



PO BOX 201706  
Helena, MT 59620-1706  
(406) 444-3064  
FAX (406) 444-3036

## Revenue and Transportation Interim Committee

### 63rd Montana Legislature

#### SENATE MEMBERS

CHRISTINE KAUFMANN--Chair  
DICK BARRETT  
GREG JERGESON  
JANNA TAYLOR  
FRED THOMAS  
ART WITTICH

#### HOUSE MEMBERS

NANCY BALLANCE--Vice Chair  
CYDNIE ( CARLIE ) BOLAND  
ROY HOLLANDSWORTH  
CHUCK HUNTER  
TOM JACOBSON  
MIKE MILLER

#### COMMITTEE STAFF

MEGAN MOORE, Lead Staff  
JARET COLES, Staff Attorney  
FONG HOM, Secretary

# MINUTES LOG

February 18-19, 2014  
Room 102, Capitol Building, Helena, Montana

February 18, 2014

Please note: These minutes provide abbreviated information about committee discussion, public testimony, action taken, and other activities. To the left of each section in these minutes is a time designation indicating the approximate amount of time in hours, minutes, and seconds that has elapsed since the start of the meeting. This time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

Access to an electronic copy of these minutes and the audio or video recording is provided from the Legislative Branch home page at <http://leg.mt.gov>. On the left-side menu of the home page, select *Committees*, then *Interim*. Once on the page for *Interim Committees*, scroll down to the appropriate committee. The written minutes summary, along with the audio and video recordings, are listed by meeting date on the interim committee's web page.

Hard copies of the exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of the document.

#### **COMMITTEE MEMBERS PRESENT**

SEN. CHRISTINE KAUFMANN, Chair  
REP. NANCY BALLANCE, Vice Chair

SEN. DICK BARRETT  
SEN. GREG JERGESON  
SEN. JANNA TAYLOR  
SEN. FRED THOMAS  
SEN. ART WITTICH

REP. CYDNIE ( CARLIE ) BOLAND  
REP. ROY HOLLANDSWORTH  
REP. CHUCK HUNTER  
REP. TOM JACOBSON

#### **COMMITTEE MEMBERS EXCUSED**

REP. MIKE MILLER

#### **STAFF PRESENT**

MEGAN MOORE, Lead Staff  
JARET COLES, Staff Attorney  
FONG HOM, Secretary

## **AGENDA & VISITORS' LIST**

Agenda ([Attachment 1](#))  
Visitors' list ([Attachment 2](#))

## **COMMITTEE ACTION**

### **CALL TO ORDER AND ROLL CALL**

00:00:01 Sen. Kaufmann called the meeting to order at 8:32 a.m. The secretary called roll.  
Rep. Miller was excused. ([Attachment 3](#))

### **TOUR OF THE DEPARTMENT OF REVENUE TAX PROCESSING CENTER**

00:01:38 Alan Peura, Deputy Director, Department of Revenue, discussed the tour of the  
tax processing facility and the required signed confidentiality form.

### **INDIVIDUAL INCOME TAX CREDIT ANALYSIS - Stephanie Morrison, LFD**

00:06:52 Ms. Morrison gave an update on the analysis of the individual income tax credit  
([Exhibit 1](#)).

#### Committee questions

00:18:37 Sen. Jergeson  
00:19:18 Ms. Morrison  
00:20:39 Sen. Jergeson  
00:21:06 Ms. Morrison  
00:23:31 Sen. Barrett  
00:23:55 Ms. Morrison  
00:25:04 Sen. Barrett  
00:27:01 Sen. Jergeson  
00:32:29 Sen. Barrett  
00:35:12 Ms. Morrison  
00:37:32 Sen. Barrett  
00:38:46 Ms. Morrison  
00:38:52 Sen. Wittich  
00:39:37 Ms. Morrison  
00:40:32 Sen. Wittich  
00:40:59 Ms. Morrison  
00:43:37 Sen. Jergeson  
00:43:57 Ms. Morrison  
00:44:48 Sen. Jergeson  
00:44:57 Ms. Morrison  
00:45:01 Sen. Wittich  
00:47:06 Ms. Morrison  
00:48:05 Rep. Hollandsworth  
00:48:36 Ms. Morrison  
00:49:08 Rep. Hollandsworth

00:50:06 Sen. Kaufmann  
00:50:15 Sen. Barrett  
00:50:32 Ms. Morrison

**Public Comment - none**

**SJR 26 STUDY OF OVERSIZE LOADS**

- **Local government role in movement of oversize loads**  
**Don Verrue, Development services, City of Missoula**  
**Harold Blattie, Montana Association of Counties**  
**Duane Williams, Motor Carrier Services Division, Department of Transportation**

00:52:43 Don Verrue discussed the City of Missoula's ordinance authorizing the assessment of a fee for oversize loads passing through Missoula.

