



REVENUE INTERIM COMMITTEE 68th Montana Legislature

SENATE MEMBERS

Greg Hertz
Brian Hoven
Mike Lang
Edith (Edie) McClafferty
Shannon O'Brien
Jeremy Trebas

HOUSE MEMBERS

Becky Beard
Alice Buckley
Jill Cohenour
Connie Keogh
Mark Thane
Tom Welch

COMMITTEE STAFF

Jaret Coles - Attorney
Megan Moore - Research Analyst
Katya Grover - Secretary

MINUTES LOG

November 17, 2022
Room 422
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.

Access to an electronic copy of these minutes and the audio or video recording is provided from the Legislative Branch home page at <https://leg.mt.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.

MEMBERS PRESENT:

Rep. 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. Edith (Edie) McClafferty (D)
Sen. Shannon O'Brien (D)
Rep. Mark Thane (D)
Sen. Jeremy Trebas (R)
Rep. Tom Welch (R)

MEMBERS EXCUSED:

Sen. Mike Lang (R)

STAFF PRESENT:

Jaret Coles, Attorney
Megan Moore, Research Analyst
Katya Grover, Secretary

AGENDA ([Attachment 1](#))

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

COMMITTEE ACTION

The committee:

- Requested that staff draft a letter to legislative leadership requesting a select committee to study property tax mitigation, tax class neutrality, and the floating of the 95 mills;
- Requested the revenue estimate be sponsored by Rep. Beard and include the Legislative Fiscal Division general fund and nongeneral fund estimates.

CALL TO ORDER/ROLL CALL

13:10:01 Sen. Jill Cohenour called the meeting to order at 1:10 PM. The committee secretary took roll. Sen. Lang was excused and left his proxy with Sen. Hertz.

AGENCY MONITORING: DEPARTMENT OF REVENUE

Required Report on Tax Rates for Upcoming Property Reappraisal Cycle That Will Result in Taxable Value Neutrality for Each Property Class

13:11:14 Brittany Mari, DOR ([Exhibit 1](#)) ([Exhibit 2](#))

Committee Questions

13:15:55 Sen. McClafferty asked Ms. Mari about the negative percentage values in the graph dealing with change in agricultural value.

13:18:32 Kory Hofland, Department of Revenue, also addressed the question.

13:19:54 Rep. Thane asked to confirm that the net change was zero for the 101 state mills, as well as asked whether other properties were referring to centrally assessed properties. Eric Dale, Department of Revenue, addressed the questions.

Public Comment

13:22:08 Bob Story, Montana Taxpayers Association

13:27:29 Chair Cohenour asked whether it would be possible to get the information under discussion with new property excluded from it. Ms. Mari addressed the question.

Committee Action

Motion

13:28:36 Rep. Thane moved to put together a special select committee to review the reappraisals and determine whether this committee wishes to forward any recommendations to legislative leadership.

Discussion on the Motion

Motion Withdrawn

13:33:02 Rep. Thane withdrew the motion.

AGENCY MONITORING: ADMINISTRATIVE RULE REVIEW

13:33:28 Jaret Coles, Staff Attorney ([Exhibit 3](#))

Public Comment

13:39:03 None.

Committee Action

Motion

13:39:14 Sen. Hoven moved that the committee send a letter to the legislative leadership requesting a select committee to study property tax mitigation, tax class neutrality, and the floating of the 95 mills.

Vote:

13:39:14 Carried unanimously by voice vote. Sen. Lang's proxy was not voted.

REVENUE ESTIMATING AND MONITORING

Statutory Duty Related to Revenue Estimate

13:41:22 Megan More, Committee Staff

Introduction of Revenue Estimates and Significance to Budget Process

13:42:12 Amy Carlson, Director, Legislative Fiscal Division ([Exhibit 4](#))

13:55:33 Ryan Evans, Assistant Director, Office of Budget and Program Planning ([Exhibit 5](#))

Committee Questions

14:11:00 Sen. Hertz referred to the graph entitled "General Fund Revenue Estimates-Not All Revenue is Equal" in Exhibit 5 and asked Mr. Evans about CAGR transfer in 2023.

14:12:18 Sen. Hoven asked Mr. Evans whether an increase of the population in the high-income end was taken into account in calculating the income tax estimate.

Overview of Significant Assumptions – LFD and OBPP

14:13:38 Sam Schaefer, Fiscal Analyst, Legislative Fiscal Division ([Exhibit 6](#): pages 1-6)

Committee Questions

14:28:51 Rep. Trebas asked Mr. Schaefer about the increase in capital gains.

14:31:22 Julia Pattin, Fiscal Analyst, Legislative Fiscal Division ([Exhibit 6](#): pages 7-8)

Committee Questions

14:33:51 Sen. Hoven asked Ms. Pattin about the source of the increase in property tax revenue.

Comparison of Revenue Estimates – LFD and OBPP

14:37:36 Alice Hecht, Fiscal Analyst, Legislative Fiscal Division ([Exhibit 6](#): pages 9-10)

Committee Questions

- 14:41:20 Rep. Thane asked Ms. Hecht about video gaming tax.
- 14:42:18 Joe Baan, Fiscal Analyst, Legislative Fiscal Division (**Exhibit 6**: pages 8-12)
- 14:46:52 Sam Schaefer, Fiscal Analyst, Legislative Fiscal Division
(**Exhibit 6**: pages 12-24)

Committee Questions

- 14:48:47 Sen. Hoven asked Mr. Evans to what degree rising interest rates, etc., were taken into account in the assumptions produced by the OBPP.

Public Comment

- 14:51:02 Bob Story, Montana Taxpayers Association

REVENUE ESTIMATING AND MONITORING, continued

Committee Action

- 14:58:27 Ms. Moore explained how possible motions were listed in the agenda.

Motion

- 14:59:25 Sen. Hertz moved to request the revenue estimate and adopt the LFD general fund and nongeneral fund assumptions and corresponding estimates.

Discussion on the Motion

Vote:

- 15:03:00 Carried unanimously by voice vote. Sen. Lang voted by proxy.

Motion

- 15:03:29 Ms. Moore spoke about the motion on the preliminary ending general fund balance. (**Exhibit 7**)
- 15:04:15 Vice Chair Beard moved to adopt a preliminary ending general fund balance of \$1,854,385,159.

Vote:

- 15:04:15 Carried unanimously by voice vote. Sen. Lang voted by proxy.

Motion

- 15:05:32 Sen. Hertz moved to adopt assumptions and corresponding revenue estimates that will appear in HJ 2. Sen. Hertz recommended that Rep. Beard be the bill sponsor.

Vote:

- 15:05:32 Carried unanimously by voice vote. Sen. Lang voted by proxy.

PUBLIC COMMENT ON ANY OTHER TOPIC WITHIN COMMITTEE'S JURISDICTION

- 15:07:09 None.

15:07:23 Sen. Hertz thanked Sen. Hoven for his service in the Legislature.

ADJOURNMENT

15:08:22 Chair Cohenour adjourned the meeting at 3:08 PM.