

# **EXHIBIT A**

BEFORE THE DEPARTMENT OF REVENUE  
OF THE STATE OF MONTANA

In the matter of the adoption of New ) NOTICE OF PUBLIC HEARING ON  
Rules I through III pertaining to tax ) PROPOSED ADOPTION  
credits for contributions to qualified )  
education providers and student )  
scholarship organizations )

TO: All Concerned Persons

1. On November 5, 2015, at 1:30 p.m., the Department of Revenue will hold a public hearing in the Fourth Floor East Conference Room of the Sam W. Mitchell Building, located at 125 North Roberts, Helena, Montana, to consider the proposed adoption of the above-stated rules. The conference room is most readily accessed by entering through the east doors of the building facing Sanders Street.

2. The Department of Revenue will make reasonable accommodations for persons with disabilities who wish to participate in this public hearing or need an alternative accessible format of this notice. If you require an accommodation, advise the department of the nature of the accommodation needed, no later than 5 p.m. on October 26, 2015. Contact Laurie Logan, Department of Revenue, Director's Office, P.O. Box 7701, Helena, Montana 59604-7701; telephone (406) 444-7905; fax (406) 444-3696; or e-mail lalogan@mt.gov.

3. The rules proposed to be adopted provide as follows:

NEW RULE I QUALIFIED EDUCATION PROVIDER (1) A "qualified education provider" has the meaning given in 15-30-3102, MCA, and pursuant to 15-30-3101, MCA, may not be:

(a) a church, school, academy, seminary, college, university, literary or scientific institution, or any other sectarian institution owned or controlled in whole or in part by any church, religious sect, or denomination; or

(b) an individual who is employed by a church, school, academy, seminary, college, university, literary or scientific institution, or any other sectarian institution owned or controlled in whole or in part by any church, religious sect, or denomination when providing those services.

(2) For the purposes of (1), "controlled in whole or in part by a church, religious sect, or denomination" includes accreditation by a faith-based organization.

AUTH: 15-1-201, 15-30-3114, MCA

IMP: Montana Constitution, Art. V, Section 11, Montana Constitution, Art. X Section 6, 15-30-3101, MCA

REASON: The department proposes adopting New Rule I based on the passage of Senate Bill (SB) 410, L. 2015, which generally revised laws related to tax credits for elementary and secondary education. SB 410, Section 7, was codified at

19-10/15/15

MAR Notice No. 42-2-939

15-30-3101, MCA.

As proposed, New Rule I will conform to the requirements of 15-30-3101, MCA, which requires the department to administer the tax credit for taxpayer donations in accordance with Art. V, Section 11(5) and Art. X, Section 6(1) of the Montana Constitution, which prohibits the direct or indirect appropriations or payment from any public fund to any sectarian or religious purpose.

NEW RULE II STUDENT SCHOLARSHIP ORGANIZATION

REQUIREMENTS (1) An organization seeking approval as a student scholarship organization shall complete and submit to the department an online application prior to accepting donations. This application will be located on the department's web site at revenue.mt.gov. the student scholarship organization shall include the following information on the application:

(a) the student scholarship organization's name, address, and federal employer identification number;

(b) the student scholarship organization's representative's name, title, phone number, and e-mail address;

(c) a list of all qualified education providers who may receive scholarships from the student scholarship organization on behalf of students; and

(d) any other necessary information.

(2) A student scholarship organization may provide scholarships only to an eligible student who attends a Montana school or is taught by a qualified education provider in Montana.

(3) Pursuant to 15-30-3103, MCA, a minimum of 90 percent of all contributions received by a student scholarship organization, after the cost of the fiscal review in 15-30-3105, MCA, must be awarded as scholarships within the three calendar years following the year of the contributions. For example, if a student scholarship organization received \$105,000 in contributions in 2017 and the cost of the fiscal review is \$5,000, the student scholarship organization must award at least \$90,000 of those contributions as scholarships before the end of 2020.

AUTH: 15-1-201, 15-30-3114, MCA

IMP: 15-30-3102, 15-30-3103, 15-30-3105, 15-30-3106, MCA

REASON: The department proposes adopting New Rule II based on the passage of Senate Bill (SB) 410, L. 2015, which generally revised laws related to tax credits for elementary and secondary education. SB 410, Section 9, was codified at 15-30-3103, MCA, Section 11 was codified at 15-30-3105, MCA, and Section 12 was codified at 15-30-3106, MCA.

As proposed, (1) will clarify the information a student scholarship organization must provide to register with the department, as set forth in 15-30-3105 and 15-30-3106, MCA. Section (2) clarifies the scholarships from which the credits originate can only be awarded to Montana students. Section (3) provides an example for the deadline for when a student scholarship organization must award scholarships relative to its receipt of contributions.

NEW RULE III CREDIT LIMITATIONS AND CLAIMS (1) A taxpayer may

claim a credit for contributions to an innovative educational program provided for in 20-9-901, MCA, and/or student scholarship organizations provided for in 15-30-3101, MCA.

(2) The maximum credit that may be claimed in a tax year by a taxpayer for allowable contributions to:

(a) innovative education programs is \$150; and

(b) student scholarship organizations is \$150.

(3) In the case of a married couple that makes a joint contribution, unless specifically allocated by the taxpayers, the contribution will be split equally between each spouse. If each spouse makes a separate contribution, each may be allowed a credit up to the maximum amount.

(4) An allowable contribution from:

(a) an S corporation passes to its shareholders based on their ownership percentage; and

(b) a partnership or limited liability company taxed as a partnership passes to their partners and owners based on their share of profits and losses as reported for Montana income tax purposes.

AUTH: 15-1-201, 15-30-3114, MCA

IMP: 15-30-3101, 15-30-3111, MCA

REASON: The department proposes adopting New Rule III based on the passage of Senate Bill (SB) 410, L. 2015, which generally revised laws related to tax credits for elementary and secondary education. SB 410, Section 1, was codified at 20-9-901, MCA, and SB 410, Section 7, was codified at 15-30-3101, MCA.

As proposed, New Rule III outlines that the maximum credit amount applies to each taxpayer rather than each contribution. The proposed rule further provides that the tax credit is available to each partner, shareholder, or other owner of a pass-through entity based on allowable contributions made by the entity.

4. Following adoption, the department plans to apply the provisions of New Rule I effective January 1, 2016, when the legislative changes to 16-4-311, MCA, become effective.

5. Concerned persons may submit their data, views, or arguments, either orally or in writing, at the hearing. Written data, views, or arguments may also be submitted to: Laurie Logan, Department of Revenue, Director's Office, P.O. Box 7701, Helena, Montana 59604-7701; telephone (406) 444-7905; fax (406) 444-3696; or e-mail [lalogan@mt.gov](mailto:lalogan@mt.gov) and must be received no later than November 17, 2015.

6. Laurie Logan, Department of Revenue, Director's Office, has been designated to preside over and conduct this hearing.

7. The Department of Revenue maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list shall make a written request that includes the name and e-mail or mailing address of the person to receive notices

and specifies that the person wishes to receive notice regarding a particular subject matter or matters. Notices will be sent by e-mail unless a mailing preference is noted in the request. A written request may be mailed or delivered to the person in 5 above or faxed to the office at (406) 444-3696, or may be made by completing a request form at any rules hearing held by the Department of Revenue.

8. An electronic copy of this notice is available on the department's web site at [revenue.mt.gov/rules](http://revenue.mt.gov/rules). The department strives to make the electronic copy of this notice conform to the official version of the notice, as printed in the Montana Administrative Register, but advises all concerned persons that in the event of a discrepancy between the official printed text of the notice and the electronic version of the notice, only the official printed text will be considered. While the department also strives to keep its web site accessible at all times, in some instances it may be temporarily unavailable due to system maintenance or technical problems.

9. The bill sponsor contact requirements of 2-4-302, MCA, apply and have been fulfilled. The primary sponsor of Senate Bill 410, Senator Llew Jones, was contacted by letter on June 22, 2015, September 2, 2015, and September 21, 2015.

10. With regard to the requirements of 2-4-111, MCA, the department has determined that the adoption of the above-referenced rules will not significantly and directly impact small businesses. Documentation of the department's determination is available at [revenue.mt.gov/rules](http://revenue.mt.gov/rules) or upon request from the person in 5.

/s/ Laurie Logan  
Laurie Logan  
Rule Reviewer

/s/ Mike Kadas  
Mike Kadas  
Director of Revenue

Certified to the Secretary of State October 5, 2015

# **EXHIBIT B**



AN ACT GENERALLY REVISING LAWS RELATED TO TAX CREDITS FOR ELEMENTARY AND SECONDARY EDUCATION; ALLOWING INCOME TAX CREDITS FOR DONATIONS TO PUBLIC SCHOOLS AND STUDENT SCHOLARSHIP ORGANIZATIONS; PROVIDING SUPPLEMENTAL FUNDING TO PUBLIC SCHOOLS FOR INNOVATIVE EDUCATION; ESTABLISHING GEOGRAPHIC REGIONS AND DISTRICTS FOR SUPPLEMENTAL FUNDING DISTRIBUTIONS; CREATING A STATE SPECIAL REVENUE ACCOUNT; ESTABLISHING OPERATING REQUIREMENTS, REVIEW PROCESSES, AND TERMINATION PROCEDURES FOR STUDENT SCHOLARSHIP ORGANIZATIONS; PROVIDING THAT THE AMOUNT OF A SCHOLARSHIP IS NOT TAXABLE INCOME; PROVIDING RULEMAKING AUTHORITY; PROVIDING A STATUTORY APPROPRIATION; AMENDING SECTIONS 15-30-2110, 15-30-2618, 15-31-511, 17-7-502, AND 20-9-543, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE, AN APPLICABILITY DATE, AND A TERMINATION DATE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1. Purpose.** Pursuant to 5-4-104, the legislature finds that the purpose of innovative educational programs is to enhance the curriculum of public schools with supplemental private contributions through tax replacement programs. The tax credit for taxpayer donations under [sections 1 through 6] must be administered in compliance with Article V, section 11(5), and Article X, section 6, of the Montana constitution.

**Section 2. Definitions.** As used in [sections 1 through 6], the following definitions apply:

- (1) "Department" means the department of revenue provided for in 2-15-1301.
- (2) "Eligible public school" means a Montana public school.
- (3) "Geographic region" has the meaning provided in [section 3].
- (4) "Innovative educational program" means an advanced academic program that enhances the curriculum or academic program of an eligible public school and that is not part of the regular academic program of an eligible public school. The instruction, program, or other activities offered through an innovative educational program must include at least one of the following characteristics:

- (a) provides different focus, methodology, skill training, or delivery, including internet-based and distance learning technologies, than is provided in a typical academic program of a public school;
  - (b) is accessible before or after public school hours, on weekends, as a year-round program, as an extension of the public school year, or in a combination of these characteristics;
  - (c) uses specialized instructional materials, instructors, or instruction not provided by a public school;
  - (d) uses internships and other work-based learning opportunities for a student that supplements the curriculum or academic program of a student and provides a student with the opportunity to apply the knowledge and skills learned in the academic program; or
  - (e) offers instruction or programming that provides credits or advanced placement, or both, at a 2-year or 4-year college or university.
- (5) "Large district" has the meaning provided in [section 3].
  - (6) "Quality educator" has the meaning provided in 20-4-502.
  - (7) "Taxpayer" has the meaning provided in 15-30-2101.

**Section 3. Establishment of geographic regions and large districts -- innovative educational program.** (1) (a) Geographic regions are established on the basis of county boundaries and are designed to achieve approximate statewide equity among the eleven regions in terms of the number of trustees on school boards located within the applicable regions. The equity must be reviewed periodically by the superintendent of public instruction by dividing the number of trustees serving on school boards located within the applicable region, including trustees on school boards referenced in subsection (2), by the total number of geographic regions and large districts.

- (b) The geographic regions are established as follows:
  - (i) 1st region: Flathead, Lake, and Lincoln Counties;
  - (ii) 2nd region: Blaine, Hill, and Phillips Counties;
  - (iii) 3rd region: Daniels, Roosevelt, Sheridan, and Valley Counties;
  - (iv) 4th region: Dawson, Garfield, McCone, Prairie, Richland, and Wibaux Counties;
  - (v) 5th region: Cascade, Fergus, Golden Valley, Judith Basin, Musselshell, Petroleum, and Wheatland Counties;
  - (vi) 6th region: Mineral, Missoula, Ravalli, and Sanders Counties;

- (vii) 7th region: Beaverhead, Deer Lodge, Granite, Jefferson, Madison, Powell, and Silver Bow Counties;
- (viii) 8th region: Broadwater, Gallatin, Meagher, Park, and Sweet Grass Counties;
- (ix) 9th region: Big Horn, Carbon, Stillwater, Treasure, and Yellowstone Counties;
- (x) 10th region: Carter, Custer, Fallon, Powder River, and Rosebud Counties; and
- (xi) 11th region: Chouteau, Glacier, Lewis and Clark, Liberty, Pondera, Teton, and Toole Counties.

(2) (a) Large districts are established as each of the seven largest school districts in the state based on combined pupil enrollment from kindergarten through the 12th grade.

(b) The seven largest school districts are established as follows:

- (i) Billings;
- (ii) Butte;
- (iii) Bozeman;
- (iv) Great Falls;
- (v) Helena;
- (vi) Kalispell; and
- (vii) Missoula.

(3) The superintendent of public instruction shall make recommendations to the education and local government interim committee regarding any adjustments to the regions and large districts necessary to preserve equity and fairness.

**Section 4. Distribution of supplemental revenue to public schools -- innovative educational program.** (1) The superintendent of public instruction shall:

(a) obligate at least 95% of its annual revenue from the educational improvement account provided for in [section 5] for supplemental funding to eligible public schools for innovative educational programs and technology deficiencies;

(b) provide innovative educational program or technology deficiency supplemental funding to eligible public schools; and

(c) distribute supplemental funding from the educational improvement account to each geographic region and each large district in a manner that provides proportionate funding based on the amount of donations under [section 13] in each of the respective geographic regions and large districts. In distributing the supplemental

funding, the superintendent of public instruction shall determine the allocation for each school district in a geographic region based on the ratio of the school district's number of quality educators compared to the total number of quality educators in the school district's geographic region.

(2) (a) Subject to subsection (2)(b), the superintendent of public instruction shall use the taxpayer's residential address and allocate the supplemental funding to the geographic region or large district schools that serve the taxpayer's residence. If a residential address is served by schools that are part of a large district and a smaller district, then the superintendent of public instruction must allocate the supplemental funding between the large district and the geographic region of the smaller district based on the average number belonging served by each district.

(b) A taxpayer may specify the geographic region or large district in which the supplemental funding must be used. If a taxpayer specifies that an allocation is to be used in a:

- (i) geographic region, the allocation may not be used in a large district; and
- (ii) large district, the allocation may not be used in a geographic region.

(3) The supplemental funding must be deposited in the district's school flexibility fund provided for in 20-9-543. Each district shall report the expenditure of supplemental funding for specific schools to the superintendent of public instruction.

**Section 5. Educational improvement account -- revenue allocated -- appropriations from account.**

(1) There is an educational improvement account in the state special revenue fund established in 17-2-102. The funds in the account must be administered by the superintendent of public instruction.

(2) The superintendent of public instruction shall accept donations for the purpose of funding innovative educational programs and deposit the donations into the account. The department shall preapprove tax credits for donations as provided in [section 13]. In order to implement and administer the provisions of [sections 1 through 6], the department and the superintendent of public instruction shall exchange taxpayer information and develop policies to prevent the unauthorized disclosure of confidential records and information.

(3) Interest and earnings on the account must be deposited in the account.

(4) Money in the account is statutorily appropriated, as provided in 17-7-502, to the superintendent of public instruction for administrative expenses and for supplemental funding to public schools as provided in [section 4].

**Section 6. Rulemaking.** The superintendent of public instruction may adopt rules, prepare forms, and maintain records that are necessary to implement and administer [sections 1 through 6].

**Section 7. Purpose.** Pursuant to 5-4-104, the legislature finds that the purpose of student scholarship organizations is to provide parental and student choice in education with private contributions through tax replacement programs. The tax credit for taxpayer donations under [sections 7 through 17] must be administered in compliance with Article V, section 11(5), and Article X, section 6, of the Montana constitution.

**Section 8. Definitions.** As used in [sections 7 through 17], the following definitions apply:

- (1) "Department" means the department of revenue provided for in 2-15-1301.
- (2) "Eligible student" means a student who is a Montana resident and who is 5 years of age or older on or before September 10 of the year of attendance and has not yet reached 19 years of age.
- (3) "Geographic region" has the meaning provided in [section 3].
- (4) "Large district" has the meaning provided in [section 3].
- (5) "Partnership" has the meaning provided in 15-30-2101.
- (6) "Pass-through entity" has the meaning provided in 15-30-2101.
- (7) "Qualified education provider" means an education provider that:
  - (a) is not a public school;
  - (b) (i) is accredited, has applied for accreditation, or is provisionally accredited by a state, regional, or national accreditation organization; or
    - (ii) is a nonaccredited provider or tutor and has informed the child's parents or legal guardian in writing at the time of enrollment that the provider is not accredited and is not seeking accreditation;
  - (c) is not a home school as referred to in 20-5-102(2)(e);
  - (d) administers a nationally recognized standardized assessment test or criterion-referenced test and:
    - (i) makes the results available to the child's parents or legal guardian; and
    - (ii) administers the test for all 8th grade and 11th grade students and provides the overall scores on a publicly accessible private website or provides the composite results of the test to the office of public instruction for posting on its website;

- (e) satisfies the health and safety requirements prescribed by law for private schools in this state; and
- (f) qualifies for an exemption from compulsory enrollment under 20-5-102(2)(e) and 20-5-109.
- (8) "Small business corporation" has the meaning provided in 15-30-3301.
- (9) "Student scholarship organization" means a charitable organization in this state that:
  - (a) is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. 501(c)(3);
  - (b) allocates not less than 90% of its annual revenue for scholarships to allow students to enroll with any qualified education provider; and
  - (c) provides educational scholarships to eligible students without limiting student access to only one education provider.
- (10) "Taxpayer" has the meaning provided in 15-30-2101.

**Section 9. Requirements for student scholarship organizations.** (1) A student scholarship organization:

- (a) shall obligate at least 90% of its annual revenue for scholarships. For the purpose of this calculation:
  - (i) the cost of the annual fiscal review provided for in [section 11(1)(b)] may be paid out of the total contributions before calculation of the 90% minimum obligation amount; and
  - (ii) all contributions subject to the 90% minimum obligation amount that are received in 1 calendar year must be paid out in scholarships within the 3 calendar years following the contribution.
- (b) may not restrict or reserve scholarships for use at a particular education provider or any particular type of education provider and shall allow an eligible student to enroll with any qualified education provider of the parents' or legal guardian's choice;
- (c) shall provide scholarships to eligible students to attend instruction offered by a qualified education provider;
- (d) may not provide a scholarship to an eligible student for an academic year that exceeds 50% of the per-pupil average of total public school expenditures calculated in [section 22];
- (e) shall ensure that the organization's average scholarship for an academic year does not exceed 30% of the per-pupil average of total public school expenditures calculated in [section 22];
- (f) shall maintain separate accounts for scholarship funds and operating funds;

- (g) may transfer funds to another student scholarship organization;
  - (h) shall maintain an application process under which scholarship applications are accepted, reviewed, approved, and denied; and
  - (i) shall comply with payment and reporting requirements in accordance with [sections 10 and 11].
- (2) An organization that fails to satisfy the conditions of this section is subject to termination as provided in [section 16].

**Section 10. Tuition payment limitation.** (1) A student scholarship organization shall deliver the scholarship funds directly to the qualified education provider selected by the parents or legal guardian of the child to whom the scholarship was awarded. The qualified education provider shall immediately notify the parents or legal guardian that the payment was received.

(2) A parent or legal guardian of an eligible student may not accept one or more scholarship awards from a student scholarship organization for an eligible student if the total amount of the awards exceeds 50% of the per-pupil average of total public school expenditures calculated in [section 22]. This limitation applies to each eligible student of a parent or legal guardian.

**Section 11. Reporting requirements for student scholarship organizations.** (1) Each student scholarship organization shall:

- (a) submit a notice to the department of its intent to operate as a student scholarship organization prior to accepting donations;
- (b) complete an annual fiscal review of its accounts by an independent certified public accountant within 120 days after the close of the calendar year that discloses for each of the 3 most recently completed calendar years:
  - (i) the total number and dollar value of individual and corporate contributions;
  - (ii) the total number and dollar value of scholarships obligated to eligible students;
  - (iii) the total number and dollar value of scholarships awarded to eligible students; and
  - (iv) the cost of the annual fiscal review;
- (c) submit the annual fiscal review report to the department within 150 days of the close of the calendar year.

(2) The department shall provide written notice to a student scholarship organization that fails to submit the annual fiscal review report, and the organization has 30 days from receipt of the notice to submit the report.

(3) An organization that fails to satisfy the conditions of this section is subject to termination as provided in [section 16].

**Section 12. Student scholarship organizations -- listing on website.** (1) The department shall maintain on its website a hyperlink to a current list of all:

(a) student scholarship organizations that have provided notice pursuant to [section 11(1)(a)]; and

(b) qualified education providers that accepted scholarship funds from a student scholarship organization.

(2) The list must include:

(a) a statistical compilation of the information received from the student scholarship organizations; and

(b) a hyperlink to the qualified education provider's overall testing scores contained on a publicly accessible private website or to the office of public instruction's website pursuant to [section 8(7)(d)(ii)].

**Section 13. Credit for providing supplemental funding to public schools -- innovative educational program.** (1) Subject to subsection (5), a taxpayer or corporation is allowed a credit against the tax imposed by chapter 30 or 31 for donations made to the educational improvement account provided for in [section 5] for the purpose of providing supplemental funding to public schools for innovative educational programs and technology deficiencies. The taxpayer may direct the donation to a geographic region or a large district as provided in [section 4(2)(b)]. The amount of the credit allowed is equal to the amount of the donation, not to exceed \$150.

(2) (a) If the credit allowed under this section is claimed by a small business corporation, a pass-through entity, or a partnership, the credit must be attributed to shareholders, owners, or partners using the same proportion as used to report the entity's income or loss.

(b) A donation by an estate or trust qualifies for the credit. Any credit not used by the estate or trust may be attributed to each beneficiary of the estate or trust in the same proportion used to report the beneficiary's income from the estate or trust for Montana income tax purposes.

(3) The credit allowed under this section may not exceed the taxpayer's income tax liability.

(4) There is no carryback or carryforward of the credit permitted under this section, and the credit must

be applied in the year the donation is made, as determined by the taxpayer's accounting method.

(5) (a) (i) The aggregate amount of tax credits allowed under this section is \$3 million beginning in tax year 2016.

(ii) Beginning in 2017, by August 1 of each year, the department shall determine if \$3 million or the aggregate limit provided for in subsection (5)(a)(iii) in donations were preapproved by the department. If this condition is satisfied, the aggregate amount of tax credits allowed must be increased by 10% for the succeeding tax years.

(iii) If the aggregate limit is increased in any tax year, the department shall use the new limit as the base aggregate limit for succeeding tax years until a new aggregated limit is established under the provisions of subsection (5)(a)(ii).

(b) The department shall approve the amount of donations for taxpayers on a first-come, first-served basis and post a notice on its website advising taxpayers when the aggregate limit is in effect. If a taxpayer makes a donation after total donations claimed exceeds the aggregate limit, the taxpayer's return will be processed without regard to the credit.

(6) A credit is not allowed under this section with respect to any amount deducted by the taxpayer for state tax purposes as a charitable contribution to a charitable organization qualified under section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. 501(c)(3). This section does not prevent a taxpayer from:

- (a) claiming a credit under this section instead of a deduction; or
- (b) claiming an exclusion, deduction, or credit for a charitable contribution that exceeds the amount for which the credit is allowed under this section.

(7) After consultation with the superintendent of public instruction, the department may develop an internet-based registration system that provides taxpayers with the opportunity to obtain preapproval for a tax credit before making a donation.

**Section 14. Qualified education tax credit for contributions to student scholarship organizations.**

(1) Subject to subsection (5), a taxpayer or corporation is allowed a credit against the tax imposed by chapter 30 or 31 for donations made to a student scholarship organization. The donor may not direct or designate contributions to a parent, legal guardian, or specific qualified education provider. The amount of the credit allowed is equal to the amount of the donation, not to exceed \$150.

(2) (a) If the credit allowed under this section is claimed by a small business corporation, a pass-through entity, or a partnership, the credit must be attributed to shareholders, owners, or partners using the same proportion as used to report the entity's income or loss.

(b) A contribution by an estate or trust qualifies for the credit. Any credit not used by the estate or trust may be attributed to each beneficiary of the estate or trust in the same proportion used to report the beneficiary's income from the estate or trust for Montana income tax purposes.

(3) The credit allowed under this section may not exceed the taxpayer's income tax liability.

(4) There is no carryback or carryforward of the credit permitted under this section, and the credit must be applied in the year the donation is made, as determined by the taxpayer's accounting method.

(5) (a) (i) The aggregate amount of tax credits allowed under this section is \$3 million beginning in tax year 2016.

(ii) Beginning in 2017, by August 1 of each year, the department shall determine if \$3 million or the aggregate limit provided for in subsection (5)(a)(iii) in tax credits were preapproved by the department. If this condition is satisfied, the aggregate amount of tax credits allowed must be increased by 10% for the succeeding tax years.

(iii) If the aggregate limit is increased in any tax year, the department shall use the new limit as the base aggregate limit for succeeding tax years until a new aggregated limit is established under the provisions of subsection (5)(a)(ii).

(b) The department shall approve the amount of tax credits for taxpayers on a first-come, first-served basis and post a notice on its website advising taxpayers when the aggregate limit is in effect. If a taxpayer makes a donation after total donations claimed exceeds the aggregate limit, the taxpayer's return will be processed without regard to the credit.

(6) A credit is not allowed under this section with respect to any amount deducted by the taxpayer for state tax purposes as a charitable contribution to a charitable organization qualified under section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. 501(c)(3). This section does not prevent a taxpayer from:

(a) claiming a credit under this section instead of a deduction; or

(b) claiming an exclusion, deduction, or credit for a charitable contribution that exceeds the amount for which the credit is allowed under this section.

(7) The department may develop an internet-based registration system that provides donors with the

opportunity to obtain preapproval for a tax credit before making a contribution.

**Section 15. Report to revenue and transportation interim committee -- student scholarship organizations.** Each biennium, the department shall provide to the revenue and transportation interim committee a list of student scholarship organizations receiving contributions from businesses and individuals that are granted tax credits under [section 14]. The listing must detail the tax credits claimed under the individual income tax in chapter 30 and the corporate income tax in chapter 31.

**Section 16. Review determination -- termination -- confidentiality.** (1) Subject to subsection (7), the department is authorized to examine any books, papers, records, or memoranda relevant to determining whether a student scholarship organization is in compliance with [sections 8, 9, and 11].

(2) If a student scholarship organization is not in compliance, the department shall provide to the organization written notice of the specific failures and the organization has 30 days from the date of the notice to correct deficiencies. If the organization fails to correct all deficiencies, the department shall provide a final written notice of the failure to the organization. The organization may appeal the department's determination of failure to comply according to the uniform dispute review procedure in 15-1-211 within 30 days of the date of the notice.

(3) (a) If a student scholarship organization does not seek review under 15-1-211 or if the dispute is not resolved, the department shall issue a final department decision.

(b) The final department decision for a student scholarship organization must provide that the student scholarship organization:

(i) will be removed from the list of eligible student scholarship organizations provided in [section 12] and notified of the removal; and

(ii) shall within 15 calendar days of receipt of notice from the department of removal from the eligible list cease all operations as a student scholarship organization and transfer all scholarship account funds to a properly operating student scholarship organization.

(4) A student scholarship organization that receives a final department decision may seek review of the decision from the state tax appeal board pursuant to 15-2-302.

(5) Either party aggrieved as a result of the decision of the state tax appeal board may seek judicial

review pursuant to 15-2-303.

(6) If a student scholarship organization files an appeal pursuant to this section, the organization may continue to operate until the decision of the court is final.

(7) The identity of donors who make donations to the educational improvement account provided for in [section 5] or donations to a student scholarship organization is confidential tax information that is subject to the provisions of 15-30-2618.

**Section 17. Rulemaking.** The department may adopt rules, prepare forms, and maintain records that are necessary to implement and administer [sections 7 through 17].

**Section 18. Credit for providing supplemental funding to public schools -- innovative educational program.** There is a credit against tax liability under this chapter for a donation made to the educational improvement account as provided in [section 13].

**Section 19. Qualified education individual income tax credit for contributions to student scholarship organization.** There is a credit against tax liability under this chapter for a charitable donation made to a student scholarship organization as provided in [section 14].

**Section 20. Credit for providing supplemental funding to public schools -- corporate tax credit -- innovative educational program.** There is a credit against tax liability under this chapter for a donation made to the educational improvement account as provided in [section 13].

**Section 21. Qualified education corporate credit for contributions to student scholarship organization.** There is a credit against tax liability under this chapter for a charitable donation made to a student scholarship organization as provided in [section 14].

**Section 22. Statewide average per-pupil spending.** (1) The superintendent of public instruction shall calculate the per-pupil average of total public school expenditures in Montana for the second most recently completed school fiscal year by August 1 of the ensuing school fiscal year and make the calculation available to

the public. The calculation is made by dividing total expenditures calculated in subsection (2) by total pupils calculated in subsection (3).

(2) Funds to be included in total school expenditures for the second most recently completed school year include but are not limited to:

- (a) district general fund expenditures;
- (b) transportation;
- (c) bus depreciation;
- (d) food services;
- (e) tuition;
- (f) retirement;
- (g) miscellaneous programs;
- (h) traffic education;
- (i) nonoperating fund;
- (j) lease-rental agreement;
- (k) compensated absence fund;
- (l) metal mines tax reserve;
- (m) state mining impact;
- (n) impact aid;
- (o) litigation reserve;
- (p) technology acquisition;
- (q) flexibility fund;
- (r) debt service;
- (s) building reserve; and
- (t) interlocal agreement.

(3) Total pupils are computed using an amount equal to the per-pupil average, but not the per-ANB average provided in 20-9-311, for Montana school districts for the second most recently completed school year.

**Section 23.** Section 15-30-2110, MCA, is amended to read:

**"15-30-2110. Adjusted gross income.** (1) Subject to subsection (13), adjusted gross income is the

taxpayer's federal adjusted gross income as defined in section 62 of the Internal Revenue Code, 26 U.S.C. 62, and in addition includes the following:

(a) (i) interest received on obligations of another state or territory or county, municipality, district, or other political subdivision of another state, except to the extent that the interest is exempt from taxation by Montana under federal law;

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, 26 U.S.C. 852(b)(5), that are attributable to the interest referred to in subsection (1)(a)(i);

(b) refunds received of federal income tax, to the extent that the deduction of the tax resulted in a reduction of Montana income tax liability;

(c) that portion of a shareholder's income under subchapter S. of Chapter 1 of the Internal Revenue Code that has been reduced by any federal taxes paid by the subchapter S. corporation on the income;

(d) depreciation or amortization taken on a title plant as defined in 33-25-105;

(e) the recovery during the tax year of an amount deducted in any prior tax year to the extent that the amount recovered reduced the taxpayer's Montana income tax in the year deducted;

(f) if the state taxable distribution of an estate or trust is greater than the federal taxable distribution of the same estate or trust, the difference between the state taxable distribution and the federal taxable distribution of the same estate or trust for the same tax period; and

(g) except for exempt-interest dividends described in subsection (2)(a)(ii), for tax years commencing after December 31, 2002, the amount of any dividend to the extent that the dividend is not included in federal adjusted gross income.