00:57:51 Harold Blattie discussed the counties' perspective of the SJR 26 Study.

01:03:00 Duane Williams discussed how the Department of Transportation works with local governments when reviewing oversize load permit applications.

Committee questions

01:05:26 Rep. Jacobson  
01:06:08 Mr. Verrue  
01:06:14 Rep. Jacobson  
01:06:26 Mr. Verrue  
01:06:33 Rep. Jacobson  
01:06:49 Mr. Verrue  
01:07:26 Rep. Jacobson  
01:08:42 Mr. Verrue  
01:09:43 Rep. Hollandsworth  
01:10:10 Mr. Williams  
01:10:37 Rep. Hollandsworth  
01:11:11 Mr. Verrue  
01:11:31 Sen. Thomas  
01:12:08 Mr. Williams  
01:12:24 Sen. Thomas  
01:12:40 Mr. Williams  
01:12:47 Sen. Thomas  
01:13:08 Mr. Williams  
01:13:36 Sen. Thomas  
01:13:54 Mr. Verrue  
01:14:09 Sen. Thomas  
01:14:18 Mr. Verrue  
01:14:22 Sen. Thomas  
01:14:28 Mr. Williams  
01:14:38 Sen. Thomas  
01:14:44 Mr. Williams

01:14:55 Sen. Barrett  
01:15:20 Mr. Verrue  
01:15:25 Rep. Hunter  
01:16:27 Mr. Verrue  
01:16:56 Sen. Barrett  
01:17:15 Mr. Verrue  
01:17:37 Sen. Barrett  
01:17:53 Mr. Verrue  
01:17:58 Sen. Thomas  
01:19:10 Mr. Verrue  
01:19:15 Sen. Thomas  
01:19:20 Sen. Barrett  
01:19:47 Jaret Coles, Legal Staff  
01:20:50 Rep. Ballance  
01:21:41 Sen. Kaufmann  
01:22:04 Mr. Blattie

**Public Comment**

01:23:50 Steve Arveschoug, Executive Director, Big Sky Economic Development Authority, Yellowstone County  
01:28:10 John Campbell, LHC Inc., Kalispell ([Exhibit 2](#))

Committee questions

01:33:17 Sen. Wittich  
01:34:02 Mr. Campbell  
01:34:45 Sen. Kaufmann  
01:34:50 Mr. Williams  
01:35:27 Sen. Kaufmann  
01:35:35 Sen. Wittich  
01:36:02 Mr. Campbell  
01:38:27 Sen. Wittich  
01:38:50 Mr. Williams  
01:39:06 Rep. Hollandsworth  
01:39:57 Mr. Arveschoug  
01:41:50 Rep. Jacobson  
01:42:12 Mr. Williams  
01:42:23 Spook Stang, Executive Vice President of Motor Carriers of Montana  
01:44:37 Sen. Jergeson  
01:46:02 Mr. Arveschoug  
01:46:27 Sen. Kaufmann

- **Alberta High Load Corridor Information - Megan Moore, Lead Researcher**  
01:47:11 Megan Moore provided additional information on Alberta's High Load Corridor ([Exhibit 3](#)).

**Public Comment on Alberta High Load Corridor - none**

**BREAK - reconvened at 10:45 a.m.**

- **Comparison of Montana oversize fees with neighboring states - Duane Williams, Montana Department of Transportation**

02:14:11 Mr. Williams gave a presentation on permitting fees for oversize loads in other states ([Exhibit 4](#)).

Committee questions

02:22:53 Sen. Jergeson  
 02:23:46 Mr. Williams  
 02:24:07 Sen. Jergeson  
 02:24:37 Mr. Williams  
 02:24:42 Rep. Ballance  
 02:25:08 Mr. Williams  
 02:25:16 Rep. Ballance  
 02:25:37 Mr. Williams  
 02:25:59 Rep. Ballance  
 02:26:20 Mr. Williams  
 02:26:26 Rep. Hollandsworth  
 02:26:57 Mr. Williams

**Public Comment on Interstate Comparison**

02:27:25 Spook Stang, Executive Vice President, Montana Motor Carriers

- **MAP-21 Comprehensive Truck Size and Weight Limits Study - Megan Moore, LSD; and Mike Tooley, Director, Montana Department of Transportation**

02:29:34 Ms. Moore gave a presentation on the MAP-21 Comprehensive Truck Size and Weight Limits Study ([Exhibit 5](#)).

