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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

September 11, 2020
9:00 AM
Video Conference

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.

Access to an electronic copy of these minutes and the audio or video recording is provided from the Legislative Branch home page at <http://legmt.gov>. From the home page, select the "Committees" drop down menu at the top, then select Administrative or Interim, and the appropriate committee. The written minutes log can be located by expanding the accordion menu for the date of the meeting. Links to the audio/video files can be located by selecting the Video/Audio button on the same page, then the "past/current recordings" button. From there, use the calendar to select the date of the meeting you wish to view/listen to. The written Minutes Log, along with links to the audio and video recordings, is listed by meeting date on the interim committee's web page. Each of the Exhibits is linked and can be viewed by clicking on the Exhibit of interest. All Exhibits are public information and may be printed. Please contact the Legislative Services Division at 406-444-3064 for more information.

ROLL CALL

Members Present:

Rep. Alan Redfield, Chair (R)
Sen. Dick Barrett, Vice Chair (D)
Sen. Mark Blasdel (R)
Sen. Jill Cohenour (D)
Sen. Brian Hoven (R)
Sen. Susan Webber (D)
Rep. Becky Beard (R)
Rep. Zach Brown (D)
Rep. John Fuller (R)
Rep. Jim Hamilton (D)
Rep. Marilyn Marler (D)

Members Excused:

Sen. Duane Ankney (R)

Staff Present:

Megan Moore, Research Analyst

Jaret Coles, Attorney

Laura Sherley, Secretary

COMMITTEE BUSINESS SUMMARY

The Revenue Interim Committee approved the following bills as committee legislation for introduction during the 2021 Legislature:

- RIC-01 – Revise tax lien and tax deed laws;
- RIC-02 – Convert tax haven list to tax haven criteria;
- TC03 – Alternative energy systems credit refundability;
- CC01 – Revise tax credit review laws;
- HJ35-02 – Property tax circuit breaker; and
- HJ35-03 – Increase minimum corporate tax to \$200.

The committee also approved final reports for the HJ 35 Tax Study and the tax credit review.

REVENUE ESTIMATING AND MONITORING**2023 Biennium Revenue Outlook**

09:02:10 Amy Carson, Legislative Fiscal Division (LFD) ([Exhibit 1](#))

09:06:09 Nick VanBrown, Fiscal Analyst, LFD

09:13:56 Sam Schaefer, Fiscal Analyst, LFD

Committee questions

09:23:44 Sen. Cohenour asked Mr. Schaefer if 2018 losses are included in his analysis.

09:26:04 Rep. Brown asked Mr. Schaefer to send the Key Modeling Assumptions sheet to committee members.

09:26:34 Presentation continued.

09:35:36 Sen. Hoven asked what the average income is for people losing their jobs due to COVID-19 and what impact a 1% reduction in unemployment will have on individual income tax.

09:37:29 Presentation continued.

Public comment

09:43:30 None

Date of revenue estimate meeting

09:43:56 Ms. Moore

Committee discussion

09:45:31 Committee discussion on meeting date.

TAX LIEN AND TAX DEED PROCESS**Overview**

09:48:17 Betty Romo, Roosevelt County Treasurer ([Exhibit 2](#))

Committee questions

- 10:00:56 Sen. Hoven asked how many county treasurers were involved in drafting the RIC-01 bill draft.
- 10:01:46 Presentation continued.
- 10:03:07 Sen. Hoven asked what if a title holder was not resident of the property and would the county treasurer take an assignment on the property.
- 10:08:15 Rep. Hamilton asked what happens to a property owned by one person but rented by another.
- 10:10:09 Rep. Hamilton asked what law covers the situation of a property with a tax lien owned by one person but rented by another. Ms. Moore also responded to the question.

Public comment

- 10:12:02 None

Committee action

Motion:

- 10:12:11 Sen. Cohenour moved RIC-01 forward as a committee bill.

