



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

**REVENUE INTERIM COMMITTEE**  
**67th Montana Legislature**

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**SENATE MEMBERS**

Duane Ankney  
Dick Barrett  
Mark Blasdel  
Jill Cohenour  
Brian Hoven  
Susan Webber

**HOUSE MEMBERS**

Becky Beard  
Zach Brown  
John Fuller  
Jim Hamilton  
Marilyn Marler  
Alan Redfield

**COMMITTEE STAFF**

Jaret Coles - Attorney  
Megan Moore - Research  
Analyst  
Laura Sherley - Secretary

**MINUTES LOG**

July 21, 2020  
9:00 AM  
Zoom

Please note: This document is a Minutes Log and provides annotation 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 recording 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 the 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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**ROLL CALL**

**COMMITTEE MEMBERS PRESENT:**

Rep. Alan Redfield, Chair (R)  
Sen. Dick Barrett, Vice Chair (D)

Rep. Becky Beard (R)  
Rep. Zach Brown (D)  
Rep. Jim Hamilton (D)  
Rep. Marilyn Marler (D)

Sen. Duane Ankney (R)  
Sen. Mark Blasdel (R)  
Sen. Jill Cohenour (D)  
Sen. Brian Hoven (R)  
Sen. Susan Webber (D)

**Members Excused:**

Rep. John Fuller (R)

**Staff Present:**

Jaret Coles, Attorney  
Megan Moore, Research Analyst  
Laura Sherley, Secretary

**Committee Business Summary**

The Revenue Interim Committee took the following actions at the meeting:

- Requested the drafting of a bill to address county treasurer concerns with the tax deed process for properties with a dwelling;
- Adopted 5 clarification bills as committee-requested bills for introduction in the next legislative session: CC02, CC03, CC04, CC05, CC06;
- Requested changes to clarification bill CC01;
- Recommending not requiring future review of the foreign states tax credit;
- Recommended retaining the alternative energy systems tax credit and requested a bill draft to allow the credit to be refunded if it exceeds the taxpayer's tax liability;
- Recommended retaining the contractor's gross receipts tax credit and requested a bill draft to increase the minimum project amount subject to the tax;
- Requested a bill to repeal the new or expanded industry credit as a committee bill;
- Requested a bill revising the credit for energy conserving expenditures as a committee bill;
- Requested the drafting of a bill to remove the tax haven list from corporate income tax laws and to instead provide criteria describing tax havens;
- Authorized four bills to be requested on behalf of the Department of Revenue

**AGENCY OVERSIGHT: MONTANA TAX APPEAL BOARD**

**Appeals update**

09:01:07 Dave McAlpin, Chair, Montana Tax Appeal Board

**Public comment**

09:11:54 Robert Story, Montana Taxpayers Association

**MONTANA ECONOMIC DEVELOPMENT INDUSTRY ADVANCEMENT ACT REQUIRED REPORT**

**Introduction**

09:12:57 Allison Whitmer, Montana Film Commissioner ([Exhibit 1](#))

**The Economic Impact of Montana Film Production**

09:13:45 Gina Lavery, Econsult Solutions Inc. ([Exhibit 2](#))

09:22:10 Rebecca DeJoseph, Econsult Solutions Inc.

### **Committee questions/discussion**

- 09:33:38 Sen. Hoven asked the panel to comment on the financial impact of film production in the state and the net revenue.
- 09:38:04 Sen. Barrett asked Ms. DeJoseph for clarification on the film industry job numbers in her report (see Exhibit 2).
- 09:47:19 Sen. Webber asked for a breakdown of film industry production numbers on state reservations.
- 09:48:49 Sen. Cohenour asked Ms. Whitmer to follow-up on Sen. Barrett's comments and what the absence of film industry jobs in the state would look like.
- 09:50:28 Rep. Brown asked the panel if there are programs in other states or provinces that focus on industry level innovations instead of incentivizing activity.
- 09:52:12 Sen. Ankney joined the meeting.
- 09:54:12 Rep. Redfield asked Ms. Whitmer who gets the tax credits if not the film companies.
- 09:54:55 Rep. Marler joined the meeting.
- 09:56:43 Sen. Hoven asked Ms. Whitmer for clarification on her answer to Rep. Redfield's question.
- 09:57:17 Rep. Brown asked Ms. Whitmer when the film industry tax credit sunsets.
- 09:58:24 Rep. Brown commented on the policy decision of the film industry tax credit sunset provision.
- 10:00:31 Rep. Beard asked Ms. Whitmer to comment on film production expending compared to the HB 293 fiscal note (2019) estimation.

