

MISSOULA LOBBYING REPORT
FINAL REPORT
John MacDonald, Registered Lobbyist

The 65th Montana Legislature adjourned sine die about an hour ago, after three failed attempts in two days to pass a bonding bill for infrastructure projects across the state totaling more than \$80 million. It was a bittersweet end to what was otherwise a generally productive session for local governments that included passage of a heavily amended gas tax to pay for road and bridge work and successful efforts to defeat more than a dozen harmful TIF bills.

But for those of us involved for the past four months in pushing for additional ability to work on capital improvement projects, the final outcome today was a disappointment. It also marks the fourth session in a row that Republicans have declined to support bonding legislation for projects. Also disappointing, HB8, which contained loans for a variety of water projects across the state, became politically entwined with the final bonding bill, SB367. When SB367 failed to pass, Democrats refused to support HB8, and it failed on third reading today too.

On the bright side, work by a strong coalition of local governments, business and trade groups and contractors ensure that we got SOME of the gas tax legislation we fought so hard for. Originally, HB473 provided for an 8-cent per-gallon increase in the fuel tax. The final version, which was heavily amended on both the House and Senate sides, reduced that tax to 4.5 cents in the first year, gradually increasing over several years to 6 cents per-gallon. A companion bill included fee increases for vehicle registration and a higher fee on expensive autos and RVs to fund Highway Patrol and DMV functions that originally were included in HB473. The share to local governments due to the changes is reduced, but it is the first time in many years we've seen a tax increase at all to pay for roads and bridges and this win should be celebrated.

Also to be celebrated, efforts that were led by an incredibly well-organized Montana League of Cities and Towns ensured that TIF programs in the state were defended. At last count, there were approximately 16 or 17 bills that would have dramatically changed or even eliminated a local government's ability to use TIF programs. The league's Kelly Lynch masterfully led efforts to educate legislators and help kill nearly every one of these. Those that weren't killed were amended to meet the majority of our concerns.

HB473: Revise highway revenue laws.

Position: Support

This is the Bridge and Road Safety and Security Act, which includes a fuel tax provision with money going in part to local governments for infrastructure work. The bill was in

Senate Finance and Claims this week, where the tax was reduced to 4.5 cents the first year, but providing for an increase to 6 cents per gallon over several years. It amounts to a definite reduction to local governments, but we continued to support the bill. The Senate amendments to the bill passed the House on second reading Friday and the full bill will be on the House floor for third reading Saturday. We picked up votes since it was last in the House, passing second-reading 61-39.

Status: Waiting for governor's signature.

HB650: Implement provisions of the general appropriations act Part

Position: Support

This bill got on our radar late when the Senate Finance and Claims "shifted" some of the revenue expected from the original gas tax to this bill instead, through increases in a variety of vehicle registration fees. Essentially, the fees will rise about percent if the gas tax bill HB473 does not pass. If HB473 does pass, the fee increase will be 3 percent. The bill also contains what is called a "Ferrari tax" of 1 percent on vehicles and RVs that sell for \$150,000 or more.

Status: Waiting for governor's signature.

SB367: Generally revise infrastructure funding laws.

Position: Support.

This was the only bonding bill that was able to move forward, but the amended version which contained \$80.3 million in bonding for projects across the state, died in the House after several attempts.

Status: Died in the House on third reading.

HB577: Provide for local option infrastructure tax

Position: Support

Hearing held March 14 in House Tax and we had a good turnout of support, but there were also a lot of opponents. As we anticipated, the bill's fate was not good. The House Tax committee took action on Friday and, despite amendments that included raising the property tax relief from 25 percent to 50 percent, the bill failed on vote of 12 against, 8 for.

Status: Tabled in House Taxation. Likely dead.

SB331: Local option infrastructure investment and property tax relief act

Position: Support

Nearly identical to above. We did not believe that this would get a hearing since HB577 died first (rules require that if one identical bill dies, the other is supposed to also die. Apparently there were just enough differences in these bills to allow a hearing to occur on this one. However, we didn't have the votes (we're pretty sure we didn't) and it was also tabled in committee.

Status: Tabled in Senate

TIF Bills

HB573: Revise education funding laws related to tax increment financing.

Position: Oppose

This bill would remove the 95 school mills from the TIF calculation, but only for TIFS in urban renewal districts or REDDS established on or after the effective date. A BAD bill. After getting out of the House, we worked closely with the League to develop a strategy to kill this bill on the Senate side and had an understanding with the sponsor that it would likely get tabled if we offered only "light" opposition. This would mean just the League coming in and offering some testimony. However, due to some events outside of our control, the bill regained some steam. A hearing on the bill was held March 31 and we showed up en mass on short notice. Probably eight to ten opponents testified. Unsure of the fate, but I think we've worked things out so that this bill will likely be tabled.

