



## 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

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

# MINUTES LOG

July 15, 2021

Capitol Room 102 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:**

Sen. Jill Cohenour, Chair (D)  
Rep. Becky Beard, Vice Chair (R)

Sen. Greg Hertz (R)  
Sen. Brian Hoven, (R)  
Sen. Mike Lang (R)  
Sen. Edith (Edie) McClafferty (D)  
Sen. Shannon O'Brien (D)

Rep. Alice Buckley (D)  
Rep. Connie Keogh (D)  
Rep. Mark Thane (D)  
Rep. Jeremy Trebas (R)  
Rep. Tom Welch (R)

#### **STAFF PRESENT:**

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

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

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

### **COMMITTEE ACTION**

The 2021-2022 Revenue Interim Committee:

- adopted the Rules, Procedures, and Guidelines for Interim Committees with the allowance of proxies;
- elected the presiding and vice-presiding officers of the 2021-2022 Revenue Interim Committee;
- moved to reassign the monitoring of Adult-use and Medical-use marijuana including administrative rule review to the Economic Affairs Interim Committee with the collaboration of any objections that result from the rules;
- instructed staff to draft the final committee work plan to be reviewed and adopted at the next meeting; and
- adopted a tentative 2021-2022 meeting schedule.

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

10:00:25 Sen. Brian Hoven called the meeting to order at 10:00 AM. The committee secretary took roll call.

### **INTRODUCTIONS OF MEMBERS AND STAFF**

10:01:16	Sen. Hoven
10:01:45	Rep. Beard
10:02:37	Mr. Coles
10:03:05	Rep. Buckley
10:03:31	Sen. Cohenour
10:04:48	Rep. Trebas
10:05:44	Rep. Keogh
10:06:38	Rep. Welch
10:08:01	Sen. McClafferty
10:08:27	Rep. Thane
10:09:04	Ms. Sherley
10:09:40	Ms. Moore
10:10:13	Sen. O'Brien
10:11:14	Sen. Lang
10:11:45	Sen. Hertz

### **ADMINISTRATIVE MATTERS**

#### **Staff and committee member roles and responsibilities**

10:12:49	Ms. Moore
10:13:28	Mr. Coles
10:14:09	Sen. Lang

#### **Legislative guidelines for interim committees and proxy voting procedures**

10:14:41	Ms. Moore ( <a href="#">Exhibit 1</a> )
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#### Committee discussion

10:18:28 Sen. Cohenour moved to adopt the Rules, Procedures, and Guidelines for Interim Committees adopted by Legislative Council (see Exhibit 1)

#### Discussion on the motion

10:18:48 Sen. Hoven asked Ms. Moore if the Revenue Interim Committee historically accepted member proxies.

10:19:02 Sen. Cohenour amended her motion to allow written or electronic proxies.

#### **Vote:**

10:19:17 Vote on Sen. Cohenour's amendment carried unanimously by voice vote.

#### **Vote:**

10:19:45 Vote on Sen. Cohenour's motion carried unanimously by voice vote.

#### Election of officers

10:20:01 Sen. McClafferty nominated Sen. Cohenour as Presiding Officer.

#### **Vote:**

10:20:15 Carried unanimously by voice vote.

10:20:35 Rep. Welch nominated Rep. Beard as Vice-Presiding Officer.

#### **Vote:**

10:20:52 Carried unanimously by voice vote.

#### Committee website tour

10:21:16 Ms. Moore ([Exhibit 2](#))

#### Summary of Enacted and Vetoed Tax Legislation

10:25:56 Ms. Moore ([Exhibit 3](#))

#### **DRAFT INTERIM WORK PLAN**

##### Overview and committee considerations

10:28:51 Ms. Moore ([Exhibit 4](#)) ([Exhibit 5](#))

##### Committee questions

10:33:23 Sen. Cohenour asked Mr. Coles if the text of administrative rules can be delivered to the committee electronically.

10:34:01 Sen. Hoven asked Mr. Coles for clarification on his response.

##### Presentation continued

10:34:42 Ms. Moore (see Exhibits 4 & 5)

##### Committee questions/discussion

10:35:56 Rep. Beard discussed the work of the Forest Lands Taxation Advisory Committee.

10:36:38 Sen. Hoven asked if the committee could receive updates on the meeting schedule of the Forest Lands Taxation Advisory Committee.

10:38:50 Sen. Lang asked for an explanation on the Agricultural Advisory Committee.

10:40:29 Sen. McClafferty asked for an explanation of the Forest Lands Taxation Advisory Committee.

