



HJ 35 Tax Study

66th Montana Legislature

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LAURA SHERLEY, Secretary

MINUTES LOG

September 25, 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.

SUBCOMMITTEE 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. JOHN FULLER
REP. JIM HAMILTON
REP. MARILYN MARLER

ROSE BENDER, Montana Budget & Policy Center
ERIC BRYSON, Montana Association of Counties
TIM BURTON, Montana League of Cities & Towns
DWAINE IVERSON, CPA
BOB STORY, Montana TaxPayers Association
DOUG YOUNG, Montana State University

SUBCOMMITTEE MEMBERS EXCUSED

SEN. SUSAN WEBBER
REP. ZACH BROWN

STAFF PRESENT

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

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

AGENDA ([Attachment 2](#))

COMMITTEE ACTIONS

The committee took no formal action on the HJ 35 study but directed staff to survey the committee before the November meeting on how the top revenue sources rate on the Principles for Evaluating State Tax Sources. The committee will also hold small group discussions at the November meeting to share ideas about how to focus the study with the intent of adopting a study plan by the end of the meeting.

RECONVENE

08:03:28 Rep. Redfield called the meeting to order at 8:03 a.m. All members except Rep. Fuller were noted as present by the chair. Sen. Webber was excused and left her proxy with Sen. Barrett ([Attachment 3](#)). Rep. Brown was excused and left his proxy with Rep. Hamilton ([Attachment 4](#)).

PRINCIPLE: ACCOUNTABILITY

Overview of principle

08:04:07 Ms. Moore

Accountability and tax shifting

08:05:10 Sen. Barrett and Mr. Young

Committee questions

08:20:16 Rep. Hamilton asked how consumer choices affect tax shifting.

08:23:20 Mr. Young continued the presentation.

Committee questions

08:27:28 Rep. Hamilton asked if tax shifting is self-correcting.

08:32:59 Sen. Hoven asked which tax has the least amount of tax shifting.

08:39:06 Mr. Iverson commented on the impact of consumer choices on tax shifting.

08:39:49 Rep. Fuller asked for clarification on corporate income tax shifting.
08:44:33 Mr. Story commented on the history of corporate income tax shifting.
08:49:42 Mr. Burton asked how shifting for unfunded liability works.
08:51:21 Sen. Cohenour commented on the cost of social security tax.
08:52:33 Sen. Hoven asked if personal income tax can be shifted.
08:53:50 Mr. Iverson commented on personal income tax and net pay versus gross pay.

Public comment

None

PRINCIPLE: COMPLEMENTARY STATE AND LOCAL TAX SYSTEMS

Overview of principle, State and local shared revenue sources

08:55:54 Ms. Moore ([Exhibit 1](#))

Panel discussion on local government sources of revenue

09:05:16 Mayor Bob Kelly, Great Falls ([Exhibit 2](#))
09:11:55 Mayor Sandra Jones, Roundup
09:18:07 Comm. Todd Devlin, Prairie County
09:22:57 Comm. Mike McGinley, Beaverhead County

Committee questions

09:32:04 Sen. Barrett asked Mayor Kelly for inflation corrected revenue per capita.
09:35:51 Rep. Beard asked Mayor Kelly for an update on Great Fall's TIF districts.
09:37:19 Mr. Story asked Mayor Jones to comment on property taxes in Roundup.
09:42:10 Rep. Marler asked Mayor Kelly and Mayor Jones to comment on resort tax and how the tax could impact their communities.
09:45:45 Rep. Marler asked Comm. Devlin and Comm. McGinley to comment on local option gas tax and how that could impact their counties.
09:49:20 Rep. Fuller asked the panel if they know the number of non-residents moving to their counties within the last five years.
09:51:11 Rep. Redfield asked the panel how each county budgets for emergency services.
10:00:02 Rep. Hamilton asked the panel to comment on their counties revenue costs versus expenses.
10:05:10 Mr. Burton commented on the entitlement share.
10:06:24 Rep. Beard asked Mayor Jones which enterprise funds have had the biggest increase in cost demands.
10:09:30 Mr. Bryson asked Mayor Kelly and Mayor Jones if enterprise funds can be used to offset costs that are usually covered by the general fund.
10:10:53 Mr. Bryson asked Comm. Devlin and Comm. McGinley what impact a stable revenue would have on the counties.
10:13:32 Mr. Bryson commented on simplification of the tax process.
10:14:56 Mr. Burton commented on gas tax distribution among counties (see Exhibit 1).
10:20:12 Mr. Iverson asked Comm. Devlin and Comm. McGinley about federal lands in their counties and how much impact there is from state conservation groups purchasing property in their counties.

Public comment

10:25:55 Darryl James, Montana Infrastructure Coalition ([Exhibit 3](#)) ([Exhibit 4](#))

10:33:18 Mayor Kelly responded to Sen. Barrett's question on inflation corrected revenue per capita. The question was redirected to Melissa Kinzley, Finance Director, Great Falls.

BREAK (Reconvened at 10:44 a.m.)

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

10:45:51 Roger Hagen, Montana Department of the American Legion
10:52:01 Mark Anderlik, Montana Public Health and Social Services Coalition
10:59:11 Darryl, James, Montana Infrastructure Coalition

ADMINISTRATIVE MATTERS

Method for rating tax systems

11:04:33 Ms. Moore

Committee discussion

11:06:08 Committee discussion on method for rating tax systems.

Requests for additional information for next meeting

11:08:12 Sen. Barrett asked where the background papers are on the committee website.
11:09:40 Mr. Story asked where to find previous committee meeting materials.
11:11:12 Mr. Young asked staff to send an email to the committee members with a link to the HJ 35 Tax Study materials.

ADJOURNMENT HJ 35 COMMITTEE

11:11:50 Rep. Redfield adjourned the meeting at 11:11 a.m.

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