Status: TABLE in committee.

HB413: Revise laws related to use of TIF financing.

Position: Oppose.

From MLCT: The bill provides for a recapture provision if building improvements are made with TIF funds. If controlling stock or other equity interest in the building is sold, leased, or transferred within 5 years of the TIF funded improvements, 100% of the funds must be paid back; 80% if within 6 years; decreasing by 20% each year thereafter. No recapture after 10 years; no recapture if ownership conveyed to a governmental entity. (2) The bill provides for a direct court review of any decision made under Title 7, Chapter 15, Parts 42 or 43 by any taxpayer or taxing jurisdiction. Kelly Lynch with the League has worked this bill very hard and believes Essman will agree to table this bill in committee and some reporting issues will become part of SB27.

Status: TABLED in committee.

SB27: Amend TIF laws related to public hearings and reporting.

Position: (Changed) Support Amended Version

As amended in Senate, requires the local government's annual financial report under 2-7-503 to include a report of the financial activities related to TIF; requires public meeting and opportunity for comment on all matters before the urban renewal agency board; requires the TIF annual report under 7-15-4237 to "describe the public purpose of expenditures of tax increment and how the expenditures meet the goals of the urban renewal plan or comprehensive development plan (TEDD).

Status: Passed both House and Senate as amended. Headed to the governor

HB396: Revise laws related to tax increment financing

Position: Support.

Replacement bill for HB 250. MACO, MTSBA, and League drafted amendment language to HB 250 that would remove veto vote but require that city meet and confer with county and school district before creating plan with TIF, adding TIF to existing plan, or bonding. Met with Grubbs 1/30 to review proposed amendments; new bill title needed to make

amendments, Rep Grubbs tabled HB250 and replace with HB 396 with the amendments previously approved

Status: Passed both House and Senate. Transmitted to the governor.

HB30: Remove voted levies approved after creation of TIF from tax increment provision

Position: Neutral (changed from Oppose)

Another bill from the RTIC. We let this one go as part of an agreement to .

Status: Passed Senate and House. Transmitted to the governor.

HB359: Limit tax increment financing revenue to local mills.

Position: Oppose.

Terrible bill that would limit TIF revenue to local mills only, removing mills collected on behalf of school districts, mills supporting elementary and high school retirement obligations, public school equalization mills, u-system mills and permissive levies.

Status: TABLED IN House Tax.

HB411: Limiting use of TIF money. (Façade bill)

Position: Oppose

Adam Hertz's bill dealing with concerns about TIF money being spent on private businesses within TIF Districts. Chris Behan testified on behalf of the city.

Status: TABLED in House Tax.

HB134: Revise school funding related to facilities

Position: Neutral (CHANGED from oppose)

HB 134 originally would have removed the 95 school mills from the TIF calculation, redirecting it to fund school facility improvements through the state's Quality Schools Facility Grant Program. Essman agreed to an amendment to take that provision out of the bill and we remove our opposition.

Status: Motion to consider in the House on final day failed. Bill dead.

HB250: Require county and school district approval for adoption of TIF provision

Position: Oppose. (Amendments may be offered)

The league worked with the sponsor to table this in favor of a new version. (See HB396)

Status: House Local Government TABLED.

HB403: Revise TIF laws to require remittance if increment exceeds certain level.

Position: Oppose.

This bill would require remittance of all incremental taxable value of one or more urban renewal districts in excess of 5 percent of the municipality's total taxable value, except for any revenue already pledged to the repayment of bonds.

Status: TABLED in Committee

SB34: Amend laws related to an urban renewal agency board of commissioners

Position: Oppose

John Hoeven bill that would have required appointment of representatives from schools and county commissioners on boards. Originally passed, but the sponsor called the bill back and no action has been taken.

Status: Likely dead. Sitting in committee without further action.

SB130: Revise tax increment finance laws

Position: Support

Would have allowed TIF expenditures for energy efficiency in certain projects.

Status: Died on a tie vote in committee.

OTHER BILLS:

HB562: Exempt certain cell phone use from local ordinances.

Position: Oppose.

Most concerning was a provision that limited the fines local governments could impose for cell phone use. But this also was a concern regarding local control. We opposed the bill on the House side, but House Judiciary considered this an "overreach" by local authorities and passed it forward. The House today did not concur in the Senate amendments so this will likely go to a conference committee now

Status: House decline to concur with Senate amendments. Could be scheduled for conference committee.

SB251: Generally revise laws related to short-term rental facilities.

Position: Support

This bill began essentially as a request from several city council members, but Kelly Lynch at the League took it on to address issues that were also arising in other communities. We did not testify for or against, but provided information and assistance to Lynch, the bill sponsor and others.

Status: Passed the Senate. Was tabled in House Judiciary

SB330: Provide for property assessed clean energy financing.

