



Revenue and Transportation Interim Committee

64th Montana Legislature

SENATE MEMBERS

FRED THOMAS--Chair
DICK BARRETT
MARK BLASDEL
BRIAN HOVEN
CHRISTINE KAUFMANN
SUE MALEK

HOUSE MEMBERS

TOM JACOBSON--Vice Chair
JEFF ESSMANN
GREG HERTZ
RAE PEPPERS
ALAN REDFIELD
BRIDGET SMITH

COMMITTEE STAFF

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

MINUTES LOG

November 30, December 1, and December 2, 2015
Room 317, Capitol Building
Helena, Montana

NOVEMBER 30, 2015

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.

Access to an electronic copy of these minutes and the audio or video recording is provided from the Legislative Branch home page at <http://leg.mt.gov>. On the left-side menu of the home page, select Committees, then Interim. Once on the page for Interim Committees, scroll down to the appropriate committee. The written Minutes Log, along with the audio and video recordings, is listed by meeting date on the interim committee's web page. Each of the Exhibits is linked and can be viewed by clicking on the Exhibit of interest. All Exhibits are public information and may be printed.

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

COMMITTEE MEMBERS PRESENT

SEN. FRED THOMAS, Chair
REP. TOM JACOBSON, Vice Chair

SEN. MARK BLASDEL
SEN. BRIAN HOVEN
SEN. CHRISTINE KAUFMANN

REP. JEFF ESSMANN
REP. GREG HERTZ
REP. RAE PEPPERS
REP. ALAN REDFIELD
REP. BRIDGET SMITH

COMMITTEE MEMBERS EXCUSED

SEN. DICK BARRETT
SEN. SUE MALEK

STAFF PRESENT

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

VISITORS' LIST (Attachment 1)

AGENDA (Attachment 2)

COMMITTEE ACTIONS

The committee certified the results of the poll of the Legislature regarding whether a Department of Revenue rule to implement Senate Bill No. 410 was consistent with legislative intent. The certified results included the acceptance of four late ballots received as of Nov. 30, 2015.

CALL TO ORDER AND ROLL CALL

00:00:01 Sen. Thomas called the meeting to order at 1:06 p.m. The committee secretary called roll. (Attachment 3) Sen. Barrett was excused and left his proxy with Sen. Kaufmann (Attachment 4) and Sen. Malek was excused and left her proxy with Rep. Jacobson (Attachment 5).

SB 410 POLL RESULTS

00:01:51 Jaret Coles, staff attorney, discussed the SB 410 poll draft letter (Exhibit 1) and draft notice (Exhibit 2).

Committee Discussion

00:09:07 Sen. Thomas discussed the late return of three ballots. (Attachment 6)

Motion/Vote

00:10:57 Sen. Hoven moved to allow the counting of the three ballots that were received after the deadline date. The motion passed unanimously by voice vote.

Committee Discussion

00:12:08 Sen. Thomas discussed the issue of allowing legislators to scan and email the ballot and the requirement that the original ballot be mailed via the U.S. Postal Service.

Motion/Vote

00:12:42 Rep. Essmann moved that the committee recommend that an electronic transmission of the signed original ballot be sufficient for the record. The motion passed unanimously by voice vote.

Public Comment - None

Motion/Vote

00:15:59 Rep. Redfield moved to certify the poll results on SB 410. The motion passed unanimously by voice vote.

TAX INCREMENT FINANCE STUDY

Establishment, operation, and termination of TIFs - Janet Cornish, Community Development Services of Montana

00:18:53 Ms. Cornish (Exhibit 3)

Committee Questions of Ms. Cornish

- 00:21:58 Sen. Hoven asked if the taxes collected from the TIF districts will continue to go to the local taxing jurisdictions.
- 00:43:16 Sen. Hoven asked how to address the situation if there are no investors to invest money in a proposed TIF district.
- 00:43:42 Sen. Thomas asked about funding the prison in Hardin.
- 00:50:11 Sen. Hoven asked when infrastructure deficiency became part of the law.
- 00:51:32 Rep. Hertz asked about blight in a proposed TIF district.
- 00:59:20 Rep. Jacobson asked about the requirement of identifying the impacts to schools in a proposed TIF district and if there have been any studies done to show if any negative impacts or concerns have been raised.
- 01:04:34 Rep. Hertz asked how local government advisory boards approve expenditures.
- 01:12:36 Rep. Jacobson asked how many times a debt can be issued, and if a TIF district that is based on 10% of the district considered a blighted area, would all of those dollars raised have to address that blight in that 10% of the district.
- 01:17:24 Sen. Hoven asked about the source of money for revolving loan funds.

