MINUTES LOG
November 09, 2021
State Capitol Room 137 and Zoom
Helena, Montana

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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
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
08:45:31 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.

Sen. Hoven commented on Mr. Villa’s presentation.

Megan Moore provided an overview of the agenda for the next meeting.

**TAX CREDIT REVIEW**

**Credit for Innovative Educational Program Credit**

Megan Moore presented information on the credit for innovative educational programs. (Exhibit 5) (Exhibit 6)

**Committee Questions/Comments**

Rep. Trebas asked about deadlines for donations.

Sen. McClafferty mentioned that there were a few points of the presentation that would be good for future discussions.

Sen. Hoven asked about tax credits to private schools.

Sen. Hertz asked about the mechanics of making donations to school districts.

Sen. Hertz asked if a taxpayer is at risk of not receiving the credit.

Rep. Beard asked about the calculation of the growth factor.

Sen. Lang asked about the cost of processing fees.


Sen. Hertz asked about the recommendations.

Sen. Hertz commented on tax credit timing.

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.

Sen. Hoven asked where donations can go.

Sen. Lang asked about the definition of innovation education.

Sen. Lang repeated his question to Ms. Moore.

Sen. Hertz commented that this discussion will continue later.

**Public Comment**

Amanda Curtis, Montana Federation of Public Employees

Tony Zammit, Department of Revenue

Sen. O’Brien asked about aggregate credits.

Rep. Thane asked how state tax credits work regarding donations to a school district.

Sen. O’Brien asked about the threshold for student scholarship organizations and public-school districts and regions.

Sen. O’Brien asked about money for K-12 or post-secondary education.

Bob Story, Montana Taxpayers Association

**Committee Work Session**

Ms. Moore discussed what the committee needed to do with this topic.

Sen. Cohenour discussed what the committee needs to see regarding this tax credit before deciding.

Rep. Thane referred the committee to the table that Ms. Moore put together.

Sen. Cohenour wants to come back to the exercise when information is more up to date.

Rep. Beard wants an estimate on how many tax dollars are available.

Rep. Trebas asked about replacement funds and how that affects equalization.
Ms. Moore said that the districts who receive money can use the donations for the specified purposes.

Rep. Keogh asked how the general public is becoming aware of this.

Sen. O’Brien would like to hear more about funding programs and equity in the next meeting.

Rep. Welch commented on the average person knowing about donation details.

Rep. Buckley joined at 10:37 on Zoom

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

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.


11:17:07 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.


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


11:37:17 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.


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

11:46:46 Rep. Buckley asked if the Department of Revenue has all the access needed to track data.
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
13:23:29 Rep. Trebas asked why capital gains would have been paid in Montana.

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
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.
14:05:10 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.
14:57:40 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.

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.
15:14:49 Sen. Hertz commented on a previous question.

ADJOURNMENT
Adjournment: 15:16:52