02:31:06 Director Tooley gave a presentation on the MAP-21 Peer Review Committee, of which he is a member.

Committee questions

02:40:33 Rep. Hollandsworth  
 02:40:37 Director Tooley  
 02:41:20 Rep. Hollandsworth  
 02:41:53 Director Tooley

**Public Comment - none**

- **Committee work session**

02:43:00 Ms. Moore gave an overview of the briefing paper "Summary of Testimony Related to the Movement of Oversize Loads" ([Exhibit 6](#)).

Committee discussion

02:44:38 Sen. Kaufmann  
 02:45:30 Sen. Barrett  
 02:46:48 Rep. Hollandsworth  
 02:47:19 Sen. Barrett  
 02:48:16 Rep. Hunter  
 02:49:01 Sen. Kaufmann

02:49:13	Mr. Williams
02:49:23	Sen. Kaufmann
02:49:38	Sen. Jergeson
02:51:36	Rep. Jacobson
02:52:02	Mr. Williams
02:52:31	Rep. Ballance
02:53:47	Sen. Kaufmann
02:54:00	Rep. Ballance
02:54:10	Sen. Kaufmann
02:54:43	Mr. Williams
02:55:26	Sen. Barrett
02:56:23	Sen. Jergeson
02:58:15	Sen. Barrett
02:58:51	Sen. Taylor
02:59:10	Mr. Williams
02:59:16	Sen. Taylor
02:59:43	Mr. Williams
03:00:11	Sen. Taylor
03:00:25	Mr. Williams
03:00:29	Sen. Thomas
03:02:54	Sen. Wittich
03:04:39	Ms. Moore
03:05:06	Rep. Jacobson
03:06:37	Director Tooley
03:07:08	Rep. Jacobson
03:07:42	Mr. Stang
03:09:47	Rep. Jacobson
03:11:03	Mr. Stang
03:12:25	Rep. Hollandsworth
03:13:18	Sen. Jergeson
03:14:49	Sen. Kaufmann
03:15:40	Rep. Hunter
03:16:08	Mr. Williams
03:16:13	Sen. Kaufmann

**MONTANA DEPARTMENT OF TRANSPORTATION AGENCY UPDATE - Mike Tooley,**  
**Director**

03:16:43 Director Tooley gave an update on a recent report by the Advocates for Highway and Auto Safety group regarding Montana's highway traffic safety laws and the effectiveness of those laws. He also provided an update on reauthorization of highway funding for the remainder of the fiscal year.

Committee questions

03:24:19	Sen. Barrett
03:25:13	Director Tooley
03:27:10	Sen. Taylor
03:28:02	Director Tooley
03:28:53	Sen. Barrett

03:29:19 Director Tooley  
03:29:28 Rep. Boland  
03:29:45 Director Tooley  
03:30:11 Rep. Boland  
03:30:28 Director Tooley  
03:30:56 Sen. Thomas  
03:31:50 Sen. Kaufmann  
03:32:01 Director Tooley

**Public Comment**

03:32:37 Bruce Spencer, Property Casualty Insurers and All-State Insurance, American Insurance Associations and the American Council of Life Insurers, State Farm Insurance

**LUNCH - reconvened at 1:00 p.m.**

**SJR 23 STUDY OF TAXPAYER APPEAL PROCESS**

**IDENTIFYING ISSUES RELATED TO CENTRALLY ASSESSED PROPERTY APPEALS**

**Tom Ebzery, Attorney**  
**Murry Warhank, Attorney, Gough, Shanahan, Johnson & Waterman**  
**Dan Whyte, Deputy Chief Legal Counsel, Department of Revenue**  
**Karen Powell, Chair, State Tax Appeal Board**

04:30:33 Tom Ebzery, attorney, provided written comments on the appeals process and his three recommendations regarding the State Tax Appeal Board and creating a Montana Tax Court ([Exhibit 7](#)).

04:44:55 Murry Warhank discussed Terry Cosgrove's February 18, 2014 letter ([Exhibit 8](#)).

04:50:08 Dan Whyte discussed centrally assessed property appeals and provided the following handouts: Property and Centrally Assessed and Industrials Appeals ([Exhibit 9](#)) and the timeline of *Cenex Harvest States Inc. (CHS) v. MDOR* and *Puget Sound Energy (PSE)* ([Exhibit 10](#)).

05:00:13 Karen Powell discussed the centrally assessed property appeal process.

