passed SB 57, known as the Uniform Act, and SB 58 in 2009.

- The 2007 wildfire season prompted a special session to address the state’s share of fire season costs. The Legislature also created the Fire Suppression Committee (FSC) who was assigned to study wildland-urban interface and the land use laws and building code regulations within the interface.

2009 – continued to investigate local government impacts of intensive fire seasons and further investigated the wildland-urban interface

2011 – reviewed the MSPA again, focusing on subdivision exemptions for conveyance by lease or rent that became issues in some counties due to escalating development in oil and gas in Eastern Montana

2013 – studied economic and infrastructure related impacts of oil and gas development, focusing on the effects to local governments, and briefly studied local incident response and management

2015 – assigned two studies:

- SJ 20 - study of county road rights-of-way on state trust land and how county roads are identified (drafted and enacted SB 15 in 2017)
- SJ 21 – broad study of local fire and emergency services, focusing on methods to procure workers’ compensation for volunteer firefighters

2017 – restructured as its own independent committee with 8 members, but only 4 meeting dates, essentially providing half the time and budget allowed to
most interim committees. However, the committee developed an ambitious agenda with many topics. The committee was assigned two studies:

- **HJ25** - study of municipal fire departments (drafted and enacted **SB 20** to allow second-class cities to annex into a fire district); and
- **SJ21** - study of emergency medical services and volunteer firefighting systems (drafted and enacted **SB 38** to allow emergency care providers to offer community health care).

The 2017-18 LGIC also drafted legislation related to:

- Affordable housing
- Workforce housing credits
- Worker’s compensation for volunteer firefighters
- Local government accounting standards and processes

In addition, the committee worked with the Revenue and Transportation Interim Committee to research tax increment finance districts and investigated local option taxes for gateway counties, but ultimately did not pursue legislation on these topics.

The 2019-2020 interim brings exciting change for the LGIC since the committee now has 10 members and is allowed up to eight meetings during the interim, effectively doubling the committee’s potential to work on complex topics.

**General Topic Areas within LGIC’s Jurisdiction**

The following is a list of topic areas that are directly applicable to the LGIC’s purpose, function, and expertise. Most of these areas are integral to many, if not all, local government entities but are usually outside the scope of other interim committees. The list is offered as an example of areas that most likely will not receive attention in other interim committees, and thus may be areas that the LGIC would like to prioritize.

- **Local government administration**
  - Alternate forms of government
  - Officers and employees (county & municipal levels)
  - Budgeting and accounting
  - Ordinances and resolutions
- **Special districts**
- **Public utilities** (water, sewer, solid waste, lighting, etc.)
- **County roads**
- **Fire protection**
- **Land use planning** (local subdivision review, zoning, growth policies, etc.)

**Committee Procedures and Public Participation**

The LGIC will operate under the Rules, Procedures, and Guidelines for Interim Committees adopted by the Legislative Council. As required by law, a 10 day advance public notice will be given for all meetings and the public will be given an opportunity to comment on any matter that is within the jurisdiction of the committee. The Presiding Officer may establish time limits for public comments, if necessary. Interested persons may be added to the mailing list by visiting the LGIC
website. By visiting the website, interested persons may sign up for electronic meeting notifications. Agendas, memos, links and other information can be found on the LGIC website: https://leg.mt.gov/committees/interim/2019lgic/.

How the LGIC Plans its Work
During the legislative interim, the LGIC focuses most of its time on the study topic it has been assigned. Since the LGIC is one of the few interim committee that does not have any agency oversight or rule review requirements, the committee has broad authority to address issues it deems to be in the best interest of the state and local governments.

The Legislative Council assigned the Committee one study in the form of a joint study resolution ranked by legislators. The Committee was assigned Senate Joint Resolution No. 3, a study of optional septic drain fields. In May and June, staff also visited with LGIC members about potential topics for discussion.

The LGIC establishes its work plan at the beginning of the interim. The primary constraint limiting the study agenda for the interim is the number of issues that can be effectively addressed within the available time and resources of the committee members and its staff.