### **Public comment**

- 10:03:07 None

### **BREAK**

### **TAX LIEN AND TAX DEED PROCESS**

#### **Changes to tax deed process for property with a dwelling**

- 10:11:06 Ms. Moore ([Exhibit 3](#)) ([Exhibit 4](#))

#### **Role of county treasurers in tax lien and tax deed process**

- 10:24:00 Kevin Larkin, Park County Treasurer ([Exhibit 29](#))

### **Committee questions**

- 10:29:52 Rep. Brown asked if the Park County Treasurer's office has noticed changes in the tax lien delinquency numbers since april due to COVID-19.
- 10:31:25 Sen. Hoven asked how many properties are delinquent as of June 30 in Park County.
- 10:32:41 Sen. Hoven asked Mr. Larkin how many properties are coming up for auction in Park County and how many properties per year come up for auction on average.

10:34:40 Sen. Hoven commented on the history of delinquent properties and asked if Park County Treasurer's Office representatives first contact home owners to find the reason they are delinquent before the property goes to auction.

**Requested changes to tax lien and tax deed process**

10:36:07 Betty Romo, Roosevelt County Treasurer ([Exhibit 5](#)).

**Public comment**

10:42:52 None

**Committee discussion**

10:43:05 Rep. Brown asked Ms. Romo if she had any suggestions to provide to the committee.

10:43:45 Rep. Redfield asked the committee for recommendations. The committee requested that staff work with county treasurers to draft a bill to address their concerns for review at the next meeting.

**AGENCY MONITORING: ADMINISTRATIVE RULE REVIEW**

**Administrative rule report**

10:44:30 Mr. Coles ([Exhibit 6](#))

**COMMITTEE CLARIFICATION LEGISLATION**

**Review bill drafts**

10:46:44 Ms. Moore ([Exhibit 7](#)) ([Exhibit 8](#)) ([Exhibit 9](#)) ([Exhibit 10](#)) ([Exhibit 11](#)) ([Exhibit 12](#))

**Committee questions/action**

10:49:58 Rep. Hamilton asked if the committee can create a tax credit schedule instead of reviewing the credits every interim.

10:53:45 Rep. Redfield asked the committee for recommendations on tax credit review bill draft CC01 (see Exhibit 7).

10:54:30 Ms. Moore (see Exhibit 8)

**Motion:**

10:55:39 Sen. Barrett moved CC02 to be adopted as a committee bill.

**Vote:**

10:56:33 Carried unanimously by voice vote.

10:56:44 Sen. Cohenour will sponsor CC02.

10:56:54 Ms. Moore (see Exhibit 9)

**Motion:**

10:57:45 Sen. Barrett moved CC03 to be adopted as a committee bill

**Vote:**

10:58:02 Carried unanimously by voice vote.

10:58:13 Ms. Moore (see Exhibit 10)

**Motion:**

10:59:18 Sen. Barrett moved CC04 to be adopted as a committee bill.

**Vote:**

- 10:59:28 Carried unanimously by voice vote.  
10:59:42 Rep. Hamilton will sponsor CC03.  
10:59:58 Sen. Cohenour will sponsor CC04.  
11:00:17 Ms. Moore (see Exhibit 11)

**Public comment**

- 11:01:17 None

**Motion:**

- 11:01:23 Sen. Barrett moved CC05 to be adopted as a committee bill.

