

LGIC 2025-2026 Interim Review

LOCAL GOVERNMENT INTERIM COMMITTEE
MAXWELL PARSON
MAY 2026

The following timeline provides a brief overview of topics covered by the Local Government Interim Committee at their meetings prior to May 28th, 2026 and highlights areas where potential legislation was discussed.

Date	Tasks/Agenda Items/Policy Decisions
July 22, 2025	◇ Administrative matters & adoption of the work plan
Sept. 25, 2025	◇ Statutory Reports: ○ Dan Clark, MSU Local Government Center, 7-1-206, MCA, Training Report ▪ This presentation walked through the current board training system that citizens can initiate and reviewed the one instance it has been initiated thus far. ○ Associated Documents: ▪ Implementation of HB 32 Report 9.19.26 ◇ HJ 30: ○ Panel with Local Government Representatives on Housing Density ▪ According to panelists, infrastructure costs are one of the major hurdles to increasing housing density and availability. Programs like the Montana Housing Infrastructure Revolving Loan Fund (Updated via HB 505 in the 2025 session) were identified as being impactful. ○ Panel with Nonprofits and Developers on Housing Density ▪ Panelists again pointed to infrastructure costs as a major barrier to increasing housing density and availability, driving growth in counties instead of cities. Additional challenges discussed included: • costly building code changes; • insurance issues from wildfires and Montana’s lengthy statute of limitations for homeowner claims against developers; and • broader economic pressures like inflation and rising material costs due to tariffs. ◇ HJ 57 & 47: ○ Staff Presentation on Public Safety Entity Cooperation ▪ This presentation outlined the statutory framework governing cooperation between public safety entities, detailing both their mandated responsibilities and the current options available for cooperative efforts. ○ Staff Presentation on the Statewide Public Safety Communications System (SPSCS) ▪ The presentation offered an overview of the statutory and historical context for the SPSCS and outlined the current ongoing expenses related to the program. ○ Associated Documents: ▪ PSE Cooperation Primer ▪ Interlocal Cooperation Example ▪ HB 333 (2025)

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	▪ SPSCS Primer
Nov. 20, 2025	◇ HJ 28: ○ Staff Presentation on Federal Grants ▪ This presentation offered an overview of the procedures involved in obtaining federal grants, included annual statistics regarding federal grant funding allocated to the state, and briefly examined grant management systems in other states. ○ Associated Documents: ▪ Federal Grant Primer Presentation ▪ LFD Federal Budget Impact Report ▪ Federal Grant Impacts on States and Localities ◇ HJ 30: ○ Stephen Smith, The Center for Building in North America, Presentation on Potential Updates to Elevator Building Codes ▪ This presentation addressed proposed modifications aimed at reducing costs related to elevator installation in multiunit buildings. Topics covered included: • the potential repeal of the building code requirement for smoke shields at elevator landings • permitting elevator shafts and staircases to occupy shared space; and • granting exceptions for smaller elevators in limited-scale multiunit developments. ○ Associated Documents: ▪ Elevator Building Codes Presentation ◇ HJ 57 & 47: ○ Panel with DOJ Representatives and Local Law Enforcement Representatives on the SPSCS ▪ According to panelists, the SPSCS is an essential component for effective law enforcement in the state and facilitates improved collaboration among entities. Montana Emergency Communications plans to pursue funding via IBC Section D; however, there were discussions regarding potential alternative revenue sources. The current ongoing costs per biennium are approximately \$1 million. ○ Panel with County Safety Entity Representatives on Cooperation ▪ According to the panelists, county law enforcement has achieved significant success utilizing mutual aid to promote collaboration among agencies. One issue highlighted was the reimbursement of certain expenses and the limited options for recovering those costs outside of legal proceedings. Additionally, there was discussion regarding the powers granted during a state of emergency, which may be beneficial in situations that do not necessarily meet that threshold. In contrast, fire services are somewhat more restricted in their collaborative efforts and must depend on formal interlocal agreements, annexation, or the consolidation of fire protection entities. Both groups noted that rising service costs continue to present ongoing challenges. ○ Panel with Municipal Safety Entity Representatives on Cooperation ▪ According to panelists, many of the challenges identified during the county session applied to municipalities as well. Furthermore, rapid expansion has placed significant strain on agencies, exacerbated by increasing costs. As a result,