(2) Notwithstanding the provisions of the Internal Revenue Code, adjusted gross income does not include the following, which are exempt from taxation under this chapter:

(a) (i) all interest income from obligations of the United States government, the state of Montana, or a county, municipality, district, or other political subdivision of the state and any other interest income that is exempt from taxation by Montana under federal law;

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, 26 U.S.C. 852(b)(5), that are attributable to the interest referred to in subsection (2)(a)(i);

(b) interest income earned by a taxpayer who is 65 years of age or older in a tax year up to and including \$800 for a taxpayer filing a separate return and \$1,600 for each joint return;

(c) (i) except as provided in subsection (2)(c)(ii), the first \$3,600 of all pension and annuity income received as defined in 15-30-2101;

(ii) for pension and annuity income described under subsection (2)(c)(i), as follows:

(A) each taxpayer filing singly, head of household, or married filing separately shall reduce the total amount of the exclusion provided in subsection (2)(c)(i) by \$2 for every \$1 of federal adjusted gross income in excess of \$30,000 as shown on the taxpayer's return;

(B) in the case of married taxpayers filing jointly, if both taxpayers are receiving pension or annuity income or if only one taxpayer is receiving pension or annuity income, the exclusion claimed as provided in subsection (2)(c)(i) must be reduced by \$2 for every \$1 of federal adjusted gross income in excess of \$30,000 as shown on their joint return;

(d) all Montana income tax refunds or tax refund credits;

(e) gain required to be recognized by a liquidating corporation under 15-31-113(1)(a)(ii);

(f) all tips or gratuities that are covered by section 3402(k) or service charges that are covered by section 3401 of the Internal Revenue Code of 1954, 26 U.S.C. 3402(k) or 3401, as amended and applicable on January 1, 1983, received by a person for services rendered to patrons of premises licensed to provide food, beverage, or lodging;

(g) all benefits received under the workers' compensation laws;

(h) all health insurance premiums paid by an employer for an employee if attributed as income to the employee under federal law, including premiums paid by the employer for an employee pursuant to 33-22-166;

(i) all money received because of a settlement agreement or judgment in a lawsuit brought against a manufacturer or distributor of "agent orange" for damages resulting from exposure to "agent orange";

(j) principal and income in a medical care savings account established in accordance with 15-61-201 or withdrawn from an account for eligible medical expenses, as defined in 15-61-102, of the taxpayer or a dependent of the taxpayer or for the long-term care of the taxpayer or a dependent of the taxpayer;

(k) principal and income in a first-time home buyer savings account established in accordance with 15-63-201 or withdrawn from an account for eligible costs, as provided in 15-63-202(7), for the first-time purchase of a single-family residence;

(l) contributions or earnings withdrawn from a family education savings account or from a qualified tuition program established and maintained by another state as provided by section 529(b)(1)(A)(ii) of the Internal

Revenue Code, 26 U.S.C. 529(b)(1)(A)(ii), for qualified higher education expenses, as defined in 15-62-103, of a designated beneficiary;

(m) the recovery during the tax year of any amount deducted in any prior tax year to the extent that the recovered amount did not reduce the taxpayer's Montana income tax in the year deducted;

(n) if the federal taxable distribution of an estate or trust is greater than the state taxable distribution of the same estate or trust, the difference between the federal taxable distribution and the state taxable distribution of the same estate or trust for the same tax period;

(o) deposits, not exceeding the amount set forth in 15-30-3003, deposited in a Montana farm and ranch risk management account, as provided in 15-30-3001 through 15-30-3005, in any tax year for which a deduction is not provided for federal income tax purposes;

(p) income of a dependent child that is included in the taxpayer's federal adjusted gross income pursuant to the Internal Revenue Code. The child is required to file a Montana personal income tax return if the child and taxpayer meet the filing requirements in 15-30-2602.

(q) principal and income deposited in a health care expense trust account, as defined in 2-18-1303, or withdrawn from the account for payment of qualified health care expenses as defined in 2-18-1303;

(r) that part of the refundable credit provided in 33-22-2006 that reduces Montana tax below zero; and

(s) the amount of the gain recognized from the sale or exchange of a mobile home park as provided in 15-31-163; and

(t) the amount of a scholarship to an eligible student by a student scholarship organization pursuant to [section 10].

(3) A shareholder of a DISC that is exempt from the corporate income tax under 15-31-102(1)(l) shall include in the shareholder's adjusted gross income the earnings and profits of the DISC in the same manner as provided by section 995 of the Internal Revenue Code, 26 U.S.C. 995, for all periods for which the DISC election is effective.

(4) A taxpayer who, in determining federal adjusted gross income, has reduced the taxpayer's business deductions by an amount for wages and salaries for which a federal tax credit was elected under sections 38 and 51(a) of the Internal Revenue Code, 26 U.S.C. 38 and 51(a), is allowed to deduct the amount of the wages and salaries paid regardless of the credit taken. The deduction must be made in the year that the wages and salaries were used to compute the credit. In the case of a partnership or small business corporation, the deduction must

be made to determine the amount of income or loss of the partnership or small business corporation.

(5) Married taxpayers filing a joint federal return who are required to include part of their social security benefits or part of their tier 1 railroad retirement benefits in federal adjusted gross income may split the federal base used in calculation of federal taxable social security benefits or federal taxable tier 1 railroad retirement benefits when they file separate Montana income tax returns. The federal base must be split equally on the Montana return.

(6) Married taxpayers filing a joint federal return who are allowed a capital loss deduction under section 1211 of the Internal Revenue Code, 26 U.S.C. 1211, and who file separate Montana income tax returns may claim the same amount of the capital loss deduction that is allowed on the federal return. If the allowable capital loss is clearly attributable to one spouse, the loss must be shown on that spouse's return; otherwise, the loss must be split equally on each return.

(7) In the case of passive and rental income losses, married taxpayers filing a joint federal return and who file separate Montana income tax returns are not required to recompute allowable passive losses according to the federal passive activity rules for married taxpayers filing separately under section 469 of the Internal Revenue Code, 26 U.S.C. 469. If the allowable passive loss is clearly attributable to one spouse, the loss must be shown on that spouse's return; otherwise, the loss must be split equally on each return.

(8) Married taxpayers filing a joint federal return in which one or both of the taxpayers are allowed a deduction for an individual retirement contribution under section 219 of the Internal Revenue Code, 26 U.S.C. 219, and who file separate Montana income tax returns may claim the same amount of the deduction that is allowed on the federal return. The deduction must be attributed to the spouse who made the contribution.

(9) (a) Married taxpayers filing a joint federal return who are allowed a deduction for interest paid for a qualified education loan under section 221 of the Internal Revenue Code, 26 U.S.C. 221, and who file separate Montana income tax returns may claim the same amount of the deduction that is allowed on the federal return. The deduction may be split equally on each return or in proportion to each taxpayer's share of federal adjusted gross income.

(b) Married taxpayers filing a joint federal return who are allowed a deduction for qualified tuition and related expenses under section 222 of the Internal Revenue Code, 26 U.S.C. 222, and who file separate Montana income tax returns may claim the same amount of the deduction that is allowed on the federal return. The deduction may be split equally on each return or in proportion to each taxpayer's share of federal adjusted gross

income.

(10) A taxpayer receiving retirement disability benefits who has not attained 65 years of age by the end of the tax year and who has retired as permanently and totally disabled may exclude from adjusted gross income up to \$100 a week received as wages or payments in lieu of wages for a period during which the employee is absent from work due to the disability. If the adjusted gross income before this exclusion exceeds \$15,000, the excess reduces the exclusion by an equal amount. This limitation affects the amount of exclusion, but not the taxpayer's eligibility for the exclusion. If eligible, married individuals shall apply the exclusion separately, but the limitation for income exceeding \$15,000 is determined with respect to the spouses on their combined adjusted gross income. For the purpose of this subsection, "permanently and totally disabled" means unable to engage in any substantial gainful activity by reason of any medically determined physical or mental impairment lasting or expected to last at least 12 months.

(11) (a) An individual who contributes to one or more accounts established under the Montana family education savings program or to a qualified tuition program established and maintained by another state as provided by section 529(b)(1)(A)(ii) of the Internal Revenue Code, 26 U.S.C. 529(b)(1)(A)(ii), may reduce adjusted gross income by the lesser of \$3,000 or the amount of the contribution. In the case of married taxpayers, each spouse is entitled to a reduction, not in excess of \$3,000, for the spouses' contributions to the accounts. Spouses may jointly elect to treat half of the total contributions made by the spouses as being made by each spouse. The reduction in adjusted gross income under this subsection applies only with respect to contributions to an account of which the account owner is the taxpayer, the taxpayer's spouse, or the taxpayer's child or stepchild if the taxpayer's child or stepchild is a Montana resident. The provisions of subsection (1)(e) do not apply with respect to withdrawals of contributions that reduced adjusted gross income.

(b) Contributions made pursuant to this subsection (11) are subject to the recapture tax provided in 15-62-208.

(12) (a) A taxpayer may exclude the amount of the loan payment received pursuant to subsection (12)(a)(iv), not to exceed \$5,000, from the taxpayer's adjusted gross income if the taxpayer:

- (i) is a health care professional licensed in Montana as provided in Title 37;
- (ii) is serving a significant portion of a designated geographic area, special population, or facility population in a federally designated health professional shortage area, a medically underserved area or population, or a federal nursing shortage county as determined by the secretary of health and human services

or by the governor;

(iii) has had a student loan incurred as a result of health-related education; and

(iv) has received a loan payment during the tax year made on the taxpayer's behalf by a loan repayment program described in subsection (12)(b) as an incentive to practice in Montana.

(b) For the purposes of subsection (12)(a), a loan repayment program includes a federal, state, or qualified private program. A qualified private loan repayment program includes a licensed health care facility, as defined in 50-5-101, that makes student loan payments on behalf of the person who is employed by the facility as a licensed health care professional.

(13) Notwithstanding the provisions of subsection (1), adjusted gross income does not include 40% of capital gains on the sale or exchange of capital assets before December 31, 1986, as capital gains are determined under subchapter P. of Chapter 1 of the Internal Revenue Code as it read on December 31, 1986.

(14) By November 1 of each year, the department shall multiply the amount of pension and annuity income contained in subsection (2)(c)(i) and the federal adjusted gross income amounts in subsection (2)(c)(ii) by the inflation factor for that tax year, but using the year 2009 consumer price index, and rounding the results to the nearest \$10. The resulting amounts are effective for that tax year and must be used as the basis for the exemption determined under subsection (2)(c). (Subsection (2)(f) terminates on occurrence of contingency--sec. 3, Ch. 634, L. 1983; subsection (2)(o) terminates on occurrence of contingency--sec. 9, Ch. 262, L. 2001.)"

**Section 24.** Section 15-30-2618, MCA, is amended to read:

**"15-30-2618. Confidentiality of tax records.** (1) Except as provided in 5-12-303, 15-1-106, 17-7-111, and subsections (8) and (9) of this section, in accordance with a proper judicial order, or as otherwise provided by law, it is unlawful to divulge or make known in any manner:

(a) the amount of income or any particulars set forth or disclosed in any individual report or individual return required under this chapter or any other information secured in the administration of this chapter; or

(b) any federal return or federal return information disclosed on any return or report required by rule of the department or under this chapter.

(2) (a) The officers charged with the custody of the reports and returns may not be required to produce them or evidence of anything contained in them in an action or proceeding in a court, except in an action or proceeding:

(i) to which the department is a party under the provisions of this chapter or any other taxing act; or  
(ii) on behalf of a party to any action or proceedings under the provisions of this chapter or other taxes when the reports or facts shown by the reports are directly involved in the action or proceedings.

(b) The court may require the production of and may admit in evidence only as much of the reports or of the facts shown by the reports as are pertinent to the action or proceedings.

(3) This section does not prohibit:

(a) the delivery to a taxpayer or the taxpayer's authorized representative of a certified copy of any return or report filed in connection with the taxpayer's tax;

(b) the publication of statistics classified to prevent the identification of particular reports or returns and the items of particular reports or returns; or

(c) the inspection by the attorney general or other legal representative of the state of the report or return of any taxpayer who brings an action to set aside or review the tax based on the report or return or against whom an action or proceeding has been instituted in accordance with the provisions of 15-30-2630.

(4) The department may deliver to a taxpayer's spouse the taxpayer's return or information related to the return for a tax year if the spouse and the taxpayer filed the return with the filing status of married filing separately on the same return. The information being provided to the spouse or reported on the return, including subsequent adjustments or amendments to the return, must be treated in the same manner as if the spouse and the taxpayer filed the return using a joint filing status for that tax year.

(5) Reports and returns must be preserved for at least 3 years and may be preserved until the department orders them to be destroyed.

(6) Any offense against subsections (1) through (5) is punishable by a fine not exceeding \$500. If the offender is an officer or employee of the state, the offender must be dismissed from office or employment and may not hold any public office or public employment in this state for a period of 1 year after dismissal or, in the case of a former officer or employee, for 1 year after conviction.

(7) This section may not be construed to prohibit the department from providing taxpayer return information and information from employers' payroll withholding reports to:

(a) the department of labor and industry to be used for the purpose of investigation and prevention of noncompliance, tax evasion, fraud, and abuse under the unemployment insurance laws; or

(b) the state fund to be used for the purpose of investigation and prevention of noncompliance, fraud,

and abuse under the workers' compensation program.

(8) The department may permit the commissioner of internal revenue of the United States or the proper officer of any state imposing a tax upon the incomes of individuals or the authorized representative of either officer to inspect the return of income of any individual or may furnish to the officer or an authorized representative an abstract of the return of income of any individual or supply the officer with information concerning an item of income contained in a return or disclosed by the report of an investigation of the income or return of income of an individual, but the permission may be granted or information furnished only if the statutes of the United States or of the other state grant substantially similar privileges to the proper officer of this state charged with the administration of this chapter.

(9) On written request to the director or a designee of the director, the department shall furnish:

(a) to the department of justice all information necessary to identify those persons qualifying for the additional exemption for blindness pursuant to 15-30-2114(4), for the purpose of enabling the department of justice to administer the provisions of 61-5-105;

(b) to the department of public health and human services information acquired under 15-30-2616, pertaining to an applicant for public assistance, reasonably necessary for the prevention and detection of public assistance fraud and abuse, provided notice to the applicant has been given;

(c) to the department of labor and industry for the purpose of prevention and detection of fraud and abuse in and eligibility for benefits under the unemployment compensation and workers' compensation programs information on whether a taxpayer who is the subject of an ongoing investigation by the department of labor and industry is an employee, an independent contractor, or self-employed;

(d) to the department of fish, wildlife, and parks specific information that is available from income tax returns and required under 87-2-102 to establish the residency requirements of an applicant for hunting and fishing licenses;

(e) to the board of regents information required under 20-26-1111;

(f) to the legislative fiscal analyst and the office of budget and program planning individual income tax information as provided in 5-12-303, 15-1-106, and 17-7-111. The information provided to the office of budget and program planning must be the same as the information provided to the legislative fiscal analyst.

(g) to the department of transportation farm income information based on the most recent income tax return filed by an applicant applying for a refund under 15-70-223 or 15-70-362, provided that notice to the

applicant has been given as provided in 15-70-223 and 15-70-362. The information obtained by the department of transportation is subject to the same restrictions on disclosure as are individual income tax returns.

(h) to the commissioner of insurance's office all information necessary for the administration of the small business health insurance tax credit provided for in Title 33, chapter 22, part 20;

(i) to the superintendent of public instruction information required under [section 5]."

**Section 25.** Section 15-31-511, MCA, is amended to read:

**"15-31-511. Confidentiality of tax records.** (1) Except as provided in this section, in accordance with a proper judicial order, or as otherwise provided by law, it is unlawful to divulge or make known in any manner:

(a) the amount of income or any particulars set forth or disclosed in any return or report required under this chapter or any other information relating to taxation secured in the administration of this chapter; or

(b) any federal return or information in or disclosed on a federal return or report required by law or rule of the department under this chapter.

(2) (a) An officer or employee charged with custody of returns and reports required by this chapter may not be ordered to produce any of them or evidence of anything contained in them in any administrative proceeding or action or proceeding in any court, except:

(i) in an action or proceeding in which the department is a party under the provisions of this chapter; or

(ii) in any other tax proceeding or on behalf of a party to an action or proceeding under the provisions of this chapter when the returns or reports or facts shown in them are directly pertinent to the action or proceeding.

(b) If the production of a return, report, or information contained in them is ordered, the court shall limit production of and the admission of returns, reports, or facts shown in them to the matters directly pertinent to the action or proceeding.

(3) This section does not prohibit:

(a) the delivery of a certified copy of any return or report filed in connection with a return to the taxpayer who filed the return or report or to the taxpayer's authorized representative;

(b) the publication of statistics prepared in a manner that prevents the identification of particular returns, reports, or items from returns or reports;

(c) the inspection of returns and reports by the attorney general or other legal representative of the state in the course of an administrative proceeding or litigation under this chapter;

(d) access to information under subsection (4);

(e) the director of revenue from permitting a representative of the commissioner of internal revenue of the United States or a representative of a proper officer of any state imposing a tax on the income of a taxpayer to inspect the returns or reports of a corporation. The department may also furnish those persons abstracts of income, returns, and reports; information concerning any item in a return or report; and any item disclosed by an investigation of the income or return of a corporation. The director of revenue may not furnish that information to a person representing the United States or another state unless the United States or the other state grants substantially similar privileges to an officer of this state charged with the administration of this chapter.

(f) the disclosure of information to the commissioner of insurance's office that is necessary for the administration of the small business health insurance tax credit provided for in Title 33, chapter 22, part 20.

(4) On written request to the director or a designee of the director, the department shall:

(a) allow the inspection of returns and reports by the legislative auditor, but the information furnished to the legislative auditor is subject to the same restrictions on disclosure outside that office as provided in subsection (1); ~~and~~

(b) provide corporate income tax and alternative corporate income tax information, including any information that may be required under Title 15, chapter 30, part 33, to the legislative fiscal analyst, as provided in 5-12-303 or 15-1-106, and the office of budget and program planning, as provided in 15-1-106 or 17-7-111. The information furnished to the legislative fiscal analyst and the office of budget and program planning is subject to the same restrictions on disclosure outside those offices as provided in subsection (1).

(c) furnish to the superintendent of public instruction information required under [section 5].

(5) A person convicted of violating this section shall be fined not to exceed \$500. If a public officer or public employee is convicted of violating this section, the person is dismissed from office or employment and may not hold any public office or public employment in the state for a period of 1 year after dismissal or, in the case of a former officer or employee, for 1 year after conviction."

**Section 26.** Section 17-7-502, MCA, is amended to read:

**"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-15-247; 2-17-105; 5-11-120; 5-11-407; 5-13-403; 7-4-2502; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-121; 15-1-218; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121; 15-70-101; 15-70-369; 15-70-601; 16-11-509; 17-3-106; 17-3-112; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 18-11-112; 19-3-319; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; [section 5]; 20-9-534; 20-9-622; 20-26-1503; 22-1-327; 22-3-1004; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 30-10-1004; 37-43-204; 37-51-501; 39-1-105; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-12-206; 44-13-102; 53-1-109; 53-1-215; 53-2-208; 53-9-113; 53-24-108; 53-24-206; 60-11-115; 61-3-415; 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-13-150; 76-13-416; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 81-1-112; 81-7-106; 81-10-103; 82-11-161; 85-20-1504; 85-20-1505; 87-1-603; 90-1-115; 90-1-205; 90-1-504; 90-3-1003; 90-6-331; and 90-9-306.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion of 19-20-604 terminates contingently when the amortization period for the teachers' retirement system's unfunded liability is 10 years or less; pursuant to sec. 10, Ch. 10, Sp. L. May 2000, secs. 3 and 6, Ch. 481, L. 2003, and sec. 2, Ch. 459, L. 2009, the inclusion of 15-35-108 terminates June 30, 2019; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410 terminates contingently upon the death of the last recipient eligible under 19-6-709(2) for the supplemental benefit provided by 19-6-709; pursuant to sec. 14, Ch. 374, L. 2009, the inclusion of 53-9-113 terminates June 30, 2015; pursuant to sec. 5, Ch. 442, L. 2009, the inclusion of 90-6-331 terminates June 30, 2019; pursuant to sec. 16, Ch. 58, L. 2011, the inclusion of 30-10-1004 terminates June 30,

2017; pursuant to sec. 6, Ch. 61, L. 2011, the inclusion of 76-13-416 terminates June 30, 2019; pursuant to sec. 13, Ch. 339, L. 2011, the inclusion of 81-1-112 and 81-7-106 terminates June 30, 2017; pursuant to sec. 11(2), Ch. 17, L. 2013, the inclusion of 17-3-112 terminates on occurrence of contingency; pursuant to secs. 3 and 5, Ch. 244, L. 2013, the inclusion of 22-1-327 is effective July 1, 2015, and terminates July 1, 2017; and pursuant to sec. 10, Ch. 413, L. 2013, the inclusion of 2-15-247, 39-1-105, 53-1-215, and 53-2-208 terminates June 30, 2015.)"

**Section 27.** Section 20-9-543, MCA, is amended to read:

**"20-9-543. School flexibility fund -- uses.** (1) (a) The trustees of a district shall establish a school flexibility fund and may use the fund, in their discretion, for school district expenditures incurred for:

(i) technological equipment enhancements and expansions considered by the trustees to support enhanced educational programs in the classroom;

(ii) facility expansion and remodeling considered by the trustees to support the delivery of educational programs or the removal and replacement of obsolete facilities;

(iii) supplies and materials considered by the trustees to support the delivery of enhanced educational programs;

(iv) student assessment and evaluation;

(v) the development of curriculum materials;

(vi) training for classroom staff considered by the trustees to support the delivery of enhanced educational programs;

(vii) purchase, lease, or rental of real property that must be used to provide free or reduced price housing for classroom teachers;

(viii) salaries, benefits, bonuses, and other incentives for the recruitment and retention of classroom teachers and other certified staff, subject to collective bargaining when applicable; ~~or~~

(ix) increases in energy costs caused by an increase in energy rates from the rates paid by the district in fiscal year 2001 or from increased use of energy as a result of the expansion of facilities, equipment, or other resources of the district; or

(x) innovative educational programs as defined in [section 2] and technology deficiencies.

(b) If the district's ANB calculated for the current fiscal year is less than the ANB for the current fiscal

year when averaged with the 4 previous fiscal years, the district may use money from the school flexibility fund to phase in over a 5-year period the spending reductions necessary because of the reduction in ANB.

(2) The trustees of a district shall fund the school flexibility fund with the money allocated under [section 4] and 20-9-542 and with the money raised by the levy under 20-9-544.

(3) The financial administration of the school flexibility fund must be in accordance with the financial administration provisions of this title for a budgeted fund."

**Section 28. Codification instruction.** (1) [Sections 1 through 6] are intended to be codified as an integral part of Title 20, chapter 9, and the provisions of Title 20, chapter 9, apply to [sections 1 through 6].

(2) [Sections 7 through 17] are intended to be codified as an integral part of Title 15, and the provisions of Title 15 apply to [sections 7 through 17].

(3) [Sections 18 and 19] are intended to be codified as an integral part of Title 15, chapter 30, part 23, and the provisions of Title 15, chapter 30, part 23, apply to [sections 18 and 19].

(4) [Sections 20 and 21] are intended to be codified as an integral part of Title 15, chapter 31, and the provisions of Title 15, chapter 31, apply to [sections 20 and 21].

(5) [Section 22] is intended to be codified as an integral part of Title 20, chapter 9, and the provisions of Title 20, chapter 9, apply to [section 22].

**Section 29. Coordination instruction.** If both Senate Bill No. 171 and [this act] are passed and approved and if [this act] contains a section that amends 15-30-2110 and Senate Bill No. 171 contains a section that repeals 15-30-2110, then [section 1] of Senate Bill No. 171 must be amended as follows:

**"NEW SECTION. Section 1. Adjustments to federal taxable income to determine Montana taxable income.** (1) The items in subsection (2) are added to and the items in subsection (3) are subtracted from federal taxable income to determine Montana taxable income.

(2) The following are added to federal taxable income:

(a) to the extent that it is not exempt from taxation by Montana under federal law, interest from obligations of a territory or another state or any political subdivision of a territory or another state and exempt-interest dividends attributable to that interest except to the extent already included in federal taxable income;

(b) a withdrawal from a medical care savings account provided for in Title 15, chapter 61, used for a purpose other than an eligible medical expense or long-term care of the employee or account holder or a dependent of the employee or account holder;

(c) a nonqualified withdrawal from a family education savings account provided for in Title 15, chapter 62, to the extent that it was deducted from income in calculating Montana individual income taxes;

(d) a withdrawal from a first-time home buyer savings account provided for in Title 15, chapter 63, used for a purpose other than for eligible costs for the purchase of a single-family residence;

(e) an item of income, deduction, or expense to the extent that it was used to calculate federal taxable income if the item was also used to calculate a credit against a Montana income tax liability;

(f) a deduction or expense upon which a state tax credit is computed under 33-22-2006 to the extent that it was included as a deduction or expense in determining federal taxable income;

(g) a deduction for an income distribution from an estate or trust to a beneficiary that was included in the federal taxable income of an estate or trust in accordance with sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661; and

(h) for a taxpayer that deducts state income taxes pursuant to section 164(a)(3) of the Internal Revenue Code, 26 U.S.C. 164(a)(3), an additional amount equal to the state income tax deduction claimed, not to exceed the amount required to reduce the federal itemized amount computed under section 161 of the Internal Revenue Code, 26 U.S.C. 161, to the amount of the federal standard deduction allowable under section 63(c) of the Internal Revenue Code, 26 U.S.C. 63(c).

(3) To the extent they are included as income or gain or not already excluded as a deduction or expense in determining federal taxable income, the following are subtracted from federal taxable income:

(a) if exempt from taxation by Montana under federal law:

(i) interest from obligations of the United States government and exempt-interest dividends attributable to that interest; and

(ii) railroad retirement benefits;

(b) salary received from the armed forces by residents who entered into active duty from Montana and are serving on active duty in the regular armed forces;

(c) interest and other income related to contributions that were made prior to January 1, 2016, that are retained in a medical care savings account provided for in Title 15, chapter 61, and any withdrawal for payment

of eligible medical expenses or for the long-term care of the employee or account holder or a dependent of the employee or account holder;

(d) interest and other income related to contributions that were made prior to January 1, 2016, that are retained in a family education savings account provided for in Title 15, chapter 62, and any qualified withdrawal for payment of qualified higher education expenses;

(e) interest and other income related to contributions that were made prior to January 1, 2016, that are retained in a first-time home buyer savings account provided for in Title 15, chapter 63, and any withdrawal for payment of eligible costs for the first-time purchase of a single-family residence;

(f) a deduction for an income distribution from an estate or trust to a beneficiary in accordance with sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661, recalculated according to the additions and subtractions in subsections (2), ~~and~~ (3)(a) through (3)(e), ~~and~~ (3)(g), ~~and~~ (3)(h); ~~and~~

(g) for each taxpayer that has attained the age of 65, an additional subtraction of \$6,400; and

(h) the amount of a scholarship to an eligible student by a student scholarship organization pursuant to [section 10 of Senate Bill No. 410].

(4) By November 1 of each year, the department shall multiply the subtraction from federal taxable income for a taxpayer that has attained the age of 65 contained in subsection (3)(g) by the inflation factor for that tax year, rounding the result to the nearest \$10. The resulting amount is effective for that tax year and must be used as the basis for the subtraction from federal taxable income determined under subsection (3)(g)."

**Section 30. Severability.** If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

**Section 31. Effective date.** [This act] is effective January 1, 2016.

**Section 32. Applicability.** [This act] applies to tax years beginning after December 31, 2015.

**Section 33. Termination.** [This act] terminates December 31, 2023.

- END -

I hereby certify that the within bill,  
SB 0410, originated in the Senate.

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Secretary of the Senate

---

President of the Senate

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2015.

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Speaker of the House

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2015.

SENATE BILL NO. 410  
INTRODUCED BY L. JONES

AN ACT GENERALLY REVISING LAWS RELATED TO TAX CREDITS FOR ELEMENTARY AND SECONDARY EDUCATION; ALLOWING INCOME TAX CREDITS FOR DONATIONS TO PUBLIC SCHOOLS AND STUDENT SCHOLARSHIP ORGANIZATIONS; PROVIDING SUPPLEMENTAL FUNDING TO PUBLIC SCHOOLS FOR INNOVATIVE EDUCATION; ESTABLISHING GEOGRAPHIC REGIONS AND DISTRICTS FOR SUPPLEMENTAL FUNDING DISTRIBUTIONS; CREATING A STATE SPECIAL REVENUE ACCOUNT; ESTABLISHING OPERATING REQUIREMENTS, REVIEW PROCESSES, AND TERMINATION PROCEDURES FOR STUDENT SCHOLARSHIP ORGANIZATIONS; PROVIDING THAT THE AMOUNT OF A SCHOLARSHIP IS NOT TAXABLE INCOME; PROVIDING RULEMAKING AUTHORITY; PROVIDING A STATUTORY APPROPRIATION; AMENDING SECTIONS 15-30-2110, 15-30-2618, 15-31-511, 17-7-502, AND 20-9-543, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE, AN APPLICABILITY DATE, AND A TERMINATION DATE.

# EXHIBIT C

## MINUTES

### MONTANA SENATE 64th LEGISLATURE - REGULAR SESSION

#### COMMITTEE ON FINANCE AND CLAIMS

**Call to Order:** Chair Llew Jones, on March 25, 2015 at 5:00 P.M., in Room 317 Capitol

#### ROLL CALL

**Members Present:**

Sen. Llew Jones, Chair (R)  
Sen. Bob Keenan, Vice Chair (R)  
Sen. Mark Blasdel (R)  
Sen. John Brenden (R)  
Sen. Mary Caferro (D) (arrived after roll call)  
Sen. Bradley Hamlett (D)  
Sen. Kris Hansen (R)  
Sen. David Howard (R)  
Sen. Jim Keane (D)  
Sen. Frederick (Eric) Moore (R)  
Sen. Mike Phillips (D)  
Sen. Rick Ripley (R)  
Sen. Matthew M. Rosendale Sr (R)  
Sen. Jon C. Sesso (D) (arrived after roll call)  
Sen. Cary Smith (R) (arrived after roll call)  
Sen. Janna Taylor (R)  
Sen. Roger Webb (R) (arrived after roll call)  
Sen. Jonathan Windy Boy (D)  
Sen. Cynthia Wolken (D)

**Members Excused:** None

**Members Absent:** None

**Staff Present:** Prudence Gildroy, Committee Secretary  
Julie Johnson, Legislative Branch  
Jon Moe, Legislative Branch

**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: SB 410 and SB 412, 3/24/2015; SB 405, 3/24/2015

00:01:44 Vice Chair Keenan assumed the role as chair.

