

Resolution #2020-1

GENERAL PRINCIPLES

BACKGROUND

The cities and towns of Montana provide for safe and healthy communities with clean water, a sanitary environment, police and fire protection, transportation, and recreational opportunities. Our unique, vibrant municipalities provide an inviting environment that fosters the primary basis for all sectors of the Montana economy. To provide quality, cost-effective municipal services to their residents and visitors, municipalities must wisely and efficiently use their limited financial resources. At no time are these services more important than during the ongoing global COVID-19 crisis.

Local governments are closest to the people, and as such, deserve respect and support from both the state and federal levels of government for local processes, authority, and decision-making. The Montana League of Cities and Towns is committed to preserving and promoting Montana municipalities, the services they provide, and the economies they support.

ACTION

For the 2021 Legislative Session, the League will stand by the following principles of fair, affordable, and effective local government:

1. Preservation of an equitable property taxation system, the entitlement share payment to municipalities, and other existing sources of revenue to municipalities, while pursuing authority for municipalities to seek and develop new sources of revenue to fund essential local services.
2. Promote improvements to and diversification of the current local government finance structure, including but not limited to special districts, particularly to develop supplements and alternatives to property tax revenue.
3. Encourage the maintenance of, expansion of, and improvements to state grant, loan, and investment programs to fund infrastructure capital improvements to supplement the use of local funds.
4. Advocate that new legal mandates imposed upon municipalities have an identified source of independent funding and are not an unfunded mandate imposed upon municipalities.
5. Effective planning and development statutes, regulations, and policies that encourage managed growth of municipalities for the promotion of the more efficient and cost-effective delivery of clean water, treatment and disposal of wastewater and solid waste, protection of municipal water rights, interconnectivity of transportation systems, enhanced fire, police and public safety protection, improved recreation opportunities, and other municipal services.
6. Opposition to any measure that limits or diminishes municipal authority as provided by the letter and spirit of the Local Government Article of the 1972 Montana Constitution.

7. Recognition of the contribution of cities and towns to the history and culture of our state and a better understanding of the fact that all public policy should begin and end with those special places a majority of Montanans call home.
8. Strategically sponsor and support legislation or policies that maintain and strengthen local control and authority and oppose legislation or policies that seek to undermine or weaken local control and authority.
9. Support or sponsor legislation, policies, and funding that improve the ability of local governments to provide public access to their deliberations, decision-making, and records.

Resolution #2020-2

ENTITLEMENT SHARE PROGRAM

BACKGROUND

Section 15-1-121, MCA, contains the formula for calculating the annual growth factor that is applied to Entitlement Share Payments. The Legislature changes in 2011 based the growth factor on the collection of gambling, motor vehicle, beer, liquor and financial institutions' tax revenues over the most recent three-year period. It also includes a factor for personal and corporate income tax collections.

Because the entitlement share payment funds have had healthy growth and provide increased payments to the local governments, there is a temptation to use part of these funds for state needs. During the 2013 Session, the Legislature amended Section 15-1-121, MCA, to provide that entitlement payments are intended to provide a secure and predictable stream of revenue with a growth adjustment tied to state collections but cannot go below a floor of zero. During the 2017 session, the Legislature reduced the growth adjustment on the entitlement share for the 2019 biennium. During the 2019 biennium, the Legislature attempted to cut the entitlement share to impose additional contributions from local governments to the State's Office of Public Defender program.

Continued attempts at diversion of entitlement share payment funds threaten to diminish the future growth capacity of the fund and deprive local governments of the funds historically promised.

ACTION

The League will oppose legislation or policies that seek to diminish the local government entitlement share, but will strategically sponsor and support legislation or policies that ensure the continuation or fair and equitable modernization of the entitlement share program and the application of increased growth factor adjustments.

Resolution #2020-3

REMOVING CAP ON INCREASES IN MILL LEVY

BACKGROUND

Cities and towns are only authorized to impose a mill levy that is sufficient to generate the amount of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3 years. Cities and towns cannot financially survive with this limitation on the mill levy to one-half of a rolling 3-year average of the rate of inflation. Expenses incurred by cities and towns are not limited to any similar cap.

ACTION

The League will strategically sponsor legislation to remove the restrictions on the cities' and towns' mill levy authority currently imposed under Title 15, chapter 10, part 4, MCA.

