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## Revenue Interim Committee

### 66th Montana Legislature

#### SENATE MEMBERS

DICK BARRETT--Vice Chair  
DUANE ANKNEY  
MARK BLASDEL  
JILL COHENOUR  
BRIAN HOVEN  
SUSAN WEBBER

#### HOUSE MEMBERS

ALAN REDFIELD--Chair  
BECKY BEARD  
ZACH BROWN  
JOHN FULLER  
JIM HAMILTON  
MARILYN MARLER

#### COMMITTEE STAFF

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

# MINUTES LOG

November 19, 2019  
Room 317, 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.

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

#### **COMMITTEE MEMBERS PRESENT**

REP. ALAN REDFIELD, Chair  
SEN. DICK BARRETT, Vice Chair

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

REP. BECKY BEARD  
REP. ZACH BROWN  
REP. JIM HAMILTON  
REP. MARILYN MARLER

#### **COMMITTEE MEMBERS EXCUSED**

SEN. SUSAN WEBBER

REP. JOHN FULLER

## **STAFF PRESENT**

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

## **VISITORS' LIST** ([Attachment 1](#))

## **AGENDA** ([Attachment 2](#))

## **COMMITTEE ACTIONS**

The committee will request legislation related to the review of income tax credits at the end of the interim. The committee recommends retaining the foreign states tax credit but did not decide whether the credit should be reviewed again in the future. The committee recommended repealing the new and expanded industry tax credit.

## **RECONVENE AND ROLL CALL**

08:02:36 Rep. Redfield called the meeting to order at 8:02 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](#)).

## **AGENCY OVERSIGHT: MONTANA TAX APPEAL BOARD**

### **Tax appeals update**

08:03:19 Dave McAlpin, Chair, Montana Tax Appeal Board ([Exhibit 1](#))

### **Committee questions**

08:13:51 Rep. Brown asked Mr. McAlpin to comment on the appeals in Valley County.  
08:15:57 Rep. Brown asked Mr. McAlpin to discuss the change in case numbers from years 2017 to 2019.

### **Public comment**

None

## **INCOME TAX CREDIT REVIEW**

### **Introduction to tax credit review duty**

08:17:32 Ms. Moore ([Exhibit 2](#))

### **Foreign states tax credit**

#### **Overview of credit**

08:18:55 Ms. Moore ([Exhibit 3](#))

### **Committee questions/discussion**

08:24:19 Sen. Cohenour asked how the foreign states tax credit is reported to the state and what form a company would use to report a foreign states tax credit.  
08:25:05 Sen. Cohenour asked how the tax credit is calculated.  
08:25:50 Sen. Cohenour asked what type of form goes to the taxpayer to file this tax credit. Rep. Hamilton also replied to the question.  
08:26:49 Committee discussion

**MOTION**

08:27:58 Sen. Cohenour moved to not evaluate the tax credit at this meeting.

**DISCUSSION ON THE MOTION**

08:28:27 Rep. Hamilton

Public comment

08:29:18 Bob Story, Montana Taxpayers Association

**DISCUSSION ON THE MOTION**

08:30:09 Sen. Cohenour

08:30:35 Ms. Moore

08:32:09 Rep. Redfield asked for clarification on the review process.

08:33:13 Sen. Cohenour asked for clarification on the rolling review of the credit.

08:34:31 Rep. Redfield

08:34:45 Rep. Brown

08:34:55 Ms. Moore asked for clarification on the motion.

08:35:54 Rep. Beard

08:36:29 Sen. Barrett

08:37:27 Sen. Cohenour

08:38:08 Rep. Hamilton

**VOTE**

08:38:50 The motion passed on a unanimous voice vote.

**New and expanded industry tax credit**Overview of credit

08:39:07 Ms. Moore ([Exhibit 4](#))

Committee questions/discussion

08:53:34 Rep. Brown asked if the abatement policy was amended in 2017 and if there is a way to evaluate the policy usage rate.

08:55:08 Rep. Brown commented on the abatement policy and how it could be utilized.

08:55:38 Sen. Barrett asked how many corporations used the tax credit.

08:56:53 Committee discussion

Public comment

09:03:04 Bridger Mahlum, Montana Chamber of Commerce

09:06:53 Tim Burton, Montana League of Cities and Towns

09:07:35 Bob Story, Montana Taxpayers Association

09:09:40 Kyle Compton, Regional Economic Models Incorporated (REMI) ([Exhibit 5](#))

Committee questions/discussion

09:18:45 Committee discussion on the tax credit

**MOTION**

09:21:08 Rep. Marler moved to recommend repealing the tax credit.

## **DISCUSSION ON THE MOTION**

09:21:20 Ms. Moore asked for clarification on the motion.

## **VOTE**

09:21:33 The motion passed on a unanimous voice vote. Sen. Webber and Rep. Fuller voted by proxy.

## **AGENCY OVERSIGHT: DEPARTMENT OF REVENUE**

09:22:09 Gene Walborn, Director, Department of Revenue (DOR)

### **Quality of reappraisal report**

09:23:45 Eric Dale, Tax Policy and Research Unit, DOR ([Exhibit 6](#)) ([Exhibit 7](#))

### **Committee questions**

09:36:30 Sen. Barrett asked Mr. Dale to comment on the use of trimming and if the assessed values in the report are pre- or post-review (see Exhibit 7).

09:40:24 Sen. Barrett asked for clarification on the terms "lower bound" and "upper bound" (see Exhibit 6) and commented on comparing appraisals by year.

### **Major case update**

09:42:35 Dan Whyte, Chief Legal Council, DOR ([Exhibit 8](#))

### **Department report requests**

09:54:35 Director Walborn

### **Public comment**

09:55:31 Bob Story, Montana Taxpayers Association

### **Committee questions**

09:57:30 Sen. Hoven asked Director Walborn for a report on the valuation of irrigated lands and asked for clarification on when a taxpayer lives and works in different states.

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

None

## **ADJOURNMENT**

10:04:00 Rep. Redfield adjourned the meeting at 10:04 a.m.

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