

Resolution #2024-1

GENERAL PRINCIPLES

BACKGROUND

The cities and towns of Montana provide clean water, a sanitary environment, police and fire protection, transportation, and recreational opportunities for residents, businesses and visitors. 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, businesses and visitors, municipalities must wisely and efficiently use their limited financial resources.

Local governments are closest to the people, and as such, local processes, authority, and decision-making should be respected and supported by state and federal governments. Any attempt to undermine or weaken any municipality's process, authority, or decision-making is considered an attempt to undermine the strength of local government as a whole. We will support each other and openly communicate with each other to address challenges and pursue opportunities impacting cities and towns, knowing the success of one is the success of all. United we stand, divided we fall.

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 2025 Legislative Session, the League will stand by the following principles of fair, affordable, and effective local government:

1. Establish a fair, efficient, and effective property taxation system that does not disproportionately burden residential property owners, preserves the entitlement share payment and other existing sources of revenue to municipalities, and provides 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 and local option taxes, to develop supplements and alternatives to property tax revenue.
3. Encourage the maintenance of, expansion of, and improvements to federal and state grant, loan, and investment programs to fund infrastructure capital improvements to supplement the use of local funds.
4. Preserve the ability of local governments to place questions on the ballot, recognizing their understanding of the specific needs and preferences of their communities and allowing local voters to make local policy decisions with respect to their community. Uphold the local government's ability to pass mill levies by a majority vote to empower residents to prioritize local service levels and encourage, not discourage, voter engagement.
5. Advocate that new legal mandates imposed upon municipalities have an identified source of independent funding and are not an unfunded mandate imposed upon municipalities.

October 3, 2024

6. Modernize planning and development statutes, regulations, and policies that encourage the development of unique, vibrant, healthy, and safe communities through 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, housing, enhanced fire, police and public safety protection, recreation opportunities, and other municipal services.
7. Oppose 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.
8. Recognize 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.
9. Strategically sponsor and support legislation or policies that maintain and strengthen local decision-making and authority and oppose legislation or policies that seek to undermine or weaken local decision-making and authority.
10. 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 #2024-2

PROPERTY TAX REFORM AND PROTECTION OF LOCAL SERVICES

BACKGROUND

Municipalities in Montana must rely almost exclusively on property tax revenues to fund local services. About 56% of all property taxes collected statewide are directed to elementary, high school, and higher education, while the remaining 44% funds local governments, including cities, counties, and special districts. Some counties also receive oil and gas tax revenues, and some unincorporated communities and municipalities, 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, collect a resort sales tax. Other than those exceptions, local governments are limited to collecting property tax revenues.

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

Local governments use general fund property tax revenues mainly to fund essential firefighting, law enforcement, and other emergency services, administration, and parks and recreation. Local streets are paid for through state gas taxes, which do not have an adjustment rate and have fallen far behind the inflationary costs of transportation infrastructure. Water and wastewater service is typically paid for through user fees and assessments on residents that use those services, including the rate hikes that must be imposed to finance large, expensive system improvements necessary to meet state and national regulations. Many communities turn to voted mill levies to fill the gap between available revenues and growing service costs. However, with the few exceptions of resort tax communities, the daily local services Montanans depend on for working, living, and recreating are paid for through the same homeowner or renter, who has limited capacity to continue to pay more.

The state determines the tax rates for all property in Montana. Residential homeowners pay almost 60% of all property taxes collected statewide; two decades ago, they carried less than 40% of that burden. Over the past few decades, as the Legislature has reduced the tax rates on other classes of property, the property tax burden has increased on residential and commercial property owners and away from other classes of property. In 2023, although appraisals of residential properties increased dramatically compared to other classes of property the Legislature did not mitigate the class 4 residential tax rate as it had done in the past, resulting in a further tax shift to residential property owners.

In 2021, a ballot proposal to constitutionally freeze taxable valuation and property taxation on residential properties was approved for signature collection. A similar ballot issue was proposed in 2023. While the 2021 proposal ultimately failed and the 2023 proposal was ruled unconstitutional, they exemplify a growing discontent among Montanans with property taxes.

Meanwhile, income taxes on higher incomes of new Montana residents and corporations have resulted in billion-dollar state general fund surpluses.

