



Revenue and Transportation Interim Committee

65th Montana Legislature

SENATE MEMBERS

DUANE ANKNEY
DICK BARRETT
MARK BLASDEL
JILL COHENOUR
BRIAN HOVEN
EDIE MCCLAFFERTY

HOUSE MEMBERS

BECKY BEARD
JIM HAMILTON
GREG HERTZ
TOM JACOBSON
ALAN REDFIELD
BRIDGET SMITH

COMMITTEE STAFF

MEGAN MOORE, Lead Staff
JARET COLES, Staff Attorney
LAURA SHERLEY, Secretary

MINUTES LOG

June 12, 2017
Room 152, 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.

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. DUANE ANKNEY
SEN. DICK BARRETT
SEN. MARK BLASDEL
SEN. JILL COHENOUR
SEN. BRIAN HOVEN

REP. BECKY BEARD
REP. GREG HERTZ
REP. TOM JACOBSON
REP. ALAN REDFIELD
REP. BRIDGET SMITH

COMMITTEE MEMBERS EXCUSED

SEN. EDIE MCCLAFFERTY
REP. JIM HAMILTON

STAFF PRESENT

MEGAN MOORE, Lead Staff
JARET COLES, Staff Attorney
LAURA SHERLEY, Secretary

VISITORS' LIST (Attachment 1)

AGENDA (Attachment 2)

COMMITTEE ACTIONS

The Revenue and Transportation Interim Committee:

- voted to allow the use of proxies by submitting the proxy in writing to staff, the chair, and the deputized member;
- elected Rep. Tom Jacobson as chair and Sen. Mark Blasdel as vice chair;
- adopted a work plan for the interim, including meeting dates for the interim.

CALL TO ORDER AND ROLL CALL

00:00:02 Sen. Barrett called the meeting to order at 9:31 a.m. The committee secretary took roll ([Attachment 3](#)). Rep. Hamilton was excused and left his proxy with Rep. Jacobson ([Attachment 4](#)). Sen. McClafferty was excused and left her proxy with Sen. Cohenour ([Attachment 5](#)).

INTRODUCTION OF MEMBERS AND STAFF

00:01:22 Sen. Ankney
00:02:02 Sen. Hoven
00:02:35 Rep. Beard
00:04:13 Rep. Jacobson
00:04:45 Jaret Coles, Staff Attorney
00:05:10 Sen. Blasdel
00:05:32 Sen. Barrett
00:06:10 Megan Moore, Lead Research Staff
00:06:40 Laura Sherley, Staff Secretary
00:06:58 Sen. Cohenour
00:07:30 Rep. Hertz
00:07:45 Rep. Smith
00:08:21 Rep. Redfield

ADMINISTRATIVE MATTERS

Staff and committee member roles and responsibilities

00:08:55 Ms. Moore reviewed the staff responsibilities of the lead research staff and secretarial staff to the committee.
00:09:36 Mr. Coles reviewed his main duties to the committee as legal staff.
00:10:18 Ms. Moore reviewed the expected roles of the committee members and reviewed the Revenue and Transportation Committee web page.

Legislative guidelines for interim committees and proxy voting procedures -- Megan Moore, Committee Staff

00:11:55 Ms. Moore reviewed the legislative interim committee guidelines that were adopted by Legislative Council ([Exhibit 1](#)).

MOTION

00:14:35 Sen. Cohenour moved to allow proxies in the 2017-2018 Revenue and Transportation Interim Committee with the requirement to notify staff of the proxy and which committee member will hold the proxy.

DISCUSSION ON THE MOTION

00:14:50 Sen. Barrett asked for clarification of the staff and presiding officer notification requirement in Sen. Cohenour's motion.

VOTE

00:15:10 The motion passed on a 9-1 roll call vote ([Attachment 6](#)), with Sen. Barrett, Sen. Blasdel, Sen. Cohenour, Sen. Hoven, Rep. Beard, Rep. Hertz, Rep. Jacobson, Rep. Redfield, and Rep. Smith voting 'yes' and Sen. Ankney voting 'no'.

