



REVENUE INTERIM COMMITTEE

67th Montana Legislature

SENATE MEMBERS

Jill Cohenour
Greg Hertz
Brian Hoven
Mike Lang
Edith (Edie) McClafferty
Shannon O'Brien

HOUSE MEMBERS

Becky Beard
Alice Buckley
Connie Keogh
Mark Thane
Jeremy Trebas
Tom Welch

COMMITTEE STAFF

Jaret Coles - Attorney
Megan Moore - Research Analyst
Alexis Newcomer - Secretary

MINUTES LOG

April 19, 2022
Room 137 and Zoom
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:

Sen. Jill Cohenour, Chair (D)
Rep. Becky Beard, Vice Chair (R)
Rep. Alice Buckley (D)
Sen. Greg Hertz (R)
Sen. Brian Hoven (R)
Rep. Connie Keogh (D)
Sen. Mike Lang (R)
Sen. Edith (Edie) McClafferty (D)
Sen. Shannon O'Brien (D)
Rep. Mark Thane (D)
Rep. Jeremy Trebas (R)
Rep. Tom Welch (R)

MEMBERS EXCUSED:

MEMBERS ABSENT:

STAFF PRESENT:

Jaret Coles, Attorney
Megan Moore, Research Analyst

Alexis Newcomer, Secretary

AGENDA [\(Attachment 1\)](#)

VISITORS' LIST [\(Attachment 2\)](#)

COMMITTEE ACTION

The Revenue Interim Committee:

- Voted to not support Constitutional Initiative 121; and
- Requested a bill draft to implement the recommendations of the Forest Lands Taxation Advisory Committee.

CALL TO ORDER/ROLL CALL

08:30:41 Sen. Jill Cohenour called the meeting to order at 8:30 AM. The committee secretary took roll.

COMMITTEE TOPIC: CONSTITUTIONAL INITIATIVE 121

Overview and Scenarios – Megan Moore, Committee Staff and Julia Pattin, LFD [\(Exhibit 1\)](#)

08:32:36 Ms. Moore and Ms. Pattin

Committee Questions

08:48:12 Rep. Thane asked Ms. Pattin about taxing district jurisdictions.

08:50:08 Ms. Moore stated the presentation's purpose was to highlight choices needed to be made by the legislature.

08:50:32 Sen. Cohenour commented on the difficulty of legislative implementation.

08:51:38 Rep. Beard stated that the committee would hear more about bond ramifications further in the meeting.

08:52:15 Jaret Coles, LSD attorney provided a legal update. [\(Exhibit 2\)](#)

09:00:00 Sen. McClafferty joined the meeting.

Impact of CI-121 on bonding – Dan Semmens and Courtney Ellis, Dorsey & Whitney

9:13:30 Dan Semmens, Dorsey & Whitney LLP

Committee Questions

09:44:03 Sen. Cohenour asked Mr. Semmens about effects of the Legislature's choices.

09:47:47 Sen. Cohenour asked Mr. Semmens about homeowner and renter costs.

09:48:48 Rep. Trebas asked Mr. Semmens and the panel what would happen if 15-10-420 was repealed.

BREAK (reconvene at 10:06:41)

PANEL DISCUSSION: IMPACTS OF CI-121

10:07:32 Terry Johnson, Montana Infrastructure Coalition
10:25:27 Todd O'Hair, Montana Chamber of Commerce
10:34:11 Kelly Lynch, Montana League of Cities and Towns
10:42:11 Eric Bryson, Montana Association of Counties
10:49:16 Lance Melton, Montana School Boards Association

