



GOVERNOR GREG GIANFORTE
DIRECTOR BRENDAN BEATTY

MEMORANDUM

TO: Revenue Interim Committee
FROM: Tony Zammit, Deputy Chief Legal Counsel
DATE: July 13, 2023
SUBJECT: Department of Revenue Bill Implementation Highlights

General Review of Legislative Impacts on the Department of Revenue

The 68th Montana legislative session produced a significant amount of tax and regulatory legislation that impacts the Department of Revenue (DOR). Much of this legislation was proposed by the Department. Of the 97 bills that require implementation, 46 were proposed by the Department as agency bills, with 42 of those having been pre-approved by RIC and EAIC prior to the session. The majority of the DOR's proposals were in furtherance of executing Governor Gianforte's executive order on regulatory red tape. The balance of these bills involve policy enactments made by the Legislature that directly impacted the DOR's work, such as income tax and property tax rebates.

The Department is making steady, timely progress towards its bill implementation objectives. Implementation involves one or more of the following:

1. Creation of, or amendment to, Department forms (physical and electronic);
2. Design and development, or changes to Department computer systems;
3. Outreach to affected stakeholders
4. Administrative rulemaking through the adoption, amendment, repeal, or transfer of administrative rules. Of the 97 bills enacted, the Department has initially identified 58 that require some manner of rulemaking;
5. Analysis of internal and external business policies and procedures for consistency and conformity with legislative changes.

All Department's divisions have been working on their internal reviews of the above-described areas. As each Department division is unique in operation and interaction with the public, division-specific efforts to engage the public and stakeholders and taxpayers have been developed such as live and remotely-accessible "town hall" meetings to educate and solicit feedback from taxpayers and businesses on legislative, or proposed rules and process changes. Generally, the engagement will be catered to subject matter complexity and interest.

Specifically, to the Department's five primary divisions:

1. Alcoholic Beverage Control Division (ABCD) – is reviewing form changes, system changes, industry educational materials, and approximately 140 pages of administrative rule text for the 46 bills that require implementation, most of which were effective on passage and approval. As of the date of this Memo: ABCD has identified its necessary form and system area changes and has engaged industry stakeholders in three of 14 scheduled “town hall” meetings. After the town hall meetings are complete, the administrative rules with substantive impact will be updated, then cleanup changes to multiple rules will be addressed more comprehensively and based on the coordinating language of several of the key pieces of legislation.
2. Business and Income Taxes Division (BIT) – in addition to form changes, system changes, and administrative rule review for the 30 bills that impact this division, BIT is completing the individual income tax rebate process enacted under House Bill 816. As of the date of this Memo, the BIT anticipates having all of the rebates issued by July 21, 2023.
3. Cannabis Control Division (CCD) – effectuated the transfer of operation of the state marijuana laboratory, its staff, and regulatory authority from DPHHS to the Department effective July 2, 2023. CCD is responsible for the implementation of five bills – most of which further legislative policy as developed for this relatively new industry.
4. Information Management and Collections Division (IMCD) – is reviewing form changes and system changes for the three bills that impact this division, with implementation of House Bill 118 (regarding statewide warrants for distraint) taking priority. While HB 118 amendments to § 15-1-701, MCA, have only been effective for very short time, IMCD workloads on new warrants have been reduced and the division has engaged with County Clerks of Court to solicit feedback on the revised process.
5. Property Assessment Division (PAD) – is reviewing form changes, system changes, industry educational materials, and administrative rule text for the 14 bills that require implementation. PAD is completing the property tax rebate process enacted under House Bill 816. As of the date of this Memo, the Department is nearing completion of all necessary preparations for taxpayers to request their 2022 property tax rebates on August 15, 2023. PAD has also completed initial rulemaking drafts for the Property Tax Assistance Program (PTAP), Montana Disabled Veteran (MDV) property tax assistance program, and intangible land value property tax assistance program. PAD has also developed an informative town hall-style presentation which is scheduled across the state during the month of July. This is in direct response to taxpayer concerns regarding increased property valuation as described in the most recent property assessment notices. PAD previewed its presentation for legislators on June 28, 2023 and received valuable feedback and accolades for the information provided.