Background materials

00:15:58 Ms. Moore provided a summary on the tax legislation and transportation legislation that was enacted and vetoed during the 2017 Legislative Session ([Exhibit 2](#)) and ([Exhibit 3](#)).

00:16:56 Sen. Cohenour asked Ms. Moore what interim committee has oversight on the Real ID Act implementation and recommended that the committee have notice of the implementation progression.

ELECTION OF OFFICERS

00:17:53 Ms. Moore provided a presiding officer history of the Revenue and Transportation Committee ([Exhibit 4](#)).

00:18:15 Sen. Barrett commented that traditionally the chairmanship and vice chairmanship is alternated between chambers and parties.

00:19:17 Sen. Cohenour nominated Rep. Jacobson for Chair.

00:19:29 Sen. Ankney nominated Sen. Blasdel for Chair

00:19:45 Sen. Hoven nominated Sen. Barrett for Chair.

00:19:50 Sen. Barrett declined the nomination for Chair.

00:20:38 Sen. Blasdel declined the nomination for Chair.

MOTION

00:21:21 Sen. Cohenour moved to elect Rep. Jacobson as Chair for the 2017-2018 Revenue and Transportation Interim Committee.

VOTE

00:21:22 The motion passed unanimously on a voice vote.

00:21:43 Sen. Ankney nominated Sen. Blasdel as Vice Chair for the 2017-2018 Revenue and Transportation Interim Committee.

MOTION

00:22:07 Sen. Cohenour moved to elect Sen. Blasdel as Vice Chair for the 2017-2018 Revenue and Transportation Interim Committee.

VOTE

00:22:09 The motion passed unanimously on a voice vote.

DRAFT INTERIM WORK PLAN

Overview and committee considerations -- Megan Moore

00:23:48 Ms. Moore introduced the committee's draft interim work plan for the 2017-2018 interim ([Exhibit 5](#)), ([Exhibit 6](#)), and ([Exhibit 7](#))

00:29:55 Sen. Hoven asked Ms. Moore if tax increment financing (TIF) and targeted economic development district (TEDD) plans are included in the study tax increment financing work plan topic (see Exhibit 6).
00:30:20 Ms. Moore continued her presentation (see Exhibit 6).
00:32:23 Sen. Blasdel discussed his submitted optional work plan topics (see Exhibit 6).
00:37:32 Ms. Moore continued her presentation (see Exhibit 6) and ([Exhibit 8](#)).

Public comment

00:49:30 Tim Burton, Montana League of Cities and Towns
00:51:56 Bob Story, Montana Taxpayers Association ([Exhibit 9](#))
00:56:39 Nick Hill, Performance Auditor, Legislative Audit Division
00:58:07 Kristen Rosa, Economic Development, Butte-Silver Bow
00:58:57 David Fine, City of Bozeman Economic Development Department
01:00:35 Bridger Mahlum, Montana Chamber of Commerce

