

## MINUTES

### MONTANA SENATE 62nd LEGISLATURE - REGULAR SESSION

#### COMMITTEE ON TAXATION

**Call to Order:** Vice Chair Bob Lake, on March 15, 2011 at 8:05 AM, in Room 405 Capitol

#### ROLL CALL

**Members Present:**

Sen. Bob Lake, Vice Chair (R)  
Sen. Ron Arthun (R)  
Sen. Gary Branae (D)  
Sen. Ron Erickson (D)  
Sen. Christine Kaufmann (D)  
Sen. Kendall Van Dyk (D)  
Sen. Art Wittich (R)

**Members Excused:**

Sen. Bruce Tutvedt, Chair (R)  
Sen. Kim Gillan (D)  
Sen. Jeff Essmann (R)  
Sen. Jim Peterson (R)  
Sen. Chas Vincent (R)

**Members Absent:** None

**Staff Present:**

Lee Heiman, Legislative Branch  
Debra Polhemus, Committee Secretary

**Audio Committees:** These minutes are in outline form only. They provide a list of participants and a record of official action taken by the committee. The link to the audio recording of the meeting is available on the Legislative Branch website.

**Committee Business Summary:**

Hearing & Date Posted: HB 333, 3/9/2011  
SB 398, 3/9/2011  
SB 399, 3/9/2011

Executive Action: SB 253 ~ Do Pass As Amended  
SB 358 ~ Do Pass As Amended

**HEARING ON HB 333****Opening Statement by Sponsor:**

00:00:44 Rep. Scott Reichner (R), HD 9, opened the hearing on HB 333, Include bank repossessions and other sales in property reappraisal comparables.

**Proponents' Testimony:** None

**Opponents' Testimony:**

00:07:24 Alan Peura, Deputy Director, Department of Revenue (DOR)

**Informational Testimony:** None

**Questions from Committee Members and Responses:**

00:14:59 Sen. Erickson  
00:15:31 Alan Peura, DOR  
00:16:05 Sen. Erickson  
00:16:25 Alan Peura  
00:16:53 Senator Tutvedt arrived at committee hearing  
00:18:10 Sen. Wittich  
00:19:44 Alan Peura  
00:22:56 Sen. Wittich  
00:23:37 Alan Peura  
00:24:17 Sen. Wittich  
00:24:57 Rep. Reichner  
00:25:36 Senator Gillan arrived at committee hearing  
00:27:51 Sen. Van Dyk  
00:29:06 Alan Peura  
00:30:48 Sen. Erickson  
00:31:36 Alan Peura  
00:32:53 Sen. Erickson  
00:33:17 Alan Peura  
00:33:29 Sen. Kaufmann  
00:34:24 Alan Peura  
00:35:38 Vice Chair Lake  
00:35:55 Alan Peura  
00:37:42 Vice Chair Lake  
00:38:17 Alan Peura  
00:39:47 Cynthia Monteau Moore, Administrator, Property Assessment Division, DOR  
00:40:57 Vice Chair Lake  
00:41:22 Cynthia Monteau Moore, DOR  
00:41:39 Vice Chair Lake  
00:42:05 Alan Peura

**Closing by Sponsor:**

00:46:04 Rep. Scott Reichner

00:50:57 Senator Tutvedt assumed the responsibilities of Chairman for the committee

### **HEARING ON SB 398**

#### **Opening Statement by Sponsor:**

00:51:21 Sen. Christine Kaufmann (D), SD 41, opened the hearing on SB 398, Adding a high income personal income tax bracket to increase progressivity.

**EXHIBIT(tas58a01)**

#### **Proponents' Testimony:**

00:57:33 Molly Severtson, The Policy Institute, Helena

01:00:21 Tara Veazey, Montana Budget and Policy Center (MBPC), Helena

#### **Opponents' Testimony:**

01:03:59 Joseph Shevlin, representing Montana Society of CPA's (MSCPA)

01:08:41 Jon Bennion, representing The Montana Chamber of Commerce (MCC)