Committee questions

05:12:56 Sen. Jergeson  
05:13:54 Mr. Ebzery  
05:14:24 Sen. Jergeson  
05:15:09 Mr. Ebzery  
05:15:32 Sen. Jergeson  
05:15:39 Mr. Ebzery  
05:15:46 Sen. Jergeson  
05:15:50 Mr. Ebzery  
05:16:47 Sen. Wittich  
05:18:07 Mr. Ebzery

05:19:49 Mr. Whyte  
05:20:23 Sen. Kaufmann  
05:20:54 Mr. Whyte  
05:21:26 Rep. Hollandsworth  
05:22:53 Sen. Barrett  
05:23:53 Mr. Ebzery  
05:24:39 Sen. Barrett  
05:25:16 Mr. Ebzery  
05:25:40 Ms. Powell  
05:28:35 Mr. Ebzery  
05:29:30 Ms. Powell  
05:34:45 Sen. Wittich  
05:36:02 Ms. Powell

**Public Comment - none**

**UNDERSTANDING PROPERTY TAX DOCUMENTS AND PROTESTED TAXES**

- **Overview of property assessment notices - Rocky Haralson, Property Assessment Division, Department of Revenue**

05:38:37 Mr. Haralson gave a presentation on the Department of Revenue's Property Assessment Notices. He distributed several examples of assessment notices: Understanding your Property Assessment Notice ([Exhibit 11](#)), Property tax assessment notice ([Exhibit 12](#)).

Committee questions

05:47:43 Sen. Barrett  
05:49:50 Mr. Haralson  
05:50:50 Sen. Wittich  
05:51:44 Mr. Haralson  
05:52:47 Sen. Barrett  
05:54:19 Mr. Haralson  
05:55:52 Sen. Thomas  
05:58:01 Mr. Haralson  
05:59:37 Sen. Jergeson  
06:00:04 Mr. Haralson  
06:00:43 Sen. Jergeson  
06:01:26 Mr. Haralson  
06:01:33 Sen. Jergeson  
06:02:35 Mr. Haralson  
06:03:52 Sen. Barrett  
06:04:22 Mr. Haralson  
06:05:05 Sen. Taylor  
06:05:33 Mr. Haralson  
06:06:22 Rep. Ballance  
06:07:12 Ms. Powell  
06:08:19 Rep. Jacobson  
06:11:02 Mr. Haralson



06:11:30 Gene Walborn  
06:13:59 Mr. Haralson discussed the Commercial Property Assessment Notice ([Exhibit 13](#)) and Agricultural Assessment Notice ([Exhibit 14](#)).

Committee questions

06:19:02 Rep. Hollandsworth  
06:19:57 Mr. Haralson  
06:20:01 Rep. Hollandsworth  
06:22:26 Mr. Haralson  
06:23:04 Sen. Kaufmann

06:23:25 Mr. Haralson discussed the Request for Informal Assessment Review, AB26 form ([Exhibit 15](#)).

Committee questions

06:30:29 Sen. Barrett  
06:31:16 Sen. Taylor  
06:31:48 Mr. Haralson  
06:32:09 Sen. Wittich  
06:32:20 Mr. Haralson  
06:32:48 Sen. Wittich  
06:32:54 Mr. Haralson

**Public Comment**

06:33:15 Bob Story, President, Montana Taxpayers Association

**BREAK - reconvened at 3:25 p.m.**

- **Overview of property tax bill and protested taxes - Ronda Wiggers, Montana County Treasurers Association**

06:54:27 Ms. Wiggers discussed property tax bills and protested taxes. ([Exhibit 16](#))

07:09:27 Paulette DeHart, Lewis and Clark County Treasurer, explained tax protests. She provided a form for Payment of Taxes Under Protest ([Exhibit 17](#)); a spreadsheet showing the amount of funds held in protest ([Exhibit 18](#)); and a report on the protest/resolution distribution ([Exhibit 19](#)).

Committee questions

07:13:23 Rep. Ballance  
07:14:25 Ms. DeHart  
07:14:30 Rep. Ballance  
07:14:36 Ms. DeHart

**Public Comment - none**

**OVERVIEW OF WORKERS' COMPENSATION COURT - Jackie Poole, Clerk of Court, Workers' Compensation Court**

07:15:09 Sen. Kaufmann said that the Overview of Workers' Compensation Court will not

be presented as scheduled.