This 2019-2020 Work Plan sets priorities and outlines how and where the LGIC will spend its limited time and resources and develops a strategy for fulfilling the LGIC’s responsibilities throughout the 2019-2020 interim.

The work plan is a blueprint for the interim. Timetables for each major study and topic area are included in the work plan calendar. The LGIC Work Plan Decision Matrix, a separate document, is a way to look at topics side by side and review time allocations to each topic.
Potential Work Plan Topics

Study Resolutions assigned to the LGIC by the Legislature

1. SJ 3: Study of Septic Systems

Legislative Poll Ranking: #17

Background: The Environmental Protection Agency estimates that one in five homeowners utilizes a septic system to treat wastewater. Septic systems serve an important role in maintaining public health and preserving valuable water resources, especially in less densely populated areas where a municipal sewage system is not available. The soil type, site condition, and usage levels of a septic system often determine, and limit, the types of systems available. Exploring alternative septic system options and analyzing applicable regulations necessary to implement them could increase the choice and availability for homeowners who depend on a septic system.

The study requests that the committee evaluate current state and local regulations governing the designing and permitting of septic systems and compare them to other states to gain a better understanding of the challenges other states face and the best practices used to remedy them. The committee is also asked to examine alternative septic systems that may not be currently permitted under state and local regulations and determine the validity and practicality of using alternative septic systems. Most likely, the committee will utilize resources from the Department of Environmental Quality to gain a better understanding of the current regulations, processes, and challenges the state faces regarding septic systems. Local government representatives may also provide resources and experience to help the committee gain greater understanding of the regulation of septic systems on a local level.
# SJ 3: Septic Study Work Plan Options

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<td>° Option B</td>
<td>° Option C</td>
<td>° Panel discussion with DEQ</td>
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<tr>
<td>° Expand analysis to include the viability of utilizing alternative septic drain field options in various conditions</td>
<td>° Multiple panel discussions from stakeholders</td>
<td>° Summary of existing septic system regulations</td>
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<tr>
<td>° Analysis of applicable regulations and identification of needed revisions, if applicable</td>
<td>° Limited analysis of alternative septic drain fields</td>
<td>° Review methods used in other states</td>
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<tr>
<td>° Analysis of financial and environmental impacts</td>
<td>° Review of state and local role in designing and permitting septic systems</td>
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<td>° Visit sites</td>
<td><strong>Deliverables:</strong></td>
<td><strong>Deliverables:</strong></td>
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<td>° Interim report</td>
<td>° White paper</td>
<td>° Summary of current regulations</td>
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<td>° Legislation</td>
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Additional Topics for Study

Topics requested by members

1. **Topic: Entitlement Share**  
   **Authority:** Suggested by Representative Custer

   **Background:** In 2001 the Legislature enacted [HB 124](https://example.com), known as “The Big Bill”, which created the entitlement share system. Essentially, the entire system of collecting monies at the local level was revised with the goal to simplify accounting processes. Over time, the system has been amended, creating an evolving relationship between the state and local governments. Maintaining financial equity between the state and local governments and between individual local governments themselves are consistent challenges under the entitlement share system. The committee may benefit from a deeper understanding of entitlement share generally since the system directly affects local governments. The committee may also want to analyze the benefits of the system and determine its current and future efficacy.

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| **.40 FTE**  
° Option B  
° Multiple staff reports on subject  
° Multiple agency presentations  
° In-depth review of subject  
° Possible subcommittee effort | **.25 FTE**  
° Option C  
° History and overview of applicable statutes  
° Staff interviews with program personnel  
° Staff summaries of related audit and fiscal work and any court decisions  
° Legal review of specific subjects  
° Multiple panels | **.10 FTE**  
° Staff summary of program  
° Agency presentation  
° Bibliography of related materials including audits or fiscal analysis, including court cases  
° Stakeholder Panel | **No Action**  
° Staff report  
° Legislation |  
° **Deliverables:**  
° White paper  
° Legislation  
° **Deliverables:**  
° History and overview of applicable statutes  
° Staff interviews with program personnel  
° Staff summaries of related audit and fiscal work and any court decisions  
° Legal review of specific subjects  
° Multiple panels |  
° **Deliverables:**  
° Staff report  
° Legislation |  
° **Deliverables:**  
° Summary with potential recommendations  
° Legislation |
2. **Topic: Property Tax Review – Special District Focus**  
**Authority:** Suggested by Representative Dunwell