##### Presentation continued

10:41:07 Ms. Moore

##### Committee questions

10:50:10 Sen. Cohenour asked if a decision needs to be made today on medical marijuana oversight.

10:50:24 Sen. Hoven asked for clarification on medical marijuana statutes.

Presentation continued

10:52:16 Ms. Moore

**HJ 6 Study Plan**

10:55:28 Ms. Moore (see Exhibit 4) ([Exhibit 6](#))

**HJ 36 Study Plan**

10:58:20 Ms. Moore (see Exhibit 4) ([Exhibit 7](#))

**Member-proposed study topics**

11:05:00 Ms. Moore (see Exhibit 4)

11:05:47 Sen. Hoven reviewed his recommendation to study sales tax legislation.

11:08:30 Rep. Beard reviewed her four study recommendations including community investment fee, education funding revenue streams, reviewing tax expenditures, and law enforcement funding. ([Exhibit 8](#)) ([Exhibit 9](#))

11:14:05 Rep. Welch reviewed his four study recommendations including land use changes and their effect on property taxes, impact of increasing business equipment tax exemption on different industries, corporate income tax apportionment, and property taxes on energy-producing property.

Committee questions/discussion

11:18:13 Sen. Cohenour asked the committee for any further study suggestions.

11:18:32 Rep. Thane commented on Rep. Welch's property tax study recommendations and recommended studying the consolidation of property tax classifications.

11:19:09 Sen. Hoven recommended examining revenue streams.

11:20:03 Sen. Lang commented on Sen. Hoven's, Rep. Welch's, and Rep. Beard's study recommendations.

Presentation continued

11:21:22 Ms. Moore (see Exhibit 4)

**Public comment**

11:22:48 Rose Bender, Montana Budget and Policy Center ([Exhibit 10](#)) ([Exhibit 11](#))

11:25:27 Bob Story, Montana Taxpayers' Association ([Exhibit 12](#)) ([Exhibit 13](#))

11:32:56 Darryl James, Montana Infrastructure Coalition

**AGENCY OVERSIGHT: DEPARTMENT OF REVENUE**

11:37:19 Brendan Beatty, Director, Department of Revenue (DOR) ([Exhibit 14](#))

**Bill implementation update**

11:40:14 Director Beatty

11:43:45 Tracy Morano, Operations Director, DOR

Committee questions

11:45:50 Rep. Keogh asked what types of phone call questions the department receives.

11:47:02 Sen. Hoven asked how quickly state tax refunds are being distributed.

**Income tax season update**

11:48:27 Jill Hamilton, Information Management and Collections Division, DOR  
([Exhibit 15](#)) ([Exhibit 16](#))

Committee questions

11:55:08 Rep. Trebas asked if the majority of fraudulent returns are from out-of-state and out-of-country, and if there are successful prosecutions of tax fraud.

**Major case update**

11:57:21 Dave Stewart, Chief Legal Counsel, DOR ([Exhibit 17](#))

**Committee questions**

11:58:28 Sen. Cohenour asked for information of any litigation that came out of legislation passed during the 2021 Legislative Session.

**Adult-use marijuana update**

11:59:20 Kristan Barbour, Cannabis Control Division (DOR)

**Committee questions**

12:01:40 Sen. Hoven asked when marijuana shops will be expected to open and start accepting business.

**Public comment on Draft Work Plan**

12:03:16 Rep. Dave Fern, HD 5

**Public comment on Adult-use marijuana update**

12:11:00 Erica Siate, SD Consultants

12:13:27 Ed Caplis, Tax Policy & Research (DOR)

**REVENUE ESTIMATING AND MONITORING****FY 2021 General Fund Update**

13:16:59 Sam Schaefer, Fiscal Analyst, Legislative Fiscal Division (LFD) ([Exhibit 18](#))

**Public comment**

13:30:38 Tom Towe, self

**Committee questions**

13:36:42 Rep. Beard asked Mr. Schaefer if the division has done any modeling for the next fiscal year.

**AGENCY MONITORING: ADMINISTRATIVE RULE REVIEW****Overview of administrative rule review process and Administrative rule report**

13:39:13 Mr. Coles ([Exhibit 19](#))

**Public comment**

None

**DEPARTMENT OF TREASURY GUIDANCE ON AMERICA RESCUE PLAN ACT TAX PROVISIONS****Overview of guidance**

13:48:45 Mr. Coles ([Exhibit 20](#))

**Committee questions**

13:54:39 Rep. Thane asked Mr. Coles if there is any expectation that the provisional language will be invoked. Mr. Schaefer also responded to the question.

13:57:00 Rep. Beard asked if there is any litigation regarding the treasury interim rules.

