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 *(Exhibit 1)*
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
10:19:02 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

Vote:
10:20:15 Carried unanimously by voice vote.

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
10:36:38 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.

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.

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.

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**
11:47:02 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

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

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

Committee discussion on medical marijuana reports.

Committee discussion on revenue estimating and monitoring.

Committee discussion on review of tax credits.

Committee discussion on HB 330.

Rep. Beard asked Ms. Moore to discuss LFD and RIC staff coordinating work.

Rep. Buckley asked Ms. Moore to discuss RIC staff attending the MARA meetings.

Committee discussion on HB 330.

Committee discussion on member suggested study topics.

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

Rep. Buckley left the meeting and left her proxy with Rep. Thane. (Attachment 3)

Rep. Buckley asked Ms. Moore to discuss RIC staff attending the MARA meetings.

Committee discussion on member suggested study topics.

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

Sen. Cohenour asked Ms. Moore to review the draft workplan.

Adopt meeting dates

Ms. Moore (see Exhibit 4)

Committee discussion on future meeting dates.

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:

Carried unanimously by voice vote.

ADJOURNMENT

Adjournment: 15:32:03