**Background:** Local governments rely on property taxes to fund most of a county or municipality’s critical services. In addition, many areas utilize special districts, each with its own authority to levy taxes or assess fees, to fund additional services. The use of special districts has become more popular, but obtaining a clear picture of the impact of special districts is difficult because local governments often account for special district monies using various methods. The increase of taxes and fees on property owners becomes a financial challenge for many citizens, especially low-income families. Exploring additional options for local governments to fund projects and services may take some of the burden off property owners.

Tangentially, local governments and special districts must work within the parameters set in [15-10-420, MCA](#) when calculating mill levies. Essentially, 15-10-420 caps the amount an entity may levy in a fiscal year, and the committee may want to revisit the levy cap to assess its application and viability.

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- Multiple agency presentations  
- In-depth review of subject  
- Possible subcommittee effort  
**Deliverables:**  
- White paper  
- Legislation | **.25 FTE**  
- Option C  
- History and overview of applicable statutes  
- Staff interviews with program personnel  
- Staff summaries of related audit and fiscal work and any court decisions  
- Legal review of specific subjects  
- Multiple panels  
**Deliverables:**  
- Staff report  
- Legislation | **.10 FTE**  
- Staff summary of program  
- Agency presentation  
- Bibliography of related materials including audits or fiscal analysis, including court cases  
- Stakeholder Panel  
**Deliverables:**  
- Summary with potential recommendations  
- Legislation | No Action |
3. **Topic: Affordable housing**  
**Authority:** Suggested by Representative Fern and Senator MacDonald

**Background:** During the 2017-2018 interim, the LGIC briefly investigated the challenges many communities face from a lack of affordable housing options. A lack of affordable housing directly affects the work force, economy, and standard of living for those in the area, potentially causing detrimental effects to the vitality, public safety, health, and wellbeing of a community as a whole.

The 2019 legislature enacted **HB 16**, which was requested by the LGIC. The bill allows the board of housing to administer $15 million from the coal tax trust fund to provide loans for the development of multi-family rental housing projects that provide low-income and moderate-income housing. While HB 16 begins to tackle the issue of affordable housing, additional methods may still be needed to offer a more robust suite of tools that local areas can use to combat housing needs and challenges.

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<td>Multiple staff reports on subject</td>
<td>History and overview of applicable statutes</td>
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<td>Staff interviews with program personnel</td>
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<td>Staff summaries of related audit and fiscal work and any court decisions</td>
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<td>Possible subcommittee effort</td>
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<td>White paper</td>
<td>Staff report</td>
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4. **Topic: Subdivision Review**  
**Authority:** Suggested by Senator John Esp

**Background:** The Department of Environmental Quality establishes requirements for the review of subdivisions in *Title 76, Chapter 4*. The committee may benefit from understanding the methods the DEQ uses to determine allowable plot sizes, overall subdivision sizes, and the review process in general. Focus could be placed on gathering and analyzing rules that govern different types of subdivisions, the reasons for different sets of rules in different areas, the relationship and functionality between local and state subdivision review regulations, and the history of the application of subdivision review regulations, determining if law is currently applied more stringently than in the past and, if so, why.