Committee questions/discussion

01:02:42 Rep. Jacobson asked the members for additional topics they wished to add to the committee's interim work plan.
01:02:56 Sen. Cohenour asked Ms. Moore for the total amount allowed of staff time in the committee's work plan.
01:03:48 Sen. Hoven asked that the topic of petroleum extraction taxes be added to the committee's work plan.
01:04:47 Rep. Hertz asked Ms. Moore to clarify the staff time available for the work plan.
01:05:30 Rep. Hertz asked that the committee receive updates on the implementation of HB 473: *Revise highway revenue laws* and updates from the Department of Transportation regarding their budget.
01:06:35 Rep. Jacobson asked Ms. Moore if the allowable staff time for the work plan would be affected if the committee were to receive updates on HB 473.
01:07:01 Sen. Cohenour recommended that the oversight of HB 511: *Revise income tax laws related to businesses* be observed as part of the committee's work plan.
01:07:27 Rep. Jacobson requested that the committee receive updates from the Department Health and Human Services (DPHHS) and the Department of Revenue (DOR) regarding the implementation of SB 333: *Generally revise medical marijuana laws*.
01:07:55 Ms. Moore asked Rep. Jacobson to clarify his update request on SB 333.
01:08:24 Sen. Blasdel discussed the DPHHS reporting requirements that are in SB 333.
01:09:34 Rep. Beard requested that the work plan time line correspond to the implementation of SB 333.
01:10:00 Sen. Hoven requested that a representative from DPHHS give a presentation to the committee on the implementation progress of SB 333.
01:10:57 Rep. Beard requested the committee receive summaries of progress for SB 333 that the committee can disseminate to their constituents.
01:11:36 Ms. Moore asked Rep. Beard to clarify her request and if it pertains to SB 333.
01:12:26 Sen. Cohenour asked Rep. Beard to clarify her request.
01:14:00 Rep. Jacobson recommended that the SB 333 summaries requested should come from their respective departments and not the committee staff.

BREAK (reconvened at 10:56 a.m.)

REVENUE ESTIMATING AND MONITORING: GENERAL FUND REVENUE COLLECTION REPORT -- Amy Carlson, Legislative Fiscal Analyst and Legislative Fiscal Division (LFD)

Revenue Team

- 01:25:45 Ms. Carlson introduced the LFD presenters and gave an overview of LFD's current activities and how they pertain to the committee.
- 01:29:15 Stephanie Morrison, Revenue Analyst, LFD, gave an overview of the revenue updates the committee will receive throughout the interim and the current General Fund Revenue Summary, and the individual income tax ([Exhibit 10](#)) and ([Exhibit 11](#)).
- 01:40:04 Sen. Barrett asked Ms. Morrison if there is expected income recovery and asked for clarification of the budget cuts in SB 261: *Generally revise state fiscal laws*.
- 01:43:04 Rep. Hertz asked Ms. Morrison if she has compared April 2017 estimated payments to the April 2016 payments.
- 01:43:59 Sam Schaefer, Fiscal Analyst, LFD, gave an overview of the state's corporation income tax, vehicle fees & taxes, oil & natural gas production tax, and video gaming tax (see Exhibit 10).
- 01:48:19 Nick VanBrown, Fiscal Analyst, LFD gave an overview of the state's property tax (see Exhibit 10).
- 01:49:07 Ms. Morrison gave an overview of the state's insurance tax (see Exhibit 10) and the end-of-the-month general fund cash balance.

Committee questions

- 01:52:00 Rep. Hertz asked Ms. Morrison if she would provide revenue anticipation notes at future meetings.
- 01:53:10 Rep. Hertz asked Ms. Morrison if the state will be hitting the fourth trigger noted in SB 261 for FY 2017.
- 01:55:11 Sen. Cohenour asked Ms. Morrison for a copy of the budget stabilization trigger table in SB 261, which Ms. Morrison handed out to the committee at their break ([Exhibit 12](#)).
- 01:55:32 Sen. Hoven asked Mr. Schaefer if the difference in the oil price between what the state receives and what West Texas Intermediate (WTI) receives is primarily due to freight (see Exhibit 10).

Public comment

None

AGENCY OVERSIGHT: DEPARTMENT OF TRANSPORTATION -- Mike Tooley, Director, Department of Transportation

Agency overview

- 01:56:41 Director Tooley presented a general overview of the department's role and duties.

State special revenue fund update

- 02:05:44 Larry Flynn, CFO, Department of Transportation, updated the committee on the state's current special revenue fund.