Discussion on the motion:

- 10:12:26 Rep. Beard
- 10:13:12 Sen. Blasdel
- 10:13:45 Rep. Brown

Vote:

- 10:14:48 Carried 11 - 1 by roll call vote with Rep. Hamilton voting no. Sen. Ankney, By Proxy ([Attachment 1](#))

AGENCY MONITORING: ADMINISTRATIVE RULE REVIEW

- 10:16:17 Mr. Coles ([Exhibit 3](#))

Public comment

- 10:20:58 None

INCOME TAX CREDIT REVIEW

Bills requested by committee

- 10:21:10 Ms. Moore ([Exhibit 4](#)) ([Exhibit 5](#)) ([Exhibit 6](#))

Committee questions

- 10:24:10 Sen. Hoven asked why the cost limit of \$40,000 was chosen.
- 10:24:36 Committee discussion on contractor contract cost limit.
- 10:26:47 Sen. Cohenour asked what the potential cost of the bill is. Gene Walborn, Director, DOR, also responded to the question.
- 10:33:07 Sen. Cohenour commented on out-of-state contract costs versus in-state contract costs for businesses.

Draft Final Report

- 10:34:37 Ms. Moore (see Exhibit 6)

Public comment

10:36:33 None

Committee action

Motion:

10:36:54 Sen Barrett moved TC03 forward as a committee bill.

Vote:

10:36:54 Carried 7 - 5 by roll call vote with Rep. Beard, Rep. Fuller, Rep. Redfield, Sen. Ankney, Sen. Blasdel, voting no.
Sen. Ankney, By Proxy

10:38:35 Rep. Hamilton was assigned sponsor of TC03.

10:39:13 Bill draft TC04 did not move forward.

Motion:

10:39:30 Sen Barrett moved to adopt the draft Income Tax Credit Review final report.

Vote:

10:39:30 Carried unanimously by voice vote.
Sen. Ankney, By Proxy

COMMITTEE CLARIFICATION LEGISLATION

Revise tax credit review process (CC01)

10:39:59 Ms. Moore ([Exhibit 7](#))

Committee action

Motion:

10:42:44 Sen. Cohenour moved CC01 forward as a committee bill.

Vote:

10:42:44 Carried unanimously by voice vote.
Sen. Ankney, By Proxy

Public comment

10:44:48 Rose Bender, Montana Budget and Policy Center

10:45:01 Sen. Webber will sponsor CC01.

2021 SESSION: BILL DRAFT HISTORIES

10:45:23 Joe Kolman, Director, Legislative Environmental Policy Office ([Exhibit 8](#))
([Exhibit 9](#))

Committee question and comments

10:57:38 Sen. Cohenour commented on emergency scenarios that might lock up cell towers and internet connections in the Capitol area during session.

10:59:42 Presentation continued

11:06:05 Rep. Brown asked staff to send a copy of the survey results to the committee members.

LUNCH

12:24:09 Rep. Marler left the meeting.

12:24:24 Sen. Webber left the meeting.

HJ 35 TAX STUDY

HJ 35 Committee recommendations and draft final report

12:30:14 Ms. Moore ([Exhibit 10](#)) ([Exhibit 11](#)) ([Exhibit 12](#)) ([Exhibit 13](#)) ([Exhibit 14](#)) ([Exhibit 15](#))

Public comment

12:36:01 Mary Windecker, Behavioral Health Alliance of Montana

12:38:21 Rose Bender, Montana Budget and Policy Center

12:40:57 Bridge Mahlum, Montana Chamber of Commerce

12:45:09 Tim Burton, Montana League of Cities and Towns

12:47:43 Diane Fladmo, Montana Federation of Public Employees

12:48:15 Sam Sill, Montana Association of Realtors

12:51:07 Rachel Cone, Montana Farm Bureau

Committee action

Motion:

12:52:50 Sen. Cohenour moved HJ35-01 forward as a committee bill.