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  - Multiple staff reports on subject  
  - Multiple agency presentations  
  - In-depth review of subject  
  - Possible subcommittee effort |  - Option C  
  - History and overview of applicable statutes  
  - Staff interviews with program personnel  
  - Staff summaries of related audit and fiscal work and any court decisions  
  - Legal review of specific subjects  
  - Multiple panels |  - Staff summary of program  
  - Agency presentation  
  - Stakeholder Panel |  |
| **Deliverables:**  
  - White paper  
  - Legislation | **Deliverables:**  
  - Staff report  
  - Legislation | **Deliverables:**  
  - Staff summary of program  
  - Agency presentation  
  - Stakeholder Panel |  |
|  |  |  | **Deliverables:**  
  - Summary with potential recommendations  
  - Legislation |
5. Topic: Exempt divisions within a subdivision  
**Authority:** Suggested by Senator Ellsworth

**Background:** Divisions of land are allowed to be exempt from subdivision review if they meet certain criteria (76-3-207, MCA). Currently, a division within a subdivision that creates a parcel to be gifted to an immediate family member is not exempt from subdivision review. Allowing additional exemptions for divisions within a subdivision that is gifted to an immediate family member may alleviate affordable housing problems in many areas.

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◦ Multiple agency presentations  
◦ In-depth review of subject  
◦ Possible subcommittee effort | ◦ Option C  
◦ History and overview of applicable statutes  
◦ Staff interviews with program personnel  
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◦ Summary with potential recommendations  
◦ Legislation |
| Deliverables:  
◦ White paper  
◦ Legislation | Deliverables:  
◦ Staff report  
◦ Legislation | |
6. **Topic: Regional Fire Authorities**  
**Authority:** Suggested by Senator MacDonald

**Background:** During the 2017-2018 interim, the LGIC worked extensively on multiple bills related to local fire response. The committee studied the option to allow local fire departments and fire service areas to enter into an agreement to create a regional fire authority, essentially dissolving existing fire service boundaries and creating a new, larger fire authority with the ability to pool resources and leadership. The committee introduced **SB 17**, modeled after the regional fire authority system utilized in the state of Washington. The bill died on the Senate floor, mainly due to questions and concerns of how timber lands would be assessed in a new regional fire authority.

Staff estimates that revisiting the topic of fire authorities may take minimal committee time since the bulk of the research is completed and the committee could focus on providing options for assessing timber lands within a fire authority.

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| **.03 FTE**  
- Option B  
- Panel discussions  
- Multiple agency presentations | **.02 FTE**  
- History and overview of applicable statutes  
- Staff interviews with program personnel  
- Legal review of subject | No Action |
| **Deliverables:**  
- Staff report  
- Legislation | **Deliverables:**  
- Staff report  
- Legislation |  |
Additional Agenda Items

Since the LGIC does not have agency oversight, the committee may have extra time to review or follow other items. The following are topics/items that require a lesser amount of committee resources but may be issues the committee would like to track.

Keep in mind that these items still require staff time and, if adopted, should be considered when developing the LGIC overall workplan.

1. Pension System Review
   **Authority:** Suggested by Representative Custer

**Background:** The state pension system is a substantial financial responsibility for the state and local government entities. Funding for the pension system comes from many sources, and the funding mechanism has changed over time. Local governments have an interest in maintaining pension solvency but also in maintaining funding for other programs that are important to local government operations.

For example, in 2013 the legislature increased mandatory local government employer contributions to the pension fund through **HB 454**, creating financial strain for many local entities but helping to ensure the pension fund’s solvency. In addition, **HB 6** was enacted during the 2017 special session which diverted money earned on interest in the Treasure State Endowment Fund (TSEF) to the pension fund rather than allow for the normal dispersal of funds to local governments in the form of grants for infrastructure related programs. The committee may benefit from further explanation of how the pension system is organized and how the state’s management of the fund can influence local governments.

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<tr>
<td>Receive an overview of the state pension program, focusing on local government contributions and the history of the program.</td>
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2. Local Government Budgeting and Accounting
   **Authority:** Suggested by Senator Esp

**Background:** The 2019 Legislature enacted **SB 302**, which allows for processes to correct a local government entity in financial distress. The Department of Administration has 2 years to develop rules and programs necessary to implement SB 302, so the committee may want to receive updates and review the work of DOA and also be informed of current methods used to address local government accounting and budgeting issues.
<table>
<thead>
<tr>
<th>Option A</th>
<th>Option B</th>
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<tbody>
<tr>
<td><strong>.01 FTE</strong>&lt;br&gt; Receive an overview from the Department of Administration on the methods the state utilizes to help rectify local government budgeting and accounting issues and receive updates on any developments related to SB 302.</td>
<td><strong>No Action</strong></td>
</tr>
</tbody>
</table>