#### **Informational Testimony:**

01:11:08 Dan Dodds, DOR

#### **Questions from Committee Members and Responses:**

01:11:35 Sen. Wittich

01:12:31 Dan Dodds

01:14:36 Sen. Wittich

01:14:47 Dan Dodds

01:15:29 Sen. Erickson

01:16:05 Brian Olsen, DOR

01:16:14 Dan Dodds

01:17:16 Sen. Erickson

01:18:10 Dan Dodds

01:19:33 Sen. Gillan

01:20:14 Dan Dodds

01:21:12 Sen. Gillan

01:21:54 Dan Dodds

01:22:01 Sen. Arthun

01:22:12 Dan Dodds

01:23:02 Chairman Tutvedt

01:23:26 Dan Dodds

01:23:32 Chairman Tutvedt

01:23:45 Jon Bennion

01:24:39 Chairman Tutvedt

01:24:55 Dan Dodds

01:25:29 Lee Baerlocher, DOR

01:25:48 Sen. Erickson

01:26:22 Sen. Kaufmann

01:27:36 Tara Veazey, MBPC  
01:29:01 Sen. Wittich  
01:29:21 Tara Veazey  
01:29:50 Chairman Tutvedt  
01:30:21 Jon Bennion , MCC  
01:31:20 Chairman Tutvedt  
01:31:43 Dan Dodds

**Closing by Sponsor:**

01:32:04 Sen. Christine Kaufmann

**HEARING ON SB 399**

**Opening Statement by Sponsor:**

01:38:00 Sen. Christine Kaufmann (D), SD 41, opened the hearing on SB 399, Decouple from federal domestic production deduction.

**Proponents' Testimony:**

01:43:14 Tara Veazey, Montana Budget and Policy Center (MBPC)  
[EXHIBIT\(tas58a02\)](#)

**Opponents' Testimony:**

01:47:38 Joe Schevlin, representing Montana Society of CPAs (MSCPA)  
01:50:35 Dave Galt, Executive Director, Montana Petroleum Association (MPA)  
01:53:51 Jon Bennion, representing Montana Chamber of Commerce  
01:54:32 Holly Franz, speaking for the Montana Taxpayers Association (MTA)

**Informational Testimony:**

01:54:54 Brian Olsen, DOR

**Questions from Committee Members and Responses:**

01:55:44 Sen. Wittich  
01:57:34 Brian Olsen  
01:58:30 Sen. Erickson  
01:59:19 Brian Olsen  
02:00:56 Sen. Erickson  
02:01:36 Tara Veazey, MBPC  
02:02:50 Chairman Tutvedt  
02:03:15 Joe Schevlin, MSCPA  
02:04:17 Chairman Tutvedt  
02:04:27 Joe Schevlin  
02:04:54 Sen. Gillan  
02:06:11 Chairman Tutvedt

02:06:19 Joe Schevlin  
02:06:54 Chairman Tutvedt

**Closing by Sponsor:**

02:07:34 Sen. Christine Kaufmann

**ADDITIONAL EXECUTIVE ACTION ON SB 253**  
(Senators Essmann, Peterson, and Vincent are excused)

02:19:44 **Motion/Vote:** Sen. Lake moved that **PREVIOUS ACTION ON SB 253 BE RECONSIDERED**. Motion carried 9-0 by voice vote of those present and voting.

02:20:52 **Motion:** Sen. Lake moved that **SB 253 DO PASS AS AMENDED**. (Amendment added on March 11, 2011)

02:21:01 **Motion:** Sen. Lake moved that **SB 253 BE AMENDED**.  
**EXHIBIT(tas58a03)**

**Discussion:**

02:21:31 Chairman Tutvedt  
02:21:46 Sen. Kaufmann  
02:22:09 Sen. Erickson  
02:22:37 Sen. Lake  
02:22:46 Sen. Van Dyk  
02:24:31 Sen. Gillan  
02:26:57 Sen. Arthun  
02:27:07 Sen. Kaufmann  
02:28:16 Sen. Branae  
02:28:45 Sen. Wittich

02:29:09 **Vote:** Motion carried 10-2 by roll call vote with Sen. Erickson and Sen. Kaufmann voting no. Sen. Essmann, Sen. Peterson and Sen. Vincent voted by proxy.

02:30:09 **Motion:** Sen. Lake moved that **SB 253 DO PASS AS AMENDED**.