Committee questions

- 02:13:18 Rep. Hertz asked Mr. Flynn how much federal aid the department is receiving each year and how the funding is used.
- 02:14:21 Sen. Ankney asked Director Tooley what the department does about reducing the workplace danger for construction zone workers.
- 02:16:32 Sen. Hoven asked Mr. Flynn what percentage of the federal dollars and construction budget is going to bridges and roads construction and how does that percentage compare today versus 15 years ago. Mr. Flynn will get the information to Sen. Hoven after the meeting.
- 02:17:26 Rep. Redfield asked Director Tooley for the total dollars spent on clearing the snow from the Beartooth highways.
- 02:19:48 Rep. Redfield asked Director Tooley if there was a public hearing in Lewistown for the roundabout plans at the Grass Range intersection.
- 02:28:15 Rep. Beard asked Mr. Flynn about the 10% administrative fee on the federal aid match money.
- 02:29:17 Sen. Hoven commented on the installed rumble strips in North Central Montana.
- 02:29:53 Rep. Hertz asked Director Tooley if the Highway 93 roundabout is still planned.
- 02:31:34 Rep. Hertz asked Director Tooley if the plans for the Highway 93 roundabout are posted to the department's website. Director Tooley responded that he would get the plans to Rep. Hertz. Rep. Hertz also asked if a flashing intersection light had been considered instead of a roundabout at the Highway 93 intersection.
- 02:34:10 Rep. Smith thanked Director Tooley for the road work from Fort Peck to Nashua.
- 02:34:25 Rep. Redfield asked Director Tooley if rumble strips affect the integrity of the pavement.
- 02:36:11 Sen. Hoven asked Director Tooley where the Grass Range roundabout recommendation report came from and if remote roundabouts at high speed interchanges are a state invention.
- 02:38:11 Sen. Blasdel asked Director Tooley for clarification of the budget and payment contract for the Grass Range roundabout.
- 02:39:28 Sen. Blasdel asked Director Tooley about the constructional design of the lip on the roundabouts in SD 4.

Public comment

None

LUNCH (Reconvened at 1:06 p.m.)

AGENCY OVERSIGHT: MONTANA TAX APPEAL BOARD -- Dave McAlpin, Chair, Montana Tax Appeal Board

Agency overview and Major issues

- 03:35:27 Chair McAlpin gave an overview of the agency's role and duties as well as the current cases the agency is handling ([Exhibit 13](#))

Committee questions

None

Public comment

None

AGENCY OVERSIGHT: DEPARTMENT OF REVENUE

03:47:30 Shauna Helfert, Administrator, Property Assessment Division, DOR

Reappraisal and assessment notices -- Gordy Conn, Property Assessment Division, DOR

03:48:44 Mr. Conn gave an overview of the departments current reappraisal and assessment notices ([Exhibit 14](#))

03:54:06 Rep. Hertz asked why some personal property is attached to real property in regards to billing. Mr. Conn will follow-up with further information after the meeting.

03:55:02 Rep. Jacobson asked if the property value error seen in Black Eagle in the last appraisal cycle will be corrected for the next cycle.

03:56:43 Rep. Smith asked if the new homes built in HD 31 will be part of the biennium reappraisal.

03:57:37 Rep. Smith asked if there will be a reduction in property tax for HD 31.

Update on exempt property -- Linda Sather, Management Analyst, DOR

03:58:35 Ms. Sather presented an update on the department's current exempt property as pertained to the requirements in 2015 Session HB 389: *Require department of revenue review of tax exempt properties.*

04:01:03 Sen. Blasdel asked for a dollar figure to represent the 300 non-responders.

Litigation report -- Dave Stewart, Deputy Chief Legal Council DOR

04:01:37 Mr. Stewart presented on the department's current litigation report ([Exhibit 15](#)).

Public comment

None

AGENCY MONITORING: ADMINISTRATIVE RULE REVIEW -- Jaret Coles, Staff Attorney **Overview of administrative rule review**

04:04:28 Mr. Coles gave an overview of the administrative rule review and how it will pertain to this committee.

Administrative rule review report

04:07:44 Mr. Coles updated the committee on it's current administrative rule review ([Exhibit 16](#)).

Committee questions

04:22:09 Rep. Hertz asked what action the committee can take if there is existing rule that a department or agency under the review of the committee is not enforcing.