3. **Liquor law review**  
**Authority:** Suggested by Representative Fern

**Background:** [HJ 54](#), study of liquor laws, was introduced during the 2019 session, and while it ultimately did not pass, the Economic Affairs Interim Committee may choose to study liquor laws in some capacity since multiple members requested topics related to liquor laws. The regulation of alcohol directly impacts the economies of local communities, and those impacts intensify as more small breweries, distilleries, and wineries establish themselves across the state. The committee may want to receive updates of the Economic Affairs Interim Committee’s work related to liquor laws or become more informed of liquor laws generally.

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<thead>
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<tbody>
<tr>
<td><strong>.005 FTE</strong>&lt;br&gt; Receive updates from the EAIC staffer on issues related to liquor laws and an overview of the licensing, quota, and 3-tier distribution systems.</td>
<td><strong>No Action</strong></td>
</tr>
</tbody>
</table>

4. **HJ35 – Study of state and local taxes**  
**Authority:** Suggested by Representative Dunwell and Senator MacDonald

**Background:** The Revenue Interim Committee was assigned [HJ35](#), Study of state and local tax policy, and will spend the bulk of the interim analyzing state and local tax. Most likely, the study will be broken into two parts: income tax and property tax. LGIC may choose to be kept informed of the findings and recommendations of RIC.

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<tbody>
<tr>
<td><strong>.005 FTE</strong>&lt;br&gt; Receive regular updates from the RIC staffer on issues related to property taxes and local government operations.</td>
<td><strong>No Action</strong></td>
</tr>
</tbody>
</table>
5. **Barriers to voting for American Indians**  
**Authority:** Suggested by Representative Custer

**Background:** The State Tribal Relations Interim Committee will conduct HJ 10, Study of American Indian Voting over the 2019-2020 interim. Since local governments administer elections, the LGIC may want to receive updates on the progress of HJ 10, focusing primarily on barriers to mail in ballots on reservations and actionable steps local governments can take to increase voter turnout while maintaining election security.

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<tbody>
<tr>
<td><strong>.005 FTE</strong></td>
<td><strong>No Action</strong></td>
</tr>
<tr>
<td>° Receive updates from the STRIC staff on updates, findings, and results of HJ 10.</td>
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</tbody>
</table>

6. **HB 715 – Legislative Finance Committee Study Bill**  
**Authority:** Suggested by Legislative Finance Committee

**Background:** The Legislative Finance Committee (LFC) plans to study state finance modernization and analyze risks associated with current state budgets, revenues, and expenditures. The LFC will organize four subcommittees, one of which will focus on local government topics. The LGIC may wish to stay informed on the work completed by the LFC that relates to local government.

<table>
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<tbody>
<tr>
<td><strong>.005 FTE</strong></td>
<td><strong>No Action</strong></td>
</tr>
<tr>
<td>° Receive regular updates from the LFC staffer on updates, findings, and results of studies conducted as part of HB715.</td>
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</tbody>
</table>

7. **Emerging Issues**

The committee may want to reserve time to address emerging issues that may arise during the next 15 months. Emerging issues require a minimal time commitment, and the committee may benefit from having a little “cushion” built in to provide the flexibility to investigate other issues if, and when, they develop.
Draft Meeting Schedule

This draft timeline provides a framework so the LGIC can complete its work on time. It is subject to final approval by the LGIC.

July 23, 2019  
**LGIC Meeting.** Helena

September 12, 2019  
**LGIC Meeting.** Helena

November 13, 2019  
**LGIC Meeting.** Helena

January 15, 2020  
**LGIC Meeting.** Helena

March 18, 2020  
**LGIC Meeting.** Helena

May 13, 2018  
**LGIC Meeting.** Helena

July 14, 2020  
**LGIC Meeting.** Helena

September 9, 2020  
**LGIC Meeting.** Helena

**Committee interim work must be completed September 15, 2020.**