



PO BOX 201706
Helena, MT 59620-1706
(406) 444-3064
FAX (406) 444-3036

Revenue and Transportation Interim Committee 65th Montana Legislature

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LAURA SHERLEY, Secretary

December 5, 2017

Rep. Nancy Ballance, Chair
Legislative Finance Committee
Capitol Building
Helena, MT 59620

Dear Chair Ballance and Members of the Legislative Finance Committee:

The Revenue and Transportation Interim Committee (RTIC) met on December 5, 2017, to discuss the options for undertaking a state tax structure study. During the discussion we received testimony regarding the Legislative Finance Committee's (LFC's) potential desire to study several aspects of existing Montana tax structure. Additionally, RTIC received public comment concerning the potential fiscal implications for the state in the event the United States Congress revises federal income taxation, and the importance of developing a well thought out and comprehensive study.

As the interim committee assigned taxation studies and agency monitoring and administrative rule review for the Department of Revenue and the Montana Tax Appeal Board, RTIC appreciates why members of the LFC desire to study state taxation and recommends that LFC work with RTIC on designing a study to be undertaken during the next interim.

We believe the state would receive the greatest benefit if the limited amount of time remaining in the interim is spent developing a study bill for preintroduction during the 2019 Legislative Session. The legislation should define the reasons for studying the state tax structure, identify a committee to undertake the study (perhaps a special committee including members of the public and other stakeholders), and provide funding for the committee.

RTIC plans to work on designing such a study at its March and May meetings with the objective of producing draft legislation for review and public comment in July and final approval in September. We welcome collaboration with LFC regarding the study design, either by scheduling joint meeting time or by communicating through our respective staffs.

We look forward to hearing your thoughts on this issue of great importance.

Sincerely,

A blue ink signature of Tom Jacobson.

Tom Jacobson, Chair

A blue ink signature of Mark Blasdel.

Mark Blasdel, Vice Chair

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