Committee Questions

10:56:02 Rep. Beard asked Mr. Johnson about constitutional conflicts.
10:57:50 Rep. Trebas asked Mr. Coles if tax rates could be set locally.
10:58:58 Rep. Trebas asked Mr. Coles about the Legislature deciding tax rates not being in the constitution.
10:59:49 Rep. Keogh asked Ms. Lynch to explain the impact the initiative would have on public safety services.
11:01:56 Rep. Trebas asked the panel about adjusting the cap for the mill rate and adjusting 15-10-420.
11:02:43 Mr. Bryson responded.
11:03:57 Sen. Cohenour asked the panel if there are constitutional responsibilities to which the legislature should pay attention.
11:04:36 Mr. Bryson answered.
11:05:22 Ms. Lynch answered.
11:06:48 Sen. Cohenour asked Mr. Johnson about the initiative implementation timeline.
11:09:11 Sen. Cohenour made a statement on the impacts of tax reduction due to CI-121.

Reports from other committees

Ms. Moore provided an update on reports from other committees.

Public comment*

11:13:05 Darryl James, Montana Infrastructure Coalition
11:16:55 Sam Sill, Montana Association of Realtors
11:22:33 Bob Story, Montana Taxpayers Association
11:32:41 Rose Bender, Montana Budget and Policy Center
11:34:06 Rachel Prevost, Montana Farmers Union

Motion

11:35:39 Rep. Beard provided a statement on CI-121.
11:37:33 Rep. Beard moved the statement "The Revenue Interim Committee does not support CI-121"

Discussion on the Motion

11:37:58 Sen Hertz opposed CI-121.
11:42:13 Sen. Lang supported the motion.

11:44:39 Sen. Hoven commented on CI-121.
11:47:02 Sen. Cohenour stated she supported the motion.

Vote:

11:50:48 Carried unanimously by voice vote.

COMMITTEE TOPIC: EMPLOYMENT AND CHILDCARE

Childcare licensing requirements – Jamie Palagi, Administrator, Early Childhood & Family Support Division, DPHHS ([Exhibit 3](#))

11:52:06 Jamie Palagi, Administrator, Early Childhood & Family Support Division, DPHHS

Committee Questions

12:06:14 Sen. Cohenour asked Ms. Palagi if there is information on childcare facilities lost during COVID-19.
12:09:27 Sen. Lang asked Ms. Palagi for a breakdown of assessment participants in Eastern Montana.
12:10:08 Sen. Lang asked Ms. Palagi about step up childcare licenses.
12:11:11 Sen. Lang made a statement on effectiveness of licensing in Eastern Montana.
12:12:23 Rep. Thane asked Ms. Palagi the dollars available for RFP.
12:13:14 Rep Thane asked Ms. Palagi about construction using ARPA funds and if this RFP is the sum total of available dollars.
12:14:44 Sen. Hoven asked Ms. Palagi if ARPA money is available for operational equipment.
12:15:10 Sen Hoven asked if there is money available for physical construction of childcare facilities.
12:16:24 Sen Hoven asked Ms. Palagi about large childcare facilities in the state.
12:16:54 Sen. Hoven asked Ms. Palagi for the percentages of age demographics served in childcare facilities.
12:17:26 Sen. Cohenour asked Ms. Palagi if construction funding is limited by wording in the bill.
12:18:14 Sen. Hertz asked Ms. Palagi about estimates of in-home childcare.
12:19:15 Sen. Hoven asked Ms. Palagi if there is funding for subsidizing childcare businesses.

PUBLIC COMMENT*

None

Lunch (reconvene at 13:21:17)

REVENUE ESTIMATING & MONITORING

General Fund Revenue update – Sam Schaefer, Legislative Fiscal Division ([Exhibit 4](#))

13:21:48 Sam Schaefer, Legislative Fiscal Division

Public comment*

None

Financial Modernization and Risk Analysis Study Committee ([Exhibit 5](#)) ([Exhibit 6](#))

13:40:42 Sam Schaefer, Legislative Fiscal Division

Committee Questions

14:12:20 Rep. Trebas asked Mr. Schaefer if part-time retirement is reflected in MARA data.