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	informal methods of collaboration are becoming unsustainable as costs need to be recovered. The panel also briefly discussed the ongoing situation in Belgrade. ○ Associated Documents: ▪ Mutual Aid Trifold Brochure ▪ Potential updates to exiting a rural fire district – Draft provided by the City of Belgrade ◇ Exempt Wells: ○ Anna Pakenham Stevenson, DNRC Water Resources Division Director, Presentation on the Implementation of HB 681(2025) ▪ This presentation addressed DNRC's implementation of HB681 from the 2025 session, including several related impacts. Generally, HB681 permits developers to secure a provisional water right at the beginning of a project rather than after water has been put to beneficial use, which allows potential issues to be identified earlier in the process. ○ Update on WPIC Study: Exempt Groundwater Wells ▪ This update clarified WPIC's objectives regarding exempt wells and provided a current overview of their progress on the study. ○ Panel with Localities and Industry on Water Use ▪ According to panelists, two significant challenges confronting both municipalities and industry are access to water and the costs of expanding infrastructure. The current exempt well system encourages development in counties, and the absence of taxing authority leads cities to hesitate in providing services unless proposed developments are annexed. Discussions regarding potential solutions centered on offering matching capital, low-interest loans, and establishing frameworks for clustered service systems serving county residences. ○ Associated Documents: ▪ Presentation on the implementation of HB 681
Jan 22, 2026	◇ HJ 28: ○ Panel with State Agencies regarding Federal Grants Procurement and Dispersal ▪ According to panelists, state agencies currently face several challenges procuring grants including: • limited access to grant writers; • insufficient staffing for additional grant management; and • difficulties obtaining matching funds. ▪ The discussion also highlighted strategies to enhance community outreach and explored potential partnerships between universities and local governments to identify and capitalize on grant funding opportunities. ○ Panel with Tribal Government Representatives regarding Federal Grants Procurement ▪ According to the panelists, several of the ongoing challenges confronting tribes are similar to those cited by state agencies. Access to matching funds and adequate staffing emerged as the most prevalent concerns. One unique challenged identified is the distinct nature of Tribal Governments and the problems that may arise during the application period when they are viewed more as a municipality. Representatives expressed appreciation for their engagements with state authorities, and there was

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	discussion regarding potential collaborations with local governments located near or within reservations to secure further federal funding. ○ Panel with Local Government Representatives regarding Grant Procurement from Federal and State entities ▪ According to the panelists, they encountered challenges similar to those identified in previous panels, again highlighting issues with adequate staffing and access to matching funds. Discussed opportunities for improvement included: • implementing generic applications; • establishing centralized reporting and monitoring; and • combining various programs to allow for a wider range of use cases. ○ Staff Grant Primer Follow Up – Neighboring States Compared to Montana ▪ This presentation provided an overview of total obligations across selected states. Legislators requested a more detailed analysis to identify the specific program areas for which funds were allocated. ○ Associated Documents: ▪ MSU Federal Grant Panel Handout ▪ OPI Federal Grant Panel Handout ▪ Federal Grants Multi-State Comparison
April 2, 2026	◇ HJ 50: ○ Presentation from Staff on the Uniform Common Interest Ownership Act (UCIOA) & HB 619 (2025) ▪ This presentation provided an overview of the UCIOA, including its legislative history related to HB 619 from the 2025 session and current HOA operations within the state. ○ Panel with Attorneys on the UCIOA ▪ This panel addressed the background of the UCIOA, discussed the motivations for developing a Montana-specific version, and responded to inquiries about the potential impacts of the UCIOA. ○ Panel with Industry on the UCIOA ▪ This panel brought together representatives from land and title organizations, realtors, bankers, developers, and HOA managers to discuss the UCIOA. Bankers, realtors, and HOA managers did not raise specific concerns but indicated they were willing to assist with any continued development of the bill. The Montana Land Title Association highlighted issues related to notice requirements regarding liens, and developers showed some general apprehension. Ultimately, all stakeholders agreed to reconvene and resolve remaining details prior to bringing the bill forward for further discussion. ○ Associated Documents: ▪ UCIOA Summary ▪ 2023 HOA Montana Statutes ▪ 2025 Update HOA Montana Statutes ▪ Existing Montana Statutes and UCIOA Provisions ▪ UCIOA Draft 2.24.2026 ▪ Comments to UCIOA Draft 2.24.2026 ▪ Previous version of UCIOA 2025 Session HB 619

◇ HJ 28:

- Staff Presentation on Competitive Grants
 - This presentation examined competitive grants awarded to selected states between 2010 and 2025.
- Staff Presentation on Utah and Wyoming Grants Systems
 - This presentation examined the development and services offered by the Utah Funding Opportunities Portal (UFOP) and the Wyoming Grants Management Office (WGMO).
- Panel with Private Entities & Nonprofits on Grant Acquisition
 - The panelists noted that non-governmental entities encountered many of the same challenges identified during the January meeting, including insufficient staffing, limited access to matching funds, and overlapping requirements related to compliance and monitoring across state agencies. Proposed solutions included:
 - establishing a centralized reporting hub;
 - offering grant matching opportunities through the state; and
 - providing grants to support additional staffing and administrative expenses.
- Staff Presentation on Payment in Lieu of Taxes (PILTS)
 - This presentation outlined the methodology for calculating and distributing PILTS. The committee's discussion centered on evaluating county practices regarding the utilization of PILT funds and assessing their authority to designate how and where these funds are allocated.
- Associated Documents:
 - [Headwaters Tech Hub – One Pager](#)
 - [Montana Nonprofit Association – Panel Handout](#)
 - [Grants by program and population statistics](#)
 - [Multistate Competitive Grant Analysis 2010-2025](#)
 - [Unfiltered competitive grant data](#)
 - [Utah and Wyoming Grant Office Systems Overview](#)
 - [Federal PILT Brochure March 2026](#)
 - [PILT Payments to MT FY25](#)

◇ Exempt Wells:

- Update on WPIC Study: [Exempt Groundwater Wells](#)
 - This update outlined WPIC's progress in their exempt well study, identifying five primary areas for potential legislation:
 1. access restrictions;
 2. use case limitations;
 3. municipal tie-ins (clustered service systems);
 4. enforcement revisions; and
 5. mitigation enhancements.
 - Based on committee discussions, LGIC plans to continue monitoring this study and may draft legislation regarding grandfathering certain exempt wells and clustered service systems if WPIC chooses not to pursue legislation in these areas.