Resolution #2020-4

LAND USE AND ENVIRONMENTAL REGULATION

BACKGROUND

Cities and towns work diligently to protect Montana's land and water resources through wise community development policies that emphasize centralized water and wastewater systems, efficient delivery of services to concentrated populations, and compliance with fair and affordable environmental standards. Despite this work, new development in Montana continues to sprawl beyond municipal boundaries, threatening our legacy of open space and clean water. At the same time, housing costs are rapidly rising due to the growth of second homes, the rising cost of labor and materials, and rising land values. While cities and towns seek to make urban development more affordable, they must retain their ability to make local decisions about the form, density, and impacts of land development based on community desires and needs. Municipalities are dedicated to working with state and federal agencies, counties, the private sector, and the public to establish growth and land use policies that recognize property rights and the need to efficiently deliver services while preserving the natural assets of Montana.

ACTION

MLCT will support bills to:

1. Encourage the use of community water, wastewater, and stormwater systems to protect environmental quality and assure that cities and towns are not obligated for a disproportionate share of the cost of complying with Nutrient Standards, MS4, TMDL, and other state or federal regulatory standards.
2. Promote environmentally responsible energy development and conservation through grants, loans, and technical assistance and education programs, and allow cities and towns authority under the energy and building codes to promote conservation.
3. Protect and expand the authority of cities and towns to use tax increment districts and locally approved tax abatements for opportunities as part of an effective local economic development strategy that reflects the needs and priorities of the local community.
4. Encourage, streamline, and finance the development of housing that is affordable for persons of all income levels, while maintaining local authority for land use decision-making.
5. Support and encourage the development, funding, and local authority over multi-modal transportation systems within municipalities, including streets, roads, transit, paths, bikeways, sidewalks, trails, and other infrastructure on state and local transportation routes that create a more attractive urban environment.

MLCT will oppose bills to:

1. Restrict the annexation, zoning, planning, and subdivision review authority of cities and towns or limit local control of community development practices.
2. Limit the effectiveness of the options under the tax increment district statutes.

October 6, 2020

Resolution #2020-5

INVEST IN LOCAL GOVERNMENT INFRASTRUCTURE

BACKGROUND

Montana has experienced significant growth impacts related to infrastructure and affecting the public health, safety, and general welfare of Montana's communities. Most Montanans welcome the economic opportunities connected to development, but some Montana municipalities that have had no or slow growth in the past do not have the resources and support necessary to proactively plan for and address the infrastructure and public health, safety, and general welfare of the growing population. Also, the infrastructure belonging to Montana municipalities – water and wastewater systems, streets, and other public facilities – is aging and in many cases has outlived its useful and functional life.

For Montana cities and towns to attract healthy, responsible economic growth, the ability to provide quality essential services means the infrastructure should be in good condition and using modern technology. At no time is our critical infrastructure more important than during the ongoing national COVID-19 crisis. Montana's local governments must maintain the critical health and safety services that all Montanans need to weather this disaster: clean water, good multi-modal transportation systems, including streets, roads, transit, paths, bikeways, sidewalks, and trails, effective law enforcement and fire protection, broadband, and responsive emergency systems. While Montana has been able to withstand immediate shocks to its economy, we expect long-term reductions in the ability of our residents to pay local property taxes and assessments.

Further, infrastructure is a critical factor in the health and wealth of Montana's economy, enabling private businesses and individuals to produce goods and services more efficiently. Montana's cities, towns, and counties have millions in road, water, wastewater, and other infrastructure projects that can jump start the COVID-19-impacted economy and increase long-term business productivity in every corner of Montana.

The MLCT will continue to work with the Montana Infrastructure Coalition ("MIC") to establish infrastructure priorities on a multi-session approach. We will continue to work to change the structure of the way infrastructure financing occurs in Montana on into the future.

In 2017, the Legislature passed a \$.06 graduated increase in the state gas tax to temporarily shore up the highway account and increase the gas tax allocation for local road projects for the first time in over two decades. In 2019, the Legislature passed a comprehensive infrastructure bill funding local projects through one-time-only grants and loans as well as university buildings and other state projects. Nevertheless, the highway account will continue to fall short of the amount needed to match federal dollars. Permanent and increased funding for a local infrastructure grant or loan program or other financial support for local infrastructure is needed.

ACTION

MLCT will support bills or policies that:

1. Promote investment in local governmental infrastructure, including new or increased financing options, grant and loan programs, and other resources and support necessary to proactively plan for and address infrastructure, protect the public health, safety, and general welfare of municipal residents, and stimulate the economy.
2. Streamline the process for obtaining new gas tax dollars or provide for automatic distribution of new gas tax dollars together with old gas tax dollars.
3. Streamline the process for obtaining state infrastructure dollars through improvements to existing state grant and loan programs.