**Public comment**

None

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

None

**COMMITTEE WORK SESSION****Work plan decision matrix**

13:58:55 Ms. Moore (see Exhibit 5)

#### Committee questions/discussion

14:00:33 Committee discussion on the workplan. (see Exhibit 5)  
14:03:39 Committee discussion on HJ6 and HJ36. (see Exhibit 4)  
14:05:29 Sen. Hoven asked Ms. Moore for clarification on the staff work involved in the various studies.  
14:07:13 Committee discussion on HJ6 and HJ36.  
14:16:02 Rep. Welch asked Ms. Moore if all studies were given the highest FTE suggested what would that be totaled FTE.  
14:17:18 Committee discussion on HJ6.  
14:18:14 Rep. Beard moved to choose study option B for HJ6 (see Exhibit 5).

#### **Vote:**

14:18:54 Failed 7 - 5 by roll call vote with Rep. Beard, Rep. Trebas, Rep. Welch, Sen. Hertz, Sen. Lang, voting yes.  
  
14:19:49 Committee discussion on monitoring the Department of Revenue (DOR).  
14:21:08 Sen. Lang asked if the committee will receive quarterly reports from DOR.  
14:21:26 Committee discussion on monitoring the Montana Tax Appeal Board (MTAB).  
14:22:01 Sen. Hertz asked if the work plan for the HJ 36 study was finalized.  
14:22:29 Sen. Hertz asked Ms. Moore if research from the MARA study could be acquired by the committee.  
14:23:32 Committee discussion on administrative rule review, reviewing statutorily established advisory councils, reviewing agency legislation, and reviewing proposed ballot initiatives.  
14:25:36 Rep. Beard asked if members have the option to request background information on ballot initiative topics.  
14:26:37 Committee discussion on receiving Department of Revenue reports.  
14:30:18 Sen. Hoven asked for a definition of exempt property and if the committee will receive the exempt property report from DOR.  
14:32:07 Committee discussion on receiving Department of Revenue reports.  
14:39:12 Committee discussion on receiving the Film Tax Credit report.  
14:42:31 Committee discussion on receipts less than revenue projections report, and medical marijuana reports.  
14:45:57 Sen. Cohenour asked Ms. Moore what information the Department of Revenue would deliver to the committee regarding medical marijuana.  
14:47:24 Committee discussion on medical marijuana reports. ([Exhibit 21](#))  
14:54:27 Rep. Beard moved that the committee assign to the Economic Affairs Interim Committee the monitoring of adult-use and medical-use marijuana including rules, but coordinate with the Revenue Interim Committee on any objections that results from the rules.

#### Discussion on the motion

14:55:38 Sen. Cohenour  
14:56:18 Sen. McClafferty asked if a date needs to be added in the motion.  
14:56:47 Sen. Lang asked if the actions of the motion will cost committee staff FTE time.

#### **Vote:**

14:57:04 Carried unanimously by voice vote.

14:57:20 Ms. Moore asked for clarification on the committee's recommendations and actions regarding the medical marijuana study.

14:57:59 Rep. Welch asked if the committee should draft legislation or to be included in legislation regarding medical marijuana.

14:59:38 Committee discussion on medical marijuana reports.

15:00:29 Committee discussion on revenue estimating and monitoring.

15:01:26 Committee discussion on review of tax credits.

15:05:32 Committee discussion on HB 330.

15:08:54 Rep. Beard asked Ms. Moore to discuss LFD and RIC staff coordinating work.

15:10:23 Rep. Buckley asked Ms. Moore to discuss RIC staff attending the MARA meetings.

15:12:01 Committee discussion on HB 330.

15:12:49 Committee discussion on member suggested study topics.

15:16:34 Sen. Cohenour asked Ms. Moore if a discussion on sales tax could be added to the HJ 36 study.

15:17:11 Rep. Buckley left the meeting and left her proxy with Rep. Thane. ([Attachment 3](#))

15:18:26 Committee discussion on member suggested study topics.

15:24:03 Rep. Thane asked for clarification on the work plan and commented on future topics brought forward in interest by members.

15:25:51 Sen. Cohenour asked Ms. Moore to review the draft workplan.

#### **Adopt meeting dates**

15:26:32 Ms. Moore (see Exhibit 4)

15:28:31 Committee discussion on future meeting dates.

15:30:25 Sen. McClafferty moved for staff to draft the work plan incorporating the committee recommendations from the meeting and adopt the dates for future committee meetings.

#### **Vote:**

15:30:52 Carried unanimously by voice vote.

#### **ADJOURNMENT**

Adjournment: 15:32:03