**HEARING ON SB 410 and SB 412**

**Opening Statement by Sponsor:**

00:02:07 Sen. Llew Jones (R), SD 9, opened the hearing on SB 410, Provide for tax credits for contributions to public and private schools and SB 412, Referendum for tax credits for contributions to public and private schools.

**EXHIBIT(fcs62b01)**

**Proponents' Testimony:**

00:12:03 Dave Puyear, Montana Rural Education Association (MREA)

**Opponents' Testimony:**

00:15:42 Jim Molloy, Governor's Office (GOV)  
00:18:52 Eric Feaver, MEA-MFT  
00:29:09 Madalyn Quinlan, Office of Public Instruction (OPI)  
00:33:23 Pat Audet, School Administrators of Montana (SAM)  
00:34:29 Dianne Burke, Montana Quality Education Coalition (MQEC)  
00:35:10 Heather O'Laughlin, Montana Budget and Policy Institute (MBPI)

**Informational Testimony:**

00:36:42 Eric Stern, chief deputy, Office of the Secretary of State (SOS)  
00:37:35 Sen. Brenden  
00:37:52 Dan Dodds, Department of Revenue (DOR)

**Questions from Committee Members and Responses:**

00:38:11 Sen. Hansen  
00:38:38 Sen. Jones  
00:39:12 Sen. Hansen  
00:39:24 Sen. Jones  
00:39:29 Sen. Hansen  
00:39:54 Mr. Audet, SAM  
00:40:10 Sen. Hansen  
00:40:19 Mr. Audet  
00:40:24 Sen. Hansen  
00:40:36 Mr. Audet  
00:41:17 Sen. Hansen  
00:41:22 Sen. Ripley  
00:41:57 Sen. Jones  
00:42:08 Sen. Brenden  
00:42:29 Sen. Jones  
00:42:37 Sen. Brenden  
00:42:44 Sen. Jones  
00:42:58 Sen. Moore

00:43:18 Sen. Jones  
 00:44:20 Sen. Phillips  
 00:44:44 Sen. Jones  
 00:45:21 Sen. Phillips  
 00:45:57 Sen. Jones  
 00:47:30 Sen. Webb  
 00:47:42 Sen. Jones  
 00:48:30 Sen. Hamlett  
 00:50:20 Sen. Jones  
 00:50:47 Sen. Hamlett  
 00:50:57 Sen. Jones  
 00:51:50 Sen. Windy Boy  
 00:52:23 Sen. Jones  
 00:53:23 Sen. Windy Boy  
 00:53:30 Sen. Jones  
 00:54:03 Sen. Hamlett  
 00:55:43 Sen. Jones  
 00:56:47 Sen. Hamlett  
 00:57:14 Sen. Jones

**Closing by Sponsor:**

00:58:11 Sen. Jones  
 01:04:02 Reconvene

**HEARING ON SB 405****Opening Statement by Sponsor:**

01:04:22 Sen. Edward Buttrey (R), SD 11, opened the hearing on SB 405, Establish the Montana Health and Economic Livelihood Partnership Act.

**Proponents' Testimony:**

01:25:51 Dan Villa, budget director, Office of Budget and Program Planning (OBBP)  
 01:26:15 Bob Olsen, Montana Hospital Association (MHA)  
 01:26:32 Matt Kuntz, NAMI Montana (NAMI)  
 01:27:20 Kevin Howlett, Confederated Salish and Kootenai Tribes (CSKT)  
 01:28:23 Aart Dolman, Great Falls YWCA  
 01:30:36 Jim Higgins, Montana Enlisted Officer Association of Montana National Guard  
 01:33:12 Mike Foster, Catholic Hospitals in Montana  
 01:33:58 Aimee Grmoljez, Billings Clinic  
 01:36:14 Kiely Keane, Montana Medical Association (MMA)  
 01:36:59 Claudia Clifford, AARP Montana  
 01:37:38 Amanda Harrow, Montana Primary Care Association (MPCA)  
 01:39:32 Bill Warden, Billings Deaconess Hospital, Benefis, St. Peter's Hospital  
 01:39:51 Susan Good-Giese, Lewis and Clark County commissioner  
 01:43:04 Heather O'Loughlin, Montana Budget and Policy Center (MBPC)  
 01:44:02 John Esp, Montana Association of Counties (MACo)

**SENATE FINANCE & CLAIMS**

Exhibit No. 1

Date 3-25-15

Bill No. SB 410 + SB 412

**Public**

**Private**

<b>Students</b>	Approx. 145,000	Approx. 7250 (5%)
<b>Maximum Tax Credit</b>	\$150 per taxpaying entity	\$150 per taxpaying entity
<b>Initial Caps</b>	\$3,000,000	\$3,000,000
<b>Adjustment possible</b>	Annual 10% increase upon reaching	Annual 10% increase upon reaching
<b>Equity/Fairness</b>	Divided across 11 regions, 7 AA schools	Student Scholarship Organization
<b>Obligations</b>	**Distribution Quality Educator Formula Innovative Education program Local Board control Outcome requirements defined BOPE	**Committee with scholarship capped 1/2 public Report outcomes 8th and 11th grade
<b>Concerns</b>	Constitutional Obligations	Constitutional Obligations
<b>Reason for bill</b>	Enhance Student Opportunity Allow taxpayer to directly prioritize education Move issue toward cloture	**Direct expectation amended into bill Enhance Student Opportunity Allow taxpayer to directly prioritize education Move issue toward cloture

# Montana State Legislature

**2015 SESSION**

## **ADDITIONAL DOCUMENTS**

**May include the following:**

**Business Page**

[Signed by Chairman]

**Roll Call**

**Standing Committee Reports**

**Tabled Bills**

**Fiscal Reports**

**Rolls Call Votes**

**Proxy Forms**

**Visitor Registrations**

**\*Any other documents, which were submitted after the committee hearing has ended and/or was submitted late [within 48 hours], regarding information in the committee hearing.**

**\*Witness Statements that were not presented as exhibits.**

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**2015 Legislative**

**E-Document Specialist Susie Hamilton**

**BUSINESS REPORT**  
**MONTANA SENATE**  
**64th LEGISLATURE - REGULAR SESSION**  
**SENATE FINANCE AND CLAIMS COMMITTEE**

**Date:** Wednesday, March 25, 2015  
**Place:** Capitol

**Time:** 5:00 P.M.  
**Room:** 317

**BILLS and RESOLUTIONS HEARD:**

SB 405 - Establish the Montana Health and Economic Livelihood Partnership Act - Sen. Edward Buttrey  
SB 410 - Provide for tax credits for contributions to public and private schools - Sen. Llew Jones  
SB 412 - Referendum for tax credits for contributions to public and private schools - Sen. Llew Jones

**EXECUTIVE ACTION TAKEN:**

**Comments:**

  
\_\_\_\_\_  
SEN. Llew Jones, Chair

MONTANA STATE SENATE  
**ROLL CALL**  
 FINANCE AND CLAIMS  
 COMMITTEE

DATE: March 25, 2015 *2nd meeting 5pm*

NAME	PRESENT	ABSENT/ EXCUSED
Chairman Jones	x	
Vice Chair Keenan	x	
Senator Blasdel	x	
Senator Brenden	x	
Senator Caferro	x	
Senator Hamlett	x	
Senator Hansen	x	
Senator Howard	x	
Senator Keane	x	
Senator Moore	x	
Sen. Phillips	x	
Senator Ripley	x	
Senator Rosendale	x	
Senator Sesso	x	
Senator Smith	x	
Senator Taylor	x	
Senator Webb	x	
Senator Windy Boy	x	
Senator Wolken	x	



## MINUTES

### MONTANA SENATE 64th LEGISLATURE - REGULAR SESSION

#### COMMITTEE ON FINANCE AND CLAIMS

**Call to Order:** Chair Llew Jones, on March 27, 2015 at 8:00 AM, in Room 317 Capitol

#### ROLL CALL

**Members Present:**

Sen. Llew Jones, Chair (R)  
Sen. Bob Keenan, Vice Chair (R)  
Sen. Mark Blasdel (R)  
Sen. John Brenden (R)  
Sen. Mary Caferro (D)  
Sen. Bradley Hamlett (D)  
Sen. Kris Hansen (R)  
Sen. David Howard (R)  
Sen. Jim Keane (D)  
Sen. Frederick (Eric) Moore (R)  
Sen. Mike Phillips (D)  
Sen. Rick Ripley (R)  
Sen. Matthew M. Rosendale Sr (R)  
Sen. Jon C. Sesso (D)  
Sen. Cary Smith (R)  
Sen. Janna Taylor (R)  
Sen. Roger Webb (R)  
Sen. Jonathan Windy Boy (D) (arrived after roll call)  
Sen. Cynthia Wolken (D)

**Members Excused:** None

**Members Absent:** None

**Staff Present:** Prudence Gildroy, Committee Secretary  
Julie Johnson, Legislative Branch  
Jon Moe, Legislative Branch

**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: SB 386, 3/26/2015; SB 212, 3/26/2015; SB 326, 3/26/2015; SB 394, 3/26/15; SB 395, 3/26/15

Executive Action: SB 194 Do Pass; SB 399 Do Pass; SB 411 Do Pass As Amended; SB 413 Be Tabled; SB 416 Do Pass As Amended; SB 419 Be Tabled; SB 407 Be Tabled; SB 193 Reconsider Action; SB 410 Do Pass As Amended; SB 412 Be Tabled; SB 420 Do Pass

00:56:53 **Vote:** Motion failed 8-10 by roll call vote with Sen. Blasdel, Sen. Caferro, Sen. L. Jones, Sen. Keenan, Sen. F. Moore, Sen. Phillips, Sen. Ripley and Sen. Wolken voting aye. Sen. Windy Boy was excused.

**Discussion:**

00:58:21 Sen. Taylor

00:58:56 Recess

01:11:02 Reconvene

Vice Chair Keenan assumed the chair. Sen. Windy Boy joined the meeting.

**EXECUTIVE ACTION ON SB 410**

01:11:35 **Motion:** Sen. L. Jones moved that **SB 410 DO PASS.**

**Discussion:**

01:13:27 Chair Keenan

01:14:09 Sen. Jones

01:15:00 **Motion:** Sen. L. Jones moved that **SB 410 BE AMENDED.**

**[EXHIBIT\(fcs64a09\)](#)**

**Discussion:**

01:15:10 Sen. Jones

01:15:43 Sen. Moore

01:16:02 Sen. Jones

01:16:37 Sen. Phillips

01:16:47 Sen. Jones

01:17:03 Sen. Keane

01:17:27 Sen. Rosendale

01:17:41 Sen. Keane

01:17:50 Sen. Hamlett

01:18:06 Sen. Jones

01:18:16 **Vote:** Motion carried 13-6 by voice vote with Sen. Caferro, Sen. Hamlett, Sen. Keane, Sen. Phillips, Sen. Sesso and Sen. Wolken voting no. Sen. Windy Boy was excused.

01:18:49 **Motion:** Sen. L. Jones moved that **SB 410 DO PASS AS AMENDED.**

**[EXHIBIT\(fcs64a10\)](#)**

**Discussion:**

01:19:50 Jaret Coles, Legislative Services Division (LSD)

01:22:35 Chair Jones

01:22:45 **Vote:** Motion carried 13-6 by roll call vote with Sen. Caferro, Sen. Hamlett, Sen. Keane, Sen. Phillips, Sen. Sesso and Sen. Wolken voting no.

01:24:09 **Motion:** Sen. L. Jones moved that **SB 410 BE AMENDED.**  
[EXHIBIT\(fcs64a11\)](#)

**Discussion:**

01:24:17 Sen. Jones

01:25:46 **Vote:** Motion carried 13-6 by roll call vote with Sen. Caferro, Sen. Hamlett, Sen. Keane, Sen. Phillips, Sen. Sesso and Sen. Wolken voting no.

01:26:36 **Motion:** Sen. L. Jones moved that **SB 410 DO PASS AS AMENDED.**

**Discussion:**

01:26:55 Sen. Ripley

01:27:06 Sen. Jones

01:27:42 Sen. Ripley

01:27:47 Sen. Jones

01:27:50 Sen. Hamlett

01:28:36 Sen. Keane

01:28:46 **Vote:** Motion carried 12-7 by roll call vote with Sen. Caferro, Sen. Hamlett, Sen. Keane, Sen. Phillips, Sen. Sesso, Sen. Windy Boy and Sen. Wolken voting no.

**EXECUTIVE ACTION ON SB 412**

01:29:43 **Motion:** Sen. L. Jones moved that **SB 412 DO PASS.**

**Discussion:**

01:30:05 Sen. Jones

01:30:46 **Substitute Motion/Vote:** Sen. L. Jones made a substitute motion that **SB 412 BE TABLED.** Substitute Motion carried 17-2 by voice vote with Sen. F. Moore and Sen. Ripley voting no.

Chair Jones assumed the chair.

**EXECUTIVE ACTION ON SB 420**

01:31:35 **Motion:** Sen. Hamlett moved that **SB 420 DO PASS.**

**Discussion:**

01:32:01 Sen. Hamlett

[EXHIBIT\(fcs64a12\)](#)

01:32:51 Sen. Hansen

Amendments to Senate Bill No. 410  
1st Reading Copy

Requested by Senator Llew Jones

For the Senate Finance and Claims Committee

Prepared by Jaret Coles  
March 27, 2015 (8:24am)

1. Page 1, line 20.

**Following:** "programs."

**Insert:** "The tax credit for taxpayer donations under [sections 1 through 6] must be administered in compliance with Article V, section 11(5), and Article X, section 6, of the Montana constitution."

2. Page 4, line 26.

**Following:** "programs."

**Insert:** "The tax credit for taxpayer donations under [sections 7 through 17] must be administered in compliance with Article V, section 11(5), and Article X, section 6, of the Montana constitution."

- END -

Amendments to Senate Bill No. 410  
1st Reading Copy

Requested by Senator Llew Jones

For the Senate Finance and Claims Committee

Prepared by Jaret Coles  
March 27, 2015 (8:59am)

1. Title, page 1, line 6.

**Strike:** "TAXPAYER-DIRECTED TAX PAYMENTS"**Insert:** "DONATIONS"**Strike:** "FOR DONATIONS TO"

2. Page 3, line 26 through line 27.

**Strike:** "money directed by taxpayers"**Insert:** "donations"

3. Page 4, line 16.

**Strike:** "Taxpayer" through "[section 13]."**Insert:** "The department shall accept donations for the purpose of funding innovative educational programs and deposit the donations into the account. The department shall preapprove tax credits for donations as provided in [section 13]."

4. Page 8, line 1 through line 2.

**Strike:** "-- directed tax payment"

5. Page 8, line 3.

**Strike:** "taxpayer-directed tax payments"**Insert:** "donations made"

6. Page 8, line 5.

**Strike:** "donor"**Insert:** "taxpayer"

7. Page 8, line 6.

**Strike:** "a contribution"**Insert:** "the donation"**Following:** "district"**Insert:** "as provided in [section 4(2)(b)]"

8. Page 8, line 6 through line 7.

**Strike:** "for the taxpayer-directed tax payment"

9. Page 8, line 11.

**Strike:** "contribution"**Insert:** "donation"

10. Page 8, line 16.

**Strike:** "directed tax payment"

**Insert:** "donation"

11. Page 8, line 17.

**Strike:** "taxpayer-directed tax payments"

**Insert:** "tax credits"

12. Page 8, line 19 through line 20.

**Strike:** "directed tax payments"

**Insert:** "donations"

13. Page 8, line 21.

**Strike:** "directed tax payments"

**Insert:** "tax credits"

14. Page 8, line 22.

**Following:** "amount of"

**Insert:** "tax"

15. Page 8, line 24.

**Strike:** "directed tax payment"

**Insert:** "donation"

**Strike:** "directed tax payments"

**Insert:** "donations"

16. Page 8, line 29 through line 30.

**Strike:** subsection (c) in its entirety

17. Page 9, line 8.

**Strike:** "donors"

**Insert:** "taxpayers"

18. Page 9, line 9.

**Strike:** "contribution"

**Insert:** "donation"

19. Page 10, line 6 through line 9.

**Strike:** subsection (c) in its entirety

20. Page 11, line 23.

**Strike:** "directed tax payments"

**Insert:** "donations"

21. Page 11, line 30 through page 12, line 1.

**Strike:** "-- directed tax payment"

22. Page 12, line 2.

**Strike:** "taxpayer-directed tax payment"  
**Insert:** "donation made"

23. Page 12, line 9.

**Strike:** "directed"  
**Strike:** "payment"  
**Insert:** "credit"

24. Page 12, line 10.

**Strike:** "taxpayer-directed tax payment"  
**Insert:** "donation made"

- END -

Amendments to Senate Bill No. 410  
1st Reading Copy

Requested by Senator Llew Jones

For the Senate Finance and Claims Committee

Prepared by Jaret Coles  
March 27, 2015 (8:15am)

1. Page 3, line 29.

**Following:** "school"**Insert:** "district"**Strike:** "school's"**Insert:** "school district's"

2. Page 3, line 30.

**Strike:** "school's"**Insert:** "school district's"

3. Page 4, line 5.

**Strike:** "number of grades"**Insert:** "average number belonging"

4. Page 4, line 8.

**Following:** "used."**Insert:** "If a taxpayer specifies that an allocation is to be used  
in a:(i) geographic region, the allocation may not be used in a  
large district; and(ii) large district, the allocation may not be used in a  
geographic region."

5. Page 4, line 10.

**Following:** "."**Insert:** "Each district shall report the expenditure of  
supplemental funding for specific schools to the  
superintendent of public instruction."

- END -

# Montana State Legislature

**2015 SESSION**

## **ADDITIONAL DOCUMENTS**

**May include the following:**

**Business Page**

[Signed by Chairman]

**Roll Call**

**Standing Committee Reports**

**Tabled Bills**

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**Rolls Call Votes**

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**\*Any other documents, which were submitted after the committee hearing has ended and/or was submitted late [within 48 hours], regarding information in the committee hearing.**

**\*Witness Statements that were not presented as exhibits.**

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**2015 Legislative**

**E-Document Specialist Susie Hamilton**

**BUSINESS REPORT**  
**MONTANA SENATE**  
**64th LEGISLATURE - REGULAR SESSION**  
**SENATE FINANCE AND CLAIMS COMMITTEE**

**Date:** Friday, March 27, 2015  
**Place:** Capitol

**Time:** 8:00 AM  
**Room:** 317

**BILLS and RESOLUTIONS HEARD:**

SB 212 - Revise late filing penalties and extension laws - Sen. Scott Sales  
SB 326 - Revise state land laws - Sen. Jedediah Hinkle  
SB 386 - Revising late file penalty, filing, and withholding for pass-through entities - Sen. Jill Cohenour  
SB 394 - Revise intangible personal property exemption and unit valuation methodology - Sen. Mark Blasdel  
SB 395 - Revise laws related to youth hunting - Sen. Mark Blasdel

**EXECUTIVE ACTION TAKEN:**

SB 194 Do Pass  
SB 399 Do Pass  
SB 411 Do Pass As Amended  
SB 413 Be Tabled  
SB 416 Do Pass As Amended  
SB 419 Be Tabled  
SB 407 Be Tabled  
SB 193 Reconsider Action  
SB 410 Do Pass As Amended  
SB 412 Be Tabled  
SB 420 Do Pass

**Comments:**

  
SEN. Llew Jones, Chair

MONTANA STATE SENATE  
 ROLL CALL  
 FINANCE AND CLAIMS  
 COMMITTEE

DATE: March 27, 2015

NAME	PRESENT	ABSENT/ EXCUSED
Chairman Jones	x	
Vice Chair Keenan	x	
Senator Blasdel	x	
Senator Brenden	x	
Senator Caferro	x	
Senator Hamlett	x	
Senator Hansen	x	
Senator Howard	x	
Senator Keane	x	
Senator Moore	x	
Sen. Phillips	x	
Senator Ripley	x	
Senator Rosendale	x	
Senator Sesso	x	
Senator Smith	x	
Senator Taylor	x	
Senator Webb	x	
Senator Windy Boy	x	<i>WXB</i>
Senator Wolken	x	



SENATE STANDING COMMITTEE REPORT

March 27, 2015  
Page 1 of 4

Madame President:

We, your committee on **Finance and Claims** report that **Senate Bill 410** (first reading copy -- white) **do pass as amended.**

Signed: \_\_\_\_\_

*Senator Llew Jones, Chair*

**And, that such amendments read:**

1. Title, page 1, line 6.

**Strike:** "TAXPAYER-DIRECTED TAX PAYMENTS"

**Insert:** "DONATIONS"

**Strike:** "FOR DONATIONS TO"

2. Page 1, line 20.

**Following:** "programs."

**Insert:** "The tax credit for taxpayer donations under [sections 1 through 6] must be administered in compliance with Article V, section 11(5), and Article X, section 6, of the Montana constitution."

3. Page 3, line 26 through line 27.

**Strike:** "money directed by taxpayers"

**Insert:** "donations"

4. Page 3, line 29.

**Following:** "school"

**Insert:** "district"

**Strike:** "school's"

**Insert:** "school district's"

5. Page 3, line 30.

**Committee Vote:**

**Yes 12, No 7**

Fiscal Note Required  X

SB0410001SC.spt

**Strike:** "school's"  
**Insert:** "school district's"

6. Page 4, line 5.  
**Strike:** "number of grades"  
**Insert:** "average number belonging"

7. Page 4, line 8.  
**Following:** "used."  
**Insert:** "If a taxpayer specifies that an allocation is to be used  
in a:  
(i) geographic region, the allocation may not be used in a  
large district; and  
(ii) large district, the allocation may not be used in a  
geographic region."

8. Page 4, line 10.  
**Following:** "."  
**Insert:** "Each district shall report the expenditure of  
supplemental funding for specific schools to the  
superintendent of public instruction."

9. Page 4, line 16.  
**Strike:** "Taxpayer" through "[section 13]."  
**Insert:** "The department shall accept donations for the purpose of  
funding innovative educational programs and deposit the  
donations into the account. The department shall preapprove  
tax credits for donations as provided in [section 13]."

10. Page 4, line 26.  
**Following:** "programs."  
**Insert:** "The tax credit for taxpayer donations under [sections 7  
through 17] must be administered in compliance with Article  
V, section 11(5), and Article X, section 6, of the Montana  
constitution."

11. Page 8, line 1 through line 2.  
**Strike:** "-- directed tax payment"

12. Page 8, line 3.  
**Strike:** "taxpayer-directed tax payments"  
**Insert:** "donations made"

13. Page 8, line 5.  
**Strike:** "donor"  
**Insert:** "taxpayer"

14. Page 8, line 6.  
**Strike:** "a contribution"  
**Insert:** "the donation"

**Following:** "district"

**Insert:** "as provided in [section 4(2)(b)]"

15. Page 8, line 6 through line 7.

**Strike:** "for the taxpayer-directed tax payment"

16. Page 8, line 11.

**Strike:** "contribution"

**Insert:** "donation"

17. Page 8, line 16.

**Strike:** "directed tax payment"

**Insert:** "donation"

18. Page 8, line 17.

**Strike:** "taxpayer-directed tax payments"

**Insert:** "tax credits"

19. Page 8, line 19 through line 20.

**Strike:** "directed tax payments"

**Insert:** "donations"

20. Page 8, line 21.

**Strike:** "directed tax payments"

**Insert:** "tax credits"

21. Page 8, line 22.

**Following:** "amount of"

**Insert:** "tax"

22. Page 8, line 24.

**Strike:** "directed tax payment"

**Insert:** "donation"

**Strike:** "directed tax payments"

**Insert:** "donations"

23. Page 8, line 29 through line 30.

**Strike:** subsection (c) in its entirety

24. Page 9, line 8.

**Strike:** "donors"

**Insert:** "taxpayers"

25. Page 9, line 9.

**Strike:** "contribution"

**Insert:** "donation"

26. Page 10, line 6 through line 9.

**Strike:** subsection (c) in its entirety

27. Page 11, line 23.

**Strike:** "directed tax payments"

**Insert:** "donations"

28. Page 11, line 30 through page 12, line 1.

**Strike:** "-- directed tax payment"

29. Page 12, line 2.

**Strike:** "taxpayer-directed tax payment"

**Insert:** "donation made"

30. Page 12, line 9.

**Strike:** "directed"

**Strike:** "payment"

**Insert:** "credit"

31. Page 12, line 10.

**Strike:** "taxpayer-directed tax payment"

**Insert:** "donation made"

- END -

**MONTANA STATE SENATE  
ROLL CALL VOTE  
FINANCE AND CLAIMS  
COMMITTEE**

DATE: 3/27/15, 2015

BILL # SB 410

VOTE 13-6

MOTION: Amend 005. gjc

NAME	AYE	NO	PROXY	EXCUSED
VICE CHAIR KEENAN	X			
SENATOR KEANE		X		
SENATOR RIPLEY	X			
SENATOR HANSEN	X		X	
SENATOR CAFERRO		X		
SENATOR BLASDEL	X			
SENATOR SMITH	X			
SENATOR WEBB	X			
SENATOR WINDY BOY	X			
SENATOR WOLKEN		X		
SENATOR HOWARD	X			
SENATOR BRENDEN	X			
SENATOR HAMLETT		X		
SENATOR MOORE	X			
SENATOR PHILLIPS		X		
SENATOR TAYLOR	X			
SENATOR SESSO		X		
SENATOR ROSENDALE	X			
CHAIRMAN JONES	X			

**MONTANA STATE SENATE  
ROLL CALL VOTE  
FINANCE AND CLAIMS  
COMMITTEE**

DATE: March 27, 2015

BILL # SB 410 VOTE B-6

MOTION: Amend 006.ajc

NAME	AYE	NO	PROXY	EXCUSED
VICE CHAIR KEENAN	X			
SENATOR KEANE		X		
SENATOR RIPLEY	X			
SENATOR HANSEN	X			
SENATOR CAFERRO		X		
SENATOR BLASDEL	X			
SENATOR SMITH	X			
SENATOR WEBB	X			
SENATOR WINDY BOY	X			
SENATOR WOLKEN		X		
SENATOR HOWARD	X			
SENATOR BRENDEN	X			
SENATOR HAMLETT		X		
SENATOR MOORE	X			
SENATOR PHILLIPS		X		
SENATOR TAYLOR	X			
SENATOR SESSO		X		
SENATOR ROSENDALE	X			
CHAIRMAN JONES	X			

**MONTANA STATE SENATE  
ROLL CALL VOTE  
FINANCE AND CLAIMS  
COMMITTEE**

DATE: March 27, 2015

BILL # SB 910

VOTE 12-7

MOTION: As Pass As Amended

NAME	AYE	NO	PROXY	EXCUSED
VICE CHAIR KEENAN	X			
SENATOR KEANE		X		
SENATOR RIPLEY	X			
SENATOR HANSEN	X			
SENATOR CAFERRO		X		
SENATOR BLASDEL	X			
SENATOR SMITH	X			
SENATOR WEBB	X			
SENATOR WINDY BOY		X		
SENATOR WOLKEN		X		
SENATOR HOWARD	X			
SENATOR BRENDEN	X			
SENATOR HAMLETT		X		
SENATOR MOORE	X			
SENATOR PHILLIPS		X		
SENATOR TAYLOR	X			
SENATOR SESSO		X		
SENATOR ROSENDALE	X			
CHAIRMAN JONES	X			

# EXHIBIT D

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 64th LEGISLATURE - REGULAR SESSION

#### COMMITTEE ON EDUCATION

**Call to Order:** Chair Sarah Laszloffy, on April 10, 2015 at 3:00 PM, in Room 137 Capitol

#### ROLL CALL

**Members Present:**

Rep. Sarah Laszloffy, Chair (R)  
Rep. Debra Lamm, Vice Chair (R)  
Rep. Bryce Bennett (D)  
Rep. Jeff Essmann (R)  
Rep. Edward Greef (R)  
Rep. Greg Hertz (R)  
Rep. Kathy Kelker (D)  
Rep. G. Bruce Meyers (R)  
Rep. Jean Price (D)  
Rep. Daniel R. Salomon (R)  
Rep. Nicholas Schwaderer (R)  
Rep. Susan Webber (D)

**Members Excused:** Rep. Edith (Edie) McClafferty, Vice Chair (D)  
Rep. Moffie Funk (D)  
Rep. Matthew Monforton (R)

**Members Absent:** None

**Staff Present:** Laura Sankey, Legislative Branch  
Nadia Zylawy, 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: SB 410, 4/8/2015; HJ 26, 4/8/2015

Executive Action: SB 107, SB 410, SB 252, SB 260, HJ 26

00:00:02 Chair Laszloffy

### **HEARING ON SB 410**

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

00:01:30 Sen. Llew Jones (R), SD 9, opened the hearing on SB 410, Provide for tax credits for contributions to public and private schools.

#### **EXHIBIT(edh72a01)**

00:04:42 *Rep. Funk entered.*

00:05:05 *Rep. McClafferty entered.*

00:05:15 *Rep. Monforton entered.*

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

00:08:00 Dave Puyear, Montana Rural Education Association (MREA)

00:10:15 Chair Laszloffy

00:10:30 Rep. McClafferty

00:10:39 Chair Laszloffy

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

00:10:44 Ali Bovingdon, Deputy Chief of Staff, Office of the Governor

00:12:10 Madalyn Quinlan, Chief of Staff, Office of Public Instruction (OPI)

00:13:47 Eric Feaver, Montana Education Association-Montana Federation of Teachers (MEA-MFT)

00:16:49 Kirk Miller, School Administrators of Montana (SAM)

00:18:19 Dianne Burke, Montana Quality Education Coalition (MQEC)

00:18:51 Heather O'Loughlin, Montana Budget and Policy Center (MBPC)

#### **EXHIBIT(edh72a02)**

#### **Informational Testimony:**

00:22:03 Dan Dodds, Montana Department of Revenue (DOR)

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

00:22:21 Rep. Kelker

00:22:57 Sen. Jones

00:23:21 Rep. Kelker

00:23:26 Sen. Jones

00:24:03 Rep. Kelker

00:24:21 Sen. Jones

00:24:41 Rep. Essmann

#### **Closing by Sponsor:**

00:24:54 Sen. Jones

01:56:08 Rep. Essmann

01:56:37 **Motion/Vote:** Rep. Essmann moved that **SB 260 BE TABLED**. Motion carried 8-7 by roll call vote with Rep. Hertz, Rep. Lamm, Rep. Laszloffy, Rep. Meyers, Rep. Monforton, Rep. Salomon and Rep. Schwaderer voting no. Rep. Hertz and Rep. Monforton voted by proxy.

01:57:45 Rep. Schwaderer

01:57:54 Rep. Essmann

#### **EXECUTIVE ACTION ON SB 410**

01:58:53 **Motion:** Rep. Lamm moved that **SB 410 BE CONCURRED IN**.

#### **Discussion:**

01:59:14 **Motion:** Rep. Lamm moved that **SB 410 BE AMENDED**.

**EXHIBIT(edh72a08)**

#### **Discussion:**

01:59:35 Laura Sankey, Legislative Services Division (LSD)

02:00:11 Rep. Price

02:00:19 Laura Sankey, LSD

02:05:32 Rep. Kelker

02:06:06 Rep. Schwaderer

02:06:33 Laura Sankey, LSD

02:06:43 **Vote:** Motion failed 3-12 by roll call vote with Rep. Laszloffy, Rep. Salomon and Rep. Schwaderer voting aye. Rep. Hertz and Rep. Monforton voted by proxy.

