MINUTES LOG
September 13, 2017
Room 172, Capitol Building
Helena, Montana

Please note: This document is a Minutes Log and provides a notation of the time elapsed between the beginning of the meeting and the time at which the item was presented or discussed, a motion was made, or a vote was taken. The narrative presented here is provided only as a guide to the audio or video record of the meeting. The official discussion, motion, or vote is available on the audio or video archive of this meeting. The Legislature does not prepare a transcript of meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

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Please contact the Legislative Services Division at 406-444-3064 for more information.

COMMITTEE MEMBERS PRESENT
REP. TOM JACOBSON, Chair
SEN. MARK BLASDEL, Vice Chair
SEN. DUANE ANKNEY
SEN. DICK BARRETT
SEN. JILL COHENOUR
SEN. BRIAN HOVEN
REP. BECKY BEARD
REP. JIM HAMILTON
REP. GREG HERTZ
REP. ALAN REDFIELD
REP. BRIDGET SMITH

COMMITTEE MEMBERS EXCUSED
SEN. EDIE MCCLAFFERTY
STAFF PRESENT
MEGAN MOORE,  Lead Staff
JARET COLES,  Staff Attorney
NADINE SPENCER,  Secretary

VISITORS' LIST (Attachment 1)

AGENDA (Attachment 2)

COMMITTEE ACTIONS
The Revenue and Transportation Interim Committee added an overview of how TIF bonds are guaranteed to the work plan for the House Joint Resolution No. 18 study of tax increment financing.

CALL TO ORDER AND ROLL CALL
00:00:01 Rep. Jacobson called the meeting to order at 2:03 p.m. The committee secretary took roll (Attachment 3). Sen. McClafferty was excused and left her proxy with Sen. Cohenour (Attachment 4).

MEDICAL MARIJUANA: IMPLEMENTATION OF SB 333
Brian Watson, Quality Assurance Division Administrator, DPHHS
Lee Baerlocher, Business and Income Taxes Division Administrator, DOR
00:00:49 Mr. Watson gave an update on the implementation of SB 333: Generally revise medical marijuana laws.
00:08:42 Mr. Baerlocher provided information on the implementation of SB 333 and the tax on medical marijuana providers.

Committee questions
00:15:04 Sen. Hoven asked Mr. Baerlocher how many letters to providers were sent out by the department.
00:15:15 Sen. Hoven asked Mr. Baerlocher for clarification on the current language in statute regarding a grower's right to distribute marijuana. The question was referred to Mr. Watson.
00:17:49 Sen. Hoven asked Mr. Watson if the department's database contains the current marijuana providers and cardholders.
00:18:20 Sen. Cohenour asked Mr. Watson for clarification of SB 333 implementation timeline in the initiative process verses the legislative process. Sen. Cohenour also requested information on how the department is meeting the benchmarks.
00:21:03 Rep. Jacobson asked Mr. Watson to provide the committee with an outline of the department's SB 333 implementation timelines and expected dates for the next committee meeting.
00:21:15 Sen. Hoven asked Mr. Watson how the registered providers became registered, who they registered with, and if they are overseen and monitored.
00:23:24 Rep. Beard asked Mr. Watson for the anticipated number of full-time equivalent employees needed for the program.
00:24:48 Sen. Cohenour asked Mr. Watson for clarification of the registered providers and their employees as listed in the department's database.
00:28:53 Rep. Jacobson asked Mr. Watson if the department is interpreting the word
“employ” as “subcontract”. The question was referred to Flint Murfitt, DPHHS.

00:31:36 Rep. Jacobson asked Mr. Watson how the department plans to track the marijuana plant from seed to cultivation to sale.

00:38:21 Rep. Hamilton asked Mr. Baerlocher for clarification about the levels of taxation on the marijuana plant.

Public comment
00:40:22 Kate Cholewa, Montana Cannabis Industry Association
00:47:42 Keith Erwin, Fidelity Diagnostic Laboratory
00:51:07 Ronda Wiggers, Montana Labs

Committee questions continued
00:53:01 Sen. Cohenour asked Mr. Watson to respond to the concerns raised during public comment.
01:00:22 Sen. Barrett asked Mr. Watson if the marijuana testing labs will be able to test their own products.
01:01:32 Sen. Blasdel asked Mr. Watson when the department will have their rules and requirements for testing labs complete so the labs can be ready by the April 30, 2018 implementation deadline.
01:03:24 Rep. Jacobson commended the DPHHS for its work and commented on the legislative history of SB 333.

AGENCY OVERSIGHT: MONTANA TAX APPEAL BOARD -- Dave McAlpin, Chair

Agency update
01:05:30 Chair McAlpin provided updated information on tax appeals by county and active cases for the Tax Appeal Board (Exhibit 1).