### **TAX APPEAL DATA - Megan Moore and Dan Whyte**

- 07:18:16 Ms. Moore gave a presentation on tax appeal data from the State Tax Appeal Board ([Exhibit 20](#)).
- 07:19:01 Mr. Whyte provided data with respect to types of property and appeals and discussed Property Appeals ([Exhibit 9](#)), Current Tax Appeals ([Exhibit 21](#)), and the document showing appeals by county ([Exhibit 22](#)).
- Committee questions
- 07:28:07 Rep. Hollandsworth
- 07:28:40 Mr. Whyte
- 07:29:03 Rep. Hollandsworth
- 07:29:14 Mr. Whyte
- 07:29:25 Sen. Barrett
- 07:30:29 Mr. Whyte
- 07:31:55 Sen. Taylor
- 07:32:45 Mr. Whyte

### **COUNCIL ON STATE TAXATION SCORECARD ON TAX APPEALS & PROCEDURAL REQUIREMENTS**

- 07:33:57 Ms. Moore discussed the document "The Best and Worst of State Tax Administration -- COST Scorecard ([Exhibit 23](#)).

#### **Public Comment on tax appeal data**

- 07:38:08 Bob Story, President, Montana Taxpayers Association

### **COMMITTEE WORK SESSION**

- 07:40:41 Sen. Kaufmann
- 07:40:56 Rep. Hunter
- 07:41:29 Sen. Kaufmann
- 07:41:49 Sen. Jergeson
- 07:43:27 Sen. Barrett
- 07:44:22 Rep. Hunter
- 07:44:53 Sen. Wittich
- 07:49:34 Sen. Kaufmann
- 07:49:45 Ms. Moore
- 07:50:48 Sen. Kaufmann
- 07:50:58 Ms. Moore
- 07:51:32 Sen. Barrett
- 07:52:34 Sen. Kaufmann
- 07:53:17 Sen. Jergeson
- 07:54:34 Rep. Hunter
- 07:54:41 Rep. Ballance
- 07:55:52 Sen. Kaufmann
- 07:55:55 Ms. Moore

07:56:22 Rep. Hollandsworth  
07:57:18 Sen. Kaufmann  
07:58:03 Ms. Moore

### **ADMINISTRATIVE RULE REVIEW - Jaret Coles**

07:58:42 Mr. Coles discussed rule activity for the Department of Revenue and the Department of Transportation (**Exhibit 24**). He provided the Attorney General's opinion on the fees for prepaid wireless service (**Exhibit 25**).

#### Committee questions

08:06:01 Sen. Jergeson  
08:07:18 Mr. Coles  
08:07:46 Sen. Kaufmann  
08:07:52 Director Kadas  
08:11:05 Mr. Coles discussed MAR 42-2-906 (Exhibit 24).

#### Committee questions

08:15:31 Rep. Ballance  
08:16:37 Dan Whyte  
08:19:46 Sen. Thomas  
08:21:33 Mr. Whyte  
08:21:39 Sen. Taylor  
08:21:53 Mr. Whyte  
08:22:00 Rep. Ballance  
08:22:23 Mr. Whyte

### **Public Comment - none**

### **REVIEW OF REQUIRED ADVISORY COUNCILS**

#### **OVERVIEW OF COMMITTEE DUTIES AND ADVISORY COUNCILS - Megan Moore**

08:23:34 Ms. Moore discussed the Advisory Council for the Multistate Tax Compact (**Exhibit 26**).

#### Committee questions

08:24:51 Sen. Kaufmann  
08:24:56 Ms. Moore

08:25:22 Ms. Moore discussed the Agricultural Land Valuation Advisory Committee (**Exhibit 27**).

#### Committee questions

08:27:18 Sen. Kaufmann

08:27:22 Ms. Moore discussed the Forest Lands Taxation Advisory Committee (**Exhibit 28**).

08:29:18 Ms. Moore discussed the Scenic-Historic Byways Advisory Council (**Exhibit 29**).

#### Committee questions

08:30:56 Sen. Kaufmann

**COMMITTEE ACTION**

08:30:59 Sen. Jergeson  
08:32:27 Ms. Moore  
08:32:32 Sen. Kaufmann  
08:32:44 Sen. Jergeson  
08:32:57 Sen. Barrett  
08:33:59 Sen. Kaufmann  
08:34:02 Ms. Moore  
08:34:44 Sen. Barrett  
08:35:13 Ms. Moore  
08:35:25 Sen. Barrett  
08:35:37 Sen. Kaufmann  
08:36:08 Ms. Moore  
08:36:28 Sen. Kaufmann

**PUBLIC COMMENT on any other topic within the committee's jurisdiction**

08:36:50 Bob Story, President, Montana Taxpayers Association

Committee questions

08:40:10 Sen. Kaufmann  
08:40:18 Mr. Story

**RECESS**

08:43:20 Sen. Kaufmann recessed the meeting at 5:15 p.m. to reconvene at 10:30 a.m. on Wednesday, February 19, 2014.

CI0425 4058fhxa.