Montanans expect high quality, consistent local services. They expect timely and competent response by firefighters and law enforcement and they expect clean drinking water. They expect their streets to be well-maintained and plowed and garbage to be collected and disposed of. They expect their children to be well-educated in a safe and secure building and parks available for play and recreation. They expect new development to pay for its own impacts to these services. These services are expensive, costs that continue to increase as the labor and material markets have tightened and inflation has soared.

ACTION

1. Support legislation to provide relief to Montana residential property owners while preserving local government revenues and the ability of municipalities to provide the levels of services expected and demanded by local residents and visitors.
2. Support legislation to allow 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.
3. Support legislation to remove the restrictions on the mill levy authority currently imposed under Title 15, chapter 10, part 4, MCA.
4. Protect the local government entitlement share, but 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.
5. Consider proposals for voted levies and special districts that provide increased transparency and voter turnout.
6. Protect tax increment financing as a locally driven tool and resource to help create projects that can stimulate redevelopment, housing, job creation, and increased taxable value to help direct local growth and finance infrastructure improvements.

MLCT will oppose bills that:

1. Reduce the base budgets of any municipality or limit the ability of municipalities to increase local revenues to address local needs.
2. Impose restrictions on voted levies or special districts that reduce the effectiveness and availability of local services as expected by each community and its visitors.

Resolution #2024-3

HOUSING

BACKGROUND

Housing prices continue to outpace average incomes in Montana, making it difficult if not impossible for many Montanans to own or rent a suitable residence for themselves and their families. According to Zillow, an online real estate marketplace, July 2024 average home values in Montana continued to remain just under a half a million dollars. This is a 3.2% increase from July 2023, but a more drastic increase of 60% from July 2019. While the majority of home purchase prices are less than the list price, the average median list price is just over a half million dollars and continue to hover around peak levels. These values vary widely from community to community. As of July 2024, the current median home value in the city of Bozeman is \$755,339, Kalispell \$558,859, Helena \$469,604, Whitehall \$453,171, Big Timber \$422,204, Billings \$387,898, Dillon \$377,539, Roundup \$238,835, and Choteau \$271,058. These prices are outside the reach of most Montanans.

Rentals are similarly higher than Montanans are able to pay. The majority, nearly 69%, of the poorest Montanans (0-30% of average median income) must pay over 50% of their income on housing costs and utilities. This income category constitutes a quarter of all Montana renters. The majority of the next highest income level (31-50% of average median income) must pay over 30% of their income on housing related costs. Almost 20% of Montanans earning the average median income are similarly cost-burdened.

Exacerbating this inequity is a lack of units for those now seeking housing in Montana. Montana's population has grown by 52,000 people since 2020. In combination with this growth, tight labor markets, material costs, high land values, inflation, and lack of infrastructure capacity have all contributed to Montana's housing crisis, and many different actions at all levels of government will need to be taken to solve it.

During the 2023 Session, the League with a coalition of organizations supported passage of the Montana Land Use Planning Act, a comprehensive update and modernization of Montana's land use and planning laws. With the passage of that bill, the League was able to help create a more predictable and less costly process for residential development review and approval at the local level, while preserving local decision-making for community planning and zoning. The League will continue to work with municipalities, seek funding for, and propose revisions as necessary to successfully implement the new law.

Municipalities are committed to continuing to work with state and federal agencies, other local governments, the private sector, and the public to identify and implement solutions to the housing crisis. However, while cities and towns seek and implement ways to make housing 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, needs, and capacity.

ACTION

1. Identify, disseminate, and support ideas and tools that municipalities can implement to lower housing costs and boost housing supply to support available and affordable housing for all income levels, with particular emphasis on missing middle homeownership.
2. Support bills that strengthen and support community-generated choices for increasing the local supply of housing, while preserving local decision-making, protecting the public's right to know and participate, mitigating impacts to the environment, and ensuring the local government's ability to provide critical public services.
3. Increase coordination and collaboration between state and local governments to create more predictable and less costly processes for residential development.

Resolution #2024-4

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 outside municipal boundaries, threatening our legacy of open space and clean water. Cities and towns 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 land use policies and regulations that recognize property rights and the need to efficiently deliver services while preserving the natural assets of Montana.

