

CITY OF POLSON

RESOLUTION NO. 2023 - 002

A RESOLUTION SUPPORTING THE 2022 LEGISLATIVE RESOLUTIONS OF THE MONTANA LEAGUE OF CITIES AND TOWNS.

WHEREAS, The Montana League of Cities and Towns ("League") is a nonpartisan, nonprofit association of all 127 incorporated cities and towns of Montana. Since 1931, the League has provided technical support, research, and advocacy at the state and federal levels. Along with its strategic partners, the League is the clearinghouse through which Montana's communities work cooperatively to build and maintain vibrant, healthy, and safe communities;

WHEREAS, on October 6, 2022, the League Board of Directors unanimously approved the 2022 Legislative Resolutions which guide the legislative goals and positions of the League; and

WHEREAS, the City of Polson desires to express its support for the League's 2022 Legislative Resolutions and the principles expressed therein.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF POLSON, MONTANA:

Section 1. The Polson City Commission hereby recognizes, concurs, and supports the principles expressed in the League's 2022 Legislative Resolutions, listed in Exhibit "A" attached hereto and which can be accessed at <https://mtleague.org/2022-resolutions/>.

APPROVED AND ADOPTED BY THE COMMISSION OF THE CITY OF POLSON, MONTANA, THIS 18TH DAY OF JANUARY, 2023.

Eric Huffine, Mayor

Attest: _____
Ed Meece, City Manager

Cora E. Pritt, City Clerk

STATE OF MONTANA

County of Lake

On this ___ day of _____, 2023, before me the undersigned Notary Public for the State of Montana, personally appeared Eric Huffine, known to me to be the Mayor of the City of Polson and known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year in this certificate first above written.

Notary Public for the State of Montana

Printed Name of Notary Residing at Polson, Montana
My commission expires: ___ / ___ / ___

EXHIBIT "A"

Resolution 2022-1 General

Resolution 2022-2 Property Taxes

Resolution 2022-3 Housing

Resolution 2022-4 Land Use Environment

Resolution 2022-5 Infrastructure

Resolution 2022-6 Retirement Benefits

Resolution 2022-7 Support Natural Resource Communities-Removed per City
Commission

Resolution 2022-8 Support Public Safety

Resolution 2022-9 Support Military Operations-Removed per City
Commission

Resolution 2022-10 Building Code Reserve

Resolution 2022-11 Coronavirus

Resolution #2022-1

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.

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 2023 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, adequate housing, 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.

October 7, 2022

8. 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.
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 #2022-2

PROPERTY TAX REFORM AND PROTECTION OF LOCAL REVENUES

BACKGROUND

Municipalities in Montana must rely almost exclusively on property tax revenues to fund local services. About 60% of all property taxes collected statewide are directed to elementary, high school, and higher education, while the remaining 40% 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.

Local governments use property tax revenues mainly to fund public safety services, administration, and parks and recreation. Streets and roads are paid for through additional mill levies, as are local airports, cemeteries, county fairgrounds, courts, libraries, and other services. Water and wastewater service is typically paid for through user fees and assessments on residents that use those services, but again, those residents are the same homeowners paying the property taxes. With the exceptions of resort tax and resource tax revenues, the daily local services Montanans depend on for working, living, and recreating are paid for through property tax revenues.

Municipalities 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 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. As a result, many communities turn to voted mill levies to fill the gap created by this ceiling on property revenues.

The state determines the tax rates for all property in Montana. Residential homeowners pay almost half of all property taxes collected statewide. 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. To compensate, the Legislature created the entitlement share, a formula for redistributing state general fund to local governments to fill the gap created by tax rate cuts enacted by the Legislature. However, Legislatures since that time have continued to attempt the diversion of entitlement share payment funds to diminish the future growth capacity of the fund and deprive local governments of the funds historically promised.

In 2021, a ballot proposal to constitutionally freeze taxable valuation and property taxation on residential properties was approved for signature collection. While the proposal ultimately failed, it exemplifies a growing discontent among Montanans with property taxes. The average residential tax paid by Montanans more than doubled from 2002 to 2018, and the pandemic-induced housing price surge has only exacerbated that trend.

October 7, 2022

Montanans expect high quality, consistent local services. They expect their roads to be well-maintained, clean water available to drink, wastewater treated and disposed of, and their children to be well-educated in a safe and secure building. They expect garbage to be collected and disposed of, parks available for play and recreation, and development to be reviewed and approved with appropriate conditions to alleviate impacts on neighborhoods. These services have costs, ones that are increasing as the labor and material markets have tightened and inflation has soared.