02:08:05 Rep. Funk

02:09:01 **Vote:** Motion carried 8-7 by roll call vote with Rep. Bennett, Rep. Funk, Rep. Kelker, Rep. McClafferty, Rep. Price, Rep. Salomon and Rep. Webber voting no. Rep. Hertz and Rep. Monforton voted by proxy. Rep. Schwaderer will carry the bill.

02:09:57 Chair Laszloffy

02:10:11 Rep. Essmann

02:10:22 Chair Laszloffy

#### **EXECUTIVE ACTION ON HJ 26**

02:11:08 **Motion:** Rep. Lamm moved that **HJ 26 DO PASS**.

#### **Discussion:**

02:11:21 Rep. Schwaderer

02:11:52 Chair Laszloffy

02:12:01 Rep. Webber

SB 410

Public

Private

	Public	Private
<b>Students</b>	Approx. 145,000 plus \$150 per taxpaying entity	Approx. 7250 (5%) plus \$150 per taxpaying entity
<b>Maximum Tax Credit</b>	\$3,000,000	\$3,000,000
<b>Initial Caps</b>	Annual 10% increase upon reaching	Annual 10% increase upon reaching
<b>Adjustment possible</b>	Divided across 11 regions, 7 AA schools	Student Scholarship Organization
<b>Equity/Fairness</b>	**Distribution Quality Educator Formula	**Committee with scholarship capped 1/2 public
<b>Obligations</b>	Innovative Education program	Report outcomes 8th and 11th grade
	Local Board control	
	Outcome requirements defined BOPE	
<b>Concerns</b>	Constitutional Obligations	Constitutional Obligations
		**Direct expectation amended into bill
<b>Reason for bill</b>	Enhance Student Opportunity	Enhance Student Opportunity
	Allow taxpayer to directly prioritize education	Allow taxpayer to directly prioritize education
	Move issue toward cloture	Move issue toward cloture

# Struggling schools get little help from Arizona tax credits



Caitlin McGlade, The Republic | [azcentral.com](http://azcentral.com) 2:48 p.m. MST November 12, 2014

## STORY HIGHLIGHTS

- Residents who made tax-credited donations to public schools in 2013 largely overlooked a slew of struggling districts
- The disparity created a \$2.8 million gap between the district that collected the most and the one that drew in the least
- The state credits up to \$200 for individuals and \$400 for married couples on their taxes if they donate to extracurricular activities at a public school

Some school districts get a lot more love than others.

Residents who made tax-credit donations to public schools in 2013 largely overlooked a slew of struggling districts. The disparity created a \$2.8 million gap between the district that collected the most and the one that drew in the least.

The state credits up to \$200 for individuals and \$400 for married couples on their taxes if they donate to extracurricular activities at a public school. Residents may choose any district regardless of their address.

Scottsdale Unified School District benefited the most from the program compared to other Valley schools, bringing in \$116 per student.

Conversely, Union Elementary School District collected just \$2.59 per student.

For some districts, like the Fowler Elementary School District, that could mean the difference between sending kids home at the day's end or stoking their imagination through theater and art programs.

Fowler collected \$5.68 per student in 2013.

The district offers some free sports and band activities and sends students on field trips to destinations, including the Grand Canyon — but only if their parents can afford it.

The district also can't afford to host art, theater and dance offerings.

"We have the classrooms, we have the space, we have the buses — we just don't have the extra funds to be able to provide our students with more activities after school."

Marvene Lobato, Fowler Elementary district superintendent

"We have the classrooms, we have the space, we have the buses — we just don't have the extra funds to be able to provide our students with more activities after school," said Marvene Lobato, Fowler Elementary district superintendent.

Phoenix launched an advertising campaign Wednesday that will ask residents and business owners to consider districts like Fowler when they open their checkbooks.

Ads educating people about the tax-credit program and the importance of extra-curricular activities will begin airing on local television and radio stations, as well as on billboards or other printed mediums. The agency that designed the ads, Cramer-Krasselt, also will produce fliers for libraries and senior centers.

The company is working for Phoenix at no cost.

Residents can check out maps and listings at [kidsaremissingout.com](http://kidsaremissingout.com) to see which districts need the most support.

"For too many schools in Phoenix, these learning opportunities have become nice to have rather than must have," Mayor Greg Stanton said.

Amendments to Senate Bill No. 410  
3rd Reading Copy

Requested by Senator Llew Jones

For the House Education Committee

Prepared by Jaret Coles  
April 10, 2015 (10:45am)

1. Title, page 1, line 12.

**Following:** "AUTHORITY;"

**Insert:** "PROVIDING A STATUTORY APPROPRIATION;"

**Following:** "15-30-2110"

**Insert:** ", 15-30-2618, 15-31-511, 17-7-502,"

2. Page 1, line 26.

**Following:** line 25

**Insert:** "(1) "Department" means the department of revenue provided for in 2-15-1301."

**Renumber:** subsequent subsections

3. Page 3, line 30 through page 4, line 1.

**Strike:** "set the maximum receivable amount"

**Insert:** "determine the allocation"

4. Page 4, line 1.

**Strike:** "or large district"

**Following:** "based on"

**Strike:** "a"

**Insert:** "the"

5. Page 4, line 2.

**Following:** the first "educators"

**Insert:** "compared"

6. Page 4, line 3.

**Strike:** "or large district"

7. Page 4, line 23.

**Strike:** "DEPARTMENT"

**Insert:** "superintendent of public instruction"

8. Page 4, line 25.

**Following:** ".\_"

**Insert:** "In order to implement and administer the provisions of [sections 1 through 6], the department and the superintendent of public instruction shall exchange taxpayer

information and develop policies to prevent the unauthorized disclosure of confidential records and information."

9. Page 4, line 27.

**Strike:** "Appropriations may be made from"

**Insert:** "Money in"

**Following:** "account"

**Insert:** "is statutorily appropriated, as provided in 17-7-502,"

10. Page 9, line 2.

**Following:** "\$3 million"

**Insert:** "or the aggregate limit provided for in subsection (5) (a) (iii)"

11. Page 9, line 3.

**Strike:** "made by taxpayers or"

12. Page 9, line 4.

**Following:** "10% for"

**Strike:** "each"

**Insert:** "the"

13. Page 9, line 5.

**Strike:** "year"

**Insert:** "years"

14. Page 9, line 6.

**Following:** line 5

**Insert:** "(iii) If the aggregate limit is increased in any tax year, the department shall use the new limit as the base aggregate limit for succeeding tax years until a new aggregated limit is established under the provisions of subsection (5) (a) (ii)."

15. Page 9, line 6.

**Strike:** "TAX credits"

**Insert:** "donations"

16. Page 9, line 9 through line 12.

**Strike:** "If a disallowance" on line 9 through "15-1-216." on line 12

17. Page 10, line 11.

**Following:** "\$3 million"

**Insert:** "or the aggregate limit provided for in subsection (5) (a) (iii)"

18. Page 10, line 12.

**Strike:** "claimed by taxpayers or"

19. Page 10, line 13.

**Following:** "10% for"

**Strike:** "each"

**Insert:** "the"

**Strike:** "year"

**Insert:** "years"

20. Page 10, line 14.

**Following:** line 13

**Insert:** "(iii) If the aggregate limit is increased in any tax year, the department shall use the new limit as the base aggregate limit for succeeding tax years until a new aggregated limit is established under the provisions of subsection (5)(a)(ii)."

21. Page 10, line 17 through line 19.

**Strike:** "If a disallowance" on line 17 through "15-1-216." on line 19

22. Page 11, line 23.

**Following:** ";"

**Insert:** "and"

23. Page 11, line 24 through line 25.

**Strike:** ": (A)"

24. Page 11, line 26.

**Strike:** "; and"

**Insert:** "."

25. Page 11, line 27 through line 30.

**Strike:** subsection (B) in its entirety

26. Page 19, line 16.

**Following:** line 15

**Insert:** "**Section 24.** Section 15-30-2618, MCA, is amended to read:

"**15-30-2618. Confidentiality of tax records.** (1) Except as provided in 5-12-303, 15-1-106, 17-7-111, and subsections (8) and (9) of this section, in accordance with a proper judicial order, or as otherwise provided by law, it is unlawful to divulge or make known in any manner:

(a) the amount of income or any particulars set forth or disclosed in any individual report or individual return required under this chapter or any other information secured in the administration of this chapter; or

(b) any federal return or federal return information disclosed on any return or report required by rule of the department or under this chapter.

(2) (a) The officers charged with the custody of the

reports and returns may not be required to produce them or evidence of anything contained in them in an action or proceeding in a court, except in an action or proceeding:

(i) to which the department is a party under the provisions of this chapter or any other taxing act; or

(ii) on behalf of a party to any action or proceedings under the provisions of this chapter or other taxes when the reports or facts shown by the reports are directly involved in the action or proceedings.

(b) The court may require the production of and may admit in evidence only as much of the reports or of the facts shown by the reports as are pertinent to the action or proceedings.

(3) This section does not prohibit:

(a) the delivery to a taxpayer or the taxpayer's authorized representative of a certified copy of any return or report filed in connection with the taxpayer's tax;

(b) the publication of statistics classified to prevent the identification of particular reports or returns and the items of particular reports or returns; or

(c) the inspection by the attorney general or other legal representative of the state of the report or return of any taxpayer who brings an action to set aside or review the tax based on the report or return or against whom an action or proceeding has been instituted in accordance with the provisions of 15-30-2630.

(4) The department may deliver to a taxpayer's spouse the taxpayer's return or information related to the return for a tax year if the spouse and the taxpayer filed the return with the filing status of married filing separately on the same return. The information being provided to the spouse or reported on the return, including subsequent adjustments or amendments to the return, must be treated in the same manner as if the spouse and the taxpayer filed the return using a joint filing status for that tax year.

(5) Reports and returns must be preserved for at least 3 years and may be preserved until the department orders them to be destroyed.

(6) Any offense against subsections (1) through (5) is punishable by a fine not exceeding \$500. If the offender is an officer or employee of the state, the offender must be dismissed from office or employment and may not hold any public office or public employment in this state for a period of 1 year after dismissal or, in the case of a former officer or employee, for 1 year after conviction.

(7) This section may not be construed to prohibit the department from providing taxpayer return information and information from employers' payroll withholding reports to:

(a) the department of labor and industry to be used for the purpose of investigation and prevention of noncompliance, tax evasion, fraud, and abuse under the unemployment insurance laws; or

(b) the state fund to be used for the purpose of investigation and prevention of noncompliance, fraud, and abuse under the workers' compensation program.

(8) The department may permit the commissioner of internal revenue of the United States or the proper officer of any state imposing a tax upon the incomes of individuals or the authorized representative of either officer to inspect the return of income of any individual or may furnish to the officer or an authorized representative an abstract of the return of income of any individual or supply the officer with information concerning an item of income contained in a return or disclosed by the report of an investigation of the income or return of income of an individual, but the permission may be granted or information furnished only if the statutes of the United States or of the other state grant substantially similar privileges to the proper officer of this state charged with the administration of this chapter.

(9) On written request to the director or a designee of the director, the department shall furnish:

(a) to the department of justice all information necessary to identify those persons qualifying for the additional exemption for blindness pursuant to 15-30-2114(4), for the purpose of enabling the department of justice to administer the provisions of 61-5-105;

(b) to the department of public health and human services information acquired under 15-30-2616, pertaining to an applicant for public assistance, reasonably necessary for the prevention and detection of public assistance fraud and abuse, provided notice to the applicant has been given;

(c) to the department of labor and industry for the purpose of prevention and detection of fraud and abuse in and eligibility for benefits under the unemployment compensation and workers' compensation programs information on whether a taxpayer who is the subject of an ongoing investigation by the department of labor and industry is an employee, an independent contractor, or self-employed;

(d) to the department of fish, wildlife, and parks specific information that is available from income tax returns and required under 87-2-102 to establish the residency requirements of an applicant for hunting and fishing licenses;

(e) to the board of regents information required under 20-26-1111;

(f) to the legislative fiscal analyst and the office of budget and program planning individual income tax information as provided in 5-12-303, 15-1-106, and 17-7-111. The information provided to the office of budget and program planning must be the same as the information provided to the legislative fiscal analyst.

(g) to the department of transportation farm income information based on the most recent income tax return filed by an applicant applying for a refund under 15-70-223 or 15-70-362,

provided that notice to the applicant has been given as provided in 15-70-223 and 15-70-362. The information obtained by the department of transportation is subject to the same restrictions on disclosure as are individual income tax returns.

(h) to the commissioner of insurance's office all information necessary for the administration of the small business health insurance tax credit provided for in Title 33, chapter 22, part 20;

(i) to the superintendent of public instruction information required under [section 5]."

{ Internal References to 15-30-2618:

15-6-193x 15-68-815x 53-2-211x }"

"Section 25. Section 15-31-511, MCA, is amended to read:

**"15-31-511. Confidentiality of tax records.** (1) Except as provided in this section, in accordance with a proper judicial order, or as otherwise provided by law, it is unlawful to divulge or make known in any manner:

(a) the amount of income or any particulars set forth or disclosed in any return or report required under this chapter or any other information relating to taxation secured in the administration of this chapter; or

(b) any federal return or information in or disclosed on a federal return or report required by law or rule of the department under this chapter.

(2) (a) An officer or employee charged with custody of returns and reports required by this chapter may not be ordered to produce any of them or evidence of anything contained in them in any administrative proceeding or action or proceeding in any court, except:

(i) in an action or proceeding in which the department is a party under the provisions of this chapter; or

(ii) in any other tax proceeding or on behalf of a party to an action or proceeding under the provisions of this chapter when the returns or reports or facts shown in them are directly pertinent to the action or proceeding.

(b) If the production of a return, report, or information contained in them is ordered, the court shall limit production of and the admission of returns, reports, or facts shown in them to the matters directly pertinent to the action or proceeding.

(3) This section does not prohibit:

(a) the delivery of a certified copy of any return or report filed in connection with a return to the taxpayer who filed the return or report or to the taxpayer's authorized representative;

(b) the publication of statistics prepared in a manner that prevents the identification of particular returns, reports, or items from returns or reports;

(c) the inspection of returns and reports by the attorney general or other legal representative of the state in the course of an administrative proceeding or litigation under this chapter;

(d) access to information under subsection (4);

(e) the director of revenue from permitting a representative of the commissioner of internal revenue of the United States or a representative of a proper officer of any state imposing a tax on the income of a taxpayer to inspect the returns or reports of a corporation. The department may also furnish those persons abstracts of income, returns, and reports; information concerning any item in a return or report; and any item disclosed by an investigation of the income or return of a corporation. The director of revenue may not furnish that information to a person representing the United States or another state unless the United States or the other state grants substantially similar privileges to an officer of this state charged with the administration of this chapter.

(f) the disclosure of information to the commissioner of insurance's office that is necessary for the administration of the small business health insurance tax credit provided for in Title 33, chapter 22, part 20.

(4) On written request to the director or a designee of the director, the department shall:

(a) allow the inspection of returns and reports by the legislative auditor, but the information furnished to the legislative auditor is subject to the same restrictions on disclosure outside that office as provided in subsection (1); and

(b) provide corporate income tax and alternative corporate income tax information, including any information that may be required under Title 15, chapter 30, part 33, to the legislative fiscal analyst, as provided in 5-12-303 or 15-1-106, and the office of budget and program planning, as provided in 15-1-106 or 17-7-111. The information furnished to the legislative fiscal analyst and the office of budget and program planning is subject to the same restrictions on disclosure outside those offices as provided in subsection (1).

(c) furnish to the superintendent of public instruction information required under [section 5].

(5) A person convicted of violating this section shall be fined not to exceed \$500. If a public officer or public employee is convicted of violating this section, the person is dismissed from office or employment and may not hold any public office or public employment in the state for a period of 1 year after dismissal or, in the case of a former officer or employee, for 1 year after conviction."

{Internal References to 15-31-511:

15-31-406x      15-38-109 x      15-68-815x}

**Insert: "Section 26.** Section 17-7-502, MCA, is amended to read:

**"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following

provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-15-247; 2-17-105; 5-11-120; 5-11-407; 5-13-403; 7-4-2502; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-121; 15-1-218; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121; 15-70-101; 15-70-369; 15-70-601; 16-11-509; 17-3-106; 17-3-112; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 18-11-112; 19-3-319; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; [section 5]; 20-9-534; 20-9-622; 20-26-1503; 22-1-327; 22-3-1004; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 30-10-1004; 37-43-204; 37-51-501; 39-1-105; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-12-206; 44-13-102; 53-1-109; 53-1-215; 53-2-208; 53-9-113; 53-24-108; 53-24-206; 60-11-115; 61-3-415; 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-13-150; 76-13-416; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 81-1-112; 81-7-106; 81-10-103; 82-11-161; 85-20-1504; 85-20-1505; 87-1-603; 90-1-115; 90-1-205; 90-1-504; 90-3-1003; 90-6-331; and 90-9-306.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion of 19-20-604 terminates contingently when the amortization period for the teachers' retirement system's unfunded liability is 10 years or less; pursuant to sec. 10, Ch. 10, Sp. L. May 2000, secs. 3 and 6, Ch. 481, L. 2003, and sec. 2, Ch. 459, L. 2009, the inclusion of 15-35-108 terminates June 30, 2019; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410 terminates contingently upon the death of the last recipient eligible under 19-6-709(2) for the supplemental benefit provided by 19-6-709; pursuant to sec. 14, Ch. 374, L. 2009, the inclusion of 53-9-113 terminates June 30, 2015; pursuant to sec. 5, Ch. 442, L. 2009, the inclusion of 90-6-331 terminates June 30, 2019; pursuant to sec. 16, Ch. 58, L. 2011, the inclusion of 30-10-1004 terminates June 30, 2017; pursuant to sec. 6, Ch. 61, L. 2011, the inclusion of 76-13-416 terminates June 30, 2019; pursuant to sec. 13, Ch. 339, L. 2011, the inclusion of 81-1-112 and 81-7-106 terminates June 30, 2017;

pursuant to sec. 11(2), Ch. 17, L. 2013, the inclusion of 17-3-112 terminates on occurrence of contingency; pursuant to secs. 3 and 5, Ch. 244, L. 2013, the inclusion of 22-1-327 is effective July 1, 2015, and terminates July 1, 2017; and pursuant to sec. 10, Ch. 413, L. 2013, the inclusion of 2-15-247, 39-1-105, 53-1-215, and 53-2-208 terminates June 30, 2015.)"

{Internal References to 17-7-502: \*verification not required per Heiman rule

2-15-247	2-17-105	5-11-120	5-11-407
5-13-403	7-4-2502	10-1-108	10-1-1202
10-1-1303	10-2-603	10-3-203	10-3-310
10-3-312	10-3-312	10-3-314	10-4-301
15-1-121	15-1-218	15-35-108	15-35-108
15-35-108	15-35-108	15-36-332	15-36-332
15-37-117	15-39-110	15-65-121	15-70-101
15-70-369	15-70-601	16-11-509	17-1-508
17-3-106	17-3-112	17-3-212	17-3-222
17-3-241	17-6-101	17-7-501	18-11-112
19-3-319	19-6-404	19-6-410	19-9-702
19-13-604	19-17-301	19-18-512	19-19-305
19-19-506	19-20-604	19-20-607	19-21-203
20-8-107	20-9-534	20-9-622	20-26-1503
22-1-327	22-3-1004	23-4-105	23-4-105
23-5-306	23-5-409	23-5-612	23-7-301
23-7-402	23-7-402	23-7-402	30-10-1004
37-43-204	37-51-501	39-1-105	39-71-503
41-5-2011	42-2-105	44-4-1101	44-12-206
44-13-102	53-1-109	53-1-215	53-2-208
53-9-113	53-24-108	53-24-108	53-24-206
60-11-115	61-3-415	69-3-870	75-1-1101
75-5-1108	75-6-214	75-11-313	76-13-150
76-13-416	77-1-108	77-2-362	80-2-222
80-4-416	80-11-518	81-1-112	81-7-106
81-10-103	82-11-161	82-11-161	85-20-1504
85-20-1505	87-1-603	90-1-115	90-1-115
90-1-205	90-1-504	90-3-1003	90-6-331
90-9-306	}"		

**Renumber:** subsequent sections

- END -

Explanation -

Technical note #1 of the fiscal note, which seeks clarification for the references to the Department of Revenue and the Office of Public Instruction in Section 5, is addressed through the following amendments: #2 and #7.

Technical note #2 of the fiscal note, which pertains to the proportion that any given school can receive, is addressed in the following amendments: #3 through #6.

Technical note #3 of the fiscal note, which pertains to the need for an appropriation, is addressed in the following amendments: #1, #9, and #26.

Further clarification items: Amendments #10 through #25 were drafted to address concerns that were raised by the Department of Revenue (#11, #15 through #16, #18, #21 through #26) in addition to requiring tax credits to be preapproved up to the aggregate limit each year (#10, #12 through #14, #17, #19 through #20) before there is a corresponding increase in the aggregate amount.

# Montana State Legislature

**2015 SESSION**

**ADDITIONAL DOCUMENTS**  
**May include the following:**

**Business Page**

[Signed by Chairman]

**Roll Call**

**Standing Committee Reports**

**Tabled Bills**

**Fiscal Reports**

**Rolls Call Votes**

**Proxy Forms**

**Visitor Registrations**

**\*Any other documents, which were submitted after the committee hearing has ended and/or was submitted late [within 48 hours], regarding information in the committee hearing.**

**\*Witness Statements that were not presented as exhibits.**

**Montana Historical Society Archives**

**225 N. Roberts  
Helena MT 59620-1201**

**2015 Legislative  
E-Document Specialist Susie Hamilton**

**BUSINESS REPORT**

**MONTANA HOUSE OF REPRESENTATIVES  
64th LEGISLATURE - REGULAR SESSION**

**HOUSE EDUCATION COMMITTEE**

**Date:** Friday, April 10, 2015  
**Place:** Capitol

**Time:** 3:00 PM  
**Room:** 137

**BILLS and RESOLUTIONS HEARD:**

SB 410  
HJ 26

**EXECUTIVE ACTION TAKEN:**

SB 107-BE CONCURRED IN  
SB 252- BE CONCURRED IN AS AMENDED  
SB 260- TABLED  
SB 410- BE CONCURRED IN  
HJ 26- DO PASS

**Comments:**

  
REP. Sarah Laszloffy, Chair



*The Big Sky Country*

MONTANA HOUSE OF REPRESENTATIVES

EDUCATION COMMITTEE

ROLL CALL

DATE: Friday, April 10, 2015

NAME	PRESENT	ABSENT/EXCUSED
REP. SARAH LASZLOFFY, CHAIR	✓	
REP. DEBRA LAMM, VICE CHAIR	✓	
REP. EDIE MCCLAFFERTY, VICE CHAIR		✓
REP. BRYCE BENNETT	✓	
REP. JEFF ESSMANN	✓	
REP. MOFFIE FUNK		✓
REP. EDWARD GREEF	✓	
REP. GREG HERTZ	✓	
REP. KATHY KELKER	✓	
REP. G. BRUCE MEYERS	✓	
REP. MATTHEW MONFORTON		✓
REP. JEAN PRICE	✓	
REP. DANIEL SALOMON	✓	
REP. NICHOLAS SCHWADERER	✓	
REP. SUSAN WEBBER	✓	

15 MEMBERS



**HOUSE STANDING COMMITTEE REPORT**

**April 10, 2015**

**Page 1 of 1**

Mr. Speaker:

We, your committee on **Education** recommend that **Senate Bill 410** (third reading copy -- blue) **be concurred in.**

Signed: *Sarah Laszloffy*  
Representative Sarah Laszloffy, Chair

To be carried by Representative Nicholas Schwaderer

- END -

**Committee Vote:**

**Yes 8, No 7**

Fiscal Note Required  X

SB0410001SC15240.hbb

*ll*  
*4/11/15*  
*8mm*



The Big Sky Country

MONTANA HOUSE OF REPRESENTATIVES

EDUCATION COMMITTEE

ROLL CALL VOTE

BILL NUMBER SB 410

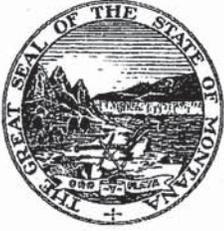
DATE 4-10-2015

MOTION Be Concurred In

NAME	AYE	NO	PROXY
REP. DEBRA LAMM, VICE CHAIR	✓		
REP. EDIE MCCLAFFERTY, VICE CHAIR		✓	
REP. BRYCE BENNETT		✓	
REP. JEFF ESSMANN	✓		
REP. MOFFIE FUNK		✓	
REP. EDWARD GREEF	✓		
REP. GREG HERTZ	✓		✓
REP. KATHY KELKER		✓	
REP. G. BRUCE MEYERS	✓		
REP. MATTHEW MONFORTON	✓		✓
REP. JEAN PRICE		✓	
REP. DANIEL SALOMON		✓	
REP. NICHOLAS SCHWADERER	✓		
REP. SUSAN WEBBER		✓	
REP. SARAH LASZLOFFY, CHAIR	✓		

15 MEMBERS

Rep. Schwaderer to carry.



The Big Sky Country

MONTANA HOUSE OF REPRESENTATIVES

EDUCATION COMMITTEE

ROLL CALL VOTE

BILL NUMBER SB 410

DATE 4-10-2015

MOTION Be Amended SB041009.AJC
(motion failed)

Table with 4 columns: NAME, AYE, NO, PROXY. Lists 15 representatives and their voting status.

3 12

15 MEMBERS



# **EXHIBIT E**

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 64th LEGISLATURE - REGULAR SESSION

#### COMMITTEE ON APPROPRIATIONS

**Call to Order:** Chair Nancy Ballance, on April 17, 2015 at 6:30 A.M., in Room 102  
Capitol

#### ROLL CALL

**Members Present:**

Rep. Nancy Ballance, Chair (R)  
Rep. Ryan Osmundson, Vice Chair (R)  
Rep. Randy Brodehl (R)  
Rep. Tom Burnett (R)  
Rep. Mike Cuffe (R)  
Rep. Kimberly Dudik (D)  
Rep. Ron Ehli (R)  
Rep. Janet Ellis (D)  
Rep. Carl Glimm (R)  
Rep. Dave Hagstrom (R)  
Rep. Roy Hollandsworth (R)  
Rep. Kenneth Holmlund (R)  
Rep. Donald W. Jones (R)  
Rep. Kelly McCarthy (D)  
Rep. Robert (Bob) Mehlhoff (D)  
Rep. Rae Peppers (D)  
Rep. Brad Tschida (R)  
Rep. Tom Woods (D)

**Members Excused:** Rep. Pat Noonan, Vice Chair (D)  
Rep. Mitch Tropila (D)

**Members Absent:** None

**Staff Present:** Katya Grover, Committee Secretary  
Joe Triem, Legislative Branch

**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: SB 20, 4/16/2015; SB 157, 4/16/2015; SB 171, 4/16/2015; SB 193, 4/16/2015; SB 194, 4/16/2015; SB 252, 4/16/2015; SB 260, 4/16/2015; SB 264, 4/16/2015; SB 375, 4/16/2015; SB 386, 4/16/2015; SB 410, 4/16/2015; SB 411, 4/16/2015  
Executive Action: SB 20, SB 107, SB 157, SB 171, SB 193, SB 194, SB 252, SB 260, SB 264, SB 375, SB 386, SB 410, SB 411, SB 418

01:02:34 Chair Ballance  
 01:02:43 Lance Melton, MSBA  
 01:03:06 Chair Ballance  
 01:03:50 Sen. Moore  
 01:04:00 Chair Ballance

**Closing by Sponsor:**

01:04:10 Sen. Moore

**HEARING ON SB 410****Opening Statement by Sponsor:**

01:05:15 Sen. Llew Jones (R), SD 9, opened the hearing on SB 410, Provide for tax credits for contributions to public and private schools.

**EXHIBIT(aph78a03)****Proponents' Testimony:** None**Opponents' Testimony:**

01:11:59 Eric Feaver, Montana Education Association-Montana Federation of Teachers (MEA-MFT)  
 01:14:16 Dianne Burke, Executive Director, Montana Quality Education Coalition (MQEC)  
 01:14:43 Heather O'Loughlin, Co-Director, Montana Budget and Policy Center (MBPC)

**Informational Testimony:**

01:16:13 Jaret Coles, Legislative Services Division (LSD)  
 01:16:39 Chair Ballance

**Questions from Committee Members and Responses:**

01:16:55 Rep. Holmlund  
 01:17:14 Sen. Jones  
 01:18:40 Chair Ballance  
 01:18:50 Rep. Hollandsworth  
 01:19:01 Sen. Jones  
 01:19:42 Rep. Tschida  
 01:20:27 Sen. Jones  
 01:21:41 Rep. Peppers  
  
 01:22:35 Rep. Ehli assumed chairmanship.  
  
 01:22:47 Sen. Jones  
 01:23:55 Rep. Holmlund  
 01:24:23 Sen. Jones  
 01:24:36 Rep. Woods  
 01:24:51 Sen. Jones  
 01:26:30 Rep. Woods  
 01:26:51 Sen. Jones  
 01:27:08 Rep. Mehlhoff  
 01:27:42 Sen. Jones

01:27:46 Rep. Mehlhoff  
01:28:25 Eric Feaver, MEA-MFT  
01:31:45 Rep. Mehlhoff  
01:31:57 Rep. Ellis  
01:33:27 Sen. Jones

**Closing by Sponsor:**

01:35:33 Sen. Jones

**HEARING ON SB 194**

**Opening Statement by Sponsor:**

01:38:00 Sen. Mary Caferro (D), SD 41, opened the hearing on SB 194, Revise residential property tax credit for the elderly.

**EXHIBIT(aph78a04)**

**Proponents' Testimony:**

01:39:17 Heather O'Loughlin, Co-Director, Montana Budget and Policy Center (MBPC)

**Opponents' Testimony:**

01:39:51 Bob Story, President, Montana Taxpayers Association (MTA)

**Informational Testimony:**

01:40:40 Gene Walborn, Deputy Director, Department of Revenue (DOR)

**Questions from Committee Members and Responses:**

01:41:11 Rep. Tschida  
01:41:59 Sen. Caferro  
01:43:21 Rep. Ellis  
01:44:14 Gene Walborn, DOR  
01:46:17 Rep. Brodehl  
01:47:21 Sen. Caferro  
01:47:27 Rep. Brodehl  
01:47:31 Sen. Caferro  
01:50:30 Rep. Brodehl  
01:51:11 Sen. Caferro  
01:51:33 Rep. Brodehl  
01:52:04 Sen. Caferro  
01:52:32 Rep. Dudik  
01:53:04 Sen. Caferro  
01:53:08 Rep. Ellis  
01:53:56 Sen. Caferro  
01:54:06 Rep. Dudik

**Closing by Sponsor:**

01:54:20 Sen. Caferro

**EXECUTIVE ACTION ON SB 386**

05:19:26 **Motion/Vote:** Rep. Brodehl moved that **SB 386 BE CONCURRED IN**. Motion carried unanimously by voice vote. Rep. Osmundson voted by proxy. Rep. Osmundson will carry the bill.

**EXECUTIVE ACTION ON SB 410**

05:20:03 **Motion:** Rep. Brodehl moved that **SB 410 BE CONCURRED IN**.

