



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
Daniel Collins - Secretary

MINUTES LOG

November 09, 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, 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)
Rep. Jeremy Trebas (R)
Rep. Tom Welch (R)
Sen. Lang (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

08:32:36 Chair Cohenour called the meeting to order at 8:32 AM. The committee secretary took roll.

REVENUE ESTIMATING & MONITORING

Revenue Update

08:33:44 Sam Schaefer, Legislative Fiscal Division, presented the general fund revenue update. ([Exhibit 1](#))

08:38:16 Sen. Lang joined the meeting.

Committee Questions/Comments

08:43:52 Rep. Beard asked about extra payments last year.

08:45:31 Rep. Thane asked about individual income increases.

Public Comment

None

HJ 6: COAL SEVERANCE TAX TRUST FUND

Long-Term Interest Rates and Investment Strategies for Coal Severance Tax Trust Fund

08:48:20 Dan Villa, Executive Director, Board of Investments, presented on interest rates and investment strategies for the coal severance tax trust fund. ([Exhibit 2](#))

Committee Questions/Comments

09:01:14 Rep. Thane asked about rate of return.

09:02:10 Sen. O'Brien asked what is included in private stock.

09:02:55 Sen. O'Brien asked about responsible investing.

09:05:35 Sen. Hoven asked about the portfolio options selected.

09:08:26 Sen. Hoven asked about liquidity.

09:09:19 Sen. Cohenour asked about the divestiture bill that was brought forward during the legislative session and how the Board of Investments could have responded.

Market and Export Opportunities for Coal, Coal Property Taxes, Wages Paid

09:12:45 Megan Moore presented on market and export opportunities for coal, coal property taxes, and wages paid by the coal industry. ([Exhibit 3](#)) ([Exhibit 4](#))

Committee Questions/Comments

None.

Public Comment

None.

09:19:29 Sen. Cohenour asked for any requests for the next meeting.

09:19:50 Sen. Hoven requested information on companies' future goals.

09:21:01 Rep. Trebas commented on the financial relationship between natural gas and coal.
09:21:38 Sen. Hoven commented on Mr. Villa's presentation.
09:22:17 Megan Moore provided an overview of the agenda for the next meeting.

TAX CREDIT REVIEW

Credit for Innovative Educational Program Credit

09:23:43 Megan Moore presented information on the credit for innovative educational programs. ([Exhibit 5](#)) ([Exhibit 6](#))

Committee Questions/Comments

09:54:34 Rep. Trebas asked about deadlines for donations.
09:55:08 Sen. McClafferty mentioned that there were a few points of the presentation that would be good for future discussions.
09:56:45 Sen. Hoven asked about tax credits to private schools.
09:57:38 Sen. Hertz asked about the mechanics of making donations to school districts.
09:59:27 Sen. Hertz asked if a taxpayer is at risk of not receiving the credit.
10:00:29 Rep. Beard asked about the calculation of the growth factor.
10:01:26 Sen. Lang asked about the cost of processing fees.
10:04:24 Rep. Thane asked Sen. Hertz if SB 399 (2021) impacts the credit.
10:05:27 Sen. Hertz asked about the recommendations.
10:06:50 Sen. Hertz commented on tax credit timing.
10:07:37 Sen. Cohenour addressed Jay Phillips, Office of Public Instruction, about people interested in donating to the program and referring them to the Department of Revenue for information.
10:08:36 Sen. Hoven asked where donations can go.
10:08:53 Sen. Lang asked about the definition of innovation education.
10:10:35 Sen. Lang repeated his question to Ms. Moore.
10:13:16 Sen. Hertz commented that this discussion will continue later.

Public Comment

10:14:06 Amanda Curtis, Montana Federation of Public Employees
10:14:54 Tony Zammit, Department of Revenue
10:19:23 Sen. O'Brien asked about aggregate credits.
10:22:05 Rep. Thane asked how state tax credits work regarding donations to a school district.
10:23:31 Sen. O'Brien asked about the threshold for student scholarship organizations and public-school districts and regions.
10:24:29 Sen. O'Brien asked about money for K-12 or post-secondary education.
10:25:32 Bob Story, Montana Taxpayers Association

Committee Work Session

10:29:04 Ms. Moore discussed what the committee needed to do with this topic.
10:30:15 Sen. Cohenour discussed what the committee needs to see regarding this tax credit before deciding.
10:30:49 Rep. Thane referred the committee to the table that Ms. Moore put together.
10:31:34 Sen. Cohenour wants to come back to the exercise when information is more up to date.
10:32:22 Rep. Beard wants an estimate on how many tax dollars are available.
10:32:58 Rep. Trebas asked about replacement funds and how that affects equalization.

10:33:43 Ms. Moore said that the districts who receive money can use the donations for the specified purposes.

10:34:45 Rep. Keogh asked how the general public is becoming aware of this.

10:35:44 Sen. O'Brien would like to hear more about funding programs and equity in the next meeting.

10:36:49 Rep. Welch commented on the average person knowing about donation details.

10:37:15 Rep. Buckley joined at 10:37 on Zoom

10:37:55 Sen. Hertz asked Ms. Moore to look at state of Pennsylvania to see how it handles equity among schools.

10:39:07 Sen. Hoven discussed the equity issue.

BREAK

AGENCY MONITORING: ADMINISTRATIVE RULE REVIEW

Administrative Rule Report

10:56:35 Jaret Coles discussed the rule review. ([Exhibit 7](#)) ([Exhibit 8](#)) ([Exhibit 9](#))

Committee Questions/Comments

11:10:15 Kristin Barbour, Administrator of Cannabis Control Division, Department of Revenue

11:12:21 Cortney Cosgrove, Attorney, Department of Revenue, explained the rules regarding marijuana.

