



HJ 35 Tax Study

66th Montana Legislature

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DUANE ANKNEY
MARK BLASDEL
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COMMITTEE STAFF

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

MINUTES LOG

November 18, 2019
Room 317, Capitol Building
Helena, Montana

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COMMITTEE MEMBERS PRESENT

REP. REDFIELD -- CHAIR
SEN. BARRETT -- VICE CHAIR

SEN. ANKNEY
SEN. BLASDEL
SEN. COHENOUR
SEN. HOVEN

REP. BEARD
REP. BROWN
REP. HAMILTON
REP. MARLER

MS. BENDER
MR. BRYSON

MR. BURTON
MR. IVERSON
MR. STORY
MR. YOUNG

COMMITTEE MEMBERS EXCUSED

SEN. WEBBER

REP. FULLER

STAFF PRESENT

MEGAN MOORE, Research Analyst
JARET COLES, Attorney
LAURA SHERLEY, Secretary

VISITORS' LIST (Attachment 1)

AGENDA (Attachment 2)

COMMITTEE ACTIONS

The committee decided to focus the study on adequacy of revenue for the state and local governments and whether the tax system relies on balanced sources of revenue. The committee will review existing revenue sources including the property tax, the individual and corporate income taxes, and natural resources taxes, and consider other revenue sources such as a consumption tax.

CALL TO ORDER AND ROLL CALL

10:03:41 Rep. Redfield called the meeting to order at 10:03 a.m. The secretary took roll ([Attachment 3](#)). Sen. Webber was excused and left her proxy with Sen. Barrett ([Attachment 4](#)). Rep. Fuller was excused and left his proxy with Rep. Redfield ([Attachment 5](#)).

OVERVIEW OF MEETING AND SURVEY RESULTS

10:04:40 Ms. Moore
10:05:31 Rep. Brown joined the meeting at 10:05 a.m.

Subcommittee questions

10:06:34 Rep. Redfield asked Ms. Moore to review the process for prioritization of tax studies.

10:07:52 Ms. Moore continued her presentation ([Exhibit 1](#)).

GROUP DISCUSSION 1: WHAT STATE AND LOCAL TAX ISSUES SHOULD THE HJ 35 STUDY ADDRESS

10:10:31 The subcommittee members broke into discussion groups, splitting into Capitol rooms 317, 335, and 350.

GROUPS REPORT BACK TO FULL COMMITTEE

11:07:52 Rep. Marler reported back for Discussion Group 1 (Room 350).
11:12:29 Sen. Blasdel reported back for Discussion Group 2 (Room 317).
11:14:41 Mr. Burton reported back for Discussion Group 3 (Room 335).

PUBLIC COMMENT ON WHICH STATE AND LOCAL TAX ISSUES SHOULD BE INCLUDED IN HJ 35 STUDY

11:17:51 Bridger Mahlum, Montana Chamber of Commerce
11:20:03 Darryl James, Montana Infrastructure Coalition
11:22:00 Terry Cunningham, Bozeman City Commissioner
11:24:26 Mary Windecker, Behavior Health Alliance of Montana ([Exhibit 2](#))
11:27:35 Gwen Jones, Missoula City Council Ward 3 ([Exhibit 3](#))
11:32:00 Rep. Hamilton asked Ms. Jones to explain her comment regarding Missoula's diverse property tax base. Sen. Barrett also responded to the question.
11:33:58 Claudia Clifford, self ([Exhibit 4](#))
11:36:03 Dennis Parman, Montana Rural Education Association

11:38:17 Amber Sherrill, Missoula City Council
11:40:39 Rep. Dunwell, HD 84
11:44:56 Stacy Anderson, Montana Primary Care Association
11:47:46 Geoff Feiss, Montana Telecommunications Association
11:49:33 Diane Fladmo, Montana Federation of Public Employees
11:53:40 Mr. Story asked Ms. Jones for clarification of the Missoula property tax base growth on her graph handout and asked if she had dollar amount information on the tax growth (see Exhibit 3).

PRIORITIZE ISSUES TO BE INCLUDED IN HJ 35 STUDY

Overview of prioritization method

11:58:11 Ms. Moore ([Exhibit 5](#))

Prioritize issues

11:59:24 Subcommittee discussion on prioritizing issues.
12:08:13 Rep. Marler asked for clarification on the listed issues and asked for listed issues to be combined in the first category (see Exhibit 5).
12:08:51 Rep. Brown asked if volatility was included in the listed issues (see Exhibit 5).
12:09:53 Subcommittee discussion on prioritizing issues.

LUNCH (Reconvened at 1:20 p.m.)

REVIEW PRIORITIZATION AND SELECT ISSUES TO INCLUDE IN HJ 35 STUDY

13:20:40 Ms. Moore ([Exhibit 6](#))

Discussion on prioritization and selection of issues

13:21:45 Subcommittee discussion
13:40:14 Mr. Story distributed a chart on property tax burdens for the subcommittee to review ([Exhibit 7](#))

GROUP DISCUSSION 2: WHAT ARE POSSIBLE SOLUTIONS TO THE ISSUES IDENTIFIED FOR THE HJ 35 STUDY

13:44:00 The subcommittee members broke into discussion groups, splitting into Capitol rooms 317, 335, and 350.

GROUPS REPORT BACK TO FULL COMMITTEE

14:22:54 Rep. Marler reported back for Discussion Group 1 (Room 350).
14:24:39 Sen. Blasdel reported back for Discussion Group 2 (Room 317).
14:27:49 Mr. Story reported back for Discussion Group 3 (Room 335).

PUBLIC COMMENT ON POSSIBLE SOLUTIONS TO INCLUDE IN HJ 35 STUDY

14:31:55 Bridger Mahlum, Montana Chamber of Commerce
14:35:39 Darryl James, Montana Infrastructure Coalition
14:37:54 Rep. Dunwell, HD 84
14:40:55 Mark Anderlik, Montana Public Health and Social Services Coalition

PRIORITIZE POSSIBLE SOLUTIONS TO BE INCLUDED IN HJ 35 STUDY

14:43:49 Rep. Beard asked Ms. Moore if there is a constitutional provision that a general statewide sales tax cannot exceed 4% and if a local option sales tax could impinge on the 4% constitutional provision. The question was redirected to Mr. Coles.

14:45:46 Subcommittee discussion
14:56:17 Rep. Redfield asked Mr. Iverson for clarification on his comments.
14:57:30 Subcommittee discussion
15:04:01 Mr. Bryson distributed tax distribution graphs for member review (**Exhibit 8**).
15:05:34 Sen. Barrett distributed a chart on property taxes as a percentage of income to the members for review (**Exhibit 9**).
15:07:04 Subcommittee discussion
15:07:52 Sen. Hoven asked for information on the Minnesota property tax law.
15:08:15 Mr. Story asked for an update on the federal tax code regarding state and local taxes.
15:09:04 Subcommittee discussion
15:09:46 Rep. Hamilton asked for information on other states' triggers for relieving residential property tax and other states' property tax caps.
15:10:35 Subcommittee discussion
15:10:50 Sen. Cohenour asked that the committee receive copies of the fiscal notes on the various tax bills from the 65th Legislative Session.
15:12:33 Subcommittee discussion
15:13:33 Rep. Brown asked for a summary of tax bills over the last few legislative sessions that passed and didn't pass.

PUBLIC COMMENT ON ANY OTHER TOPIC WITHIN THE HJ 35 COMMITTEE'S JURISDICTION

None

ADJOURN HJ 35 COMMITTEE

15:17:10 Rep. Redfield adjourned the meeting at 3:17 p.m.

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