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Local Government Interim Committee

65th Montana Legislature

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March 15, 2018

Senator Fred Thomas, Chair
Legislative Council
Capitol Building
Helena, MT 59620

Dear Senator Thomas and members of the Legislative Council:

The members of the Local Government Interim Committee (LGIC) recommend that information regarding the local government entitlement share funding mechanism be included in the program for new legislator training that will occur in late 2018 and early 2019. The committee requests that the information include the origins of the entitlement share, reasons for implementation, and how the funding mechanism functions, and that the information be integrated into the program to whatever extent time will allow and by whatever means is determined to be most efficient.

One of the LGIC's goals during its first interim in operation has been for members to learn about the entitlement share--the statutorily-based system by which various local revenue sources are retained at the state level with local governments receiving an entitlement share payment to replace the revenue. The committee is examining the reasons for the program's implementation 17 years ago and how well the program has been working at the local level.

To that end, the LGIC has reviewed the report prepared by the 2000-2001 Local Government Funding and Structure Committee entitled "Simplification in the 21st Century," containing that entity's analysis of local revenue collection and reporting and the recommendations that formed the basis for HB 124, enacted by the 2001 Legislature, establishing the entitlement share program. The LGIC also dedicated a significant portion of time on its November 2017 agenda to a panel discussion with key former members of the Local Government Funding and Structure Committee who continue to be active in local government matters: Harold Blattie, Montana Association of Counties Executive Director; Susan Nicosia, Columbia Falls City Manager; and Robert Story, Montana Taxpayers Association Executive Director.

At the conclusion of the November meeting, LGIC members agreed that the perspective they had gained would be valuable to all members of the legislature, not just those engaged in local government issues. An understanding of this funding mechanism and the relationship between the state and local governments in its operation should be considered among the

fundamental building blocks of an effective legislator.

Thank you for considering the LGIC's recommendation.

Sincerely,

Sen. Roger Webb, Chair

Rep. Mary Ann Dunwell, Vice-Chair