11:14:33 Rep. Buckley spoke on legislative intent.

11:15:49 Rep. Buckley asked about the timeline.

11:17:07 Sen. Cohenour stated that the CBD section elicited a strong reaction and would benefit from attention sooner rather than later.

11:20:18 Ms. Cosgrove continued her presentation.

11:22:33 Rep. Buckley stated appreciation for the attention to detail.

11:25:56 Rep. Trebas addressed the bill language.

11:27:41 Rep. Beard asked about a technicality regarding the definition of hemp.

11:29:03 Sen. Cohenour concurred with Ms. Cosgrove.

11:29:36 Sen. Hoven asked about THC content in CBD products.

Public Comment

None

AGENCY MONITORING: DEPARTMENT OF REVENUE

Major Case Update

11:32:08 Brendan Beatty, Director, Department of Revenue, provided the major case update. ([Exhibit 10](#))

Committee Questions/Comments

11:35:59 Rep. Keogh asked about rules on the health integrity fee.

11:37:17 Sen. Cohenour asked if a pause had been put on collecting the fee.

11:38:40 Tony Zammit, Deputy Chief Legal Counsel, commented on the major case update.

11:39:42 Sen. Hertz asked about the update.

11:40:16 Rep. Trebas asked about the update.

11:41:37 Sen. Cohenour asked for future updates to include an overview of new cases.

11:42:24 Rep. Buckley asked about trends on remote employees filing taxes.

11:46:46 Rep. Buckley asked if the Department of Revenue has all the access needed to track data.
 11:50:36 Rep. Buckley asked about business taxes.
 11:52:43 Rep. Trebas asked if changes were made to the multistate factor apportionment.
 11:54:24 Rep. Trebas asked about payment coming from a different state to an individual getting paid in Montana.
 11:55:26 Rep. Trebas asked about what records are used to gather individual data.

Public Comment

None

PUBLIC COMMENT ON ANY TOPIC UNDER COMMITTEE'S JURISDICTION

None

LUNCH

MODERNIZATION AND RISK ANALYSIS STUDY

Non-Resident & Partial Year Resident Income

13:01:39 Sam Schaefer, Legislative Fiscal Division, presented on individual income tax. ([Exhibit 11](#))

Committee Questions/Comments

13:22:07 Rep. Trebas asked about capital gains.
 13:23:29 Rep. Trebas asked why capital gains would have been paid in Montana.
 13:24:19 Rep. Trebas commented on the tax forms of specific counties.
 13:25:45 Rep. Beard asked about information on in-migration to counties.
 13:28:10 Rep. Thane asked how multiple state income taxes interact with one another.

Montana's Changing Demographics

13:30:30 Joshua Poulette, Legislative Fiscal Division, presented on Montana population changes. ([Exhibit 12](#)) ([Exhibit 13](#))

Public Comment

None

COVID FINANCIAL REPORT FEDERAL FUNDS UPDATE

13:46:40 Quinn Holzer, Legislative Fiscal Division, updated the committee on COVID Financial Federal Funds. ([Exhibit 14](#))

Committee Questions/Comments

13:55:19 Sen. Cohenour asked about Department of Commerce tracking.
 13:56:13 Sen. Cohenour expressed concern regarding financial tracking.
 13:57:28 Sen. Cohenour encouraged continued reports to the Revenue Interim Committee.
 13:58:28 Sen. Hoven asked about remaining funds.
 14:00:48 Sen. Hoven asked about money to be awarded for specific projects.
 14:02:02 Sen. Cohenour requested an additional speaker for the next meeting.
 14:02:38 Sen. Cohenour requested information on when money needs to be spent.
 14:03:09 Rep. Keogh asked about ARPA money for education.
 14:05:10 Rep. Beard asked about funds being appropriated to agencies.
 14:06:30 Mr. Holzer continued his presentation.
 14:10:14 Sen. O'Brien left the meeting.

LABOR DAY REPORT

14:13:05 Barbara Wagner, Chief Economist of Department of Labor and Industry presented on the labor in Montana. ([Exhibit 15](#))

Committee Questions/Comments

14:51:34 Sen. Cohenour asked about childcare.
14:54:06 Rep. Thane asked how that affects females as compared to males.
14:55:18 Sen. Lang asked about unemployment insurance.
14:57:40 Sen. Lang asked what employers must pay in for insurance.
14:58:51 Sen. Hoven asked how many daycare providers are open now as compared to pre-pandemic.
14:59:29 Rep. Trebas asked what the demand is for childcare.
14:59:51 Sen. Hoven asked what the reason might be.
15:01:52 Rep. Buckley commented on childcare.

ADMINISTRATIVE MATTERS

Committee Requests for Next Meeting

15:03:50 Ms. Moore asked for committee requests.
15:04:16 Sen. Cohenour requested speakers on childcare.
15:05:06 Ms. Moore stated the next meeting date.
15:05:23 Ms. Moore mentioned the April meeting date.

Committee Discussion

15:12:46 Megan Moore recommended a rule change as per the handout. ([Exhibit 16](#))
15:13:43 Vice Chair Beard moved to revise the rules and procedures.
15:14:03 Discussion on motion.
15:14:14 Vote on the motion.
15:14:14 Carried unanimously by voice vote. Sen. O'Brien voted aye by proxy.
15:14:49 Sen. Hertz commented on a previous question.

ADJOURNMENT

Adjournment: 15:16:52