



## Revenue and Transportation Interim Committee

### 61st Montana Legislature

#### SENATE MEMBERS

RON ERICKSON  
JEFF ESSMANN  
KIM GILLAN  
CHRISTINE KAUFMANN  
JIM PETERSON  
BRUCE TUTVEDT

#### HOUSE MEMBERS

DICK BARRETT  
CARLIE BOLAND  
ROY HOLLANDSWORTH  
BRIAN HOVEN  
MIKE JOPEK  
BILL NOONEY

#### COMMITTEE STAFF

JEFF MARTIN, Research Analyst  
LEE HEIMAN, Staff Attorney  
FONG HOM, Secretary

# MINUTES

July 1, 2009

Room 137, Capitol Building  
Helena, Montana

Please note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Committee tapes are on file in the offices of the Legislative Services Division. **Exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of the document.**

Please note: These minutes provide abbreviated information about committee discussion, public testimony, action taken, and other activities. The minutes are accompanied by an audio recording. For each action listed, the minutes indicate the approximate amount of time in hours, minutes, and seconds that has elapsed since the start of the meeting. This time may be used to locate the activity on the audio recording.

An electronic copy of these minutes and the audio recording may be accessed from the Legislative Branch home page at <http://leg.mt.gov>. On the left-side column of the home page, select *Committees*, then *Interim*, and then the appropriate committee.

To view the minutes, locate the meeting date and click on minutes. To hear the audio recording, click on the Real Player icon. Note: You must have Real Player to listen to the audio recording.

### COMMITTEE MEMBERS PRESENT

SEN. RON ERICKSON  
SEN. JEFF ESSMANN  
SEN. KIM GILLAN  
SEN. CHRISTINE KAUFMANN  
SEN. JIM PETERSON  
SEN. BRUCE TUTVEDT

REP. DICK BARRETT  
REP. CARLIE BOLAND  
REP. ROY HOLLANDSWORTH  
REP. BRIAN HOVEN  
REP. MIKE JOPEK  
REP. BILL NOONEY

### STAFF PRESENT

JEFF MARTIN, Research Analyst  
LEE HEIMAN, Staff Attorney  
FONG HOM, Secretary

## Visitors and Agenda

Visitors' list, Attachment 1  
Agenda, Attachment 2

### COMMITTEE ACTION

- The committee elected Sen. Gillan as Chair and Rep. Hollandsworth as Vice Chair of the Revenue and Transportation Interim Committee.
- The committee changed the meeting date of September 13 and 14, 2010, to September 15 and 16, 2010.

### CALL TO ORDER AND ROLL CALL

00:00:01 Sen. Gillan called the meeting to order at 9:05 a.m. The committee secretary called roll and all members were present. Sen. Gillan introduced the staff and asked the members of the committee to give a brief introduction of themselves.

### AGENDA

#### ELECTION OF OFFICERS

00:10:38 Sen. Kaufmann nominated Sen. Gillan as Chair. The motion passed unanimously. Sen. Peterson nominated Rep. Hollandsworth as Vice Chair. The motion passed unanimously.

#### DEPARTMENT OF TRANSPORTATION - Jim Lynch, Director

00:18:28 Mr. Lynch gave a presentation on a proposed project to transport oil sands extraction equipment from Lewiston, Idaho, through Montana to Alberta, Canada, and from Billings, Montana, to Alberta Canada (**Exhibit 1**).

00:50:33 Sen. Gillan asked if the committee would like to monitor the proposed project and have a report at the September meeting. Sen. Peterson said that he thought the proposal and timeframe was not realistic and until Mr. Lynch has a chance to review the proposal, it is premature for committee to consider this.

00:58:31 Sen. Gillan asked Mr. Lynch to keep the committee updated on status of the proposed project.

#### CLAIMS FOR LEGISLATIVE SALARY AND EXPENSE REIMBURSEMENTS - Karen Berger, Financial Services Manager, LSD

01:00:32 Ms. Berger explained legislator reimbursement claims (**Exhibit 2**).

### **OPERATING PROCEDURES OF INTERIM COMMITTEES - Jeff Martin, Research Analyst**

01:10:38 Mr. Martin discussed the Rules, Procedures, and Guidelines for Interim Committees (**Exhibit 3**).

### **COMMITTEE RESPONSIBILITIES AND WORK PLAN - Jeff Martin**

01:21:36 Mr. Martin discussed the committee's responsibilities and the Revenue and Transportation's draft Work Plan (**Exhibit 4**).

01:32:36 Sen. Essmann requested that the committee receive updates of revenue collections at each meeting. Sen. Essmann also discussed considering various scenarios in recommending revenue estimates.

01:49:07 Public Comment  
None.

### **DRAFT STUDY PLANS - Jeff Martin**

01:51:13 **SJR 37 Study**  
Mr. Martin discussed SJR 37, a study of married taxpayers income tax filing (**Exhibit 5**).