ACTION

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, PFAS, lead service lines, and other state or federal regulatory requirements.
2. Support policies and statutory frameworks that protect municipal water rights and water quality, streamline the change of use process on and within municipal water systems, create a sustainable post-adjudication water court, and limit the use of exempt wells in urbanizing areas where water quantity and quality are of concern.
3. 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.
4. 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. 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 safer, more livable, and more economically vibrant urban environment.
5. Provide funding to assist communities implementing SB 382 (Chapter 500, Laws 2023).
6. The League supports bills that provide necessary fixes to the 2023 Montana Land Use Planning Act to ensure a more predictable and less costly process for residential development review and approval at the local level, while protecting the public's right to know and participate, the environment, local government's ability to provide public services, and local authority for land use decision-making.

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MLCT will oppose bills or policies that:

1. Restrict the annexation, zoning, planning, and subdivision review authority of cities and towns or limit local community development decision-making.
2. Preempt local land use policy-making, including but not limited to specific development standards, parking requirements, density, and other important policies that reflect local circumstances and choices.
3. Limit the effectiveness of the options under the tax increment district statutes.

Resolution #2024-5

INVEST IN LOCAL GOVERNMENT INFRASTRUCTURE

BACKGROUND

Montana municipalities own and operate the vast majority of infrastructure in Montana – streets, drinking water treatment and distribution systems, wastewater treatment and discharge systems, stormwater collection systems, firefighting and law enforcement facilities, and parks and recreational facilities.

Montana has experienced significant growth over the past decade. Most Montanans welcome the economic opportunities connected to development, but Montana municipalities do not have the resources and support necessary to address the infrastructure needs and public health, safety, and general welfare of their residents, businesses, and visitors.

Healthy infrastructure is critical to the health of Montana's economy. For Montana to attract economic growth, the ability to provide quality essential services means the infrastructure must be in good condition and communities must be using modern technology. Montana's local governments must maintain the critical health and safety services that all Montanans need: clean water, good transportation systems, effective law enforcement and fire protection, accessible communication systems, and responsive emergency systems. We need to maintain and expand the systems we have and build new systems to serve the visitors and new residents coming to our communities. We cannot continue to rely on increased property taxes and assessments on long-term residents to support these services.

Infrastructure enables 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 outstanding infrastructure needs that can 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.

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. In 2021, the federal American Rescue Plan Act provided historic levels of infrastructure funding for Montana's water, sewer, storm water, water storage, bridges, roads, and other important systems that serve our residents and tourists. Nevertheless, the highway account will continue to fall short of the amount needed to match federal dollars and millions of dollars' worth of projects remain unfunded. Meanwhile, our infrastructure deficit continues to grow as municipalities fall further behind in deferred maintenance. In 2023, the Legislature passed several

one-time funding bills for municipal infrastructure out of the State's general fund surplus. Permanent 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, businesses, and visitors, and stimulate the economy.
2. Streamline the process for obtaining federal and state infrastructure dollars through improvements to existing 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 #2024-6

COMPENSATION FOR RETIREMENT

BACKGROUND

The public employee retirement system has suffered in the past from not being actuarially sound. The Legislature has discussed reducing the amortization of MPERA system at substantial cost to local governments and ending the defined benefit plan. In 2023, the Legislature ended the defined benefit plan for the smaller public pension systems. This decision has been discussed at length during the 2023-2024 interim, and the State Administration and Veteran's Affairs (SAVA) interim committee has voted to move a committee bill to reverse that decision. Cities and towns supported legislation in 2023 that ensured the actuarial soundness of the public employee retirement system, including a proposal to extend the current annual employer contribution increase of .1% annually through 2034. That bill did not pass, but the SAVA interim committee has voted to move a committee bill to extend the now expired annual .1% increase on the employer contribution through 2035.

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. 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.

The League supports ensuring the actuarial soundness and fair and equitable modernization of the public employee retirement systems.

ACTION

1. Support proposals to reinstate the annual employer contribution increase of .1% annually through 2035.
2. Support proposals that provide additional funding to support employer contributions to retirement benefits.