05:20:19 **Motion:** Rep. Hollandsworth moved that **SB 410 BE AMENDED**. **EXHIBIT(aph78a10)**

**Discussion:**

05:21:44 Jaret Coles, Legislative Services Division (LSD)

05:25:50 Rep. Brodehl

05:25:58 Jaret Coles, LSD

05:26:35 Rep. Brodehl

05:26:42 Jaret Coles, LSD

05:26:57 Rep. Tropila

05:27:31 Jaret Coles, LSD

05:28:00 Rep. Tropila

05:28:05 Jaret Coles, LSD

05:29:21 Rep. Tropila

05:29:41 Jaret Coles, LSD

05:30:20 Rep. Tropila

05:30:25 Jaret Coles, LSD

05:30:32 Rep. Ellis

05:31:13 Jaret Coles, LSD

05:31:41 Rep. Brodehl

05:31:55 Jaret Coles, LSD

05:32:29 Rep. Brodehl

05:32:46 Jaret Coles, LSD

05:33:13 Rep. Tropila

05:34:15 Chair Ballance

05:34:27 Rep. Hollandsworth

05:34:51 Rep. Tropila

05:36:36 Rep. Hollandsworth

05:36:52 Rep. Tropila

05:37:02 Rep. Hollandsworth

05:37:58 **Substitute Motion/Vote:** Rep. Tropila made a substitute motion that **ITEMS 1 THROUGH 9 AND 26 IN THE AMENDMENT SB041012.AJC BE SEGREGATED**. Substitute Motion failed 6-14 by roll call vote with Rep. Dudik, Rep. Ellis, Rep. Noonan, Rep. Peppers, Rep. Tropila and Rep. Woods voting aye. Rep. Jones and Rep. Osmundson voted by proxy.

05:39:17 **Motion/Vote:** Rep. Brodehl moved that **SB 410 BE AMENDED**. Motion carried 17-3 by roll call vote with Rep. Ellis, Rep. Peppers and Rep. Tropila voting no. Rep. Jones and Rep. Osmundson voted by proxy.

05:41:01 **Motion:** Rep. Hollandsworth moved that **SB 410 BE CONCURRED IN AS AMENDED**.

**Discussion:**

05:41:09 Chair Ballance  
 05:41:22 Rep. McCarthy  
 05:41:36 Rep. Hollandsworth  
 05:41:40 Rep. McCarthy

05:42:13 **Vote:** Motion carried 12-8 by roll call vote with Rep. Dudik, Rep. Ellis, Rep. McCarthy, Rep. Mehlhoff, Rep. Noonan, Rep. Peppers, Rep. Tropila and Rep. Woods voting no. Rep. Jones and Rep. Osmundson voted by proxy. Rep. Osmundson will carry the bill.

**EXECUTIVE ACTION ON SB 418**

05:43:30 **Motion:** Rep. Brodehl moved that **SB 418 BE CONCURRED IN**.

**Discussion:**

05:43:50 Chair Ballance

05:44:28 **Motion/Vote:** Rep. Brodehl moved that **SB 418 BE AMENDED**. Motion carried unanimously by voice vote. Rep. Jones and Rep. Osmundson voted by proxy.

**EXHIBIT(aph78a11)**

05:45:20 **Motion/Vote:** Rep. Brodehl moved that **SB 418 BE CONCURRED IN AS AMENDED**. Motion carried unanimously by voice vote. Rep. Jones and Rep. Osmundson voted by proxy. Rep. Osmundson will carry the bill.

05:45:55 Chair Ballance  
 05:46:34 Rep. Woods  
 05:46:38 Chair Ballance  
 05:47:11 Rep. Cuffe  
 05:47:16 Chair Ballance

05:47:32 Recessed

**Audio committee minutes for the afternoon session continue on a separate link.**

00:00:01 Reconvened  
 00:00:03 Chair Ballance

**SB 410**

Public

Private

<b>Students</b>	Approx. 145,000 plus	Approx. 7250 (5%) plus
<b>Maximum Tax Credit</b>	\$150 per taxpaying entity	\$150 per taxpaying entity
<b>Initial Caps</b>	\$3,000,000	\$3,000,000
<b>Adjustment possible</b>	Annual 10% increase upon reaching	Annual 10% increase upon reaching
<b>Equity/Fairness</b>	Divided across 11 regions, 7 AA schools	Student Scholarship Organization
<b>Obligations</b>	**Distribution Quality Educator Formula	**Committee with scholarship capped 1/2 public
<b>Concerns</b>	Innovative Education program	Report outcomes 8th and 11th grade
	Local Board control	
	Outcome requirements defined BOPE	
	Constitutional Obligations	Constitutional Obligations
<b>Reason for bill</b>	Enhance Student Opportunity	Enhance Student Opportunity
	Allow taxpayer to directly prioritize education	Allow taxpayer to directly prioritize education
	Move issue toward cloture	Move issue toward cloture

Amendments to Senate Bill No. 410  
2nd Reading/2nd House Copy

Requested by Representative Roy Hollandsworth

For the House Appropriations Committee

Prepared by Jaret Coles  
April 15, 2015 (4:47pm)

1. Title, page 1, line 12.

**Following:** "AUTHORITY;"

**Insert:** "PROVIDING A STATUTORY APPROPRIATION;"

**Following:** "15-30-2110"

**Insert:** ", 15-30-2618, 15-31-511, 17-7-502,"

2. Page 1, line 26.

**Following:** line 25

**Insert:** "(1) "Department" means the department of revenue provided for in 2-15-1301."

**Renumber:** subsequent subsections

3. Page 3, line 30 through page 4, line 1.

**Strike:** "set the maximum receivable amount"

**Insert:** "determine the allocation"

4. Page 4, line 1.

**Strike:** "or large district"

**Following:** "based on"

**Strike:** "a"

**Insert:** "the"

5. Page 4, line 2.

**Following:** the first "educators"

**Insert:** "compared"

6. Page 4, line 3.

**Strike:** "or large district"

7. Page 4, line 23.

**Strike:** "DEPARTMENT"

**Insert:** "superintendent of public instruction"

8. Page 4, line 25.

**Following:** " \_ "

**Insert:** "In order to implement and administer the provisions of [sections 1 through 6], the department and the superintendent of public instruction shall exchange taxpayer

information and develop policies to prevent the unauthorized disclosure of confidential records and information."

9. Page 4, line 27.

**Strike:** "Appropriations may be made from"

**Insert:** "Money in"

**Following:** "account"

**Insert:** "is statutorily appropriated, as provided in 17-7-502,"

10. Page 9, line 2.

**Following:** "\$3 million"

**Insert:** "or the aggregate limit provided for in subsection (5)(a)(iii)"

11. Page 9, line 3.

**Strike:** "made by taxpayers or"

12. Page 9, line 4.

**Following:** "10% for"

**Strike:** "each"

**Insert:** "the"

13. Page 9, line 5.

**Strike:** "year"

**Insert:** "years"

14. Page 9, line 6.

**Following:** line 5

**Insert:** "(iii) If the aggregate limit is increased in any tax year, the department shall use the new limit as the base aggregate limit for succeeding tax years until a new aggregated limit is established under the provisions of subsection (5)(a)(ii)."

15. Page 9, line 6.

**Strike:** "TAX credits"

**Insert:** "donations"

16. Page 9, line 9 through line 12.

**Strike:** "If a disallowance" on line 9 through "15-1-216." on line 12

17. Page 10, line 11.

**Following:** "\$3 million"

**Insert:** "or the aggregate limit provided for in subsection (5)(a)(iii)"

18. Page 10, line 12.

**Strike:** "claimed by taxpayers or"

19. Page 10, line 13.

**Following:** "10% for"

**Strike:** "each"

**Insert:** "the"

**Strike:** "year"

**Insert:** "years"

20. Page 10, line 14.

**Following:** line 13

**Insert:** "(iii) If the aggregate limit is increased in any tax year, the department shall use the new limit as the base aggregate limit for succeeding tax years until a new aggregated limit is established under the provisions of subsection (5)(a)(ii)."

21. Page 10, line 17 through line 19.

**Strike:** "If a disallowance" on line 17 through "15-1-216." on line 19

22. Page 11, line 23.

**Following:** " ; "

**Insert:** "and"

23. Page 11, line 24 through line 25.

**Strike:** " : (A) "

24. Page 11, line 26.

**Strike:** " ; and "

**Insert:** " . "

25. Page 11, line 27 through line 30.

**Strike:** subsection (B) in its entirety

26. Page 19, line 16.

**Following:** line 15

**Insert:** "**Section 24.** Section 15-30-2618, MCA, is amended to read:

"**15-30-2618. Confidentiality of tax records.** (1) Except as provided in 5-12-303, 15-1-106, 17-7-111, and subsections (8) and (9) of this section, in accordance with a proper judicial order, or as otherwise provided by law, it is unlawful to divulge or make known in any manner:

(a) the amount of income or any particulars set forth or disclosed in any individual report or individual return required under this chapter or any other information secured in the administration of this chapter; or

(b) any federal return or federal return information disclosed on any return or report required by rule of the department or under this chapter.

(2) (a) The officers charged with the custody of the

reports and returns may not be required to produce them or evidence of anything contained in them in an action or proceeding in a court, except in an action or proceeding:

(i) to which the department is a party under the provisions of this chapter or any other taxing act; or

(ii) on behalf of a party to any action or proceedings under the provisions of this chapter or other taxes when the reports or facts shown by the reports are directly involved in the action or proceedings.

(b) The court may require the production of and may admit in evidence only as much of the reports or of the facts shown by the reports as are pertinent to the action or proceedings.

(3) This section does not prohibit:

(a) the delivery to a taxpayer or the taxpayer's authorized representative of a certified copy of any return or report filed in connection with the taxpayer's tax;

(b) the publication of statistics classified to prevent the identification of particular reports or returns and the items of particular reports or returns; or

(c) the inspection by the attorney general or other legal representative of the state of the report or return of any taxpayer who brings an action to set aside or review the tax based on the report or return or against whom an action or proceeding has been instituted in accordance with the provisions of 15-30-2630.

(4) The department may deliver to a taxpayer's spouse the taxpayer's return or information related to the return for a tax year if the spouse and the taxpayer filed the return with the filing status of married filing separately on the same return. The information being provided to the spouse or reported on the return, including subsequent adjustments or amendments to the return, must be treated in the same manner as if the spouse and the taxpayer filed the return using a joint filing status for that tax year.

(5) Reports and returns must be preserved for at least 3 years and may be preserved until the department orders them to be destroyed.

(6) Any offense against subsections (1) through (5) is punishable by a fine not exceeding \$500. If the offender is an officer or employee of the state, the offender must be dismissed from office or employment and may not hold any public office or public employment in this state for a period of 1 year after dismissal or, in the case of a former officer or employee, for 1 year after conviction.

(7) This section may not be construed to prohibit the department from providing taxpayer return information and information from employers' payroll withholding reports to:

(a) the department of labor and industry to be used for the purpose of investigation and prevention of noncompliance, tax evasion, fraud, and abuse under the unemployment insurance laws; or

(b) the state fund to be used for the purpose of investigation and prevention of noncompliance, fraud, and abuse under the workers' compensation program.

(8) The department may permit the commissioner of internal revenue of the United States or the proper officer of any state imposing a tax upon the incomes of individuals or the authorized representative of either officer to inspect the return of income of any individual or may furnish to the officer or an authorized representative an abstract of the return of income of any individual or supply the officer with information concerning an item of income contained in a return or disclosed by the report of an investigation of the income or return of income of an individual, but the permission may be granted or information furnished only if the statutes of the United States or of the other state grant substantially similar privileges to the proper officer of this state charged with the administration of this chapter.

(9) On written request to the director or a designee of the director, the department shall furnish:

(a) to the department of justice all information necessary to identify those persons qualifying for the additional exemption for blindness pursuant to 15-30-2114(4), for the purpose of enabling the department of justice to administer the provisions of 61-5-105;

(b) to the department of public health and human services information acquired under 15-30-2616, pertaining to an applicant for public assistance, reasonably necessary for the prevention and detection of public assistance fraud and abuse, provided notice to the applicant has been given;

(c) to the department of labor and industry for the purpose of prevention and detection of fraud and abuse in and eligibility for benefits under the unemployment compensation and workers' compensation programs information on whether a taxpayer who is the subject of an ongoing investigation by the department of labor and industry is an employee, an independent contractor, or self-employed;

(d) to the department of fish, wildlife, and parks specific information that is available from income tax returns and required under 87-2-102 to establish the residency requirements of an applicant for hunting and fishing licenses;

(e) to the board of regents information required under 20-26-1111;

(f) to the legislative fiscal analyst and the office of budget and program planning individual income tax information as provided in 5-12-303, 15-1-106, and 17-7-111. The information provided to the office of budget and program planning must be the same as the information provided to the legislative fiscal analyst.

(g) to the department of transportation farm income information based on the most recent income tax return filed by an applicant applying for a refund under 15-70-223 or 15-70-362,

provided that notice to the applicant has been given as provided in 15-70-223 and 15-70-362. The information obtained by the department of transportation is subject to the same restrictions on disclosure as are individual income tax returns.

(h) to the commissioner of insurance's office all information necessary for the administration of the small business health insurance tax credit provided for in Title 33, chapter 22, part 20;

(i) to the superintendent of public instruction information required under [section 5]."

{ Internal References to 15-30-2618:

15-6-193x 15-68-815x 53-2-211x }

"Section 25. Section 15-31-511, MCA, is amended to read:

**"15-31-511. Confidentiality of tax records.** (1) Except as provided in this section, in accordance with a proper judicial order, or as otherwise provided by law, it is unlawful to divulge or make known in any manner:

(a) the amount of income or any particulars set forth or disclosed in any return or report required under this chapter or any other information relating to taxation secured in the administration of this chapter; or

(b) any federal return or information in or disclosed on a federal return or report required by law or rule of the department under this chapter.

(2) (a) An officer or employee charged with custody of returns and reports required by this chapter may not be ordered to produce any of them or evidence of anything contained in them in any administrative proceeding or action or proceeding in any court, except:

(i) in an action or proceeding in which the department is a party under the provisions of this chapter; or

(ii) in any other tax proceeding or on behalf of a party to an action or proceeding under the provisions of this chapter when the returns or reports or facts shown in them are directly pertinent to the action or proceeding.

(b) If the production of a return, report, or information contained in them is ordered, the court shall limit production of and the admission of returns, reports, or facts shown in them to the matters directly pertinent to the action or proceeding.

(3) This section does not prohibit:

(a) the delivery of a certified copy of any return or report filed in connection with a return to the taxpayer who filed the return or report or to the taxpayer's authorized representative;

(b) the publication of statistics prepared in a manner that prevents the identification of particular returns, reports, or items from returns or reports;

(c) the inspection of returns and reports by the attorney general or other legal representative of the state in the course of an administrative proceeding or litigation under this chapter;

(d) access to information under subsection (4);

(e) the director of revenue from permitting a representative of the commissioner of internal revenue of the United States or a representative of a proper officer of any state imposing a tax on the income of a taxpayer to inspect the returns or reports of a corporation. The department may also furnish those persons abstracts of income, returns, and reports; information concerning any item in a return or report; and any item disclosed by an investigation of the income or return of a corporation. The director of revenue may not furnish that information to a person representing the United States or another state unless the United States or the other state grants substantially similar privileges to an officer of this state charged with the administration of this chapter.

(f) the disclosure of information to the commissioner of insurance's office that is necessary for the administration of the small business health insurance tax credit provided for in Title 33, chapter 22, part 20.

(4) On written request to the director or a designee of the director, the department shall:

(a) allow the inspection of returns and reports by the legislative auditor, but the information furnished to the legislative auditor is subject to the same restrictions on disclosure outside that office as provided in subsection (1); and

(b) provide corporate income tax and alternative corporate income tax information, including any information that may be required under Title 15, chapter 30, part 33, to the legislative fiscal analyst, as provided in 5-12-303 or 15-1-106, and the office of budget and program planning, as provided in 15-1-106 or 17-7-111. The information furnished to the legislative fiscal analyst and the office of budget and program planning is subject to the same restrictions on disclosure outside those offices as provided in subsection (1).

(c) furnish to the superintendent of public instruction information required under [section 5].

(5) A person convicted of violating this section shall be fined not to exceed \$500. If a public officer or public employee is convicted of violating this section, the person is dismissed from office or employment and may not hold any public office or public employment in the state for a period of 1 year after dismissal or, in the case of a former officer or employee, for 1 year after conviction."

{Internal References to 15-31-511:

15-31-406x      15-38-109 x      15-68-815x}

**Insert: "Section 26.** Section 17-7-502, MCA, is amended to read:

**"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following

provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-15-247; 2-17-105; 5-11-120; 5-11-407; 5-13-403; 7-4-2502; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-121; 15-1-218; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121; 15-70-101; 15-70-369; 15-70-601; 16-11-509; 17-3-106; 17-3-112; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 18-11-112; 19-3-319; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; [section 5]; 20-9-534; 20-9-622; 20-26-1503; 22-1-327; 22-3-1004; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 30-10-1004; 37-43-204; 37-51-501; 39-1-105; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-12-206; 44-13-102; 53-1-109; 53-1-215; 53-2-208; 53-9-113; 53-24-108; 53-24-206; 60-11-115; 61-3-415; 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-13-150; 76-13-416; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 81-1-112; 81-7-106; 81-10-103; 82-11-161; 85-20-1504; 85-20-1505; 87-1-603; 90-1-115; 90-1-205; 90-1-504; 90-3-1003; 90-6-331; and 90-9-306.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion of 19-20-604 terminates contingently when the amortization period for the teachers' retirement system's unfunded liability is 10 years or less; pursuant to sec. 10, Ch. 10, Sp. L. May 2000, secs. 3 and 6, Ch. 481, L. 2003, and sec. 2, Ch. 459, L. 2009, the inclusion of 15-35-108 terminates June 30, 2019; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410 terminates contingently upon the death of the last recipient eligible under 19-6-709(2) for the supplemental benefit provided by 19-6-709; pursuant to sec. 14, Ch. 374, L. 2009, the inclusion of 53-9-113 terminates June 30, 2015; pursuant to sec. 5, Ch. 442, L. 2009, the inclusion of 90-6-331 terminates June 30, 2019; pursuant to sec. 16, Ch. 58, L. 2011, the inclusion of 30-10-1004 terminates June 30, 2017; pursuant to sec. 6, Ch. 61, L. 2011, the inclusion of 76-13-416 terminates June 30, 2019; pursuant to sec. 13, Ch. 339, L. 2011, the inclusion of 81-1-112 and 81-7-106 terminates June 30, 2017;

pursuant to sec. 11(2), Ch. 17, L. 2013, the inclusion of 17-3-112 terminates on occurrence of contingency; pursuant to secs. 3 and 5, Ch. 244, L. 2013, the inclusion of 22-1-327 is effective July 1, 2015, and terminates July 1, 2017; and pursuant to sec. 10, Ch. 413, L. 2013, the inclusion of 2-15-247, 39-1-105, 53-1-215, and 53-2-208 terminates June 30, 2015.)"

{ Internal References to 17-7-502: \*verification not required per Heiman rule

2-15-247	2-17-105	5-11-120	5-11-407
5-13-403	7-4-2502	10-1-108	10-1-1202
10-1-1303	10-2-603	10-3-203	10-3-310
10-3-312	10-3-312	10-3-314	10-4-301
15-1-121	15-1-218	15-35-108	15-35-108
15-35-108	15-35-108	15-36-332	15-36-332
15-37-117	15-39-110	15-65-121	15-70-101
15-70-369	15-70-601	16-11-509	17-1-508
17-3-106	17-3-112	17-3-212	17-3-222
17-3-241	17-6-101	17-7-501	18-11-112
19-3-319	19-6-404	19-6-410	19-9-702
19-13-604	19-17-301	19-18-512	19-19-305
19-19-506	19-20-604	19-20-607	19-21-203
20-8-107	20-9-534	20-9-622	20-26-1503
22-1-327	22-3-1004	23-4-105	23-4-105
23-5-306	23-5-409	23-5-612	23-7-301
23-7-402	23-7-402	23-7-402	30-10-1004
37-43-204	37-51-501	39-1-105	39-71-503
41-5-2011	42-2-105	44-4-1101	44-12-206
44-13-102	53-1-109	53-1-215	53-2-208
53-9-113	53-24-108	53-24-108	53-24-206
60-11-115	61-3-415	69-3-870	75-1-1101
75-5-1108	75-6-214	75-11-313	76-13-150
76-13-416	77-1-108	77-2-362	80-2-222
80-4-416	80-11-518	81-1-112	81-7-106
81-10-103	82-11-161	82-11-161	85-20-1504
85-20-1505	87-1-603	90-1-115	90-1-115
90-1-205	90-1-504	90-3-1003	90-6-331
90-9-306 }			

**Renumber:** subsequent sections

- END -

Explanation -

Technical note #1 of the fiscal note, which seeks clarification for the references to the Department of Revenue and the Office of Public Instruction in Section 5, is addressed through the following amendments: #2 and #7.

Technical note #2 of the fiscal note, which pertains to the proportion that any given school can receive, is addressed in the following amendments: #3 through #6.

Technical note #3 of the fiscal note, which pertains to the need for an appropriation, is addressed in the following amendments: #1, #9, and #26.

Further clarification items: Amendments #10 through #25 were drafted to address concerns that were raised by the Department of Revenue (#11, #15 through #16, #18, #21 through #25) in addition to requiring tax credits to be preapproved up to the aggregate limit each year (#10, #12 through #14, #17, #19 through #20) before there is a corresponding increase in the aggregate amount.

# Montana State Legislature

**2015 SESSION**

## **ADDITIONAL DOCUMENTS**

**May include the following:**

**Business Page**

[Signed by Chairman]

**Roll Call**

**Standing Committee Reports**

**Tabled Bills**

**Fiscal Reports**

**Rolls Call Votes**

**Proxy Forms**

**Visitor Registrations**

**\*Any other documents, which were submitted after the committee hearing has ended and/or was submitted late [within 48 hours], regarding information in the committee hearing.**

**\*Witness Statements that were not presented as exhibits.**

**Montana Historical Society Archives**

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**2015 Legislative**

**E-Document Specialist Susie Hamilton**

**BUSINESS REPORT**

**MONTANA HOUSE OF REPRESENTATIVES  
64th LEGISLATURE - REGULAR SESSION**

**HOUSE APPROPRIATIONS COMMITTEE**

**Date:** Friday, April 17, 2015

**Place:** Capitol

**Time:** 6:30 A.M.

**Room:** 102

**BILLS and RESOLUTIONS HEARD:**

- SB 20 - Reallocate metal mines license tax - Sen. Chas Vincent
- SB 157 - Generally revise tax reappraisal laws - Sen. Bruce Tutvedt
- SB 171 - Generally revise taxation of income, including the corporate income tax - Sen. Bruce Tutvedt
- SB 193 - Revise agency liquor store laws - Sen. Bruce Tutvedt
- SB 194 - Revise residential property tax credit for the elderly - Sen. Mary Caferro
- SB 252 - Revise K-12 funding laws related to oil and natural gas production taxes - Sen. Llew Jones
- SB 260 - Revise education funding laws related to oil and gas production taxes - Sen. Frederick (Eric) Moore
- SB 264 - Revise distribution of sales and use tax - Sen. Bob Keenan
- SB 375 - Revise certain highway speed limits - Sen. Scott Sales
- SB 386 - Revising late file penalty, filing, and withholding for pass-through entities - Sen. Jill Cohenour
- SB 410 - Provide for tax credits for contributions to public and private schools - Sen. Llew Jones
- SB 411 - Plan for the closure of Montana developmental center at Boulder - Sen. Mary Caferro

**EXECUTIVE ACTION TAKEN:**

- SB 20 - CONCURRED IN
- SB 107 - TABLED
- SB 157 - CONCURRED IN
- SB 171 - CONCURRED IN
- SB 193 - CONCURRED IN
- SB 194 - TABLED
- SB 252 - CONCURRED IN AS AMENDED
- SB 260 - CONCURRED IN
- SB 264 - TABLED
- SB 375 - CONCURRED IN
- SB 386 - CONCURRED IN
- SB 410 - CONCURRED IN AS AMENDED
- SB 411 - CONCURRED IN
- SB 418 - CONCURRED IN AS AMENDED

**Comments:**

None

  
REP. Nancy Ballance, Chair



*The Big Sky Country*

MONTANA HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE

ROLL CALL

DATE: April 17, 2015

NAME	PRESENT	ABSENT/EXCUSED
REP. RANDY <b>BRODEHL</b>	✓	
REP. KELLY <b>MCCARTHY</b>	✓	
REP. TOM <b>WOODS</b>	✓	
REP. CARL <b>GLIMM</b>	✓	
REP. DAVE <b>HAGSTROM</b>	✓	
REP. BOB <b>MEHLHOFF</b>	✓	
REP. TOM <b>BURNETT</b>	✓	
REP. DONALD <b>JONES</b>	✓	
REP. MITCH <b>TROPILA</b>		✓
REP. JANET <b>ELLIS</b>	✓	
REP. ROY <b>HOLLANDSWORTH</b>	✓	
REP. RON <b>EHLI</b>	✓	
REP. BRAD <b>TSCHIDA</b>	✓	
REP. RAE <b>PEPPERS</b>	✓	
REP. KIMBERLY <b>DUDI</b> K	✓	
REP. KENNETH <b>HOLMLUND</b>	✓	
REP. MIKE <b>CUFFE</b>	✓	
REP. PAT <b>NOONAN</b> , MIN. VICE CHAIRMAN		✓
REP. RYAN <b>OSMUNDSON</b> , MAJ. VICE CHAIRMAN	✓	
REP. NANCY <b>BALLANCE</b> , CHAIR	✓	

20 MEMBERS



HOUSE STANDING COMMITTEE REPORT

April 17, 2015  
Page 1 of 9

Mr. Speaker:

We, your committee on **Appropriations** recommend that **Senate Bill 410** (third reading copy -- blue) **be concurred in as amended.**

Signed: *Nancy Ballance*  
*Representative Nancy Ballance, Chair*

To be carried by Representative Ryan Osmundson

**And, that such amendments read:**

1. Title, page 1, line 12.

**Following:** "AUTHORITY;"

**Insert:** "PROVIDING A STATUTORY APPROPRIATION;"

**Following:** "15-30-2110"

**Insert:** ", 15-30-2618, 15-31-511, 17-7-502,"

2. Page 1, line 26.

**Following:** line 25

**Insert:** "(1) "Department" means the department of revenue provided for in 2-15-1301."

**Renumber:** subsequent subsections

3. Page 3, line 30 through page 4, line 1.

**Strike:** "set the maximum receivable amount"

**Insert:** "determine the allocation"

4. Page 4, line 1.

**Strike:** "or large district"

**Following:** "based on"

**Strike:** "a"

**Insert:** "the"

**Committee Vote:**

**Yes 12, No 8**

Fiscal Note Required  X

SB0410002SC12599.hbb

APPENDIX PAGE NO. 108

*OK*  
*4/17/15*  
*1:15*

5. Page 4, line 2.

**Following:** the first "educators"

**Insert:** "compared"

6. Page 4, line 3.

**Strike:** "or large district"

7. Page 4, line 23.

**Strike:** "DEPARTMENT"

**Insert:** "superintendent of public instruction"

8. Page 4, line 25.

**Following:** ".\_"

**Insert:** "In order to implement and administer the provisions of [sections 1 through 6], the department and the superintendent of public instruction shall exchange taxpayer information and develop policies to prevent the unauthorized disclosure of confidential records and information."

9. Page 4, line 27.

**Strike:** "Appropriations may be made from"

**Insert:** "Money in"

**Following:** "account"

**Insert:** "is statutorily appropriated, as provided in 17-7-502,"

10. Page 9, line 2.

**Following:** "\$3 million"

**Insert:** "or the aggregate limit provided for in subsection (5)(a)(iii)"

11. Page 9, line 3.

**Strike:** "made by taxpayers or"

12. Page 9, line 4.

**Following:** "10% for"

**Strike:** "each"

**Insert:** "the"

13. Page 9, line 5.

**Strike:** "year"

**Insert:** "years"

14. Page 9, line 6.

**Following:** line 5

**Insert:** "(iii) If the aggregate limit is increased in any tax year, the department shall use the new limit as the base aggregate limit for succeeding tax years until a new aggregated limit is established under the provisions of subsection (5)(a)(ii)."

15. Page 9, line 6.

**Strike:** "TAX credits"

**Insert:** "donations"

16. Page 9, line 9 through line 12.

**Strike:** "If a disallowance" on line 9 through "15-1-216." on line  
12

17. Page 10, line 11.

**Following:** "\$3 million"

**Insert:** "or the aggregate limit provided for in subsection  
(5)(a)(iii)"

18. Page 10, line 12.

**Strike:** "claimed by taxpayers or"

19. Page 10, line 13.

**Following:** "10% for"

**Strike:** "each"

**Insert:** "the"

**Strike:** "year"

**Insert:** "years"

20. Page 10, line 14.

**Following:** line 13

**Insert:** "(iii) If the aggregate limit is increased in any tax  
year, the department shall use the new limit as the base  
aggregate limit for succeeding tax years until a new  
aggregated limit is established under the provisions of  
subsection (5)(a)(ii)."

21. Page 10, line 17 through line 19.

**Strike:** "If a disallowance" on line 17 through "15-1-216." on  
line 19

22. Page 11, line 23.

**Following:** " ; "

**Insert:** "and"

23. Page 11, line 24 through line 25.

**Strike:** ": (A) "

24. Page 11, line 26.

**Strike:** " ; and "

**Insert:** " . "

25. Page 11, line 27 through line 30.

**Strike:** subsection (B) in its entirety

26. Page 19, line 16.

**Following:** line 15

**Insert: "Section 24.** Section 15-30-2618, MCA, is amended to read:

**"15-30-2618. Confidentiality of tax records.** (1) Except as provided in 5-12-303, 15-1-106, 17-7-111, and subsections (8) and (9) of this section, in accordance with a proper judicial order, or as otherwise provided by law, it is unlawful to divulge or make known in any manner:

(a) the amount of income or any particulars set forth or disclosed in any individual report or individual return required under this chapter or any other information secured in the administration of this chapter; or

(b) any federal return or federal return information disclosed on any return or report required by rule of the department or under this chapter.

(2) (a) The officers charged with the custody of the reports and returns may not be required to produce them or evidence of anything contained in them in an action or proceeding in a court, except in an action or proceeding:

(i) to which the department is a party under the provisions of this chapter or any other taxing act; or

(ii) on behalf of a party to any action or proceedings under the provisions of this chapter or other taxes when the reports or facts shown by the reports are directly involved in the action or proceedings.

(b) The court may require the production of and may admit in evidence only as much of the reports or of the facts shown by the reports as are pertinent to the action or proceedings.

(3) This section does not prohibit:

(a) the delivery to a taxpayer or the taxpayer's authorized representative of a certified copy of any return or report filed in connection with the taxpayer's tax;

(b) the publication of statistics classified to prevent the identification of particular reports or returns and the items of particular reports or returns; or

(c) the inspection by the attorney general or other legal representative of the state of the report or return of any taxpayer who brings an action to set aside or review the tax based on the report or return or against whom an action or proceeding has been instituted in accordance with the provisions of 15-30-2630.

