

MISSOULA LOBBYING REPORT
Week of Feb. 6, 2017
John MacDonald, Registered Lobbyist

We ended a long week of nothing but TIF bills, with a half-dozen hearings on unfriendly legislation. With great assistance from Ellen Buchanan and Chris Behan, along with representatives from the Montana League of Cities and Towns, other communities and even financial, real estate and bond interests, we did a very solid job making our points and, hopefully, convincing lawmakers that these bill are -- at best – unnecessary and – at worst – very harmful to local governments.

The city also remains very active in the Infrastructure Coalition and its efforts to secure more funding for infrastructure at the state and local level. A full report of developments on that issue is at the bottom of this week's report.

NEW:

[HB411](#): Prohibit TIF funds for paying for façade improvements to privately owned buildings.

Position: Oppose.

Brought by former Missoula Councilman Adam Hertz, the bill is intended to specifically address Missoula's use of TIF money for certain projects on facades of private buildings. Chris Behan led testimony against this bill, describing exactly the circumstances that have been used in Montana. Additional assistance from the league and other communities. Hearing held Feb. 10.

Status: Awaiting executive action in House Tax.

[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. Chris Behan testified for the city in opposition, along with other communities, MACO and the league.

Status: Awaiting executive action in House Tax.

[HB 396](#): Revise laws related to TIFs

Status: Support

This was the compromise bill that MACO, the schools and MLCT came up with for Rep. Grubbs to scrap his HB250. This would replace the language in his bill that gave veto power to schools and counties, and instead made it mandatory that a local government had to confer with those entities. A new bill introduction was required due to issues with the title of the previous bill. Hearing held Feb 9 in House Tax.

Status: Awaiting executive action in House Tax.

UPDATES:

TIF Bills

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.

Hearing held February 8. In House Taxation. Ellen Buchanan appeared for the city. We had tremendous support from other interests and I think left the sponsor a bit overwhelmed.

Status: Awaiting executive action by House Tax.

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

Position: Oppose

Another bill from the RTIC. Hearing held Feb. 7.

Status: Awaiting executive action by House Tax.

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

Position: (Changed) Support Amended Version

Kelly Lynch and Tim Burton with the league met with the sponsor and got agreement on amendments approved by the City of Missoula and others that address our concerns as well as the sponsor's concerns about reporting requirements. Passed Senate. Hearing on amended version held in House Tax Feb. 9

Status: Awaiting executive action in House Tax.

HB134: Revise school funding related to facilities

Position: Oppose.

HB 134 would remove the 95 school mills from the TIF calculation, redirecting it to fund school facility improvements through the state's Quality Schools Facility Grant Program. The fiscal note estimates this change will redirect \$2-3 annually in TIF increment from the TIF districts to the schools. The bill would be effective July 1, 2017, but allows 95 mills. Hearing held Feb. 8. Good turnout of opponents, including Ellen Buchanan.

Status: Awaiting executive action in House Tax

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

Position: Oppose. (Amendments may be offered)

The league was working on amendments, but the bill was tabled in committee on Feb. 2

Status: House Local Government TABLED. (See HB396 above)

OTHER BILLS:

NEW:

[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: Hearing set for Feb. 16 in House Local Government.

[LC2325](#): Local option infrastructure investment and property tax relief act

Position: Support

This bill draft is now available for review <http://leg.mt.gov/bills/2017/billpdf/LC2325.pdf>

Status: Draft language released. No hearing set.

[HB417 \(LC1152\)](#): Generally revise laws related to non-discrimination

Position: Support/Monitor

Status: Bill introduced.

UPDATES:

[SB106](#): Revise laws related to use of certain chemical de-icers on Montana highways.

Position: Oppose.

MacDonald testified in Senate Highways and Transportation. It got out of committee and then was tabled on the Senate floor. A motion to "indefinitely table" the bill failed and, instead, the bill was sent to Senate Finance and Claims for another hearing. This bill remains unlikely to pass, but is still alive at the moment. My hope is that Finance and Claims will not act on it, however, due to the substantial fiscal note.

Status: Hearing scheduled for Feb. 14 in Senate Finance and Claims.

[HB94](#): Generally revise public safety officer standards/training council laws.

Position: Oppose without amendments. Support with.

MacDonald and other interested parties continue to work on details of this bill, specifically concerning the need to ensure private companies can contract with local governments to provide pretrial and misdemeanor parole and probation services. Details have been worked out with POST to maintain the status quo for now with private companies, but additional efforts may be coming down this session still to address other issues.

Status: Hearing held. Awaiting amendments

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.

SB130: Revise tax increment finance laws

Position: Support

MacDonald testified along with the league and MACO at Jan. 24 hearing on this bill that add to the definition of costs that can be paid with TIF money. Would include for energy efficiency expenditures.

Status: TABLED in Senate Local Government.

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 and is unlikely to pass.

Status: Awaiting executive action in Senate Judiciary

SB155: Prohibit local government regulation of agricultural seed

Position: Oppose/Monitor

We missed the hearing due to workload.

Status: Hearing held. Awaiting executive action

ADDITIONAL DIRECT LOBBYING:

Along with the league and others, we are active participants in the Montana Infrastructure Coalition, helping raise awareness of infrastructure needs and building support among legislative members. Efforts include direct contact with more than a dozen lawmakers in the House and Senate. We have been actively seeking support from legislators on HB14, the long-range bonding bill for infrastructure projects.

COALITION UPDATE:

Fuel Tax: Sponsor is Rep. Frank Garner, R, with a growing list of co-sponsors. The bill is currently called the Bridge and Road Safety and Accountability Act. Bill draft date was

moved back to the week of Feb 13, which also moves back the hearing date in House Transportation.

Details of the bill: Right now the fuel tax stands at 8 cents a gallon. The revenue raised would be divided as follows:

\$35 million to MDT annually

\$5.5 million biennial to DOJ for vehicle-related issues

\$25 million to cities and counties.

There continue to be suggestions that local governments should be required to make a local match. The bill is currently expected to have some kind of a match requirement in place – a 10-12 percent. This will be difficult since there aren't a lot of options at the local level and the local-option idea doesn't seem to be moving forward. (see below). If a local government couldn't make a match in the first year, the money would be banked. If they can come up with money in the second year, they can get the first year back.

A permissive levy is also still being considered as an option.

Outreach efforts are underway, including one-pagers on the bill, social media outreach and targeted radio ads.

Local Option: No updates. This has not gained traction. Efforts continue, but seem more and more unlikely.