MLCT will oppose bills or policies that:

1. Seek to diminish or eliminate any existing source of local infrastructure funding, including funding for existing grant or loan programs, existing gas taxes or allocations thereof, financing options, or other limits on constructing, maintaining, improving, or increasing local infrastructure facilities and capacity.

Resolution #2020-6

COMPENSATION FOR RETIREMENT

BACKGROUND

The public employee retirement system has suffered in the past from not being actuarially sound. In 2013, the cities, towns, and counties of Montana agreed to let the coal severance tax flow into the Treasure State Endowment Fund terminate at the end of FY 2016 to instead shore up the public employees' retirement system with these local government funds. Nevertheless, in the 2019 session, members of the Legislature began to discuss the possibility of increasing local governments' contributions to the MPERA system. Further, some public employee bargaining groups continue to advocate for including factors such as overtime, insurance premium payments and other special benefits as part of the "total compensation" used in determining retirement benefits upon retirement. Finally, MPERA has recently required local governments to reimburse the retirement system for millions of dollars in estimated retirement contributions upon separation of services from the local government entity. Any of these types of policy changes increase the cost to the public employer for paying the employer portion of retirement withholding.

ACTION

The League will generally oppose legislation that increases the local government contribution to any public employee retirement system, including but not limited to redirecting entitlement share, increasing local government employer contributions, requiring payment of estimated contributions upon local government restructuring, or adding employee benefits and overtime as part of the compensation for purposes of determining retirement benefits. However, the League will strategically sponsor and support legislation or policies needed to ensure the actuarial soundness or fair and equitable modernization of any public employee retirement system.

Resolution #2020-7

LOCAL OPTION TAX

BACKGROUND

Municipal fiscal authority in Montana is limited to property taxes, with a small exception for certain smaller communities with a population of less than 5,500 where the majority of local employment is related to businesses catering to the recreational and personal needs of tourist visitors. The existing state resort tax statute imposes strict limitations on local resort taxes: the tax must be approved by the qualified electors of the municipality; the tax rate ceiling is 3%, plus an additional 1% that can be used only for local infrastructure needs; the tax may only be imposed on lodging facilities, restaurants, and bars; and no less than 5% of the revenues received from the tax must be used to reduce property taxes within the municipality. Currently, only five municipalities in Montana qualify under the statutory definition of “resort community” and have enacted a resort tax approved by their voters (Whitefish, Red Lodge, Virginia City, West Yellowstone, and Columbia Falls). These communities have access to an additional source of funding for “any activity, undertaking, or administrative service that the municipality is authorized by law to perform,” including infrastructure, public services, and the like. The resort tax provides an additional flexible source of revenue that allows local residents to decide locally whether to impose additional taxes on luxury items and local business services that serve primarily visiting tourists.

ACTION

The League will support legislation to allow all Montana municipalities, with the approval of their voters, the authority to enact a local option tax to help fund local infrastructure projects and other local services.

Resolution #2020-8

SUPPORT CITY OF COLSTRIP AND OTHER COMMUNITIES IMPACTED BY NATURAL RESOURCES INDUSTRIES

BACKGROUND

The Colstrip Steam Electric Station has been one of the largest, most significant economic engines of Montana since the 1970s, providing hundreds of good paying jobs for Montana and a stable and cost-effective source of electricity for the entire Pacific Northwest.

At the beginning of 2020, Talen Energy and Puget Sound Energy permanently closed Units 1 and 2 of the plant. This earlier than anticipated closure of these units has cast uncertainty on the future of the City of Colstrip. The remaining Units are owned and operated by a different ownership group comprised of six separate energy companies. This adds to the concerns of what lies ahead for the community of Colstrip as well as the ensuring a reliable and cheap electricity supply for Montana. In addition, the City has no local source of drinking water, and relies on the electric station owners for a sustainable, affordable source of raw water for the community. The City of Colstrip is facing an abrupt loss in local jobs, property taxes, local businesses, water, and other public services.

For decades, many Montana communities have relied heavily on natural resources industries. Mining, timber, coal, oil, and gas have all provided high-paying jobs, millions of dollars in state and local taxes, and economic stability across all corners of the state. The fluctuations in these industry sectors – both growth and decline – can have serious consequences on the economic and social stability of municipalities.

ACTION

The MLCT supports efforts to:

1. Provide financial support and economic diversification to the City of Colstrip to help create sustainable employment opportunities and protect local tax revenues as a result of the closure of Units 1 and 2 and the uncertain future of the remaining units. The MLCT recognizes the important role the City of Colstrip has historically played in providing energy and revenue to the entire state.
2. Create and maintain legislation, policies, and programs that provide financial and other resources to Montana cities and towns impacted by the growth or decline of natural resource development.