(4) The department may deliver to a taxpayer's spouse the taxpayer's return or information related to the return for a tax year if the spouse and the taxpayer filed the return with the filing status of married filing separately on the same return. The information being provided to the spouse or reported on the return, including subsequent adjustments or amendments to the return, must be treated in the same manner as if the spouse and the taxpayer filed the return using a joint filing status for that tax year.

(5) Reports and returns must be preserved for at least 3 years and may be preserved until the department orders them to be destroyed.

(6) Any offense against subsections (1) through (5) is punishable by a fine not exceeding \$500. If the offender is an officer or employee of the state, the offender must be dismissed from office or employment and may not hold any public office or public employment in this state for a period of 1 year after dismissal or, in the case of a former officer or employee, for 1 year after conviction.

(7) This section may not be construed to prohibit the department from providing taxpayer return information and information from employers' payroll withholding reports to:

(a) the department of labor and industry to be used for the purpose of investigation and prevention of noncompliance, tax evasion, fraud, and abuse under the unemployment insurance laws; or

(b) the state fund to be used for the purpose of investigation and prevention of noncompliance, fraud, and abuse under the workers' compensation program.

(8) The department may permit the commissioner of internal revenue of the United States or the proper officer of any state imposing a tax upon the incomes of individuals or the authorized representative of either officer to inspect the return of income of any individual or may furnish to the officer or an authorized representative an abstract of the return of income of any individual or supply the officer with information concerning an item of income contained in a return or disclosed by the report of an investigation of the income or return of income of an individual, but the permission may be granted or information furnished only if the statutes of the United States or of the other state grant substantially similar privileges to the proper officer of this state charged with the administration of this chapter.

(9) On written request to the director or a designee of the director, the department shall furnish:

(a) to the department of justice all information necessary to identify those persons qualifying for the additional exemption for blindness pursuant to 15-30-2114(4), for the purpose of enabling the department of justice to administer the provisions of 61-5-105;

(b) to the department of public health and human services information acquired under 15-30-2616, pertaining to an applicant for public assistance, reasonably necessary for the prevention and detection of public assistance fraud and abuse, provided notice to the applicant has been given;

(c) to the department of labor and industry for the purpose of prevention and detection of fraud and abuse in and eligibility for benefits under the unemployment compensation and workers' compensation programs information on whether a taxpayer who is the subject of an ongoing investigation by the department of

labor and industry is an employee, an independent contractor, or self-employed;

(d) to the department of fish, wildlife, and parks specific information that is available from income tax returns and required under 87-2-102 to establish the residency requirements of an applicant for hunting and fishing licenses;

(e) to the board of regents information required under 20-26-1111;

(f) to the legislative fiscal analyst and the office of budget and program planning individual income tax information as provided in 5-12-303, 15-1-106, and 17-7-111. The information provided to the office of budget and program planning must be the same as the information provided to the legislative fiscal analyst.

(g) to the department of transportation farm income information based on the most recent income tax return filed by an applicant applying for a refund under 15-70-223 or 15-70-362, provided that notice to the applicant has been given as provided in 15-70-223 and 15-70-362. The information obtained by the department of transportation is subject to the same restrictions on disclosure as are individual income tax returns.

(h) to the commissioner of insurance's office all information necessary for the administration of the small business health insurance tax credit provided for in Title 33, chapter 22, part 20;

(i) to the superintendent of public instruction information required under [section 5]."

**"Section 25.** Section 15-31-511, MCA, is amended to read:

**"15-31-511. Confidentiality of tax records.** (1) Except as provided in this section, in accordance with a proper judicial order, or as otherwise provided by law, it is unlawful to divulge or make known in any manner:

(a) the amount of income or any particulars set forth or disclosed in any return or report required under this chapter or any other information relating to taxation secured in the administration of this chapter; or

(b) any federal return or information in or disclosed on a federal return or report required by law or rule of the department under this chapter.

(2) (a) An officer or employee charged with custody of returns and reports required by this chapter may not be ordered to produce any of them or evidence of anything contained in them in any administrative proceeding or action or proceeding in any court, except:

(i) in an action or proceeding in which the department is a party under the provisions of this chapter; or

(ii) in any other tax proceeding or on behalf of a party to an action or proceeding under the provisions of this chapter when the returns or reports or facts shown in them are directly pertinent to the action or proceeding.

(b) If the production of a return, report, or information

contained in them is ordered, the court shall limit production of and the admission of returns, reports, or facts shown in them to the matters directly pertinent to the action or proceeding.

(3) This section does not prohibit:

(a) the delivery of a certified copy of any return or report filed in connection with a return to the taxpayer who filed the return or report or to the taxpayer's authorized representative;

(b) the publication of statistics prepared in a manner that prevents the identification of particular returns, reports, or items from returns or reports;

(c) the inspection of returns and reports by the attorney general or other legal representative of the state in the course of an administrative proceeding or litigation under this chapter;

(d) access to information under subsection (4);

(e) the director of revenue from permitting a representative of the commissioner of internal revenue of the United States or a representative of a proper officer of any state imposing a tax on the income of a taxpayer to inspect the returns or reports of a corporation. The department may also furnish those persons abstracts of income, returns, and reports; information concerning any item in a return or report; and any item disclosed by an investigation of the income or return of a corporation. The director of revenue may not furnish that information to a person representing the United States or another state unless the United States or the other state grants substantially similar privileges to an officer of this state charged with the administration of this chapter.

(f) the disclosure of information to the commissioner of insurance's office that is necessary for the administration of the small business health insurance tax credit provided for in Title 33, chapter 22, part 20.

(4) On written request to the director or a designee of the director, the department shall:

(a) allow the inspection of returns and reports by the legislative auditor, but the information furnished to the legislative auditor is subject to the same restrictions on disclosure outside that office as provided in subsection (1); and

(b) provide corporate income tax and alternative corporate income tax information, including any information that may be required under Title 15, chapter 30, part 33, to the legislative fiscal analyst, as provided in 5-12-303 or 15-1-106, and the office of budget and program planning, as provided in 15-1-106 or 17-7-111. The information furnished to the legislative fiscal analyst and the office of budget and program planning is subject to the same restrictions on disclosure outside those offices as provided in subsection (1).

(c) furnish to the superintendent of public instruction information required under [section 5].

(5) A person convicted of violating this section shall be fined not to exceed \$500. If a public officer or public employee

is convicted of violating this section, the person is dismissed from office or employment and may not hold any public office or public employment in the state for a period of 1 year after dismissal or, in the case of a former officer or employee, for 1 year after conviction."

**Insert: "Section 26.** Section 17-7-502, MCA, is amended to read:

**"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-15-247; 2-17-105; 5-11-120; 5-11-407; 5-13-403; 7-4-2502; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-121; 15-1-218; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121; 15-70-101; 15-70-369; 15-70-601; 16-11-509; 17-3-106; 17-3-112; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 18-11-112; 19-3-319; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; [section 5]; 20-9-534; 20-9-622; 20-26-1503; 22-1-327; 22-3-1004; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 30-10-1004; 37-43-204; 37-51-501; 39-1-105; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-12-206; 44-13-102; 53-1-109; 53-1-215; 53-2-208; 53-9-113; 53-24-108; 53-24-206; 60-11-115; 61-3-415; 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-13-150; 76-13-416; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 81-1-112; 81-7-106; 81-10-103; 82-11-161; 85-20-1504; 85-20-1505; 87-1-603; 90-1-115; 90-1-205; 90-1-504; 90-3-1003; 90-6-331; and 90-9-306.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion of 19-20-604 terminates contingently when the amortization period for the teachers' retirement system's unfunded liability is 10 years or less;

pursuant to sec. 10, Ch. 10, Sp. L. May 2000, secs. 3 and 6, Ch. 481, L. 2003, and sec. 2, Ch. 459, L. 2009, the inclusion of 15-35-108 terminates June 30, 2019; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410 terminates contingently upon the death of the last recipient eligible under 19-6-709(2) for the supplemental benefit provided by 19-6-709; pursuant to sec. 14, Ch. 374, L. 2009, the inclusion of 53-9-113 terminates June 30, 2015; pursuant to sec. 5, Ch. 442, L. 2009, the inclusion of 90-6-331 terminates June 30, 2019; pursuant to sec. 16, Ch. 58, L. 2011, the inclusion of 30-10-1004 terminates June 30, 2017; pursuant to sec. 6, Ch. 61, L. 2011, the inclusion of 76-13-416 terminates June 30, 2019; pursuant to sec. 13, Ch. 339, L. 2011, the inclusion of 81-1-112 and 81-7-106 terminates June 30, 2017; pursuant to sec. 11(2), Ch. 17, L. 2013, the inclusion of 17-3-112 terminates on occurrence of contingency; pursuant to secs. 3 and 5, Ch. 244, L. 2013, the inclusion of 22-1-327 is effective July 1, 2015, and terminates July 1, 2017; and pursuant to sec. 10, Ch. 413, L. 2013, the inclusion of 2-15-247, 39-1-105, 53-1-215, and 53-2-208 terminates June 30, 2015.)""

**Renumber:** subsequent sections

- END -



The Big Sky Country

MONTANA HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE

ROLL CALL VOTE

BILL NUMBER SB 410

DATE April 17, 2015

MOTION (Substitute) Motion to Segregate Items 19, 26 in SB 0410 Re AJC

NAME	AYE	NO	PROXY
REP. RANDY BRODEHL		✓	
REP. KELLY MCCARTHY		✓	
REP. TOM WOODS	✓		
REP. CARL GLIMM		✓	
REP. DAVE HAGSTROM		✓	
REP. BOB MEHLHOFF		✓	
REP. TOM BURNETT		✓	
REP. DONALD JONES		✓	✓
REP. MITCH TROPILA	✓		
REP. JANET ELLIS	✓		
REP. ROY HOLLANDSWORTH		✓	
REP. RON EHLI		✓	
REP. BRAD TSCHIDA		✓	
REP. RAE PEPPERS	✓		
REP. KIMBERLY DUDIK	✓		
REP. KENNETH HOLMLUND		✓	
REP. MIKE CUFFE		✓	
REP. PAT NOONAN, MIN. VICE CHAIRMAN	✓		
REP. RYAN OSMUNDSON, MAJ. VICE CHAIRMAN		✓	✓
REP. NANCY BALLANCE, CHAIR		✓	

6 14 20 MEMBERS



The Big Sky Country

MONTANA HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE

ROLL CALL VOTE

BILL NUMBER SB 410

DATE April 17, 2015

MOTION Be Amended : SB 041012. A JC

Table with 4 columns: NAME, AYE, NO, PROXY. Lists representatives and their votes.

17 3 20 MEMBERS



The Big Sky Country

MONTANA HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE

ROLL CALL VOTE

BILL NUMBER SB 410

DATE April 17, 2015

MOTION Be Concurred In as Amended: SB 041012 AJC

NAME	AYE	NO	PROXY
REP. RANDY BRODEHL	✓		
REP. KELLY MCCARTHY		✓	
REP. TOM WOODS		✓	
REP. CARL GLIMM	✓		
REP. DAVE HAGSTROM	✓		
REP. BOB MEHLHOFF		✓	
REP. TOM BURNETT	✓		
REP. DONALD JONES	✓		✓
REP. MITCH TROPILA		✓	
REP. JANET ELLIS		✓	
REP. ROY HOLLANDSWORTH	✓		
REP. RON EHLE	✓		
REP. BRAD TSCHIDA	✓		
REP. RAE PEPPERS		✓	
REP. KIMBERLY DUDIK		✓	
REP. KENNETH HOLMLUND	✓		
REP. MIKE CUFFE	✓		
REP. PAT NOONAN, MIN. VICE CHAIRMAN		✓	
REP. RYAN OSMUNDSON, MAJ. VICE CHAIRMAN	✓		✓
REP. NANCY BALLANCE, CHAIR	✓		

12 8 20 MEMBERS



# EXHIBIT F

## MINUTES

### MONTANA SENATE 64th LEGISLATURE - REGULAR SESSION

#### FREE CONFERENCE COMMITTEE ON SENATE BILL 410

**Call to Order:** Chair Llew Jones, on April 21, 2015 at 3:30 P.M., in Room 317 Capitol

#### ROLL CALL

**Members Present:**

Sen. Llew Jones, Chair (R)  
Rep. Sarah Laszloffy, Chair (R)  
Sen. Kris Hansen (R)  
Rep. Edith (Edie) McClafferty (D)  
Rep. Ryan Osmundson (R)

**Members Excused:**

Sen. Bradley Hamlett (D)

**Members Absent:** None

**Staff Present:** Jaret Coles, Legislative Branch  
Prudence Gildroy, 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:**

**Executive Action:** SB 410 - Recommend that the Free Conference Committee Report be Adopted and Amended Further

00:00:01 Chair Jones

**EXECUTIVE ACTION ON SB 410**

00:02:26 **Motion:** Rep. Laszloffy moved that **SB 410 DO PASS.**

00:03:13 **Motion:** Rep. Laszloffy moved that **SB 410 BE AMENDED.**  
**EXHIBIT**(frs81sb0410a01)

**Discussion:**

00:03:50 Sen. Hansen

00:04:06 Jaret Coles, Legislative Services Division (LSD)

00:04:40 Sen. Hansen

00:05:37 Mr. Coles, LSD

00:06:38 Sen. Hansen

00:06:46 Mr. Coles

00:07:12 **Vote:** Motion carried unanimously by voice vote in the Senate and the House.  
Sen. Hamlett voted by proxy.

00:07:27 **Motion:** Rep. Laszloffy moved that **SB 410 DO PASS AS AMENDED.**

**Discussion:**

00:08:08 Rep. McClafferty

00:08:26 Mr. Coles

00:08:52 **Vote:** Motion carried 2-0 by roll call vote in the Senate. Sen. Hamlett was  
excused. Motion carried 3-0 by roll call vote in the House

**Note:** In lieu of motion, the signed Free Conference Committee Report, signed by a majority of  
both the Senate and House members, indicates that the committee recommends **THE**  
**CONFERENCE COMMITTEE REPORT BE ADOPTED.**

**ADJOURNMENT**

Adjournment: 3:45 p.m.

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Prudence Gildroy, Secretary

Additional Documents:

**EXHIBIT([frs81sb0410aad.pdf](#))**

Amendments to Senate Bill No. 410  
Reference Copy

For the Senate Free Conference Committee

Prepared by Jaret Coles  
April 21, 2015 (11:06am)

1. Title, page 1, line 14.

**Strike:** "AN IMMEDIATE"**Insert:** "A DELAYED"**Strike:** "A RETROACTIVE"**Insert:** "AN"

2. Page 9, line 7.

**Strike:** "2015"**Insert:** "2016"

3. Page 9, line 8.

**Strike:** "2016"**Insert:** "2017"

4. Page 10, line 19.

**Strike:** "2015"**Insert:** "2016"

5. Page 10, line 20.

**Strike:** "2016"**Insert:** "2017"

6. Page 26, line 23.

**Following:** line 22**Insert:** "COORDINATION SECTION. **Section 29. Coordination instruction.** If both Senate Bill No. 171 and [this act] are passed and approved and if [this act] contains a section that amends 15-30-2110 and Senate Bill No. 171 contains a section that repeals 15-30-2110, then [section 1] of Senate Bill No. 171 must be amended as follows:**"NEW SECTION. Section 1. Adjustments to federal taxable income to determine Montana taxable income.** (1) The items in subsection (2) are added to and the items in subsection (3) are subtracted from federal taxable income to determine Montana taxable income.

(2) The following are added to federal taxable income:

(a) to the extent that it is not exempt from taxation by Montana under federal law, interest from obligations of a territory or another state or any political subdivision of a territory or another state and exempt-interest dividends attributable to that interest except to the extent already included in federal taxable income;

(b) a withdrawal from a medical care savings account provided for in Title 15, chapter 61, used for a purpose other than an eligible medical expense or long-term care of the employee or account holder or a dependent of the employee or account holder;

(c) a nonqualified withdrawal from a family education savings account provided for in Title 15, chapter 62, to the extent that it was deducted from income in calculating Montana individual income taxes;

(d) a withdrawal from a first-time home buyer savings account provided for in Title 15, chapter 63, used for a purpose other than for eligible costs for the purchase of a single-family residence;

(e) an item of income, deduction, or expense to the extent that it was used to calculate federal taxable income if the item was also used to calculate a credit against a Montana income tax liability;

(f) a deduction or expense upon which a state tax credit is computed under 33-22-2006 to the extent that it was included as a deduction or expense in determining federal taxable income;

(g) a deduction for an income distribution from an estate or trust to a beneficiary that was included in the federal taxable income of an estate or trust in accordance with sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661; and

(h) for a taxpayer that deducts state income taxes pursuant to section 164(a)(3) of the Internal Revenue Code, 26 U.S.C. 164(a)(3), an additional amount equal to the state income tax deduction claimed, not to exceed the amount required to reduce the federal itemized amount computed under section 161 of the Internal Revenue Code, 26 U.S.C. 161, to the amount of the federal standard deduction allowable under section 63(c) of the Internal Revenue Code, 26 U.S.C. 63(c).

(3) To the extent they are included as income or gain or not already excluded as a deduction or expense in determining federal taxable income, the following are subtracted from federal taxable income:

(a) if exempt from taxation by Montana under federal law:

(i) interest from obligations of the United States government and exempt-interest dividends attributable to that interest; and

(ii) railroad retirement benefits;

(b) salary received from the armed forces by residents who entered into active duty from Montana and are serving on active duty in the regular armed forces;

(c) interest and other income related to contributions that were made prior to January 1, 2016, that are retained in a medical care savings account provided for in Title 15, chapter 61, and any withdrawal for payment of eligible medical expenses or for the long-term care of the employee or account holder or a dependent of the employee or account holder;

(d) interest and other income related to contributions that

were made prior to January 1, 2016, that are retained in a family education savings account provided for in Title 15, chapter 62, and any qualified withdrawal for payment of qualified higher education expenses;

(e) interest and other income related to contributions that were made prior to January 1, 2016, that are retained in a first-time home buyer savings account provided for in Title 15, chapter 63, and any withdrawal for payment of eligible costs for the first-time purchase of a single-family residence;

(f) a deduction for an income distribution from an estate or trust to a beneficiary in accordance with sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661, recalculated according to the additions and subtractions in subsections (2), ~~and (3) (a) through (3) (e), and (3) (g), and (3) (h); and~~

(g) for each taxpayer that has attained the age of 65, an additional subtraction of \$6,400; and

(h) the amount of a scholarship to an eligible student by a student scholarship organization pursuant to [section 10 of Senate Bill No. 410].

(4) By November 1 of each year, the department shall multiply the subtraction from federal taxable income for a taxpayer that has attained the age of 65 contained in subsection (3)(g) by the inflation factor for that tax year, rounding the result to the nearest \$10. The resulting amount is effective for that tax year and must be used as the basis for the subtraction from federal taxable income determined under subsection (3)(g).""

**Renumber:** subsequent sections

7. Page 26, line 28.

**Strike:** "on passage and approval"

**Insert:** "January 1, 2016"

8. Page 26, line 30 through page 27, line 1.

**Strike:** "Retroactive applicability"

**Insert:** "Applicability"

**Strike:** "retroactively, within the meaning of 1-2-109,"

**Strike:** "2014"

**Insert:** "2015"

9. Page 27, line 3.

**Strike:** "2021"

**Insert:** "2023"

- END -

Explanation - This amendment combines SB041013.ajc and SB041014.ajc

Amendments to Senate Bill No. 410  
Reference Copy

For the Senate Free Conference Committee

Prepared by Jaret Coles  
April 21, 2015 (9:50am)

1. Page 26, line 23.

**Following:** line 22

**Insert:** "COORDINATION SECTION. **Section 29. Coordination instruction.** If both Senate Bill No. 171 and [this act] are passed and approved and if [this act] contains a section that amends 15-30-2110 and Senate Bill No. 171 contains a section that repeals 15-30-2110, then [section 1] of Senate Bill No. 171 must be amended as follows:

"NEW SECTION. **Section 1. Adjustments to federal taxable income to determine Montana taxable income.** (1) The items in subsection (2) are added to and the items in subsection (3) are subtracted from federal taxable income to determine Montana taxable income.

(2) The following are added to federal taxable income:

(a) to the extent that it is not exempt from taxation by Montana under federal law, interest from obligations of a territory or another state or any political subdivision of a territory or another state and exempt-interest dividends attributable to that interest except to the extent already included in federal taxable income;

(b) a withdrawal from a medical care savings account provided for in Title 15, chapter 61, used for a purpose other than an eligible medical expense or long-term care of the employee or account holder or a dependent of the employee or account holder;

(c) a nonqualified withdrawal from a family education savings account provided for in Title 15, chapter 62, to the extent that it was deducted from income in calculating Montana individual income taxes;

(d) a withdrawal from a first-time home buyer savings account provided for in Title 15, chapter 63, used for a purpose other than for eligible costs for the purchase of a single-family residence;

(e) an item of income, deduction, or expense to the extent that it was used to calculate federal taxable income if the item was also used to calculate a credit against a Montana income tax liability;

(f) a deduction or expense upon which a state tax credit is computed under 33-22-2006 to the extent that it was included as a deduction or expense in determining federal taxable income;

(g) a deduction for an income distribution from an estate or trust to a beneficiary that was included in the federal taxable

income of an estate or trust in accordance with sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661; and

(h) for a taxpayer that deducts state income taxes pursuant to section 164(a)(3) of the Internal Revenue Code, 26 U.S.C. 164(a)(3), an additional amount equal to the state income tax deduction claimed, not to exceed the amount required to reduce the federal itemized amount computed under section 161 of the Internal Revenue Code, 26 U.S.C. 161, to the amount of the federal standard deduction allowable under section 63(c) of the Internal Revenue Code, 26 U.S.C. 63(c).

(3) To the extent they are included as income or gain or not already excluded as a deduction or expense in determining federal taxable income, the following are subtracted from federal taxable income:

(a) if exempt from taxation by Montana under federal law:

(i) interest from obligations of the United States government and exempt-interest dividends attributable to that interest; and

(ii) railroad retirement benefits;

(b) salary received from the armed forces by residents who entered into active duty from Montana and are serving on active duty in the regular armed forces;

(c) interest and other income related to contributions that were made prior to January 1, 2016, that are retained in a medical care savings account provided for in Title 15, chapter 61, and any withdrawal for payment of eligible medical expenses or for the long-term care of the employee or account holder or a dependent of the employee or account holder;

(d) interest and other income related to contributions that were made prior to January 1, 2016, that are retained in a family education savings account provided for in Title 15, chapter 62, and any qualified withdrawal for payment of qualified higher education expenses;

(e) interest and other income related to contributions that were made prior to January 1, 2016, that are retained in a first-time home buyer savings account provided for in Title 15, chapter 63, and any withdrawal for payment of eligible costs for the first-time purchase of a single-family residence;

(f) a deduction for an income distribution from an estate or trust to a beneficiary in accordance with sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661, recalculated according to the additions and subtractions in subsections (2), ~~and (3)(a) through (3)(e), and (3)(g), and (3)(h); and~~

(g) for each taxpayer that has attained the age of 65, an additional subtraction of \$6,400; ~~and~~

(h) the amount of a scholarship to an eligible student by a student scholarship organization pursuant to [section 10 of Senate Bill No. 410].

(4) By November 1 of each year, the department shall multiply the subtraction from federal taxable income for a taxpayer that has attained the age of 65 contained in subsection

(3)(g) by the inflation factor for that tax year, rounding the result to the nearest \$10. The resulting amount is effective for that tax year and must be used as the basis for the subtraction from federal taxable income determined under subsection (3)(g)."

**Renumber:** subsequent sections

- END -

Explanation - This amendment retains the exclusion from income for a scholarship that is contained in SB 410. Without this coordination, the exclusion in SB 410 will not be effective if SB 171 becomes law because SB 171 repeals the section that contains the exclusion (15-30-2110).

SENATE BILL NO. 171

INTRODUCED BY B. TUTVEDT, B. HOVEN

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A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING TAXATION OF INCOME, INCLUDING THE CORPORATE LICENSE INCOME TAX; REQUIRING THE TAXATION OF INDIVIDUALS, PARTNERSHIPS, AND SUBCHAPTER S. CORPORATIONS, INCLUDING TRUSTS AND ESTATES, TO RELATE THE STATE INDIVIDUAL INCOME TAX TO FEDERAL TAXABLE INCOME; PROVIDING ADJUSTMENTS TO FEDERAL TAXABLE INCOME TO INCLUDE CERTAIN INCOME; PROVIDING ADJUSTMENTS TO FEDERAL TAXABLE INCOME TO EXCLUDE CERTAIN INCOME; ELIMINATING MOST INDIVIDUAL INCOME TAX DEDUCTIONS; ELIMINATING CERTAIN INDIVIDUAL INCOME TAX CREDITS; REVISING CERTAIN INDIVIDUAL INCOME TAX CREDITS; ELIMINATING CERTAIN CORPORATE LICENSE INCOME TAX DEDUCTIONS AND CREDITS; REVISING INDIVIDUAL INCOME TAX RATES SUBJECT TO A REDUCTION FOR NET CAPITAL GAIN INCOME; LOWERING CORPORATE LICENSE INCOME TAX RATES; PROVIDING A TRANSITION FOR CREDITS THAT ARE SUBJECT TO A CARRYFORWARD; PROVIDING A TRANSITION FOR DIFFERENCES IN FEDERAL AND MONTANA INCOME TAX LAWS; REENACTING THE BIG SKY ON THE BIG SCREEN ACT AND MAKING PERMANENT THE AVAILABILITY AND USE OF TAX CREDITS; PROMOTING THE MOTION PICTURE AND TELEVISION INDUSTRIES AND RELATED MEDIA IN MONTANA BY PROVIDING TAX INCENTIVES FOR FILMING AND FOR DEVELOPING MAGAZINE ADVERTISING IN MONTANA; ALLOWING A PRODUCTION COMPANY A TAX CREDIT FOR EMPLOYING MONTANA RESIDENTS; ALLOWING A PRODUCTION COMPANY A TAX CREDIT FOR QUALIFYING EXPENDITURES MADE IN MONTANA; REQUIRING A PRODUCTION COMPANY TO APPLY TO THE DEPARTMENT OF COMMERCE FOR STATE CERTIFICATION OF A PRODUCTION TO QUALIFY FOR THE TAX CREDITS; REQUIRING AN APPLICATION AND AN APPLICATION FEE FOR A PRODUCTION COMPANY TO CLAIM TAX CREDITS FOR A STATE-CERTIFIED PRODUCTION; REQUIRING THAT THE APPLICATION FEE BE USED FOR ADMINISTERING THE TAX CREDITS; PROVIDING A STATUTORY APPROPRIATION; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 2-18-1312, 7-14-1133, 7-14-1636, 7-34-2416, 15-30-2101, 15-30-2102, 15-30-2103, 15-30-2104, 15-30-2113, 15-30-2151, 15-30-2153, 15-30-2328, 15-30-2329, 15-30-2337, 15-30-2341, 15-30-2501, 15-30-2512, 15-30-2602, 15-30-2605, 15-30-2606, 15-30-2618, 15-30-2364, 15-30-3003, 15-30-3004, 15-30-3005, 15-30-3312, 15-31-121, 15-31-125, 15-31-127, 15-31-131, 15-31-162, 15-32-104, 15-32-106, 15-61-202, 15-61-203, 15-62-208, 15-63-202, 17-7-502, 19-2-1004, 19-17-407,



1 19-18-612, 19-19-504, 19-20-706, 19-21-212, 33-22-2006, 33-27-101, 33-27-102, 33-27-103, 37-4-104, 53-2-211,  
 2 67-11-303, 70-9-803, 75-2-103, 75-5-103, 87-2-102, AND 87-2-105, MCA; REPEALING SECTIONS 7-21-3701,  
 3 7-21-3702, 7-21-3703, 7-21-3704, 7-21-3710, 7-21-3715, 15-30-2110, 15-30-2111, 15-30-2114, 15-30-2115,  
 4 15-30-2116, 15-30-2117, 15-30-2119, 15-30-2131, 15-30-2132, 15-30-2133, 15-30-2141, 15-30-2142,  
 5 15-30-2143, 15-30-2144, 15-30-2152, 15-30-2301, 15-30-2319, 15-30-2320, 15-30-2356, 15-31-124, 15-31-134,  
 6 15-31-137, 15-31-163, 15-31-172, 15-32-109, 15-32-115, 15-32-201, 15-32-202, 15-32-203, 15-32-301,  
 7 15-32-302, 15-32-303, 15-32-401, 15-32-402, 15-32-404, 15-32-405, 15-32-406, 15-32-407, 15-32-501,  
 8 15-32-502, 15-32-503, 15-32-504, 15-32-505, 15-32-506, 15-32-507, 15-32-508, 15-32-509, 15-32-510,  
 9 ~~15-32-601, 15-32-602, 15-32-603, 15-32-604, 15-32-609, 15-32-610, 15-32-611,~~ 15-32-701, 15-32-702,  
 10 15-32-703, 15-62-207, AND 33-2-724, MCA; AND PROVIDING ~~A DELAYED EFFECTIVE DATE~~ EFFECTIVE  
 11 DATES AND AN APPLICABILITY DATE DATES."

12

13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14

15 NEW SECTION. **Section 1. Adjustments to federal taxable income to determine Montana taxable**  
 16 **income.** (1) The items in subsection (2) are added to and the items in subsection (3) are subtracted from federal  
 17 taxable income to determine Montana taxable income.

18 (2) The following are added to federal taxable income:

19 (a) to the extent that it is not exempt from taxation by Montana under federal law, interest from  
 20 obligations of a territory or another state or any political subdivision of a territory or another state and  
 21 exempt-interest dividends attributable to that interest except to the extent already included in federal taxable  
 22 income;

23 (b) a withdrawal from a medical care savings account provided for in Title 15, chapter 61, used for a  
 24 purpose other than an eligible medical expense or long-term care of the employee or account holder or a  
 25 dependent of the employee or account holder;

26 (c) a nonqualified withdrawal from a family education savings account provided for in Title 15, chapter  
 27 62, to the extent that it was deducted from income in calculating Montana individual income taxes;

28 (d) a withdrawal from a first-time home buyer savings account provided for in Title 15, chapter 63, used  
 29 for a purpose other than for eligible costs for the purchase of a single-family residence;

30 (e) an item of income, deduction, or expense to the extent that it was used to calculate federal taxable

1 income if the item was also used to calculate a credit against a Montana income tax liability;

2 (f) a deduction or expense upon which a state tax credit is computed under 33-22-2006 to the extent that  
3 it was included as a deduction or expense in determining federal taxable income;

4 (g) a deduction for an income distribution from an estate or trust to a beneficiary that was included in the  
5 federal taxable income of an estate or trust in accordance with sections 651 and 661 of the Internal Revenue  
6 Code, 26 U.S.C. 651 and 661; and

7 (h) for a taxpayer that deducts state income taxes pursuant to section 164(a)(3) of the Internal Revenue  
8 Code, 26 U.S.C. 164(a)(3), an additional amount equal to the state income tax deduction claimed, not to exceed  
9 the amount required to reduce the federal itemized amount computed under section 161 of the Internal Revenue  
10 Code, 26 U.S.C. 161, to the amount of the federal standard deduction allowable under section 63(c) of the  
11 Internal Revenue Code, 26 U.S.C. 63(c).