ACTION

- 1) The League will support legislation to reform the tax system of Montana and provide relief to Montana property owners while preserving local government revenues and the ability of municipalities to provide the levels of services expected by local residents. The League will oppose any legislation that will reduce the base budgets of municipalities or limit the ability of municipalities to increase local revenues to address local needs.
- 2) 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.
- 3) The League will support legislation to remove the restrictions on the cities' and towns' mill levy authority currently imposed under Title 15, chapter 10, part 4, MCA.
- 4) 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 #2022-3

HOUSING

BACKGROUND

Housing prices have outpaced 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, average home values in Montana have increased 22% since July 2021, to just under half a million dollars. These values vary widely from community to community. The current median home price in the city of Bozeman is \$949,000, Big Timber \$652,000, Kalispell \$636,000, Whitehall \$525,000, Helena \$499,000, Dillon \$460,000, Roundup \$430,000, Billings \$400,000, and Choteau \$399,000. Even these numbers are rapidly changing, with prices continuing to increase on a weekly basis. These prices are outside the reach of most Montanans.

Rentals are similarly higher than Montanans are able to pay. The majority 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 15% 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. A combination of 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.

Municipalities are committed to working 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. The League will encourage bills that finance the development of housing that is affordable for persons of all income levels.
2. The League supports bills that update and modernize Montana's land use and planning statutes to create 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.

October 7, 2022

Resolution #2022-4

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. 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 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. 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 community development decision-making.
2. Limit the effectiveness of the options under the tax increment district statutes.

Resolution #2022-5

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. Montana's local governments must maintain the critical health and safety services that all Montanans need: 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. Given the current inflationary environment, we are concerned about the ability of our residents to pay local property taxes and assessments needed to support these services.

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 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 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.

October 7, 2022

ACTION

The League 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.

The League 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 #2022-6

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 #2022-8

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 League 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 League will support:

1. Legislation and policies that 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. 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.
4. The League supports fixing the recreational marijuana statute to provide for the correct distribution of local marijuana tax funds to municipalities within a county by comparing the percentage of a municipality's population to the population of all municipalities in the county.

October 7, 2022

The League 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 League did not take a position on the ballot measures to legalize recreational marijuana, we will oppose legislation and policies that reduce or impede funding to address community impacts that may result from legalization.

Resolution #2022-10

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 a review and inspection program. A 36-month reserve would be a better cushion to weather the peaks and valleys of development. Without the ability to retain professional experienced reviewers during market lulls, municipalities must lay these employees off and rehire less experienced and knowledgeable inspectors when the market begins to pick up again. This results in slower review times with inspectors that are not as familiar with the building codes.

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 thirty-six months and to require DLI to accept the municipality's annual audit as an acceptable audit of the building code fee collection fund.

October 7, 2022

Resolution 2022-11

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.

Since it surfaced, over 612 million people worldwide have been infected with the coronavirus and over 6.5 million have died. The first confirmed case of COVID-19 in the United States was January 21, 2020 in Washington state. Almost 3 years later, the United States has the highest number of COVID-19 cases globally, with almost 96 million cases and over 1 million deaths.

Montana's first case of coronavirus was confirmed on March 13, the day after Governor Bullock declared a state of emergency. To date, Montana has had a total of 305,000 cases and over 3,500 deaths.

Major economic upheaval resulted from actions taken to protect public health across the United States and globally. The coronavirus pandemic triggered the sharpest economic contraction in modern American history, with GDP falling 33% in the spring of 2020. Consumer spending tumbled and the national debt 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.

Montana had one of the strongest economic rebounds from the COVID-19 pandemic of any state in the country. Since the pandemic began, Montana has had the fifth fastest employment growth rate in the nation, the seventh highest growth rate in GDP, and the fifteenth lowest unemployment rate. Much of these economic gains have been offset by inflation, however, with prices in the Western U.S. increasing 8% since August 2021. Due in part to inflation, higher wages in Montana resulted in a budget surplus for the 2023 biennium at over \$1.5 billion.

During the pandemic and despite rapidly fluctuating public health and economic conditions, municipalities continued to provide the public safety and critical services critical to our local communities and economy, including police, fire, emergency response, and education.

ACTIONS

The League recognizes the lives lost to and the long-term public health impacts resulting from the COVID-19 pandemic. As Montana, the nation, and the world emerge from the pandemic, the League 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.

October 7, 2022

-
2. Invest in improving and maintaining Montana's infrastructure.
 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.
 5. Support creation of a statewide monument recognizing the Montanans lost to COVID-19 and the sacrifices of those working in the health care industry.
 6. Support a major incident review of Montana's response to the pandemic at all levels of government, identify lessons learned in responding to the pandemic, and make recommendations for improvements to better equip all levels of government to respond to public health emergencies.

The League 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.