02:00:15 There was a discussion of the purpose for the study, the complexity of married people filing separately, how the Department of Revenue treats refunds, and the goal to simplify the tax codes so that middle income taxpayers can fill out the tax forms and properly receive refunds.

02:09:51 Public Comment  
None.

02:10:19 There was a discussion regarding meeting documents sent to members of the committee either by email, U.S. Postal Service, or both.

**HB 657 Study**  
02:13:32 Mr. Martin presented and discussed HB 657, a study of taxation of oil and natural gas property (**Exhibit 6**).

**SJR 16 Study**  
02:26:32 Mr. Martin presented and discussed SJR 16, a study of auto insurance and mandatory requirements (**Exhibit 7**).

02:34:05 Sen. Gillan introduced Joe Schmidt who wanted to present his comments via teleconference on the SJR 16 study.

02:35:47 **Joe Schmidt, Billings**, testified on the SJR 16 study.

02:49:07 Public Comment  
None.

#### **BREAK FOR LUNCH**

04:12:02 Sen. Gillan reconvened the meeting at 1:17 p.m.

#### **ADMINISTRATIVE RULE REVIEW - Lee Heiman, Staff Attorney**

04:12:26 Mr. Heiman discussed rulemaking powers of interim committees (**Exhibit 8**).

04:19:39 Mr. Heiman discussed rule review of both the Department of Revenue and Department of Transportation (**Exhibit 9**).

04:24:33 Public Comment  
None.

#### **COMMITTEE WORK SESSION: revision and adoption of work plan, study plans and meeting schedule**

04:25:00 The committee discussed the studies listed in the "Addendum to Revenue and Transportation Interim Committee Work Plan" (**Exhibit 10**).

#### **HB 658 Request Review of Methods of Providing Property Tax Assistance and Sales Assessment Ratio Studies**

04:26:15 The committee discussed topics of interest as it related to HB 658's request for review of methods of providing property tax assistance.

#### **COMMITTEE TOPICS OF INTEREST**

The committee briefly discussed the following topics:

04:41:00 Amtrak

04:44:00 Oil and gas trust fund

04:45:00 The 95 mill statewide property tax

04:46:30 How the Department of Transportation prioritizes highway projects  
04:47:00 Rep. Hollandsworth spoke on behalf of Sen. Peterson's study on the urban/rural gap.  
04:49:00 Letter from the House Taxation Committee requesting consideration of study topics.  
04:53:35 HB 657: study of taxation of oil and natural gas property  
05:02:17 SJR 16: Study of underinsured and uninsured motorists  
05:08:51 SJR 37 - Study of filing status of married taxpayers  
05:21:36 HB 658 - Providing property tax assistance  
05:35:32 House Taxation Committee request of study topics  
05:36:19 Recommendation on tax credit relief multiple  
05:36:43 Revenue monitoring and revenue estimates  
05:37:12 Simplify reimbursements to local governments  
05:38:13 Rule review  
05:38:29 Agency monitoring and review of agency legislation  
05:39:05 Required reports of DOR and DOT

#### **OTHER REVENUE/TAXATION AND TRANSPORTATION TOPICS**

05:39:23 Additional remarks were made by members of the committee regarding:

- Amtrak issue
- Oil and Gas Trust Fund
- Department of Transportation method of prioritizing projects
- Studying the taxation of individual income as a percent of federal tax liability
- Sen. Peterson's study resolution on demographics of aging

05:54:42 A motion was made to change the September 13 and 14, 2010 meeting date to September 15 and 16, 2010. The motion passed.

05:57:51 Sen. Gillan appointed the members of the HB 658 Working Group: Sen. Kaufmann, Rep. Barrett, Rep. Boland, and Rep. Hoven.

#### **GENERAL FUND REVENUE COLLECTION REPORT - Terry Johnson, Principle Fiscal Analyst, Legislative Fiscal Division**

06:04:44 Mr. Johnson gave a presentation on General Fund Revenue Update Fiscal 2009 (**Exhibit 11**) and included a copy of a PowerPoint presentation (**Exhibit 12**).

06:44:30 Public Comment  
None.

**DEPARTMENT OF REVENUE REPORT - Dan Bucks, Director**

06:45:00 Mr. Bucks gave a presentation on Department of Revenue activity (**Exhibit 13**). Mr. Bucks distributed and discussed 2009 Assessment Notice of Property that will be sent to the citizens of Montana (**Exhibit 14**).

07:48:35 Public Comment  
None.

**OTHER BUSINESS**

07:48:49 It was decided that Mr. Martin will revise the draft Work Plan; Sen. Kaufmann will organize the working group for HB 658; and if the committee had other concerns, to email Mr. Martin, Sen. Gillan or Rep. Hollandsworth.

07:50:14 Mr. Martin distributed a copy of a memo from Bruce Nelson and David Ewer of the Governor's Office regarding the Montana Reinvestment Act Website (**Exhibit 15**) that had been sent to department directors.

**ADJOURNMENT**

07:51:05 Sen. Gillan adjourned the meeting at 4:56 p.m.

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