12 (3) To the extent they are included as income or gain or not already excluded as a deduction or expense  
13 in determining federal taxable income, the following are subtracted from federal taxable income:

14 (a) if exempt from taxation by Montana under federal law:

15 (i) interest from obligations of the United States government and exempt-interest dividends attributable  
16 to that interest; and

17 (ii) railroad retirement benefits;

18 (b) salary received from the armed forces by residents who entered into active duty from Montana and  
19 are serving on active duty in the regular armed forces;

20 (c) interest and other income related to contributions that were made prior to January 1, 2016, that are  
21 retained in a medical care savings account provided for in Title 15, chapter 61, and any withdrawal for payment  
22 of eligible medical expenses or for the long-term care of the employee or account holder or a dependent of the  
23 employee or account holder;

24 (d) interest and other income related to contributions that were made prior to January 1, 2016, that are  
25 retained in a family education savings account provided for in Title 15, chapter 62, and any qualified withdrawal  
26 for payment of qualified higher education expenses;

27 (e) interest and other income related to contributions that were made prior to January 1, 2016, that are  
28 retained in a first-time home buyer savings account provided for in Title 15, chapter 63, and any withdrawal for  
29 payment of eligible costs for the first-time purchase of a single-family residence;

30 (f) a deduction for an income distribution from an estate or trust to a beneficiary in accordance with

1 sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661, recalculated according to the  
2 additions and subtractions in subsections (2) and (3)(a) through (3)(e) and (3)(g); and

3 (g) for each taxpayer that has attained the age of 65, an additional subtraction of \$6,400.

4 (4) By November 1 of each year, the department shall multiply the subtraction from federal taxable  
5 income for a taxpayer that has attained the age of 65 contained in subsection (3)(g) by the inflation factor for that  
6 tax year, rounding the result to the nearest \$10. The resulting amount is effective for that tax year and must be  
7 used as the basis for the subtraction from federal taxable income determined under subsection (3)(g).

8

9 NEW SECTION. SECTION 2. SHORT TITLE. [SECTIONS 2 THROUGH 11] MAY BE CITED AS THE "BIG SKY ON THE  
10 BIG SCREEN ACT".

11

12 NEW SECTION. SECTION 3. PURPOSE. (1) THE PURPOSES OF [SECTIONS 2 THROUGH 11] ARE TO ENHANCE  
13 MONTANA'S ECONOMY BY REVITALIZING AND EXPANDING THE MOTION PICTURE AND TELEVISION INDUSTRIES AND RELATED  
14 MEDIA IN MONTANA AND TO PROMOTE THE GROWTH OF SMALL BUSINESSES. THE OBJECTIVES OF [SECTIONS 2 THROUGH  
15 11] ARE TO:

16 (A) RENEW INTEREST IN MONTANA AS A PREMIER LOCATION FOR THE PRODUCTION OF MOTION PICTURES,  
17 DOCUMENTARIES, TELEVISION PROGRAMS AND COMMERCIALS, AND MAGAZINE ADVERTISING;

18 (B) ENCOURAGE THE CREATION OF JOBS THAT PAY WELL FOR MONTANA WORKERS AND UNIVERSITY GRADUATES;

19 (C) ENHANCE THE GROWTH OF MONTANA BUSINESSES THAT PROVIDE GOODS AND SERVICES FOR THESE TYPES  
20 OF PRODUCTIONS; AND

21 (D) HELP PROMOTE THE TOURISM INDUSTRY IN MONTANA.

22 (2) THE OBJECTIVES IN SUBSECTION (1) WILL BEST BE ACHIEVED BY OFFERING TAX INCENTIVES TO PRODUCTION  
23 COMPANIES FOR HIRING MONTANA RESIDENTS AND FOR PURCHASING MONTANA GOODS AND SERVICES.

24

25 NEW SECTION. SECTION 4. DEFINITIONS. AS USED IN [SECTIONS 2 THROUGH 11], UNLESS THE CONTEXT  
26 REQUIRES OTHERWISE, THE FOLLOWING DEFINITIONS APPLY:

27 (1) "COMPENSATION" MEANS SALARY, WAGES, OR OTHER COMPENSATION, INCLUDING RELATED BENEFITS PAID  
28 TO A MONTANA RESIDENT.

29 (2) (A) "PRODUCTION" MEANS A NATIONALLY OR REGIONALLY DISTRIBUTED FEATURE-LENGTH FILM, SHORT FILM,  
30 DOCUMENTARY, TELEVISION SERIES OR SEGMENT, TELEVISION PILOT, MAGAZINE ADVERTISING OTHER THAN ADVERTISING



1 (6) As used in this section, "recapturable withdrawal" means a withdrawal or distribution that is a  
2 nonqualified withdrawal."

3

4 NEW SECTION. SECTION 78. INSTRUCTIONS TO CODE COMMISSIONER -- COORDINATION WITH REPEALED CODE  
5 SECTIONS. THE CODE COMMISSIONER SHALL:

6 (1) STRIKE SUBSECTION OR CODE SECTION REFERENCES IN [SECTION 1 OF HOUSE BILL NO. 154] WHEN THE  
7 SUBSECTION OR CODE SECTION REFERENCES RELATE TO TAX CREDITS THAT ARE REPEALED ON OR BEFORE JANUARY 1,  
8 2016, IN [THIS ACT]; AND

9 (2) MAKE ANY CORRESPONDING CHANGES IN [HOUSE BILL NO. 154] TO REFLECT THE RENUMBERING.

10

11 NEW SECTION. Section 79. Severability. If a part of [this act] is invalid, all valid parts that are  
12 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications,  
13 the part remains in effect in all valid applications that are severable from the invalid applications.

14

15 NEW SECTION. Section 80. Effective date. ~~This (1) EXCEPT AS PROVIDED IN SUBSECTION (2), [THIS act]~~  
16 is effective January 1, 2016.

17 (2) [SECTIONS 2 THROUGH 11, 25, 26, 49, 71, AND 79 THROUGH 81] ARE EFFECTIVE ON PASSAGE AND  
18 APPROVAL.

19

20 NEW SECTION. Section 81. Applicability --RETROACTIVE APPLICABILITY. ~~This (1) EXCEPT AS PROVIDED~~  
21 IN SUBSECTION (2), [THIS act] applies to tax years beginning after December 31, 2015.

22 (2) [SECTIONS 2 THROUGH 11, 25, 26, AND 49] APPLY RETROACTIVELY, WITHIN THE MEANING OF 1-2-109, TO  
23 TAX YEARS BEGINNING AFTER DECEMBER 31, 2014.

24

- END -

# Montana State Legislature

**2015 SESSION**

**ADDITIONAL DOCUMENTS**

**May include the following:**

**Business Page**

[Signed by Chairman]

**Roll Call**

**Standing Committee Reports**

**Tabled Bills**

**Fiscal Reports**

**Rolls Call Votes**

**Proxy Forms**

**Visitor Registrations**

**\*Any other documents, which were submitted after the committee hearing has ended and/or was submitted late [within 48 hours], regarding information in the committee hearing.**

**\*Witness Statements that were not presented as exhibits.**

**Montana Historical Society Archives**

**225 N. Roberts**

**Helena MT 59620-1201**

**2015 Legislative**

**E-Document Specialist Susie Hamilton**

**BUSINESS REPORT**  
**MONTANA SENATE**  
**64th LEGISLATURE - REGULAR SESSION**  
**SENATE FREE CONFERENCE COMMITTEE**

**Date:** Tuesday April 21, 2015  
**Place:** Capitol

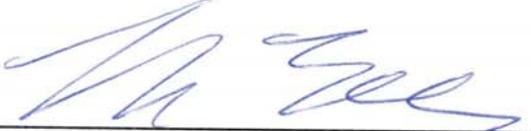
**Time:** 3:30 P.M.  
**Room:** 317

**BILLS and RESOLUTIONS HEARD:**

**EXECUTIVE ACTION TAKEN:**

SB 410 - Recommend that the free conference committee report be adopted

**Comments:**

  
\_\_\_\_\_  
SEN. Lew Jones, Chair

# MONTANA STATE SENATE

## ROLL CALL

# FREE CONFERENCE COMMITTEE

Date: 4/21/2015 HB (SB) No. 410

NAME	PRESENT	ABSENT/ EXCUSED
Sen. Jones	x	
Sen. Hansen	x	
Sen. Hamlett		x
Rep. Laszloffy	x	
Rep. Osmundson	x	
Rep. McClafferty	x	

Staff: Jaret Coles / Barb Smith

Secretary: Prudence Gildroy



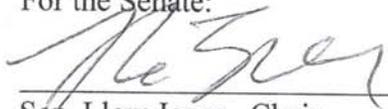
**FREE CONFERENCE COMMITTEE**  
**on Senate Bill 410**  
**Report No. 001, April 21, 2015**

Page 1 of 4

Mr. President and Mr. Speaker:

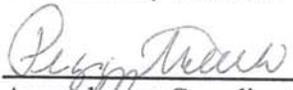
We, your Free Conference Committee met and considered **Senate Bill 410** (reference copy -- salmon) and recommend this Free Conference Committee report be adopted.

For the Senate:

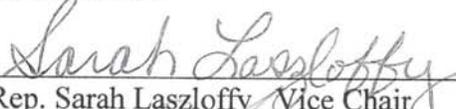
  
\_\_\_\_\_  
Sen. Llew Jones Chair

  
\_\_\_\_\_  
Sen. Kris Hansen

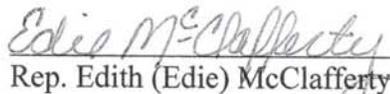
\_\_\_\_\_  
Sen. Bradley Hamlett

  
\_\_\_\_\_  
Amendment Coordinator

For the House:

  
\_\_\_\_\_  
Rep. Sarah Laszloffy Vice Chair

  
\_\_\_\_\_  
Rep. Ryan Osmundson

  
\_\_\_\_\_  
Rep. Edith (Edie) McClafferty

And, recommend that **Senate Bill 410** (reference copy -- salmon) be amended as follows:

1. Title, page 1, line 14.

**Strike:** "AN IMMEDIATE"

**Insert:** "A DELAYED"

**Strike:** "A RETROACTIVE"

**Insert:** "AN"

2. Page 9, line 7.

**Strike:** "2015"

**Insert:** "2016"

**ADOPT**  
**REJECT**

**Amendment # SB 410001**

SB0410001FC.spt

3. Page 9, line 8.

**Strike:** "2016"

**Insert:** "2017"

4. Page 10, line 19.

**Strike:** "2015"

**Insert:** "2016"

5. Page 10, line 20.

**Strike:** "2016"

**Insert:** "2017"

6. Page 26, line 23.

**Following:** line 22

**Insert:** "COORDINATION SECTION. **Section 29. Coordination instruction.** If both Senate Bill No. 171 and [this act] are passed and approved and if [this act] contains a section that amends 15-30-2110 and Senate Bill No. 171 contains a section that repeals 15-30-2110, then [section 1] of Senate Bill No. 171 must be amended as follows:

"NEW SECTION. **Section 1. Adjustments to federal taxable income to determine Montana taxable income.** (1) The items in subsection (2) are added to and the items in subsection (3) are subtracted from federal taxable income to determine Montana taxable income.

(2) The following are added to federal taxable income:

(a) to the extent that it is not exempt from taxation by Montana under federal law, interest from obligations of a territory or another state or any political subdivision of a territory or another state and exempt-interest dividends attributable to that interest except to the extent already included in federal taxable income;

(b) a withdrawal from a medical care savings account provided for in Title 15, chapter 61, used for a purpose other than an eligible medical expense or long-term care of the employee or account holder or a dependent of the employee or account holder;

(c) a nonqualified withdrawal from a family education savings account provided for in Title 15, chapter 62, to the extent that it was deducted from income in calculating Montana individual income taxes;

(d) a withdrawal from a first-time home buyer savings account provided for in Title 15, chapter 63, used for a purpose other than for eligible costs for the purchase of a single-family residence;

(e) an item of income, deduction, or expense to the extent that it was used to calculate federal taxable income if the item was also used to calculate a credit against a Montana income tax liability;

(f) a deduction or expense upon which a state tax credit is computed under 33-22-2006 to the extent that it was included as a

deduction or expense in determining federal taxable income;

(g) a deduction for an income distribution from an estate or trust to a beneficiary that was included in the federal taxable income of an estate or trust in accordance with sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661; and

(h) for a taxpayer that deducts state income taxes pursuant to section 164(a)(3) of the Internal Revenue Code, 26 U.S.C. 164(a)(3), an additional amount equal to the state income tax deduction claimed, not to exceed the amount required to reduce the federal itemized amount computed under section 161 of the Internal Revenue Code, 26 U.S.C. 161, to the amount of the federal standard deduction allowable under section 63(c) of the Internal Revenue Code, 26 U.S.C. 63(c).

(3) To the extent they are included as income or gain or not already excluded as a deduction or expense in determining federal taxable income, the following are subtracted from federal taxable income:

(a) if exempt from taxation by Montana under federal law:

(i) interest from obligations of the United States government and exempt-interest dividends attributable to that interest; and

(ii) railroad retirement benefits;

(b) salary received from the armed forces by residents who entered into active duty from Montana and are serving on active duty in the regular armed forces;

(c) interest and other income related to contributions that were made prior to January 1, 2016, that are retained in a medical care savings account provided for in Title 15, chapter 61, and any withdrawal for payment of eligible medical expenses or for the long-term care of the employee or account holder or a dependent of the employee or account holder;

(d) interest and other income related to contributions that were made prior to January 1, 2016, that are retained in a family education savings account provided for in Title 15, chapter 62, and any qualified withdrawal for payment of qualified higher education expenses;

(e) interest and other income related to contributions that were made prior to January 1, 2016, that are retained in a first-time home buyer savings account provided for in Title 15, chapter 63, and any withdrawal for payment of eligible costs for the first-time purchase of a single-family residence;

(f) a deduction for an income distribution from an estate or trust to a beneficiary in accordance with sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661, recalculated according to the additions and subtractions in subsections (2), and (3)(a) through (3)(e), and (3)(g), and (3)(h); and

(g) for each taxpayer that has attained the age of 65, an additional subtraction of \$6,400; and

(h) the amount of a scholarship to an eligible student by a student scholarship organization pursuant to [section 10 of Senate Bill No. 410].

(4) By November 1 of each year, the department shall

multiply the subtraction from federal taxable income for a taxpayer that has attained the age of 65 contained in subsection (3)(g) by the inflation factor for that tax year, rounding the result to the nearest \$10. The resulting amount is effective for that tax year and must be used as the basis for the subtraction from federal taxable income determined under subsection (3)(g)."

**Renumber:** subsequent sections

7. Page 26, line 28.

**Strike:** "on passage and approval"

**Insert:** "January 1, 2016"

8. Page 26, line 30 through page 27, line 1.

**Strike:** "**Retroactive applicability**"

**Insert:** "**Applicability**"

**Strike:** "retroactively, within the meaning of 1-2-109,"

**Strike:** "2014"

**Insert:** "2015"

9. Page 27, line 3.

**Strike:** "2021"

**Insert:** "2023"

- END -

MONTANA STATE SENATE

ROLL CALL VOTE

**FREE CONFERENCE  
COMMITTEE**

Date: 4/21/2015 HB/(SB) No. 410

NAME	AYE	NO
Sen. Jones	x	
Sen. Hansen	x	
Sen. Hamlett		<del>W</del>
Rep. Laszloffy	x	
Rep. Osmundson	x	
Rep. McClafferty	x	

Vote by chamber:

Senate: Aye 2 No         

House: Aye 3 No

*[Handwritten signature]*

*Sen. John Jones  
at 58410*

**MONTANA STATE SENATE**





# EXHIBIT G

# Montana Legislature

## Detailed Bill Information



*The Montana House and Senate adjourned Sine Die, on April 28, 2015, the 87th day of the 64th Regular Session*

| [Top](#) | [Actions](#) | [Sponsor, etc.](#) | [Subjects](#) | [Add'l Bill Info](#) | [Eff. Dates](#) | [New Search](#) |

**Bill Draft Number:** LC0661 **Current Bill Text:** [Previous Version\(s\)](#)

**Bill Type - Number:** SB 410 [Fiscal Note\(s\)](#)

**Short Title:** Provide for tax credits for contributions to public and private schools

**Primary Sponsor:** [Llew Jones](#) (R) SD 9

**Chapter Number:** 457

[All Available Audio/Video for this Bill](#)

### Bill Actions - Current Bill Progress: Became Law

Bill Action Count: 81

Print Friendly

Action - Most Recent First	Date	Votes Yes	Votes No	Committee / Audio
<a href="#">Chapter Number Assigned</a>	05/08/2015			
(S) Transmitted to Governor	04/28/2015			
(H) Signed by Speaker	04/28/2015			
(S) Signed by President	04/27/2015			
<b>(C) Printed - Enrolled Version Available</b>	04/27/2015			
(S) Returned from Enrolling	04/27/2015			
<b>(C) Printed - New Version Available</b>	04/24/2015			
(S) Sent to Enrolling	04/24/2015			
(S) 3rd Reading Free Conference Committee Report Adopted	04/24/2015	<u>27</u>	<u>22</u>	
(S) Scheduled for 3rd Reading	04/24/2015			
(H) 3rd Reading Free Conference Committee Report Adopted	04/24/2015	<u>58</u>	<u>42</u>	
(H) Scheduled for 3rd Reading	04/24/2015			
(S) 2nd Reading Free Conference Committee Report Adopted	04/23/2015	<u>28</u>	<u>22</u>	
(S) Scheduled for 2nd Reading	04/23/2015			
(H) 2nd Reading Free Conference Committee Report Adopted	04/23/2015	<u>58</u>	<u>42</u>	
(H) Scheduled for 2nd Reading	04/23/2015			
(S) Free Conference Committee Report Received	04/22/2015			(S) Free Conference
(S) Revised Fiscal Note Printed	04/22/2015			
(S) Revised Fiscal Note Received	04/22/2015			
(H) Free Conference Committee Report Received	04/21/2015			
(S) Hearing	04/21/2015			(S) Free Conference
(H) Free Conference Committee Appointed	04/21/2015			
(S) Free Conference Committee Appointed	04/21/2015			(S) Free Conference
(S) 2nd Reading House Amendments Not Concurred	04/21/2015	<u>40</u>	<u>10</u>	
(S) Scheduled for 2nd Reading	04/21/2015			
(H) Returned to Senate with Amendments	04/20/2015			

(H) 3rd Reading Concurred	04/20/2015	59	41	
(H) Scheduled for 3rd Reading	04/20/2015			
(H) 2nd Reading Concurred	04/18/2015	58	42	
(H) Scheduled for 2nd Reading	04/18/2015			
(S) Revised Fiscal Note Requested	04/17/2015			
<b>(C) Printed - New Version Available</b> 	04/17/2015			
(H) Committee Report--Bill Concurred as Amended	04/17/2015			(H) Appropriations
(H) Committee Executive Action--Bill Concurred as Amended	04/17/2015	12	8	(H) Appropriations
(H) Hearing	04/17/2015			(H) Appropriations
(H) Rereferred to Committee	04/16/2015			(H) Appropriations
(H) 2nd Reading Concurred	04/16/2015	57	43	
(H) Scheduled for 2nd Reading	04/16/2015			
(H) Committee Report--Bill Concurred	04/11/2015			(H) Education
(H) Committee Executive Action--Bill Concurred	04/10/2015	8	7	(H) Education
(H) Hearing	04/10/2015			(H) Education 
(S) Revised Fiscal Note Printed	04/08/2015			
(S) Revised Fiscal Note Signed	04/08/2015			
(S) Revised Fiscal Note Received	04/07/2015			
(H) First Reading	04/01/2015			
(H) Referred to Committee	04/01/2015			(H) Education
(S) Revised Fiscal Note Requested	04/01/2015			
(S) Transmitted to House	03/31/2015			
(S) 3rd Reading Passed	03/31/2015	27	23	
(S) Scheduled for 3rd Reading	03/31/2015			
(S) 2nd Reading Passed	03/30/2015	26	23	
(S) Scheduled for 2nd Reading	03/30/2015			
<b>(C) Printed - New Version Available</b> 	03/27/2015			
(S) Committee Report--Bill Passed as Amended	03/27/2015			(S) Finance and Claims
(S) Committee Executive Action--Bill Passed as Amended	03/27/2015	12	7	(S) Finance and Claims
(S) Fiscal Note Printed	03/26/2015			
(S) Fiscal Note Received	03/26/2015			
(S) Hearing	03/25/2015			(S) Finance and Claims 
(S) Hearing Canceled	03/24/2015			(S) Education and Cultural Resources
(S) Rereferred to Committee	03/24/2015			(S) Finance and Claims
<b>(C) Introduced Bill Text Available Electronically</b> 	03/20/2015			
(S) Referred to Committee	03/20/2015			(S) Education and Cultural Resources
(S) First Reading	03/20/2015			
(S) Fiscal Note Requested	03/20/2015			
(S) Introduced	03/20/2015			
(C) Draft Delivered to Requester	03/20/2015			
(C) Draft Ready for Delivery	03/19/2015			
(C) Draft in Assembly/Executive Director Review	03/19/2015			
(C) Draft in Final Drafter Review	03/19/2015			
(C) Bill Draft Text Available Electronically	03/18/2015			
(C) Draft in Input/Proofing	03/18/2015			
(C) Draft to Drafter - Edit Review [CMD]	03/18/2015			
(C) Draft in Legal Review	03/16/2015			

(C) Draft to Requester for Review	03/14/2015			
(C) Draft Taken Off Hold	03/14/2015			
(C) Draft On Hold	02/24/2015			
(C) Draft to Requester for Review	02/16/2015			
(C) Draft Back for Requester Changes	01/14/2015			
(C) Draft to Requester for Review	12/31/2014			
(C) Fiscal Note Probable	12/31/2014			
(C) Draft Request Received	11/05/2014			

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## Sponsor, etc.

Sponsor, etc.	Last Name/Organization	First Name	Mi
Requester	Jones	Llew	
Drafter	Coles	Jaret	
Primary Sponsor	Jones	Llew	

| [Top](#) | [Actions](#) | [Sponsor, etc.](#) | [Subjects](#) | [Add'l Bill Info](#) | [Eff. Dates](#) | [New Search](#) |

## Subjects

Description	Revenue/Approp.	Vote Majority Req.	Subject Code
Legislature		Simple	LEG
Revenue, State	Revenue	Simple	REVS
Rule Making		Simple	RUL
School Finance		Simple	SCHF
Schools and Education		Simple	SCH
Taxation (Generally)		Simple	TX
Taxation--Corporations		Simple	TXCR
Taxation--Individual Income		Simple	TXIN

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## Additional Bill Information

**Fiscal Note Probable:** Yes

**Preintroduction Required:** N

**Session Law Ch. Number:** 457

**DEADLINE**

**Category:** Revenue Bills

**Transmittal Date:** 03/31/2015

**Return (with 2nd house amendments) Date:** 04/20/2015

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## Section Effective Dates

Section(s)	Effective Date	Date Qualified
------------	----------------	----------------

[All Sections](#) | [01-JAN-16](#) |

| [Top](#) | [Actions](#) | [Sponsor, etc.](#) | [Subjects](#) | [Add'l Bill Info](#) | [Eff. Dates](#) | [New Search](#) |

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MONTANA SENATE  
64th Legislative Session  
2015 Regular Session  
VOTE TABULATION

DATE: March 30, 2015  
TIME: 02:09 PM  
Agenda--Second Reading

SEQ. NO: 1301  
BILL NO: SB 410  
SPONSOR: Jones, Llew

## Do Pass

YEAS	NAYS	EXCUSED	ABSENT
26	23	1	0
Y Ankney, Duane	N Facey, Tom	N Malek, Sue	Y Swandal, Nels
Y Arntzen, Elsie	E Fielder, Jennifer	N McNally, Mary	Y Taylor, Janna
N Barrett, Dick	N Hamlett, Bradley	N Moe, Mary Sheehy	Y Thomas, Fred
Y Barrett, Debby	Y Hansen, Kris	Y Moore, Frederick (Eric)	N Tutvedt, Bruce
Y Blasdel, Mark	Y Hinkle, Jedediah	N Phillips, Mike	Y Vance, Gordon
Y Brenden, John	Y Hoven, Brian	N Pommichowski, JP	N Vincent, Chas
Y Brown, Taylor	Y Howard, David	Y Ripley, Rick	N Vuckovich, Gene
Y Brown, Dee	Y Jones, Llew	Y Rosendale, Matthew	Y Webb, Roger
Y Buttrey, Edward	Y Kary, Douglas (Doug)	Y Sales, Scott	N Whitford, Lea
N Caferro, Mary	N Kaufmann, Christine	N Sands, Diane	N Windy Boy, Jonathan
N Cohenour, Jill	N Keane, Jim	N Sesso, Jon	N Wolken, Cynthia
Y Connell, Pat	Y Keenan, Bob	Y Smith, Cary	
N Driscoll, Robyn	N Larsen, Cliff	N Stewart-Peregoy, Sharon	

MONTANA SENATE  
64th Legislative Session  
2015 Regular Session  
VOTE TABULATION

DATE: March 31, 2015  
TIME: 01:51 PM  
Agenda--Third Reading

SEQ. NO: 1355  
BILL NO: SB 410  
SPONSOR: Jones, Llew

## Do Pass

YEAS	NAYS	EXCUSED	ABSENT
27	23	0	0

Y Ankney, Duane	N Facey, Tom	N Malek, Sue	Y Swandal, Nels
Y Arntzen, Elsie	Y Fielder, Jennifer	N McNally, Mary	Y Taylor, Janna
N Barrett, Dick	N Hamlett, Bradley	N Moe, Mary Sheehy	Y Thomas, Fred
Y Barrett, Debby	Y Hansen, Kris	Y Moore, Frederick (Eric)	N Tutvedt, Bruce
Y Blasdel, Mark	Y Hinkle, Jedediah	N Phillips, Mike	Y Vance, Gordon
Y Brenden, John	Y Hoven, Brian	N Pommichowski, JP	N Vincent, Chas
Y Brown, Taylor	Y Howard, David	Y Ripley, Rick	N Vuckovich, Gene
Y Brown, Dee	Y Jones, Llew	Y Rosendale, Matthew	Y Webb, Roger
Y Buttrey, Edward	Y Kary, Douglas (Doug)	Y Sales, Scott	N Whitford, Lea
N Caferro, Mary	N Kaufmann, Christine	N Sands, Diane	N Windy Boy, Jonathan
N Cohenour, Jill	N Keane, Jim	N Sesso, Jon	N Wolken, Cynthia
Y Connell, Pat	Y Keenan, Bob	Y Smith, Cary	
N Driscoll, Robyn	N Larsen, Cliff	N Stewart-Peregoy, Sharon	

MONTANA HOUSE  
64th Legislative Session  
2015 Regular Session  
VOTE TABULATION

DATE: April 16, 2015  
TIME: 03:09 PM  
Agenda--Second Reading

SEQ. NO: 1800  
BILL NO: SB 410  
SPONSOR: Jones, Llew

Do Concur

	<b>YEAS</b>	<b>NAYS</b>	<b>EXCUSED</b>	<b>ABSENT</b>
	57	43	0	0
Y Ballance, Nancy	N Funk, Moffie	N MacDonald, Margaret (Margie)	N Price, Jean	
N Bennett, Bryce	Y Garner, Frank	Y Mandeville, Forrest	Y Randall, Lee	
Y Bennett, Gerald (Jerry)	Y Glimm, Carl	Y Manzella, Theresa	Y Redfield, Alan	
Y Berglee, Seth	Y Greef, Edward	N McCarthy, Kelly	Y Regier, Keith	
Y Berry, Tom	Y Hagstrom, Dave	N McClafferty, Edith (Edie)	Y Ricci, Vince	
Y Brodehl, Randy	N Harris, Bill	N McConnell, Nate	Y Richmond, Tom	
Y Brown, Bob	N Hayman, Denise	Y McKamey, Wendy	N Salomon, Daniel	
N Brown, Zach	Y Hertz, Greg	N Mehlhoff, Robert (Bob)	N Schreiner, Casey	
Y Burnett, Tom	Y Hess, Stephanie	Y Meyers, G. Bruce	Y Schwaderer, Nicholas	
Y Clark, Christy	N Hill, Ellie Boldman	Y Miller, Mike	Y Shaw, Ray	
Y Cook, Rob	Y Hollandsworth, Roy	Y Monforton, Matthew	N Smith, Bridget	
N Court, Virginia	Y Holmlund, Kenneth	Y Moore, David (Doc)	Y Staffanson, Scott	
Y Cuffe, Mike	N Hunter, Chuck	Y Mortensen, Dale	N Steenberg, Tom	
N Curdy, Willis	N Jacobson, Tom	Y Noland, Mark	N Swanson, Kathy	
Y Custer, Geraldine	Y Jones, Donald	N Noonan, Pat	N Tropila, Mitch	
Y Doane, Alan	N Karjala, Jessica	N Olsen, Andrea	Y Tschida, Brad	
N Dudik, Kimberly	N Kelker, Kathy	Y Olszewski, Albert	Y Wagoner, Kirk	
N Dunwell, Mary Ann	N Kipp, George	Y Osmundson, Ryan	N Webber, Susan	
N Eck, Jennifer	Y Knudsen, Austin	N Pease-Lopez, Carolyn	Y Welborn, Jeffrey	
Y Ehli, Ron	Y Lamm, Debra	N Peppers, Rae	Y White, Kerry	
N Ellis, Janet	Y Lang, Mike	N Perry, Zac	N Williams, Kathleen	
Y Essmann, Jeff	Y Laszloffy, Sarah	N Person, Andrew	N Wilson, Nancy	
Y Fiscus, Clayton	Y Lavin, Steve	N Pierson, Gordon	Y Wittich, Art	
Y Fitzpatrick, Steve	N Lieser, Ed	Y Pinocci, Randall	N Woods, Tom	
Y Flynn, Kelly	N Lynch, Ryan	N Pope, Christopher	Y Zolnikov, Daniel	

MONTANA HOUSE  
64th Legislative Session  
2015 Regular Session  
VOTE TABULATION