Resolution #2020-9

SUPPORT FOR PUBLIC SAFETY SERVICES AND ACCOUNTABILITY

BACKGROUND

Montana cities and towns provide critical public safety services to the majority of Montana residents. Emergency response, law enforcement, and fire protection are important components of creating and maintaining thriving, prosperous communities. The MLCT expresses its appreciation for the work of our local police officers, firefighters, emergency responders, and other public safety employees.

Our members expect the highest standards of conduct from all municipal employees, and support appropriate disciplinary and legal action when an employee is found to have violated an applicable oath, ethics code, or a local, state, or federal law. Our members also expect all municipal employees to be transparent, accessible, and accountable, including in the provision of public safety services.

ACTION

The MLCT will support:

1. Legislation and policies that ensure adequate equipment, training, and funding for municipal emergency response, law enforcement, and fire protection services.
2. Efforts to ensure public safety programs are funded at levels that keep our citizens and communities safe and provide the level of transparency necessary to maintain the public's trust.
3. Legislation and policies that assist and strengthen transparency, accessibility, and accountability in our communities, so long as the proposal includes the necessary funding or funding flexibility to enable municipalities to comply.

The MLCT will oppose:

1. Legislation and policies that undermine the efficacy, responsiveness, or accountability of public safety systems or require municipalities to cut funding to other public services to comply with unfunded mandates imposed by the state.
2. While the MLCT has not taken a position on the ballot measures to legalize recreational marijuana, we will oppose legislation and policies that do not include a funding source to address community impacts that may result from legalization.

Resolution #2020-10

SUPPORT FOR MILITARY OPERATIONS IN MONTANA

BACKGROUND

Federal military operations in Montana are critical to our national defense and are also an important source of economic health in our communities. Military assets in the state include Fort Harrison, Limestone Training Range, Hayes Military Operations Area, Malmstrom Air Force Base, Powder River Training Range and various Montana Army and Air National Guard units. From defense contracts and mutual aid agreements to the revenue generated by servicing military personnel, Montana's military has tremendous statewide impact.

Malmstrom Air Force Base provides more than \$372 million in economic impetus to the State of Montana. Airmen stationed at Malmstrom own an estimated 1,116 homes in Montana, military construction and service contracts provide more than \$13.4 million to local contractors, the base spends more than \$9.5 million for utilities, and Malmstrom services more than 7,000 miles of roads in Montana, which benefits Montana's commerce. In addition, the Montana National Guard provides more than \$158 million in economic impact to Montana, and there is currently over \$60.7 million invested in military-related construction projects across the state.

Malmstrom is slated to receive a major intercontinental ballistic missile (ICBM) upgrade commencing in 2026 for a new Ground Based Strategic Deterrent (GBSD) system. Over the three ICBM bases, the upgrade is projected to cost over \$63 billion and will take 20 years to complete. When the system upgrades occur in Montana, it will have significant economic impact on the state and its industries.

Federal base realignment and closure activities and other cost-cutting measures put current military missions and assets in Montana and Montana's economic well-being at risk. In addition, Montana communities are missing strategic opportunities for defense industry growth statewide.

ACTION

The MLCT will support efforts to protect existing military assets in Montana, including preserving training ranges, preventing encroachment, collaboratively addressing national cuts to any military assets in Montana, and developing opportunities for mission retention, growth, and defense industry opportunities.

Resolution #2020-11

ACCUMULATION OF BUILDING CODE FEE COLLECTIONS

BACKGROUND

Cities and towns who are certified to enforce the state building codes are allowed to charge for plan review and inspections. The fees charged, however, can only accumulate for an amount needed to enforce the codes for twelve months. (50-60-106, MCA) With the cyclical nature of development, in some years a 12-month accumulation is insufficient to fund the costs of an enforcement program. A 24-month reserve would be a better cushion to weather the peaks and valleys.

In addition, municipalities with certified building code enforcement programs are required by the Montana Department of Labor and Industry (DLI) to have the building code fee collection fund audited separately rather than as part of the city's annual audit. (ARM 24.301.208.) This results in the building code fee fund being audited twice, an unnecessary expenditure of taxpayer dollars that provides no additional information not already provided in the municipality's regular annual audit.

ACTION

The MLCT will sponsor legislation to allow municipalities certified to enforce the building codes to accumulate fees and charges needed to enforce building codes for twenty-four months and to require DLI to accept the municipality's annual audit as an acceptable audit of the building code fee collection fund.