**Vote:**

- 11:01:34 Carried unanimously by voice vote.  
11:01:46 Sen. Blasdel will sponsor CC05.  
11:01:56 Ms. Moore (see Exhibit 12)

**Public comment**

- 11:03:40 None

**Motion:**

- 11:03:48 Sen. Barrett moved CC06 to be adopted as a committee bill.

**Vote:**

- 11:04:01 Carried unanimously by voice vote.  
11:04:51 Sen. Hoven will sponsor CC06.

**INCOME TAX CREDIT REVIEW**

**Elderly homeowner and renter tax credit overview**

- 11:05:58 Ms. Moore ([Exhibit 13](#)) ([Exhibit 14](#)) ([Exhibit 15](#))

**Committee questions/discussion**

- 11:22:42 Sen. Barrett asked Ms. Moore to comment on the HJ35 Tax Study committee's decision to adopt the circuit breaker bill and how it coordinates with the elderly homeowner and renter tax credit.  
11:24:58 Sen. Cohenour commented on the coordination between the circuit breaker bill and the elderly homeowner and renter tax credit.  
11:25:39 Rep. Hamilton commented on the median income of the elderly homeowner and renter credit.  
11:27:46 Sen. Hoven commented on the notch effect for income to qualify for the elderly homeowner and renter tax credit.  
11:28:45 Sen. Cohenour asked if the committee needs to take action on the credit.

**Contractor's gross receipt tax credit overview**

- 11:30:02 Ms. Moore ([Exhibit 16](#)) ([Exhibit 17](#))

### Committee questions

11:35:15 Sen. Hoven asked if there have been any comments on the 1% deposit.

### Public comment

11:37:01 Bob Story, Montana Taxpayers Association

11:39:14 David Smith, Montana Contractors Association

11:41:23 Rose Bender, Montana Budget Policy Center

11:43:02 Gene Walborn, Department of Revenue

### Follow-up on credits already considered

#### Foreign states tax credit overview

11:45:03 Ms. Moore ([Exhibit 18](#))

#### New or expanded industry credit repeal

11:47:20 Ms. Moore ([Exhibit 19](#)) ([Exhibit 20](#)) ([Exhibit 21](#))

### Committee questions

11:55:30 Sen. Hoven asked if the contractor's gross receipts tax collection process for the Department of Revenue was a big issue. The question was redirected to Gene Walborn, Director, Department of Revenue.

11:58:22 Sen. Barrett asked Director Walborn to clarify his response.

## **LUNCH BREAK**

### Follow-up on credits already considered, continued

#### Alternative energy systems credit

13:01:29 Ms. Moore ([Exhibit 22](#)) ([Exhibit 23](#))

### Public comment

13:03:36 None

### Committee action

#### Motion:

13:03:53 Sen. Barrett moved to remove the foreign states tax credit from future review.

#### Vote:

13:04:34 Carried unanimously by voice vote.

13:04:58 Ms. Moore asked for clarification on the motion.

#### Motion:

13:05:43 Sen. Barrett moved TC02 to be adopted as a committee bill.

#### Vote:

13:05:59 Carried unanimously by voice vote.

13:06:19 Sen. Blasdel will sponsor TC02.

13:06:39 Ms. Moore reviewed TC01 with the amendment to remove Section 1 of the bill draft.

**Motion:**

13:07:08 Sen. Barrett moved TC01 to be adopted as a committee bill.

**Discussion on the motion:**

13:08:38 Sen. Hoven

13:09:16 Sen. Barrett asked Ms. Moore if the Department of Environmental Quality was added to the bill draft.

**Vote:**

13:10:23 Carried 10 - 2 by roll vote with Rep. Redfield, Sen. Ankney, voting no.  
Rep. Fuller, by Proxy

13:11:37 Sen. Cohenour will sponsor TC01.

13:12:09 Sen. Barrett asked if action was made on the elderly homeowner and renter's credit.

**Motion:**

13:13:02 Sen. Barrett moved to make the alternative system energy credit fully refundable.

**Discussion on the motion:**

13:14:18 Rep. Redfield asked for clarification on the motion.