Public comment

None

PUBLIC COMMENT ON ANY TOPIC WITHIN THE COMMITTEE'S JURISDICTION

None

COMMITTEE WORK SESSION

Work plan decision matrix

- 04:24:02 Ms. Moore recommended that the committee review the draft work plan and then make a motion on the topics they wish to have part of their interim work plan (see Exhibit 6).
- 04:24:30 Rep. Jacobson recommended that the committee adopt the statutory duties and studies that the Legislative Council assigned the committee.

HJ 22 Assigned Study

- 04:26:07 Committee discussion (see Exhibit 6).
- 04:45:07 Rep. Jacobson summarized the committee's decision for the HJ 22 study topic.
- 04:45:44 Sen. Cohenour asked that the review for agriculture evaluation procedures only pertain to surrounding states and not Western states.
- 04:46:15 Ms. Moore gave the updated FTE estimate.

HJ 18 Assigned Study

- 04:46:58 Committee discussion (see Exhibit 6).
- 05:18:40 Rep. Jacobson summarized the committee's decision for the HJ 18 study topic.

SJ 23 Assigned Study

- 05:19:17 Committee discussion (see Exhibit 6).
- 05:27:10 Rep. Jacobson summarized the committee's decision for the SJ 23 study topic and asked Ms. Moore for the FTE estimate.

Option topics

HB 473

- 05:28:16 Committee discussion (see Exhibit 6).
- 05:31:17 Rep. Jacobson summarized the committee's decision for the HB 473 study topic.
- 05:31:30 Sen. Hoven asked for clarification of the Agency Programmatic Review language in the work plan.

HB 511

- 05:32:05 Committee discussion (see Exhibit 6).
- 05:39:26 Rep. Jacobson summarized the committee's decision for the HB 511 study topic.

Distribution of oil and gas tax revenue

- 05:40:20 Committee discussion (see Exhibit 6).
- 05:45:49 Rep. Jacobson summarized the committee's decision for the distribution of oil and gas tax revenue study topic.
- 05:46:10 Rep. Jacobson asked Ms. Moore for the FTE estimate.

Indian Trust Land

- 05:46:48 Rep. Hertz discussed the conversation the 2017 House Taxation Committee had on placing land into trust for an Indian tribe.
- 05:48:45 Rep. Smith asked Rep. Hertz to clarify his comments regarding placing land into trust for an Indian tribe.
- 05:49:25 Sen. Cohenour asked if a presentation from DOR and Montana Association of Counties would suffice for the study of the placement of land into trust for an Indian tribe.
- 05:49:57 Ms. Moore clarified the topic's estimated FTE.

Property tax information for legislators

- 05:50:40 Committee discussion (see Exhibit 6).
05:57:08 Rep. Jacobson summarized the committee's decision for the property tax information for legislators study topic.
05:57:52 Ms. Moore asked for clarification of the committee's decision.
05:58:29 Rep. Jacobson asked Ms. Moore to review the entire work plan with the committee's decisions.

Adopt draft interim work plan

MOTION

- 05:58:53 Sen. Blasdel moved to adopt the revised draft work plan for the 2017-2018 Revenue and Transportation Interim Committee.

DISCUSSION ON THE MOTION

- 05:59:05 Sen. Barrett asked if this motion was the final adoption of the work plan. The question was referred to Ms. Moore.

VOTE

- 06:00:01 The motion passed unanimously on a voice vote.

Meeting dates

- 06:00:40 Ms. Moore presented the draft meeting dates for the members consideration (see Exhibit 5, back page).
06:01:01 Rep. Jacobson recommended that the committee review the dates and asked Ms. Moore if the draft dates are one day meetings.
06:01:57 Committee discussion (see Exhibit 5, back page).
06:15:45 Ms. Moore summarized the committee's agreed upon meeting dates.

ADJOURNMENT

- 06:16:25 Rep. Jacobson adjourned the meeting at 3:47 p.m.

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