Resolution 2020-12

CORONAVIRUS GLOBAL PANDEMIC

BACKGROUND

In December 2019, the World Health Organization warned that a new unknown virus appeared to be spreading from a live animal market in Wuhan, China. In early January 2020, scientists identify the virus as a novel coronavirus that causes severe acute respiratory syndrome, naming it SARS-CoV-2. This coronavirus causes a disease named COVID-19.

While much is still unknown about SARS-CoV-2 and COVID-19, the coronavirus is thought to spread mainly from person to person through respiratory droplets produced when an infected person coughs, sneezes, or talks. These droplets can land in the mouths or noses of people who are nearby or possibly be inhaled into the lungs. Spread is more likely when people are in close contact with one another (within about 6 feet). Once infected, a person's symptoms may range from mild symptoms – or even no symptoms - to severe illness. Older adults and people with underlying medical conditions such as obesity, heart disease, cancer, and weakened immune systems are at higher risk for severe illness from COVID-19. The mortality rate for COVID-19 appears to be around 3.4%.

Since it surfaced, over 29 million people worldwide have been infected with the coronavirus and nearly 1 million have died. The first confirmed case of COVID-19 in the United States was January 21, 2020 in Washington state. Nine months later, the United States has the highest number of COVID-19 cases globally, with almost 7 million cases and 200,000 deaths.

Montana's first case of coronavirus was confirmed on March 13, the day after Governor Bullock declared a state of emergency. On March 26, the Governor issued a stay-at-home order that lasted through May 4, when the Governor issued an order for a phase reopening. Phase Two began June 1. The Governor issued a mask mandate on July 15, 2020 that is still in effect. Montana has remained one of lowest in terms of COVID-19, with a total of 9,107 cases and 138 deaths.

Major economic upheaval has resulted from actions taken to protect public health across the United States and globally. In March, as the coronavirus spread rapidly across the world, stock markets took a major hit, with the Dow Jones Industrial Average falling more than 2,000 points in one day after a circuit breaker halted trading for 15 minutes. The coronavirus pandemic triggered the sharpest economic contraction in modern American history, with GDP falling 33% in the spring of 2020. Consumer spending has tumbled and the national debt has surged as a result of congressional attempts to alleviate the immediate impacts of the pandemic. Unemployment rose to over 15% in the spring of 2020, with all but 3 states recording their highest rate ever in 2020.

The long-term impacts of the pandemic on Montana have yet to be seen. In May 2020, the Bureau of Business and Economic Research at the University of Montana (BBER) estimated:

- A loss of 75,000 jobs, on average, over the year 2020 for the Montana economy, reflecting worsening prospects for health care, transportation and agriculture industries. Jobs include payroll jobs as well as self-employed, business proprietors, and non-employee contractor jobs;
- A shortfall in state personal income of \$6.4 billion, or 11.7 percent, in 2020 compared to the original, pre-Covid-19 projection;

- A slower recovery in the state economy, with under performance in both employment and personal income – relative to pre-Covid-19 projections – extending beyond the year 2022.

These economic impacts could result in a precipitous drop in local government revenues. These revenues fund and sustain ongoing public safety and critical services in our local communities, including police, fire, emergency response, and education. Montana’s local governments will still be expected to provide basic services as well as respond to the historic public safety challenges resulting from the coronavirus pandemic.

Further, Montana’s cities and towns serve as the engine of Montana’s economy. Without direct assistance to cover lost revenues, they will either be forced to significantly cut workforce and reduce services, exacerbating the current economic and public health crises, or shift the loss of revenues onto the remaining property taxpayers. Both options are unacceptable. Major cuts to municipal jobs and services would hinder the ability to safely reopen the economy. Local governments are also capable of stimulating the economy by financing needed infrastructure projects, immediately putting Montanans back to work and investing in long overdue public facility upgrades.

ACTIONS

The MLCT will support bills or policies that:

1. Help local governments continue to provide critical public safety services in our local communities, including increased revenues, direct federal support, and flexible financial regulations.
2. Invest in improving and maintaining Montana’s infrastructure. Montana’s cities, towns, and counties have millions in road, water, wastewater, and other infrastructure projects that can jump start the COVID-19-impacted economy and increase long-term business productivity in every corner of Montana.
3. Provide maximum local authority and flexibility to make emergency decisions to protect the public health and safety of our residents.
4. Expand and improve technology that allows municipalities to better respond to future similar emergency situations, including tools that ensure the public can access government services, the municipality can continue to conduct business, and staff can provide critical public services.

The MLCT will oppose bills or policies that:

1. Undermine or restrict local governments’ ability to provide critical public safety services or make local decisions to protect public health and safety.