Position: Support

This bill was the authorizing legislation for PACE in Montana. We supported and I provided brief testimony at the Senate hearing. Lots of opponents, however, who pointed out some flaws in how the bill was put together. Although Initially tabled, the committee reconsidered the bill and it was approved with some amendments and passed committee and full Senate. It ran into strong opposition again in House Natural Resources and was tabled.

Status: TABLED in House Natural Resources.

HB611: Generally revise state laws related to immigration and refugees.

Position: Oppose,

SK Rossi with the ACLU made us aware of this bill March 17. It essentially prohibits local governments from enacting any “sanctuary”-type legislation or addressing immigration or refugee issues. We were not able to personally testify.

Status: Initially passed second-reading in the House, but was referred to House Appropriation, where the committee TABLED it.

HB609: Generally revise privacy laws concerning protected facilities.

Position: Opposed.

House Judiciary hearing March 23 was a train wreck. Chair allowed only 20 minutes for each side and we witnesses were cut off before we could provide any testimony. I submitted written testimony and worked a number of members very hard to help kill the bill. I personally did not believe we had much chance killing it, but were able to sway three key Republicans and got it done. Lots of kudos to LGBT advocates and the ACLU for their substantial work on this.

Status: TABLED in House Judiciary.

SB189: Revise protest provisions for special districts

Position: Oppose.

This is Sen. Regier’s bill that would revise protest provisions for special districts. It’s a bad bill in that all (and only) returned ballots would be counted. If 100 property owners are in a proposed district only ten return the letter and ONE of them protests, the 10 percent threshold is immediately met. If only two people returned a ballot and ONE protested, a 50 percent threshold is met and no action could be taken for two years. It’s unworkable. We attempted to get an amendment on the House floor, but it failed. This bill survived third-reading. We’ll need to discuss possibility of a governor veto.

Status: Passed both House and Senate. Transmitted to the governor.

SB188: Revise authority to create special districts.

Position: Oppose.

This was a companion bill to SB189 that would have decimated the ability to create special districts. We opposed along with the League on the Senate side and got it killed.

Status: TABLED in committee.

SB250: Revise laws related to prosecutorial immunity.

Position: Support.

MacDonald testified in favor. Passed the Senate.

Status: Awaiting governor’s signature.

HB463: Prohibit chronically incapacitated substance abuse in public places.

Position: Support (Due to local control component)

Request from Billings. A similar idea last session ran into roadblocks. Billings is asking for the city’s support. We are reviewing.

Status: TABLED in Committee

HB422: Generally revising laws related to local government; withholding or offsetting entitlement share payments to local government under certain circumstances.

Position: Neutral/Monitor

Discussed with Engen and Bickel. This bill comes out of a situation in Glacier County that legislators want to address statutorily. The MLCT has been involved in crafting this to ensure it is very narrow and won't impact cities that are compliant.

We will monitor.

Status: Passed the Senate and House. Transmitted to the governor.

HB417: Generally revise laws related to non-discrimination

Position: Support/Monitor

Status: TABLED in committee.

HB294: Encourage accessible playgrounds across the state.

Position: Support/Monitor

Status: Dead.

SB106: Revise laws related to use of certain chemical de-icers on Montana highways.

Position: Oppose.

MacDonald testified against bill in Senate Finance and Claims after also testifying opposed in Senate Highways and Transportation. It was referred to Senate Finance and Claims, where it was tabled.

Status: TABLED in committee.

HB94: Generally revise public safety officer standards/training council laws.

Position: Support amended version.

MacDonald worked with other interested parties on this one, largely to ensure that private businesses can contract with local governments to provide pretrial and misdemeanor services. Heavily amended bill but I think we are good with the final version

Status: Amended version passed both the House and Senate.

HB181: Establish requirements for police dogs.

Position: Oppose without amendments.

MacDonald testified on behalf of the Missoula police in opposition to this bill. Committee tabled it on a voice vote Jan. 24th.

Status: TABLED in House Judiciary Committee.

HB194: Prohibit local restrictions on electronic devices while driving.

Position: Oppose

MacDonald testified against, along with representatives from other communities, law enforcement and the League. Bill made it out committee Jan. 20 on a narrow vote, but died on the floor.

Status: DIED on House floor.

SB98: Property ownership fairness act.

Position: Oppose.

MacDonald unable to attend the Jan. 27th hearing, but we are on record opposing this bill and will be directly lobbying legislators to oppose it. The bill has a substantial fiscal note.

Status: DIED on the Senate floor.

SB155: Prohibit local government regulation of agricultural seed

Position: Oppose/Monitor

We missed the hearing due to workload. Kelly Lynch with the League was, I believe, able to get some amendments on this that should address city concerns. Need to follow up with her.

Status: Passed House and Senate. Transmitted to the governor.