MLCT will oppose bills that:

1. Oppose legislation that, other than set forth above, 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.

Resolution #2024-7

SUPPORT COMMUNITIES IMPACTED BY NATURAL RESOURCES INDUSTRIES

BACKGROUND

Throughout our state the development of our natural resources has been a significant economic engine for all of Montana, providing thousands of good paying jobs with benefits and a valuable source of tax revenue. Many of our smaller rural communities are threatened with an uncertain future with the decline of these natural resource industries.

For decades, many Montana communities have relied heavily on our state's valuable natural resources industries. Mining, timber, coal, oil, and gas have all provided billions of dollars in state and local taxes while also providing economic stability across all corners of our state. There is not a city in our state that has not benefited from the development of these natural resources. The fluctuation in these industry sectors – both growth and decline – can have serious consequences on the economic and social stability of our municipalities.

ACTION

While the League recognizes that each impacted community, industry, and local impact is different and may require a varied approach, the League supports efforts to create and maintain legislation, policies, and programs that provide financial support, economic diversification, and other resources to:

1. Help create sustainable employment opportunities and protect local revenues in Montana cities and towns impacted by the growth or decline of natural resource development.

Resolution #2024-8

SUPPORT FOR PUBLIC SAFETY SERVICES

BACKGROUND

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

As municipal resources continue to be stretched across a variety of community needs, public safety services face growing shortfalls for adequate funding of personnel, equipment, and coverage. In addition, the need for public emergency medical services, including first-response and transport, is increasing and rapidly changing in a manner that places increased burden on already strained local fire departments.

ACTION

MLCT will support legislation and policies that:

1. Ensure adequate equipment, training, and funding for municipal emergency response, law enforcement, and fire protection services. In particular, the League supports an increase in training spots at the basic law enforcement academy. In the absence of such increase in training spots, the League will support bills that will allow local law enforcement to be certified to provide its own training or send recruits to other certified training facilities.
2. Ensure public safety services are funded at level to meet local community public safety expectations.
3. 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.
4. Allow a cost recovery model and billing options for emergency medical response services or that leverage existing federal funds for reimbursement of emergency medical response.

MLCT will oppose legislation and policies that:

1. 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. Reduce or impede funding to address community impacts that may result from legalization of marijuana.

Resolution #2024-9

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, the Advanced Research Lab at MSU, 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 \$425 million in economic impetus to the State of Montana. Military construction and service contracts provide millions to local contractors, the base spends more than \$9.2 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 \$185 million in economic impact to Montana, and there is currently over \$37 million invested in military-related construction projects across our state.

Malmstrom is slated to receive a major intercontinental ballistic missile (ICBM) upgrade called "Sentinel." Initial development is underway. The entire project will update all three ICBM bases, in the United States and is projected to cost over \$140 billion. The project will take 20 years to complete. When the system upgrades occur in Montana, it will have a significant economic impact on our state and its industries.

The Department of Defense (DoD) also seeks to partner with host communities and states to improve the lives of military personnel and their dependents. Community partnerships and grant programs (Defense Community Infrastructure Program) also present opportunities for Montana to support their military installations. The DoD also seeks to support its military personnel by housing, childcare, mental health, veterans, spousal employment, and professional license reciprocity or full credential acceptance.

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 League 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 2024-10

MEDICAID EXPANSION

BACKGROUND

The availability and accessibility of healthcare services are essential for the well-being of our residents; and

Medicaid expansion has proven to be an effective means of increasing access to healthcare for low-income individuals and families; and

Medicaid expansion provides mental health services for homeless populations which are increasingly falling to local governments to provide for; and

Medicaid is critical to maintain hospitals in rural communities; and

Small businesses create and support strong local economies and small business in Montana rely on healthy employees who can access Medicaid; and

The economic benefits of Medicaid expansion, including job creation and increased economic activity, especially for small businesses, would positively impact our communities; and

A healthier population contributes to a more productive and thriving society.

ACTION

1. The League will support and advocate for the availability of Medicaid in Montana so that all eligible individuals in Montana have access to affordable healthcare.
2. The League will actively engage to raise awareness about the benefits of Medicaid expansion to the citizens and businesses of Montana's cities and towns.