Discussion on the motion:

12:53:06 Sen. Barrett

12:54:32 Rep. Brown

12:55:59 Rep. Hamilton

12:57:50 Sen. Hoven

Vote:

12:59:35 Failed 6 - 6 by roll call vote.
Sen. Ankney, Rep. Marler, and Sen. Webber, By Proxy ([Attachment 2](#)) ([Attachment 3](#))

Motion:

13:00:54 Sen. Barrett moved HJ35-02 forward as a committee bill.

Discussion on the motion:

13:01:20 Sen. Barrett

13:03:59 Rep. Redfield

Vote:

13:04:30 Carried 8 - 4 by roll call vote with Rep. Beard, Rep. Fuller, Rep. Redfield, Sen. Blasdel, voting no.
Sen. Ankney, Rep. Marler, and Sen. Webber, By Proxy

13:05:30 Sen. Cohenour will sponsor HJ35-02.

Motion:

13:05:47 Sen. Cohenour moved HJ35-03 forward as a committee bill.

Discussion on the motion:

13:05:59 Sen. Cohenour

Vote:

13:06:35 Carried 7 - 5 by roll call vote with Rep. Beard, Rep. Fuller, Rep. Redfield, Sen. Ankney, Sen. Blasdel, voting no.
Sen. Ankney, Rep. Marler, and Sen. Webber, By Proxy

13:07:21 Sen. Cohenour will sponsor HJ35-03.

Motion:

13:07:37 Rep. Hamilton moved HJ35-04 forward as a committee bill.

Discussion on the motion:

13:07:48 Rep. Hamilton

Vote:

13:09:37 Failed 6 - 6 by roll call vote.
Sen. Ankney, Rep. Marler, and Sen. Webber, By Proxy

Motion:

13:10:15 Rep. Hamilton moved HJ35-08 forward as a committee bill.

Discussion on the motion:

13:10:34 Rep. Hamilton

13:14:15 Sen. Hoven

13:15:45 Sen. Barrett

Vote:

13:18:05 Failed 6 - 6 by roll call vote.
Sen. Ankney, Rep. Marler, and Sen. Webber, By Proxy

Motion:

13:19:02 Sen. Barrett moved to adopt the draft HJ 35 Tax Study final report.

Vote:

13:19:02 Carried unanimously by voice vote.
Sen. Ankney, Rep. Marler, and Sen. Webber, By Proxy

13:19:03 Ms. Moore ([Exhibit 16](#))

AGENCY OVERSIGHT: DEPARTMENT OF REVENUE**Update on agency operations**

13:19:57 Gene Walborn, Director, DOR ([Exhibit 17](#))

Major case update

13:32:37 Dan Whyte, Chief Legal Counsel

Convert tax haven list to tax haven criteria (RIC-02)

13:36:47 Ms. Moore ([Exhibit 18](#))

Combine lodging facility use tax and sales tax on lodging (RIC-03)

13:39:26 Director Walborn ([Exhibit 19](#))

Public comment

13:49:45 Stuart Doggett, Montana Lodging and Hospitality Association

13:52:55 Bob Story, Montana Taxpayers Association

14:02:25 Rose Bender, Montana Budget and Policy Center

Committee action on bills

Motion:

14:03:27 Sen. Cohenour moved RIC-02 forward as a committee bill.

Vote:

14:03:27 Carried 7 - 5 by roll call vote with Rep. Beard, Rep. Fuller, Rep. Redfield, Sen. Ankney, Sen. Blasdel, voting no. Sen. Ankney, Rep. Marler, and Sen. Webber, By Proxy

14:05:17 Sen. Cohenour will sponsor RIC-02

GENERAL PUBLIC COMMENT

14:06:07 Bob Story, Montana Taxpayers Association

ADJOURNMENT

14:07:55 Rep. Redfield adjourned the meeting at 2:07 p.m.