13:14:49 Sen. Hoven asked if there is a maximum credit amount per taxpayer.

**Vote:**

13:16:15 Carried 9 - 3 by voice vote with Rep. Redfield, Sen. Ankney, Sen. Blasdel,  
voting no.  
Rep. Fuller, by Proxy.

13:17:55 Sen. Barrett recommended deferring to change the parameters in the elderly homeowner and renter's credit until the August meeting.

**Motion:**

13:20:41 Sen. Barrett moved that the contractor's gross credit be retained.

**Discussion on the motion:**

13:21:09 Rep. Hamilton

13:22:19 Sen. Hoven

13:22:47 Sen. Cohenour

13:23:50 Rep. Brown

13:24:22 Rep. Beard

13:25:06 Sen. Hoven

13:25:32 Ms. Moore

13:25:49 Rep. Redfield asked David Smith, Montana Contractors Association Inc.,  
to comment on the discussion

13:26:46 Ms. Moore

**Amendment to the motion:**

13:26:58 Sen. Hoven moved to raise the minimum contract subject to the contractor's gross receipts tax from \$5,000 to \$40,000.

**Vote on the amendment:**

13:27:26 Carried unanimously by voice vote.

**Vote:**

13:27:59 Carried unanimously by voice vote.

**AGENCY OVERSIGHT: DEPARTMENT OF REVENUE**

**Impact of COVID-19 on agency operations**

13:29:12 Gene Walborn, Director, Department of Revenue

**Required reports**

**Property tax abatements for gray water systems and review of exempt property**

13:38:47 Director Walborn ([Exhibit 24](#)) ([Exhibit 25](#))

13:39:35 Bryce Kaatz (see Exhibit 24) (see Exhibit 25)

**Committee questions**

13:41:16 Sen. Hoven asked Mr. Kaatz what the primary reason is for denying property exemption status.

**Biodiesel blending and storage**

13:42:20 Director Walborn

13:43:34 Dylan Cole ([Exhibit 26](#))

**Countries that may be considered tax havens**

13:44:21 Director Walborn

13:44:43 Lee Bearlocher ([Exhibit 27](#))

**Committee questions**

13:54:30 Sen. Cohenour asked Mr. Baerlocher to clarify the tax haven categorizing process.

13:54:58 Mr. Baerlocher continued his presentation

**Committee questions/action**

13:55:39 Sen. Hoven asked if the new tax haven countries need to be put in a bill draft to be listed officially. Director Walborn also responded to the question

13:57:39 Sen. Barrett commented on water's edge elections.

**Motion:**

13:57:49 Rep. Brown moved to request a committee bill draft to replace the list of tax haven countries with a list of tax haven criteria.

**Discussion on the motion:**

13:58:27 Rep. Beard asked the department what the status of Hong Kong is, and should it be removed from the list of tax haven countries.

**Vote:**

13:59:37 Carried 11 - 1 by voice vote with Sen. Blasdel, voting no.



14:00:43 Director Walborn continued the presentation ([Exhibit 28](#))  
14:01:36 Ms. Moore provided a request to Director Walborn on behalf of Rep. Galt.

**Major case update**

14:02:16 Director Walborn  
14:02:56 Dan Whyte, Chief Legal Counsel

**Agency bill draft requests**

14:16:02 Director Walborn  
14:16:23 Ms. Moore  
14:17:03 Director Walborn

**Committee questions**

14:23:21 Rep. Redfield asked Ms. Moore if a vote is required to move forward on the department's recommendations.  
14:23:47 Rep. Redfield asked Director Walborn to comment on a letter received from the public.

**Committee questions/discussion**

14:25:20 Sen. Hoven asked Director Walborn how withholding tax collections are faring.

**PUBLIC COMMENT ON ANY OTHER TOPICS WITHIN THE COMMITTEE'S JURISDICTION**

14:27:36 None

**NEXT MEETING**

**Committee questions**

14:28:05 Sen. Hoven asked for discussion on the August meeting schedule.

**ADJOURNMENT**

Adjournment: 14:29:58