

HB 49 Subcommittee: Special Districts

An interim study of local government special purpose districts

A report to the 61st Legislature

September 2008



**HB 49 Subcommittee, a subcommittee of the
Education and Local Government Interim Committee
2007-2008 Interim**

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Overview

HB 49 (Appendix A), approved in the 2007 Legislative Session, required the Education and Local Government Interim Committee (ELG) to establish a subcommittee to conduct a study of local government special purpose districts. The study was to include a review of current law with regard to special purpose districts, an inventory of existing special purpose districts, and a determination of whether it may be appropriate to consolidate processes for various special purpose districts into one set of statutes. The subcommittee members included legislators and city and county officials. Members were appointed by the ELG's presiding officer, after considering recommendations from the Montana Association of Counties and the Montana League of Cities and Towns, as directed by HB 49.

Background

The existing set of statutes governing local government special purpose districts in Montana is not uniform. Many districts have differing requirements for their creation, administration, funding, and structure. The 2007 Legislature agreed that this absence of uniformity creates confusion and results in numerous bills being introduced each legislative session to address disparities, differences, and specific situations related to special districts. The Legislature determined a single set of statutes governing the creation, alteration, dissolution, right of protest, operation, funding, and structure of special purpose districts would simplify and streamline their processes. Ideally, this would improve efficiency and reduce the amount of time and money spent by local governments to administer these districts.

Subcommittee Work

The subcommittee met on the following dates:

October 2, 2007

December 12, 2007

May 29, 2008

July 29, 2008 (held in Bozeman to accommodate additional public comment)

September 4, 2008

During the course of the subcommittee's work, an inventory of the existing special districts in Montana was conducted. (Appendix B) The subcommittee determined that it's not appropriate, at this time, to consolidate all types of special district processes under one set of statutes. Public library districts, for instance, have a specialized set of statutes that ensures their autonomy from political influence. Water and sewer districts were also removed from consideration because of the complex nature of their administration.

Although total consolidation is beyond the scope of what the subcommittee feels can be accomplished in one interim of work, the subcommittee has identified 15 districts for which it feels consolidation of processes is currently appropriate. They include:

- Cemetery Districts
- County Fair Commissions, County Fair Districts, and Multi-county Fair Districts
- County Museums, Facilities for the Arts, and Museum Districts
- County Park Districts
- Hospital Districts

- Joint Solid Waste Management Districts
- Local Improvement Districts
- Mosquito Control Districts
- Multijurisdictional Service Districts
- Park Maintenance Districts
- Road Improvement Districts
- Rodent Control Districts
- Rural Fire Districts
- Solid Waste Management Districts
- Television Districts

The subcommittee has identified this list of districts, generally speaking, as "service" districts. Most of the other types of special districts not being considered for consolidation at this time have been identified as "fee" districts. The subcommittee feels these "fee" districts have an administrative structure that must be vetted more thoroughly than current time allows, before they could be considered for inclusion in a consolidated set of statutes.

The special districts not recommended for inclusion at this time are: business improvement districts, cattle protective districts, conservancy districts, conservation districts, water and sewer districts, planning and zoning districts, drainage districts, grazing districts, irrigation districts, library districts, livestock protective committees, parking districts, resort area districts, rural improvement districts, special improvement districts, lighting districts, street maintenance districts, tax increment financing districts, urban transportation districts, water conservation and flood control projects, and weed management districts.

Recommendations

On September 4, 2008, the subcommittee approved two pieces of draft legislation for consideration by the full Education and Local Government Interim Committee, and with approval of the ELG, the 2009 Legislature.

The first bill draft, LC9208 (Appendix C), is the "Uniform Act" that would consolidate the processes of creating, administering, funding, and dissolving the above mentioned 15 special districts under one set of statutes.

The second bill draft, LC9209 (Appendix D), would address two concerns with existing special district statutes. The first change would authorize local governments to sell up to \$1 million in bonds to fund special district programs and improvements through private negotiated sale with local banks. The subcommittee feels this exemption to the current competitive bidding process would result in cost savings for local governments, so that more of the money generated by bonds would go directly toward the program and improvements sought by special districts.

The second proposal in LC9209 is an effort to better track special district boundaries and incorporate them in the state's computer-operated Geographic Information System (GIS). This proposal would require governing bodies that create special districts in the future to submit boundary maps and legal descriptions of those districts to the Departments of Revenue and Administration for inclusion in the GIS database. Due to the expected cost of providing such information for special districts already in existence, the subcommittee proposes requiring existing special districts to submit legal descriptions and boundary maps only when their boundaries are altered.