**Discussion:**

02:30:24 Lee Heiman, Legislative Services Division (LSD)  
02:30:34 Chairman Tutvedt

02:30:45 **Motion:** Sen. Lake moved that **SB 253 BE AMENDED WITH A CONCEPTUAL AMENDMENT** that "if Senate Bill No. 372 is not passed and approved, then this act is void."

**Discussion:**

02:31:10 Sen. Erickson  
02:31:18 Sen. Van Dyk  
02:31:45 Lee Heiman, LSD

02:31:52 **Vote:** Motion carried 9-0 by voice vote of those present and voting.

02:32:16 **Motion:** Sen. Lake moved that **SB 253 DO PASS AS AMENDED.**

02:32:26 **Substitute Motion/Vote:** Sen. Gillan made a substitute motion that **SB 253 BE TABLED.** Substitute Motion failed 5-7 by roll call vote with Sen. Branae, Sen. Erickson, Sen. Gillan, Sen. Kaufmann and Sen. Van Dyk voting aye. Sen. Essmann, Sen. Peterson and Sen. Vincent voted by proxy.

02:33:15 **Motion:** Sen. Lake moved that **SB 253 DO PASS AS AMENDED.**

**Discussion:**

02:33:34 Sen. Erickson

02:34:01 **Vote:** Motion carried 7-5 by roll call vote with Sen. Branae, Sen. Erickson, Sen. Gillan, Sen. Kaufmann and Sen. Van Dyk voting no. Sen. Essmann, Sen. Peterson and Sen. Vincent voted by proxy.

**EXECUTIVE ACTION ON SB 358**

02:35:25 **Motion:** Sen. Lake moved that **SB 358 DO PASS AS AMENDED.** (Amendment added on March 11, 2011)

**Discussion:**

02:35:00 Chairman Tutvedt  
02:36:07 Sen. Erickson  
02:36:31 Sen. Lake  
02:37:03 Lee Heiman  
02:38:37 Sen. Wittich  
02:38:45 Lee Heiman  
02:39:26 Chairman Tutvedt  
02:39:37 Sen. Wittich  
02:39:52 Sen. Erickson  
02:40:04 Chairman Tutvedt  
02:40:12 Sen. Lake  
02:40:24 Sen. Erickson  
02:40:47 Sen. Lake  
02:41:12 Sen. Wittich  
02:41:32 Sen. Erickson  
02:41:50 Chairman Tutvedt  
02:42:06 Sen. Wittich  
02:42:40 Sen. Erickson

02:43:09 Sen. Kaufmann  
02:43:10 Senator Gillan left the committee meeting

02:43:20 **Motion/Vote:** Sen. Wittich moved that **SB 358 BE AMENDED** by adding #23 section of amendment previously added on March 11, 2011. Motion failed 2-10 by roll call vote with Sen. Arthun and Sen. Wittich voting aye. Sen. Essmann, Sen. Peterson, Sen. Gillan, and Sen. Vincent voted by proxy.

**Discussion:**

02:44:41 Lee Heiman  
02:45:35 Sen. Kaufmann  
02:45:49 Lee Heiman  
02:46:31 Sen. Wittich

02:46:45 **Vote:** Motion carried 10-2 by roll call vote with Sen. Arthun and Sen. Wittich voting no. Sen. Essmann, Sen. Gillan, Sen. Peterson and Sen. Vincent voted by proxy.

**Continued discussion on SB 358:**

02:48:03 Ed Caplis, Director, Tax Policy and Research, DOR  
**EXHIBIT(tas58a04)**  
02:50:38 Chairman Tutvedt  
02:50:47 Ed Caplis, DOR  
02:51:14 Sen. Wittich  
02:52:04 Ed Caplis  
02:52:11 Sen. Lake  
02:52:49 Ed Caplis  
02:53:39 Chairman Tutvedt  
02:53:47 Ed Caplis  
02:54:29 Chairman Tutvedt  
02:54:37 Ed Caplis  
02:54:59 Sen. Kaufmann  
02:55:16 Ed Caplis  
02:55:21 Sen. Wittich  
02:55:43 Ed Caplis  
02:56:04 Sen. Branae  
02:56:34 Sen. Erickson  
02:57:01 Chairman Tutvedt

**ADJOURNMENT**

Adjournment: 11:10 A.M.

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Debra Polhemus, Secretary

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Additional Documents:

**EXHIBIT([tas58aad.pdf](#))**