



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
Laura Sherley - Secretary

MINUTES LOG

November 08, 2021
State Capitol 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, Presiding Officer (D)
Rep. Becky Beard, Vice Presiding Officer (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)

STAFF PRESENT:

Jaret Coles, Attorney
Megan Moore, Research Analyst
Daniel Collins, Secretary

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

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

COMMITTEE ACTION

CALL TO ORDER/ROLL CALL

12:29:58 Chair Cohenour called the meeting to order at 12:29 PM. The committee secretary took roll.

HJ 36: RESIDENTIAL PROPERTY TAXES

Special Districts: Statutory Authority

12:31:44 Toni Hennemen, Legislative Services Division spoke on special districts. [\(Exhibit 1\)](#)

School Funding and Property Taxes

12:42:01 Pad McCracken, Legislative Services Division and Julia Pattin, Legislative Fiscal Division spoke on school funding and property taxes. [\(Exhibit 2\)](#) [\(Exhibit 3\)](#) [\(Exhibit 4\)](#)

13:06:35 Sen. Hoven asked about the base amount for direct state aid.

13:06:55 Sen. Hoven asked if the formula has been fixed.

Committee Questions/Comments

13:12:11 Sen. O'Brien asked when the base and max limits were established.

13:13:13 Presentation continued.

13:14:39 Sen. Lang asked about the guaranteed tax base aid.

13:24:44 Rep. Thane asked about the sources of variation and if it excludes voter approved bonds and building reserve accounts.

13:34:21 Rep. Buckley asked about other sources of non-levy revenue.

13:36:03 Rep. Buckley asked how money becomes categorized.

Maximum Mill Levy Calculation

13:37:41 Megan Moore, Legislative Services Division presented on the maximum mill levy calculation. [\(Exhibit 5\)](#)

13:51:34 Rep. Keogh asked for clarification regarding the spreadsheet on the determination of tax revenue and mill levy limitations.

13:52:16 Presentation continued.

Committee Questions/Comments

13:56:38 Rep. Trebas asked if carry forward laws changed recently.

13:57:50 Rep. Trebas asked about statutory changes.

13:58:05 Rep. Buckley asked where maximum levies come from.

13:59:17 Sen. Hertz asked what levies are included in the maximum.

13:59:54 Sen. Hertz asked about county levies.

14:01:57 Ms. Moore asked the committee how many counties assessed the maximum mill levy.

14:04:15 Sen. O'Brien asked questions about the calculation.

Explanation of Growth Rate and Determination of Newly Taxable Property

14:06:19 Ed Caplis, Department of Revenue. ([Exhibit 6](#)) ([Exhibit 7](#))
14:10:07 Rep. Trebas asked when new numbers came out from the Census Bureau.
14:10:53 Bryce Kaatz, Unit Property Manager, Department of Revenue. ([Exhibit 8](#))

Committee Questions/Comments

14:16:54 Rep. Thane asked about sales price compared to appraisal value data.
14:19:43 Sen. Hertz asked about newly taxable property.

Questions on Out-of-State Mailing Addresses for Residential Property Owners In Montana

14:21:10 Dylan Cole, Department of Revenue present for questions.
14:22:01 Sen. Cohenour asked Mr. Cole to present the memo for the committee. ([Exhibit 9](#))

Committee Questions/Comments

14:24:56 Sen. Hertz requested information on Montana residency.
14:25:41 Rep. Welch asked about changing realty transfer certificate requirements.
14:27:45 Rep. Buckley asked about remote income data.
14:29:02 Sen. Hoven asked about second homes owned by out-of-state residents.
14:29:48 Sen. Hoven asked if second home tracking could be possible.
14:31:18 Sen. Hertz asked about residency information.
14:32:47 Sen. Cohenour talked about looking at bills moving forward as a committee.
14:33:16 Rep. Beard talked about the housing market.
14:34:41 Rep. Thane commented on residency.
14:35:32 Rep. Buckley responded to Rep. Thane's statement.

Public Comment

14:36:39 Bob Story, Montana Taxpayers Association
14:41:14 Tim Burton, Montana League of Cities and Towns

BREAK

Local Government Profile Panel Discussion

15:06:33 Megan Moore introduced the panel. ([Exhibit 10](#)) ([Exhibit 11](#)) ([Exhibit 12](#)) ([Exhibit 13](#)) ([Exhibit 14](#)) ([Exhibit 15](#))
15:08:31 Ms. Moore asked the panel about the biggest challenges facing the local government's financial picture.
15:08:52 Danette Gleason, Finance and Budget Director, Butte-Silver Bow
15:14:49 Susan Nicosia, City Manager, Columbia Falls.
15:20:49 Terri Kunz, Treasurer, Jefferson County
15:23:35 Regina Plettenberg, Clerk & Recorder, Ravalli County
15:26:34 Ms. Moore asked about the role of property tax, specifically residential property tax, in the local government's budget.
15:26:51 Ms. Gleason
15:32:15 Ms. Nicosia
15:36:06 Ms. Kunz
15:38:00 Ms. Plettenberg
15:40:29 Ms. Moore asked how voted levies and special districts are used, and whether it has changed over time.
15:40:55 Ms. Gleason

15:45:01 Ms. Nicosia
 15:52:44 Ms. Kunz
 15:54:57 Ms. Plettenberg
 15:58:04 Ms. Moore asked what opportunities the local governments see to address the challenges that have been identified.
 15:59:10 Ms. Gleason.
 16:02:00 Ms. Nicosia
 16:06:28 Ms. Kunz.
 16:06:57 Ms. Plettenberg
 16:08:51 Sen. Cohenour expressed appreciation to the panel.

Committee Questions/Comments

16:09:16 Sen. Hoven asked about exempt taxpayers paying fees.
 16:09:57 Sen. Hoven asked what special districts are created.
 16:10:54 Sen. Hertz asked about exempt taxpayers.
 16:12:15 Sen. Hertz asked about special improvement districts.
 16:13:08 Sen. Hertz commented on special districts.
 16:13:39 Rep. Trebas asked about special improvement districts.

Public Comment

16:15:41 Darryl James, Montana Infrastructure Coalition (See Exhibit 10)
 16:20:54 Sen. Hoven stated that several communities represented by the panelists voted for sales tax to offset property taxes.
 16:21:59 Sen. Hertz commented on tax rates.
 16:24:56 Sen. Hoven commented on the majority and minority voters for property tax increases.
 16:26:15 Danette Gleason commented on making accurate comparisons.
 16:27:44 Sen. Hertz concurred with Danette Gleason.

RECESS

Recess: 16:28:28