14:13:32 Rep. Welch asked Mr. Schaefer asked about tax filers in Powell county and if this was the Rock Creek Project.

14:14:11 Rep. Thane asked Mr. Schaefer if available data is a full-time equivalent or if it is raw tax data.

14:14:49 Rep. Thane asked if the data represents full-time workers.

14:15:59 Sen. Hoven asked Mr. Schaefer about occupations on tax forms.

Public comment*

None

HJ 36: RESIDENTIAL PROPERTY TAXES

Consideration of methods for reducing residential property taxes – Megan Moore ([Exhibit 7](#))

14:17:42 Megan Moore, Committee Staff

Property tax assistance program

14:19:15 Megan Moore, Committee Staff ([Exhibit 8](#))

Circuit breaker

14:27:33 Megan Moore, Committee Staff ([Exhibit 9](#))

Committee Questions

14:46:00 Rep. Thane asked Ms. Moore for an estimate on impact on local tax authorities.

Committee Questions

14:55:21 Sen. Hertz asked Mr. McMichael if 2017 economic census data and 2020 personal consumption data was used for the report.

14:56:38 Sen. Hertz asked Mr. McMichael if the 2021 South Dakota sales tax data is available and if this has been reviewed.

14:58:15 Sen. Hertz asked if Mr. McMichael had reviewed any other state data.

14:59:08 Sen. Hertz requested Mr. McMichael provide sales tax data for Wyoming and Hawaii.

14:59:57 Sen. Hertz asked Mr. McMichael if South Dakota separates online sales data for review.

15:00:32 Sen. Hoven asked Mr. McMichael for clarification on construction type.

15:01:39 Sen. Hoven asked Mr. McMichael if home remodeling is subject to the tax.

15:02:25 Sen. Hoven asked Ms. Moore the impact of a 2.6% sales tax on local and county taxes.

15:03:35 Sen. Hoven asked Ms. Moore for clarification on eliminating school property tax from tax bills.

15:04:11 Sen. Hoven stated a 1% statewide levy would provide relief.
15:05:09 Sen. Hoven commented on what to do with the information provided for the committee.
15:05:40 Sen. Cohenour stated this informational is educational for the committee and can assist in choices made in the Legislature.

Changing land uses

15:07:02 Megan Moore, Committee Staff

Overview – Megan Moore

15:07:12 Megan Moore, Committee Staff

Committee Questions

15:08:51 Rep. Welch commented on losses.

Non-qualified agricultural land – Kory Hofland and Robin Rude, DOR ([Exhibit 10](#))

15:09:54 Kory Hofland, DOR

15:14:31 Robin Rude, DOR

15:30:00 Bryce Kaatz, DOR

Public comment*

15:36:21 Bob Story, Montana Taxpayers Association ([Exhibit 11](#))

15:52:31 Rose Bender, Montana Budget and Policy Center ([Exhibit 12](#))

15:56:00 Richard Tilgis, Helena

COMMITTEE WORK SESSION

15:59:52 Megan Moore, Committee Staff

Recommendations for property tax relief

16:00:40 Sen. Cohenour commented on educating taxpayers on where increases of property tax come from.
16:01:14 Sen. Lang volunteered to review informational material for taxpayers.
16:01:31 Sen. Cohenour requested information on the bill that allows taxpayers have access to upcoming tax bills.
16:02:27 Sen. Cohenour stated she thought the committee would like to continue to discuss circuit breakers and outlined details for committee members to consider.
16:03:14 Sen. Hoven commented on comparing benefits of a new circuit breaker versus the current circuit breaker.
16:04:42 Sen. Cohenour asked Sen. Hoven if he would like staff to draft what this bill would look like.
16:05:26 Sen. Hoven commented on a draft for a new circuit breaker and voting habits that may impact CI-121.
16:06:32 Sen. O'Brien asked if the committee should explore why the circuit breaker bill did not pass and insight on designing a different bill.
16:07:05 Sen. Hoven provided context to the process of this bill.
16:07:30 Sen. Hertz commented on the current system.

