MINUTES LOG

September 23, 2021
State Capitol Room 102 and Zoom
Helena, Montana

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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)
Rep. Connie Keogh (D)
Sen. Mike Lang (R)
Sen. Shannon O’Brien (D)
Rep. Mark Thane (D)
Rep. Jeremy Trebas (R)
Rep. Tom Welch (R)

MEMBERS EXCUSED:
Rep. Alice Buckley (D)
Sen. Edith (Edie) McClafferty (D)

STAFF PRESENT:
Jaret Coles, Attorney
Megan Moore, Research Analyst
Daniel Collins, Secretary
CALL TO ORDER/ROLL CALL
10:03:24 Sen. Jill Cohenour called the meeting to order at 10:03 AM. The committee secretary took roll.

HJ 36: RESIDENTIAL PROPERTY TAXES

Property Tax Overview
10:05:43 Ms. Moore provided an overview. (Exhibit 1)
10:22:00 Sen. Hoven asked about the number of people applying.
10:23:21 Sen. Hertz asked about requirements to apply.

Questions/comments from the committee

Residential and Other Property Valuation Methods
10:30:10 Kory Hofland, Administrator, Property Assessment Division, Department of Revenue (DOR). (Exhibit 2)
10:43:29 Robin Rude, DOR. (See Exhibit 2)
10:59:49 Sen. Hoven asked about the order in which properties are valued.
11:01:55 Sen. Hoven asked how often homes are physically inspected.
11:03:53 Sen. Cohenour asked how increased construction affected appraisals.
11:06:09 Rep. Thane asked about the new appraisal system as compared to the old appraisal system.
11:11:53 Rep. Trebas asked about the IAAA ratio. (See Exhibit 2)
11:12:30 Sen. Lang asked about the time frame used for productivity value.
11:15:08 Mr. Hofland answered Sen. Hoven's question and closed his presentation. (See Exhibit 2)

Quality of Reappraisal Report – Eric Dale, Department of Revenue
11:25:09 Eric Dale provided his presentation on the Quality of Reappraisal report. (Exhibit 3)
11:43:42 Rep. Thane asked about excluded total and used observations.
11:45:15 Sen. Hoven asked about the quantity of total observations.
11:45:59 Sen. Cohenour added to the answer.
11:46:40 Sen. Hoven asked about the validity of the sample size.
11:50:22 Sen. Cohenour asked how IAAO standards are created and their usage.

**Property Tax Authority and Limits**
11:55:09 Ms. Moore introduced property tax authority and limits. *(Exhibit 4) (Exhibit 5)*
(See Exhibit 1)

**Legal Issues Associated with Property Tax**
12:06:10 Jaret Coles, Staff Attorney presented about legal issues associated with the property tax. *(Exhibit 6)*
12:24:26 Sen. Hertz asked if there would be a constitutional issue with a supermajority vote on taxpayer levies.
12:25:59 Sen. Hertz asked if residential property could be classified differently.

**Next Steps: Local Profiles Methodology, Possible Work Products**
12:27:37 Ms. Moore asked for the committee’s thoughts about the work plan and possible work products.

**Public comment**
12:28:54 Eric Bryson, Montana Association of Counties
12:30:25 Bob Story, Montana Taxpayers Association

**LUNCH**

**HJ 6: COAL SEVERANCE TAX TRUST FUND**
**Overview and Selected History of Coal Severance Tax and Trust Fund – Megan Moore**
13:30:53 Ms. Moore provided an overview and selected history of the coal severance tax and trust fund. *(Exhibit 7)*

**Coal Severance Tax Trust Fund Distributions**
13:37:26 Sam Schaefer, Fiscal Analyst, Legislative Fiscal Divisions (LFD), presented on coal severance tax trust fund distributions. *(Exhibit 8)*

**Panel Discussion: Coal Industry Extraction Forecast**
13:56:11 David Schwend, General Manager, Spring Creek Mine of Navajo Transitional Energy Company (NTEC). *(Exhibit 9)*
14:12:01 Kenneth Wooley, General Manager, Rosebud Mine of Westmoreland. *(Exhibit 10) (Exhibit 11)*
14:15:49 Sen. Lang asked about the difference between coal being produced locally as compared produced overseas.
14:17:36 Jesse Noel, Westmoreland Mining Director Environmental and Regulatory Affairs, U.S. Operations.

**Questions/comments from the committee**
14:28:44 Sen. Hoven asked Mr. Noel about export figures.
14:29:19 Sen. O’Brien asked about the number of employees.
14:30:15 Sen. Lang asked about tax rates.
14:33:57 Sen. Hoven asked about Rosebud exports compared to Spring Creek exports.
14:34:53 Sen. Hoven asked about freight contracts.

**Panel Discussion: Coal Tax Revenue Forecasts**
14:38:23 Mr. Schaefer, LFD. ([Exhibit 12])
14:45:03 Sen. Hoven asked about the stability of the price of coal
14:52:51 Chris Watson, Office of Budget and Program Planning. ([Exhibit 13])
15:09:39 Sen. Cohenour asked how the tax trust fund rates are set.
15:14:45 Rep. Beard asked about the rate listed on the handout. (See Exhibit 12)
15:17:11 Patrick Barkey, Director, Bureau of Business and Economic Research. ([Exhibit 14])

**Questions/comments from the committee**
15:35:00 Sen. Lang asked about the natural gas forecast.
15:38:38 Sen. Hoven asked about the consequences of the decline of the use of coal for energy.
15:41:46 Sen. Cohenour asked about the power grid being updated for the future.

**Public comment on this agenda item**
15:44:45 Darryl James, Westmoreland Mining
15:48:30 Senator Duane Ankney, Senate District 20
15:52:36 Molly Schwend, Montana Coal Council

15:54:12 BREAK

**REVENUE ESTIMATING & MONITORING**
**FYE 2021 General Fund Revenue Report**
16:09:13 Mr. Schaefer, LFD. ([Exhibit 15])

**Questions/comments from the committee**
16:33:57 Sen. Cohenour asked when November data will be available.
16:36:21 Sen. Hoven concurred with Mr. Schaefer’s estimations.
16:38:32 Sen. O’Brien asked about the prospect of a decrease on page 14. (See exhibit 15)
16:39:45 Sen. Cohenour asked about additional broadband taxes.

**Public comment on this agenda item**
None.

**ADJOURNMENT**
Adjournment: 16:42:05