Committee questions
01:12:52 Sen. Ankney asked for updated information regarding the two active CHS, Inc. cases and if the cases had any resolution.
01:14:19 Sen. Hoven asked about reducing the number of appeal types that are centrally assessed property.

Public comment
01:16:22 Eric Bryson, Montana Association of Counties

HJ 18: TAX INCREMENT FINANCING STUDY

Introduction to TIF -- Megan Moore, Committee Staff
01:17:42 Ms. Moore provided an overview of tax increment financing (Exhibit 2).

Summary of Montana TIF reports -- Ms. Moore
01:21:32 Ms. Moore said the Revenue and Transportation Interim Committee received a copy of an Analysis of the Performance and Potential of Tax Increment Financing Districts in Yellowstone County Montana during the last interim (Exhibit 3). She provided a summary of the findings (Exhibit 4).

Committee questions and discussion
01:31:02 Sen. Barrett commented on the information in the handout (see Exhibit 3)
regarding the generated economic growth in TIF districts.

Public comment
01:33:23 Doug Russell, City Manager, Kalispell

Committee questions
01:37:22 Sen. Barrett asked Mr. Russell about TIF districts in blighted areas and if developer interest is required at the beginning of the process.
01:40:52 Sen. Hoven asked Mr. Russell about using TIF and the issuance of bonds to entice development in a blighted area and the use of tax abatement.
01:44:23 Rep. Jacobson asked Mr. Russell about bonding at the end of a TIF and if only the tax increment revenue is used to pay for the bond.
01:46:13 Sen. Hoven asked Mr. Russell about the responsibility of a city or county to make the first year bond payment when it sells bonds to create a structure, but the developer is slow to start and there is no increment to make the payment.
01:48:16 Sen. Barrett asked Mr. Russell how common it is for a district to extend bonding for more investments.

Public comment continued
01:53:00 Bill Bronson, City Commissioner, Great Falls
01:57:52 Tim Burton, Executive Director, Montana League of Cities and Towns (Exhibit 6)

Committee questions
02:02:26 Rep. Jacobson asked Mr. Burton what happens to any tax increment that is in excess of what is used to satisfy a bond.
02:04:54 Sen. Blasdel asked Mr. Russell about the increased cost for providing city services in areas that have been developed.
02:07:23 Sen. Cohenour asked Mr. Russell if economic development can reduce the need for city services.

Public comment continued
02:10:04 Eric Bryson, Montana Association of Counties

AGENCY MONITORING: ADMINISTRATIVE RULE REVIEW
Overview of rulemaking and administrative rule activity -- Jaret Coles, staff attorney
02:12:13 Mr. Coles discussed the updated administrative rule activity (Exhibit 7) and the supplemental rule notice (Exhibit 8).

Committee questions
02:26:33 Rep. Hertz asked Mr. Coles about the proposed amendment to change the manner of calculating the elderly homeowner/renter tax credit and asked for a copy of the proposed rule.
02:28:23 Sen. Hoven asked Mr. Coles for clarification of the rule that was adopted on outdoor advertising control. Mr. Coles said he will provide more information.
02:30:11 Rep. Jacobson asked Mr. Coles about the proposed rule on the elderly homeowner/renter tax credit and if it will be a revenue neutral change. Mr. Coles said he will request a further analysis from the Department of Revenue.

Public comment
02:31:22 Bob Story, Montana Taxpayers Association

ADMINISTRATIVE MATTERS -- Ms. Moore
Review changes to work plan and decision matrix
02:33:14 Ms. Moore discussed the updated decision matrix (Exhibit 9) and work plan (Exhibit 10) with the changes that were made at the last meeting.

Update meeting dates
02:35:32 Ms. Moore discussed changes to the February and July meeting dates.

Committee questions and discussion
02:37:03 Sen. Cohenour asked Ms. Moore for clarification of the use of the staff FTE time.
02:37:56 Sen. Cohenour recommended adding to the TIF study plan an overview of the guarantee of TIF bonds.
02:38:20 Sen. Cohenour asked Ms. Moore if the meeting date changes will conflict with other interim committee meetings.
02:39:01 Rep. Hertz asked if Legislative Council made a request for the committee to reduce its time because of budgetary constraints.
02:39:14 Rep. Jacobson commented that he received a letter from Susan Fox, Executive Director, Legislative Services Division, regarding a request received from the Governor for budget reductions (Exhibit 11).
02:41:04 Sen. Barrett asked Ms. Moore about the new date for the meeting in March.
02:41:48 Rep. Jacobson commented on the upcoming committee meeting dates and that the committee can review the calendar and make a decision tomorrow.

Public Comment
None

PUBLIC COMMENT ON ANY TOPIC DISCUSSED TODAY THAT IS WITHIN THE JURISDICTION OF THE COMMITTEE
None

RECESS UNTIL 8:00 A.M. ON SEPTEMBER 14, 2017
02:43:51 Rep. Jacobson recessed the meeting at 4:46 p.m.