DATE: April 18, 2015  
TIME: 08:30 AM  
Agenda--Second Reading

SEQ. NO: 1878  
BILL NO: SB 410  
SPONSOR: Jones, Llew

Do Concur

	YEAS	NAYS	EXCUSED	ABSENT
	58	42	0	0
Y Ballance, Nancy	N Funk, Moffie	N MacDonald, Margaret (Margie)	N Price, Jean	
N Bennett, Bryce	Y Garner, Frank	Y Mandeville, Forrest	Y Randall, Lee	
Y Bennett, Gerald (Jerry)	Y Glimm, Carl	Y Manzella, Theresa	Y Redfield, Alan	
Y Berglee, Seth	Y Greef, Edward	N McCarthy, Kelly	Y Regier, Keith	
Y Berry, Tom	Y Hagstrom, Dave	N McClafferty, Edith (Edie)	Y Ricci, Vince	
Y Brodehl, Randy	N Harris, Bill	N McConnell, Nate	Y Richmond, Tom	
Y Brown, Bob	N Hayman, Denise	Y McKamey, Wendy	Y Salomon, Daniel	
N Brown, Zach	Y Hertz, Greg	N Mehlhoff, Robert (Bob)	N Schreiner, Casey	
Y Burnett, Tom	Y Hess, Stephanie	Y Meyers, G. Bruce	Y Schwaderer, Nicholas	
Y Clark, Christy	N Hill, Ellie Boldman	Y Miller, Mike	Y Shaw, Ray	
Y Cook, Rob	Y Hollandsworth, Roy	Y Monforton, Matthew	N Smith, Bridget	
N Court, Virginia	Y Holmlund, Kenneth	Y Moore, David (Doc)	Y Staffanson, Scott	
Y Cuffe, Mike	N Hunter, Chuck	Y Mortensen, Dale	N Steenberg, Tom	
N Curdy, Willis	N Jacobson, Tom	Y Noland, Mark	N Swanson, Kathy	
Y Custer, Geraldine	Y Jones, Donald	N Noonan, Pat	N Tropila, Mitch	
Y Doane, Alan	N Karjala, Jessica	N Olsen, Andrea	Y Tschida, Brad	
N Dudik, Kimberly	N Kelker, Kathy	Y Olszewski, Albert	Y Wagoner, Kirk	
N Dunwell, Mary Ann	N Kipp, George	Y Osmundson, Ryan	N Webber, Susan	
N Eck, Jennifer	Y Knudsen, Austin	N Pease-Lopez, Carolyn	Y Welborn, Jeffrey	
Y Ehli, Ron	Y Lamm, Debra	N Peppers, Rae	Y White, Kerry	
N Ellis, Janet	Y Lang, Mike	N Perry, Zac	N Williams, Kathleen	
Y Essmann, Jeff	Y Laszloffy, Sarah	N Person, Andrew	N Wilson, Nancy	
Y Fiscus, Clayton	Y Lavin, Steve	N Pierson, Gordon	Y Wittich, Art	
Y Fitzpatrick, Steve	N Lieser, Ed	Y Pinocci, Randall	N Woods, Tom	
Y Flynn, Kelly	N Lynch, Ryan	N Pope, Christopher	Y Zolnikov, Daniel	

MONTANA HOUSE  
64th Legislative Session  
2015 Regular Session  
VOTE TABULATION

DATE: April 20, 2015  
TIME: 02:04 PM  
Agenda--Third Reading

SEQ. NO: 1925  
BILL NO: SB 410  
SPONSOR: Jones, Llew

Do Concur

	YEAS	NAYS	EXCUSED	ABSENT
	59	41	0	0
Y Ballance, Nancy	N Funk, Moffie	N MacDonald, Margaret (Margie)	N Price, Jean	
N Bennett, Bryce	Y Garner, Frank	Y Mandeville, Forrest	Y Randall, Lee	
Y Bennett, Gerald (Jerry)	Y Glimm, Carl	Y Manzella, Theresa	Y Redfield, Alan	
Y Berglee, Seth	Y Greef, Edward	N McCarthy, Kelly	Y Regier, Keith	
Y Berry, Tom	Y Hagstrom, Dave	N McClafferty, Edith (Edie)	Y Ricci, Vince	
Y Brodehl, Randy	Y Harris, Bill	N McConnell, Nate	Y Richmond, Tom	
Y Brown, Bob	N Hayman, Denise	Y McKamey, Wendy	Y Salomon, Daniel	
N Brown, Zach	Y Hertz, Greg	N Mehlhoff, Robert (Bob)	N Schreiner, Casey	
Y Burnett, Tom	Y Hess, Stephanie	Y Meyers, G. Bruce	Y Schwaderer, Nicholas	
Y Clark, Christy	N Hill, Ellie Boldman	Y Miller, Mike	Y Shaw, Ray	
Y Cook, Rob	Y Hollandsworth, Roy	Y Monforton, Matthew	N Smith, Bridget	
N Court, Virginia	Y Holmlund, Kenneth	Y Moore, David (Doc)	Y Staffanson, Scott	
Y Cuffe, Mike	N Hunter, Chuck	Y Mortensen, Dale	N Steenberg, Tom	
N Curdy, Willis	N Jacobson, Tom	Y Noland, Mark	N Swanson, Kathy	
Y Custer, Geraldine	Y Jones, Donald	N Noonan, Pat	N Tropila, Mitch	
Y Doane, Alan	N Karjala, Jessica	N Olsen, Andrea	Y Tschida, Brad	
N Dudik, Kimberly	N Kelker, Kathy	Y Olszewski, Albert	Y Wagoner, Kirk	
N Dunwell, Mary Ann	N Kipp, George	Y Osmundson, Ryan	N Webber, Susan	
N Eck, Jennifer	Y Knudsen, Austin	N Pease-Lopez, Carolyn	Y Welborn, Jeffrey	
Y Ehli, Ron	Y Lamm, Debra	N Peppers, Rae	Y White, Kerry	
N Ellis, Janet	Y Lang, Mike	N Perry, Zac	N Williams, Kathleen	
Y Essmann, Jeff	Y Laszloffy, Sarah	N Person, Andrew	N Wilson, Nancy	
Y Fiscus, Clayton	Y Lavin, Steve	N Pierson, Gordon	Y Wittich, Art	
Y Fitzpatrick, Steve	N Lieser, Ed	Y Pinocci, Randall	N Woods, Tom	
Y Flynn, Kelly	N Lynch, Ryan	N Pope, Christopher	Y Zolnikov, Daniel	



MONTANA SENATE  
64th Legislative Session  
2015 Regular Session  
VOTE TABULATION

DATE: April 23, 2015  
TIME: 01:48 PM  
Agenda--Second Reading

SEQ. NO: 1829  
BILL NO: SB 410  
SPONSOR: Jones, Llew

Do Pass

YEAS	NAYS	EXCUSED	ABSENT
28	22	0	0

Y Ankney, Duane	N Facey, Tom	N Malek, Sue	Y Swandal, Nels
Y Arntzen, Elsie	Y Fielder, Jennifer	N McNally, Mary	Y Taylor, Janna
N Barrett, Dick	N Hamlett, Bradley	N Moe, Mary Sheehy	Y Thomas, Fred
Y Barrett, Debby	Y Hansen, Kris	Y Moore, Frederick (Eric)	N Tutvedt, Bruce
Y Blasdel, Mark	Y Hinkle, Jedediah	N Phillips, Mike	Y Vance, Gordon
Y Brenden, John	Y Hoven, Brian	N Pommichowski, JP	N Vincent, Chas
Y Brown, Taylor	Y Howard, David	Y Ripley, Rick	N Vuckovich, Gene
Y Brown, Dee	Y Jones, Llew	Y Rosendale, Matthew	Y Webb, Roger
Y Buttrey, Edward	Y Kary, Douglas (Doug)	Y Sales, Scott	N Whitford, Lea
N Caferro, Mary	N Kaufmann, Christine	N Sands, Diane	Y Windy Boy, Jonathan
N Cohenour, Jill	N Keane, Jim	N Sesso, Jon	N Wolken, Cynthia
Y Connell, Pat	Y Keenan, Bob	Y Smith, Cary	
N Driscoll, Robyn	N Larsen, Cliff	N Stewart-Peregoy, Sharon	

MONTANA SENATE  
64th Legislative Session  
2015 Regular Session  
VOTE TABULATION

DATE: April 24, 2015  
TIME: 11:26 AM  
Agenda--Third Reading

SEQ. NO: 1860  
BILL NO: SB 410  
SPONSOR: Jones, Llew

Do Pass

YEAS	NAYS	EXCUSED	ABSENT
27	22	1	0
Y Ankney, Duane	N Facey, Tom	N Malek, Sue	Y Swandal, Nels
Y Arntzen, Elsie	Y Fielder, Jennifer	N McNally, Mary	Y Taylor, Janna
N Barrett, Dick	N Hamlett, Bradley	N Moe, Mary Sheehy	Y Thomas, Fred
Y Barrett, Debby	Y Hansen, Kris	Y Moore, Frederick (Eric)	N Tutvedt, Bruce
Y Blasdel, Mark	Y Hinkle, Jedediah	N Phillips, Mike	Y Vance, Gordon
Y Brenden, John	Y Hoven, Brian	N Pommichowski, JP	N Vincent, Chas
Y Brown, Taylor	Y Howard, David	Y Ripley, Rick	N Vuckovich, Gene
Y Brown, Dee	Y Jones, Llew	Y Rosendale, Matthew	Y Webb, Roger
E Buttrey, Edward	Y Kary, Douglas (Doug)	Y Sales, Scott	N Whitford, Lea
N Caferro, Mary	N Kaufmann, Christine	N Sands, Diane	Y Windy Boy, Jonathan
N Cohenour, Jill	N Keane, Jim	N Sesso, Jon	N Wolken, Cynthia
Y Connell, Pat	Y Keenan, Bob	Y Smith, Cary	
N Driscoll, Robyn	N Larsen, Cliff	N Stewart-Peregoy, Sharon	

MONTANA HOUSE  
64th Legislative Session  
2015 Regular Session  
VOTE TABULATION

DATE: April 23, 2015  
TIME: 10:58 AM  
Agenda--Second Reading

SEQ. NO: 2034  
BILL NO: SB 410  
SPONSOR: Jones, Llew

Do Adopt

	YEAS	NAYS	EXCUSED	ABSENT
	58	42	0	0
Y Ballance, Nancy	N Funk, Moffie	N MacDonald, Margaret (Margie)	N Price, Jean	
N Bennett, Bryce	Y Garner, Frank	Y Mandeville, Forrest	Y Randall, Lee	
Y Bennett, Gerald (Jerry)	Y Glimm, Carl	Y Manzella, Theresa	Y Redfield, Alan	
Y Berglee, Seth	Y Greef, Edward	N McCarthy, Kelly	Y Regier, Keith	
Y Berry, Tom	Y Hagstrom, Dave	N McClafferty, Edith (Edie)	Y Ricci, Vince	
Y Brodehl, Randy	N Harris, Bill	N McConnell, Nate	Y Richmond, Tom	
Y Brown, Bob	N Hayman, Denise	Y McKamey, Wendy	Y Salomon, Daniel	
N Brown, Zach	Y Hertz, Greg	N Mehlhoff, Robert (Bob)	N Schreiner, Casey	
Y Burnett, Tom	Y Hess, Stephanie	Y Meyers, G. Bruce	Y Schwaderer, Nicholas	
Y Clark, Christy	N Hill, Ellie Boldman	Y Miller, Mike	Y Shaw, Ray	
Y Cook, Rob	Y Hollandsworth, Roy	Y Monforton, Matthew	N Smith, Bridget	
N Court, Virginia	Y Holmlund, Kenneth	Y Moore, David (Doc)	Y Staffanson, Scott	
Y Cuffe, Mike	N Hunter, Chuck	Y Mortensen, Dale	N Steenberg, Tom	
N Curdy, Willis	N Jacobson, Tom	Y Noland, Mark	N Swanson, Kathy	
Y Custer, Geraldine	Y Jones, Donald	N Noonan, Pat	N Tropila, Mitch	
Y Doane, Alan	N Karjala, Jessica	N Olsen, Andrea	Y Tschida, Brad	
N Dudik, Kimberly	N Kelker, Kathy	Y Olszewski, Albert	Y Wagoner, Kirk	
N Dunwell, Mary Ann	N Kipp, George	Y Osmundson, Ryan	N Webber, Susan	
N Eck, Jennifer	Y Knudsen, Austin	N Pease-Lopez, Carolyn	Y Welborn, Jeffrey	
Y Ehli, Ron	Y Lamm, Debra	N Peppers, Rae	Y White, Kerry	
N Ellis, Janet	Y Lang, Mike	N Perry, Zac	N Williams, Kathleen	
Y Essmann, Jeff	Y Laszloffy, Sarah	N Person, Andrew	N Wilson, Nancy	
Y Fiscus, Clayton	Y Lavin, Steve	N Pierson, Gordon	Y Wittich, Art	
Y Fitzpatrick, Steve	N Lieser, Ed	Y Pinocci, Randall	N Woods, Tom	
Y Flynn, Kelly	N Lynch, Ryan	N Pope, Christopher	Y Zolnikov, Daniel	

MONTANA HOUSE  
64th Legislative Session  
2015 Regular Session  
VOTE TABULATION

DATE: April 24, 2015  
TIME: 10:11 AM  
Agenda--Third Reading

SEQ. NO: 2070  
BILL NO: SB 410  
SPONSOR: Jones, Llew

Do Concur

	<b>YEAS</b>	<b>NAYS</b>	<b>EXCUSED</b>	<b>ABSENT</b>
	58	42	0	0
Y Ballance, Nancy	N Funk, Moffie	N MacDonald, Margaret (Margie)	N Price, Jean	
N Bennett, Bryce	Y Garner, Frank	Y Mandeville, Forrest	Y Randall, Lee	
Y Bennett, Gerald (Jerry)	Y Glimm, Carl	Y Manzella, Theresa	Y Redfield, Alan	
Y Berglee, Seth	Y Greef, Edward	N McCarthy, Kelly	Y Regier, Keith	
Y Berry, Tom	Y Hagstrom, Dave	N McClafferty, Edith (Edie)	Y Ricci, Vince	
Y Brodehl, Randy	N Harris, Bill	N McConnell, Nate	Y Richmond, Tom	
Y Brown, Bob	N Hayman, Denise	Y McKamey, Wendy	Y Salomon, Daniel	
N Brown, Zach	Y Hertz, Greg	N Mehlhoff, Robert (Bob)	N Schreiner, Casey	
Y Burnett, Tom	Y Hess, Stephanie	Y Meyers, G. Bruce	Y Schwaderer, Nicholas	
Y Clark, Christy	N Hill, Ellie Boldman	Y Miller, Mike	Y Shaw, Ray	
Y Cook, Rob	Y Hollandsworth, Roy	Y Monforton, Matthew	N Smith, Bridget	
N Court, Virginia	Y Holmlund, Kenneth	Y Moore, David (Doc)	Y Staffanson, Scott	
Y Cuffe, Mike	N Hunter, Chuck	Y Mortensen, Dale	N Steenberg, Tom	
N Curdy, Willis	N Jacobson, Tom	Y Noland, Mark	N Swanson, Kathy	
Y Custer, Geraldine	Y Jones, Donald	N Noonan, Pat	N Tropila, Mitch	
Y Doane, Alan	N Karjala, Jessica	N Olsen, Andrea	Y Tschida, Brad	
N Dudik, Kimberly	N Kelker, Kathy	Y Olszewski, Albert	Y Wagoner, Kirk	
N Dunwell, Mary Ann	N Kipp, George	Y Osmundson, Ryan	N Webber, Susan	
N Eck, Jennifer	Y Knudsen, Austin	N Pease-Lopez, Carolyn	Y Welborn, Jeffrey	
Y Ehli, Ron	Y Lamm, Debra	N Peppers, Rae	Y White, Kerry	
N Ellis, Janet	Y Lang, Mike	N Perry, Zac	N Williams, Kathleen	
Y Essmann, Jeff	Y Laszloffy, Sarah	N Person, Andrew	N Wilson, Nancy	
Y Fiscus, Clayton	Y Lavin, Steve	N Pierson, Gordon	Y Wittich, Art	
Y Fitzpatrick, Steve	N Lieser, Ed	Y Pinocci, Randall	N Woods, Tom	
Y Flynn, Kelly	N Lynch, Ryan	N Pope, Christopher	Y Zolnikov, Daniel	

# EXHIBIT H



*The Big Sky Country*

## MONTANA HOUSE OF REPRESENTATIVES

**REPRESENTATIVE TOM BERRY**  
HOUSE DISTRICT 40

HELENA ADDRESS:  
CAPITOL BUILDING  
PO BOX 200400  
HELENA, MONTANA 59620-0400  
PHONE: (406) 444-4800

COMMITTEES:  
BUSINESS & LABOR  
FEDERAL RELATIONS, ENERGY &  
TELECOMMUNICATIONS  
LOCAL GOVERNMENT

HOME ADDRESS:  
PO BOX 277  
ROUNDUP, MT 59072  
PHONE: (406) 323-3151  
CELL: (406) 698-3940

October 28, 2015

Dear Chairman Thomas,

This letter is to register my objection to certain administrative rules proposed by the Department of Revenue on October 5, 2015.

It is my intent that this objection be considered submitted in order to fulfill the requirements of 2-4-403, MCA, that states:

"2-4-403(2) If 20 or more legislators object to a proposed rule, the committee shall poll the members of the legislature."

I specifically object to the following rules: MAR Notice No. 42-2-939, New Rule 1.

New Rule 1 explicitly prohibits any faith-based, religious, or sectarian entity, or any individual who would provide education services as an employee of such an entity, from providing education services to children and families who would pay for those services with a tax credit scholarship as established by SB 410 (2015). The language of SB 410 does not contain this prohibition, and sets forth a broad definition of "qualified education provider" that does not limit parents' choice to secular education providers only.

SB 410 was carefully drafted to ensure opportunity to both public and private schools. New Section 7 of SB 410 states that "[T]he legislature finds that the purpose of student scholarship organizations is to provide parental and student choice in education with private contributions through tax replacement programs." During the Senate hearing, Senator Lew Jones, the bill sponsor stated that the purpose of the bill "is to offer students an individualized education that works for them." He also stated that the bill is "to enhance student opportunity... and allow taxpayers to prioritize education."

The intent of the legislature is to provide broad education opportunities to children through use of tax credits, without limitation to secular providers only.

I request that the Revenue and Transportation interim committee formally poll the entire legislature as to the intent of the listed rules upon receipt of twenty objections.

Sincerely,

*Rep. Thomas B.*

October 28, 2015

Dear Chairman Thomas,

This letter is to register my objection to certain administrative rules proposed by the Department of Revenue on October 5, 2015.

It is my intent that this objection be considered submitted in order to fulfill the requirements of 2-4-403, MCA, that states:

"2-4-403(2) If 20 or more legislators object to a proposed rule, the committee shall poll the members of the legislature."

I specifically object to the following rules: MAR Notice No. 42-2-939, New Rule 1.

New Rule 1 explicitly prohibits any faith-based, religious, or sectarian entity, or any individual who would provide education services as an employee of such an entity, from providing education services to children and families who would pay for those services with a tax credit scholarship as established by SB 410 (2015). The language of SB 410 does not contain this prohibition, and sets forth a broad definition of "qualified education provider" that does not limit parents' choice to secular education providers only.

SB 410 was carefully drafted to ensure opportunity to both public and private schools. New Section 7 of SB 410 states that "[T]he legislature finds that the purpose of student scholarship organizations is to provide parental and student choice in education with private contributions through tax replacement programs." During the Senate hearing, Senator Lew Jones, the bill sponsor stated that the purpose of the bill "is to offer students an individualized education that works for them." He also stated that the bill is "to enhance student opportunity... and allow taxpayers to prioritize education."

The intent of the legislature is to provide broad education opportunities to children through use of tax credits, without limitation to secular providers only.

I request that the Revenue and Transportation interim committee formally poll the entire legislature as to the intent of the listed rules upon receipt of twenty objections.

Sincerely,



Greg Hertz

HD 12

## Stockton, Marissa

---

**From:** Kary, Doug (Sen)  
**Sent:** Wednesday, October 28, 2015 4:57 PM  
**To:** Stockton, Marissa  
**Subject:** FW: SB410 objection

Here is the email I sent to Sen. Thomas  
Doug

---

**From:** Kary, Doug (Sen)  
**Sent:** Wednesday, October 28, 2015 3:26 PM  
**To:** Sen. Fred Thomas  
**Subject:** SB410 objection

October 28, 2015

Dear Chairman Thomas,

This letter is to register my objection to certain administrative rules proposed by the Department of Revenue on October 5, 2015.

It is my intent that this objection be considered submitted in order to fulfill the requirements of 2-4-403, MCA, that states:

"2-4-403(2) If 20 or more legislators object to a proposed rule, the committee shall poll the members of the legislature."

I specifically object to the following rules: MAR Notice No. 42-2-939, New Rule 1.

New Rule 1 explicitly prohibits any faith-based, religious, or sectarian entity, or any individual who would provide education services as an employee of such an entity, from providing education services to children and families who would pay for those services with a tax credit scholarship as established by SB 410 (2015). The language of SB 410 does not contain this prohibition, and sets forth a broad definition of "qualified education provider" that does not limit parents' choice to secular education providers only.

SB 410 was carefully drafted to ensure opportunity to both public and private schools. New Section 7 of SB 410 states that "[T]he legislature finds that the purpose of student scholarship organizations is to provide parental and student choice in education with private contributions through tax replacement programs." During the Senate hearing, Senator Llew Jones, the bill sponsor stated that the purpose of the bill "is to offer students an individualized education that works for them." He also stated that the bill is "to enhance student opportunity... and allow taxpayers to prioritize education."

The intent of the legislature is to provide broad education opportunities to children through use of tax credits, without limitation to secular providers only.

I request that the Revenue and Transportation interim committee formally poll the entire legislature as to the intent of the listed rules upon receipt of twenty objections.

Sincerely,

*Senator Doug Kary*  
*Montana State Senate*  
*District 22*

October 28, 2015

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Sincerely,

Sen. Matthew M. Kelly

October 28, 2015

Dear Chairman Thomas,

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The intent of the legislature is to provide broad education opportunities to children through use of tax credits, without limitation to secular providers only.

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Sincerely,



Senator, SD 43

Oct 28, 2015

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This letter is to register my objection to certain administrative rules proposed by the Department of Revenue on October 5, 2015.

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The intent of the legislature is to provide broad education opportunities to children through use of tax credits, without limitation to secular providers only.

I request that the Revenue and Transportation interim committee formally poll the entire legislature as to the intent of the listed rules upon receipt of twenty objections.

Sincerely,

*Nancy Ballance*  
*House District 87*

October 20, 2015

Dear Chairman Thomas,

This letter is to register my objection to certain administrative rules proposed by the Department of Revenue on October 5, 2015.

It is my intent that this objection be considered submitted in order to fulfill the requirements of 2-4-403, MCA, that states:

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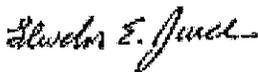
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The intent of the legislature is to provide broad education opportunities to children through use of tax credits, without limitation to secular providers only.

I request that the Revenue and Transportation interim committee formally poll the entire legislature as to the intent of the listed rules upon receipt of twenty objections.

Sincerely,



Senator Llew Jones

# Montana State Senate



**SENATOR DEE L. BROWN**  
SENATE DISTRICT 2

HELENA ADDRESS:  
PO BOX 200500  
HELENA, MONTANA 59620-0500  
CAPITOL, RM 326  
PHONE: (406) 444-4880

HOME ADDRESS:  
BOX 444  
HUNGRY HORSE, MT 59919  
PHONE: (406) 387-9494

*The Big Sky Country*

COMMITTEES:  
STATE ADMINISTRATION - CHAIR  
ETHICS - VICE CHAIR  
BUSINESS & LABOR  
LEGISLATIVE AUDIT  
HIGHWAYS & TRANSPORTATION  
COMMITTEE ON COMMITTEES

October 28, 2015

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The intent of the legislature is to provide broad education opportunities to children through use of tax credits, without limitation to secular providers only.

I request that the Revenue and Transportation interim committee formally poll the entire legislature as to the intent of the listed rules upon receipt of twenty objections.

Sincerely,

A handwritten signature in cursive script that reads "Dee L. Brown".

October 28, 2015

Dear Chairman Thomas,

This letter is to register my objection to certain administrative rules proposed by the Department of Revenue on October 5, 2015.

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Sincerely,



October 28, 2015

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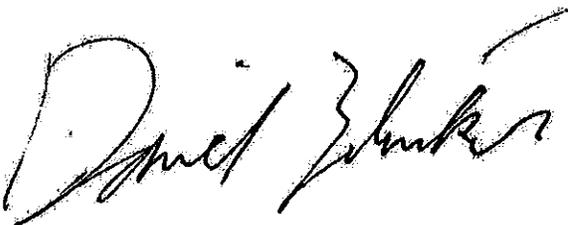
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The intent of the legislature is to provide broad education opportunities to children through use of tax credits, without limitation to secular providers only.

I request that the Revenue and Transportation Interim committee formally poll the entire legislature as to the intent of the listed rules upon receipt of twenty objections.

Sincerely,



October 20, 2015

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This letter is to register my objection to certain administrative rules proposed by the Department of Revenue on October 5, 2015.

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The intent of the legislature is to provide broad education opportunities to children through use of tax credits, without limitation to secular providers only.

I request that the Revenue and Transportation interim committee formally poll the entire legislature as to the intent of the listed rules upon receipt of twenty objections.

Sincerely,

*Kristin Hansen*

Senator Kristin Hansen

October 28, 2015

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The intent of the legislature is to provide broad education opportunities to children through use of tax credits, without limitation to secular providers only.

I request that the Revenue and Transportation interim committee formally poll the entire legislature as to the intent of the listed rules upon receipt of twenty objections.

Sincerely,

 Jenna Taylor, SDB

October 23, 2015

Dear Chairman Williams,

This letter is to reiterate my objection to the bill (HB 4170) which is proposed by the Department of Revenue on October 5, 2015.

If any intent of this objection be considered, I submit that the bill is in violation of Article 2, Section 24 of the Missouri Constitution, which states:

"24.40(2) If 20 or more citizens or legal residents of the state shall petition the general assembly, they shall have the right to propose a bill."

I specifically object to the following rule of the Missouri Department of Revenue (MOR) which is:

New Rule 1 explicitly prohibits any individual, religious or secular entity, or any individual who would provide education services as an employer or contractor, from providing education services to children and their families who would pay for those services with either an educational scholarship established by SB 410 (2015). The intent of the SB 410 is to create a prohibition, and restriction on the ability of parents to choose the education provider that is in the parents' choice to receive education for their child.

SB 410 was carefully drafted to ensure opportunity for both public and private schools. New Section 7 of SB 410 states that "The bill is intended to provide parents and students the ability to choose their educational organization through tax-replacement programs." During the legislative process, Senator Dew Jones, the bill sponsor stated that the purpose of the bill "is to give students a fair choice of education that works for them." He also stated that the bill is "to ensure every student opportunity, and allow taxpayers to provide education."

The intent of the legislature is to provide the right of education opportunity to all children through use of tax credits, without limitation to the provider of choice.

I request that the Revenue and Transportation Finance Committee formally inform the entire legislature as to the intent of the bill and the basis upon which it is currently objectionable.

Sincerely,

*Sarah Laughey*

October 28, 2015

Dear Chairman Thomas,

This letter is to register my objection to certain administrative rules proposed by the Department of Revenue on October 5, 2015.

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Senator 

October 28, 2015

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Sincerely,



HD-18

October 28, 2015

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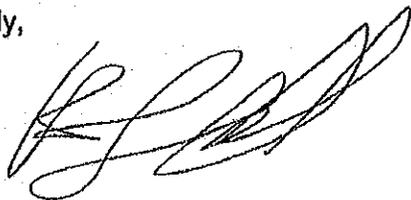
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I request that the Revenue and Transportation interim committee formally poll the entire legislature as to the intent of the listed rules upon receipt of twenty objections.

Sincerely,



RANDY BRODSHUL, REPRESENTATIVE, HD 9

751-1612

# Montana State Senate



**SENATOR TAYLOR BROWN**  
SENATE DISTRICT 22

HELENA ADDRESS:  
PO BOX 200500  
HELENA, MONTANA 59620-0500  
CAPITOL, RM 328  
PHONE: (406) 444-4800

*The Big Sky Country*

HOME ADDRESS:  
775 SQUAW CREEK ROAD  
HUNTLEY, MT 59037  
PHONE: (406) 252-6661 EXT. 21

October 29, 2015

Dear Chairman Thomas,

This letter is to register my objection to certain administrative rules proposed by the Department of Revenue on October 5, 2015.

It is my intent that this objection be considered submitted in order to fulfill the requirements of 2-4-403, MCA, that states:

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I request that the Revenue and Transportation interim committee formally poll the entire legislature as to the intent of the listed rules upon receipt of twenty objections.

Sincerely,

A handwritten signature in cursive script that reads "Taylor Brown".

Senator Taylor Brown  
Senate District 28



*The Big Sky Country*

## MONTANA HOUSE OF REPRESENTATIVES

**REPRESENTATIVE CARL GLIMM**  
HOUSE DISTRICT 6

HELENA ADDRESS:  
CAPITOL BUILDING  
PO BOX 200400  
HELENA, MONTANA 59620-0400  
PHONE: (406) 444-4800

COMMITTEES:  
APPROPRIATIONS  
SUBCOMMITTEE - CHAIR  
NATURAL RESOURCES &  
TRANSPORTATION

HOME ADDRESS:  
5107 ASHLEY LAKE ROAD  
KILA, MT 59920  
PHONE: (406) 751-7334  
EMAIL: rep.carl.glimm@mt.gov

October 28, 2015

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Sincerely,

A handwritten signature in black ink, appearing to read "Carl Glimm".



*The Big Sky Country*

# MONTANA HOUSE OF REPRESENTATIVES

**REPRESENTATIVE RON EHLI**  
HOUSE DISTRICT 86

HELENA ADDRESS:  
CAPITOL BUILDING  
PO BOX 200400  
HELENA, MONTANA 59620-0400  
PHONE: (406) 444-4800

COMMITTEES:  
APPROPRIATION SUB-COMMITTEE  
HEALTH HUMAN SERVICES - CHAIRMAN

HOME ADDRESS:  
BOX 785  
HAMILTON, MT 59840  
PHONE: (406) 363-3130  
EMAIL: REP. RON.EHLI@MT.GOV

October 28, 2015

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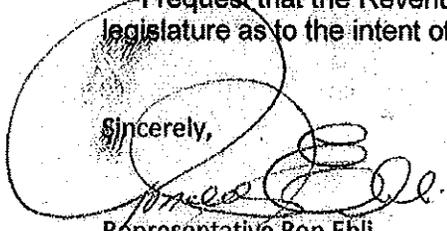
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Sincerely,

  
Representative Ron Ehli  
House District 86

October 28, 2015

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I specifically object to the following rules: MAR Notice No. 42-2-939, New Rule 1.

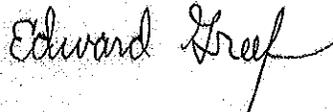
New Rule 1 explicitly prohibits any faith-based, religious, or sectarian entity, or any individual who would provide education services as an employee of such an entity, from providing education services to children and families who would pay for those services with a tax credit scholarship as established by SB 410 (2015). The language of SB 410 does not contain this prohibition, and sets forth a broad definition of "qualified education provider" that does not limit parents' choice to secular education providers only.

SB 410 was carefully drafted to ensure opportunity to both public and private schools. New Section 7 of SB 410 states that "[T]he legislature finds that the purpose of student scholarship organizations is to provide parental and student choice in education with private contributions through tax replacement programs." During the Senate hearing, Senator Llew Jones, the bill sponsor stated that the purpose of the bill "is to offer students an individualized education that works for them." He also stated that the bill is "to enhance student opportunity... and allow taxpayers to prioritize education."

The intent of the legislature is to provide broad education opportunities to children through use of tax credits, without limitation to secular providers only.

I request that the Revenue and Transportation interim committee formally poll the entire legislature as to the intent of the listed rules upon receipt of twenty objections.

Sincerely,



\*\* INSERT: A copy of the written objections from legislators to the Department of Revenue's proposed rules in MAR 42-2-939

# **EXHIBIT I**

\*\* INSERT: DOR's letter containing the DOR's justification for the proposed rules