



## REVENUE INTERIM COMMITTEE 67th Montana Legislature

### 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

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

# MINUTES LOG

November 19, 2020  
Capitol Room 317 and Video Conference  
Helena, Montana

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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### **MEMBERS PRESENT:**

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

Rep. Becky Beard (R)  
Rep. John Fuller (R)  
Rep. Jim Hamilton (D)  
Rep. Marilyn Marler (D)  
Sen. Mark Blasdel (R)  
Sen. Brian Hoven (R)  
Sen. Susan Webber (D)

### **MEMBERS EXCUSED:**

Sen. Duane Ankney (R)

### **STAFF PRESENT:**

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

## **AGENDA (Attachment 1)**

## **VISITORS' LIST (Attachment 2)**

### **COMMITTEE ACTION**

The Revenue Interim Committee adopted a revenue estimate using Legislative Fiscal Division general fund and nongeneral fund assumptions and corresponding estimates but adjusted the estimate to reduce the individual income tax estimate by \$30.16 million for each fiscal year, to reduce the lottery profits estimate by \$1.962 million for each fiscal year, and to reduce the liquor profits estimate by \$1.962 million for each fiscal year. The committee also adopted a preliminary unassigned FY 2020 ending general fund balance of \$452,411,472.

### **CALL TO ORDER/ROLL CALL**

10:02:30 Rep. Redfield called the meeting to order at 9:58 AM. The committee secretary took roll.

### **AGENCY MONITORING: ADMINISTRATIVE RULE REVIEW**

#### **Overview of administrative rule activity**

10:04:01 Mr. Coles ([Exhibit 1](#))

### **AGENCY MONITORING: DEPARTMENT OF REVENUE**

10:07:36 Gene Walborn, Director, Department of Revenue

10:13:56 Sen. Barrett joined the meeting.

### **Required report on tax rates for upcoming property reappraisal cycle that will result in taxable value neutrality for each property class**

10:15:00 Eric Dale, Tax Policy and Research, Department of Revenue ([Exhibit 2](#))

10:23:45 Director Walborn

#### **Committee questions/discussion**

10:24:42 Sen. Hoven asked if the tax rates to maintain taxable value and neutrality are in statute or if they need to be changed in the next legislative session.

#### **Public comment**

10:25:29 Bob Story, Montana Taxpayers Association

### **REVENUE ESTIMATING AND MONITORING**

#### **Statutory duty related to revenue estimate**

10:29:00 Ms. Moore

### **Introduction of revenue estimates and significance of revenue estimates to budget process**

10:30:22 Amy Carlson, Legislative Fiscal Division (LFD) ([Exhibit 3](#))

10:38:21 Sen. Blasdel joined the meeting.

#### **Committee questions/discussion**

10:59:32 Sen. Cohenour asked Ms. Carlson to review the revenue balances.

11:01:51 Rep. Brown commented on workforce participation and the cost of childcare before and during the COVID-19 pandemic.

11:02:09 Rep. Marler left the meeting.

Presentation continued

11:03:39 Ryan Evans, Governor's Office of Budget and Program Planning (OBPP)  
([Exhibit 4](#))

**Overview of significant assumptions and comparison of revenue estimates**

11:34:18 Sam Schaefer, Fiscal Analyst, LFD ([Exhibit 5](#))

11:40:57 Julia Pattin, Fiscal Analyst, LFD

11:42:29 Chase Walker, Fiscal Analyst, LFD

Committee questions/discussion

11:46:53 Rep. Hamilton asked Mr. Walker for clarification on the difference between the revenue sources and price estimates that the LFD and the OBPP reported. The question was also answered by Mr. Evans.

Presentation continued

11:50:57 Mr. Schaefer

11:51:08 Mr. Walker

11:53:54 Alice Hecht, Fiscal Analyst, LFD

12:01:27 Mr. Schaefer

Committee questions/discussion

12:09:04 Rep. Hamilton asked Mr. Schaefer and Mr. Evans for clarification on the revenue estimates. The question was deferred to Ralph Franklin, OBPP.

Presentation continued

12:17:07 Mr. Schaefer

Committee questions/discussion

12:33:50 Sen. Barrett asked Mr. Schaefer to discuss his reporting model for estimated rates of growth for income types of individual taxpayers.

12:38:10 Sen. Barrett asked Mr. Schaefer to discuss the discrepancies between the LFD estimates and the OBPP estimates for liquor and lottery profits. The question was also answered by Ms. Hecht and Mr. Evans.

12:47:16 Rep. Hamilton asked Mr. Schaefer and Mr. Evans to discuss the differences in the LFD and OBPP reported growth rate on rent royalties.

**LUNCH**

**REVENUE ESTIMATING AND MONITORING, CONTINUED**

**Comparison of revenue estimates**

13:47:06 Mr. Schaefer (see Exhibit 5)

Committee questions/discussion

13:56:04 Rep. Hamilton asked Mr. Schaefer and Mr. Evans to further discuss the differences in the LFD and OBPP reported growth rate on rent royalties and income sources.

Presentation continued

14:05:48 Mr. Franklin, OBPP

14:12:28 Mr. Evans

**Public comment**

14:13:45 Bob Story, Montana Taxpayers Association

**Motion to request revenue estimate and adopt LFD general fund and nongeneral fund assumptions and corresponding estimates**

**MOTION**

14:20:30 Rep. Beard commented on the work of the committee and moved to adopt the LFD revenue estimate with amendments.

**DISCUSSION ON THE MOTION**

14:22:55 Ms. Moore

14:23:12 Rep. Hamilton asked for clarification on the motion.

14:24:44 Rep. Brown asked for clarification on the amendments.

14:26:10 Rep. Hamilton asked for clarification on the amendments.

14:30:03 Ms. Moore

14:31:04 Sen. Hoven asked what the total figure is for the biennium.

**VOTE**

14:37:51 Carried 7 - 5 by roll call vote with Rep. Brown, Rep. Hamilton, Rep. Marler, Sen. Cohenour, Sen. Webber, voting no.  
Sen. Ankney and Sen. Cohenour, By Proxy ([Attachment 3](#)) ([Attachment 4](#))

**Motion to adopt preliminary ending general fund balance**

14:39:38 Ms. Moore

**MOTION**

14:40:42 Rep. Brown moved to adopt the preliminary ending general fund balance.

**DISCUSSION ON THE MOTION**

14:41:13 Rep. Hamilton asked for clarification on the motion.

14:41:46 Sen. Hoven asked what the ending date is of the general fund balance.

**Vote:**

14:42:26 Carried unanimously by voice vote.

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

None

**CLOSING STATEMENTS**

14:43:44 Committee discussion

**ADJOURNMENT**

14:46:16 Rep. Redfield adjourned the meeting at 2:46 p.m.