16:10:06 Sen. Cohenour asked Sen. Hoven if he would like to request information on a program like the homestead program or an extension of the current program.

16:11:00 Sen. Hertz confirmed wanting to review a homestead extension.

16:11:55 Rep. Beard commented on limitations due to fixed incomes.

16:13:06 Rep. Thane seconded Sen. Hertz's comment.

16:14:18 Sen. Cohenour made a statement on why various levels were released.

16:15:30 Sen. Lang asked about the possibility of a formula that would be able to reduce mills.

16:16:33 Sen. Hoven commented on reducing mills.

16:17:34 Sen. Cohenour commented on renters being included in the discussion.

16:18:06 Sen. Hoven requested Ms. Moore follow the plan outlined by Sen. Hertz.

16:20:00 Sen. Hertz commented on the homeowner and renter credit and the verbiage used in it.

16:20:56 Sen. Hoven commented on the figures needed for property tax reduction.

16:21:52 Sen. Hertz provided Ms. Moore with figures to use when creating scenarios.

16:22:30 Sen. Cohenour commented on raising the cap.

16:25:17 Sen. Hertz asked Ms. Moore for valuation rates for real estate.

16:26:18 Sen. Hertz stated the data could be extrapolated upwards as needed.

16:26:32 Sen. Cohenour recommended looking at data for 3 different levels.

16:26:49 Sen. Hertz commented on possible push back on credits.

16:28:20 Sen. Cohenour commented on penalizations on citizens.

HJ 6: COAL SEVERANCE TAX TRUST FUND

State Investment of Trust Funds- Megan Moore ([Exhibit 13](#))

16:29:29 Megan Moore, Committee Staff

Public comment

16:36:02 Tom Towe, Billings

NEXT STEPS ON STUDY

16:43:14 Megan Moore, Committee Staff ([Exhibit 14](#))

Committee Questions

16:44:25 Rep. Thane asked Ms. Moore what the average annual rate of return for the board is.

16:45:04 Sen. Cohenour stated she agreed with the question and commented on investment loans from the coal tax going to local government.

16:47:04 Rep. Beard made a statement on investments made by the Montana coal trust fund.

16:48:47 Sen. Cohenour asked Ms. Moore about local governments in the public market.

16:49:33 Rep. Beard commented on engineers and architects' evaluations.

ADMINISTRATIVE MATTERS

16:50:52 Megan Moore, Committee Staff

Update on Elementary & Secondary School Emergency

Relief 16:51:06 Megan Moore, Committee Staff ([Exhibit 15](#))

Committee Questions

16:53:08 Sen. McClafferty commented on schools being able to use funding for CSCT and not MATCH.
16:54:15 Sen. Hertz asked Sen. Cohenour about this topic's relation to the Revenue Interim Committee.
16:54:25 Sen. Cohenour explained the discussion about school budget money.
16:55:35 Sen. O' Brien commented about school districts' concerns.
16:57:12 Rep. Keogh commented on federal instructions on allocations of funding.

Next meeting date: June 16-17, 2022

15:59:38 Megan Moore, Committee Staff

Requests for next meeting

17:00:53 Sen. Cohenour clarified that the motion passed at this meeting was not a vote on the HB 651 requirement and the committee would need to follow statute for official action.
17:02:26 Rep. Beard stated the intention of her motion was not an official vote on CI-121.
17:02:51 Sen. Lang asked for clarification on upcoming meetings.
17:03:26 Sen. Hoven requested Ms. Moore create a draft to limit funding from being allocated to a singular school district.
17:04:22 Sen. Hoven provided suggestions for the draft.
17:05:21 Rep. Beard suggested allocating the state ceiling.

ADJOURNMENT

17:06:13 Sen. Cohenour adjourned the meeting at 17:06 p.m.