Impacts on local taxing jurisdictions and citizens who pay taxes - Dave Nielsen, Montana League of Cities and Towns

01:21:20 Mr. Nielsen

Committee Questions of Mr. Nielsen

- 01:29:37 Rep. Jacobson asked about the base value adjusted for inflation in the year that the TIF was established.
- 01:38:03 Sen. Thomas asked if TIF district data is accessible by the public.
- 01:39:18 Rep. Essmann asked if citizens can go to court to have a district either reformed or struck down for failure to meet legal requirements.
- 01:42:32 Sen. Kaufmann asked if excess money in a TIF district needed to be spent either on projects related to renewal or go to service the debt.
- 01:49:41 Sen. Hoven asked why tax revenues don't go back to the taxing jurisdiction.

Panel discussion: Are TIF statutes and rules appropriate?

Joe Briggs, Cascade County Commissioner

Sharon Haugen, Community Development Director, City of Helena

Dan Kemmis, Commissioner, Missoula Redevelopment Authority

- 01:52:49 Mr. Briggs
- 02:01:33 Ms. Haugen
- 02:09:59 Mr. Kemmis

Committee Questions

- 02:23:50 Rep. Essmann asked Ms. Haugen about matters of equity and treatment of taxpayers inside the district and property owners outside the district.
- 02:31:23 Sen. Hoven asked Mr. Kemmis about extending the life of TIFs.
- 02:35:14 Rep. Hertz asked Mr. Kemmis about the mall in Missoula that is considered a blighted area.
- 02:37:23 Rep. Hertz asked Mr. Kemmis if he thinks it is appropriate to limit the use of grant dollars to public projects such as roads or sewer lines.

02:40:34 Sen. Thomas asked Mr. Briggs about sideboards.
02:43:03 Sen. Thomas asked if the sideboards should limit the projects to public infrastructure.

BREAK (reconvened at 4:14 p.m.)

Urban renewal policies authorized in statute - Megan Moore, lead staff

03:09:01 Ms. Moore ([Exhibit 4](#))

Committee Questions

03:17:01 Sen. Hoven asked about tax abatements and who grants the tax abatements.

Role of state agencies, local governments and TIF district boards in interpreting statutes and mechanism for resolving conflicting interpretations - Jaret Coles, staff attorney

03:18:51 Mr. Coles ([Exhibit 5](#))

Public Comment on Tax Increment Finance Districts

03:26:17 Bob Story, Montana Taxpayers Association ([Exhibit 6](#))
03:34:50 Bruce MacIntyre, Billings Chamber of Commerce
03:37:25 Kevin Nelson, Billings ([Exhibit 7](#))
03:45:43 Greg Krueger, Billings
03:50:48 Bruce McCandless, Assistant City Administrator, City of Billings
03:53:16 Leon Pattyn, Billings
03:55:49 Troy Boucher

AGENCY MONITORING: ADMINISTRATIVE RULE REVIEW

Administrative rule review report - Jaret Coles

03:59:55 Mr. Coles ([Exhibit 8](#))

Public Comment - None

Committee Discussion

04:11:48 Sen. Thomas asked Director Kadas if the SB 410 poll results will have an effect on the Department's rule adoption.
04:13:02 Sen. Thomas asked Director Kadas about the Attorney General's letter regarding the Department of Revenue's Proposed New Rule 1 Qualified Educator Provider ([Exhibit 9](#)).
04:17:25 Rep. Essmann asked Director Kadas if he gave his opinion to the governor before adopting the rule.
04:18:35 Rep. Essmann asked Director Kadas for copies of any correspondence between the Department of Revenue and the governor regarding SB 410.
04:19:17 Sen. Thomas said that there was another late ballot and asked if the committee wanted to accept the ballot.

Motion/Vote

04:20:19 Rep. Redfield moved to accept the late ballot. The motion passed 9-1 on a voice vote with Rep. Hertz voting no.

Committee Discussion on Other Topics

04:21:05 Sen. Thomas discussed the accordion folders that are available for the committee members.

04:21:21 Sen. Thomas asked the committee members to think about revenue impacts related to coal and planning a committee tour of the mine in White Sulphur Springs.

RECESS

04:24:26 Rep. Jacobson recessed the meeting at 5:31 p.m. to reconvene at 8 a.m. on December 1, 2015.

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