



REVENUE INTERIM COMMITTEE 68th Montana Legislature

SENATE MEMBERS

Becky Beard
Greg Hertz
Shannon O'Brien
Jeremy Trebas

HOUSE MEMBERS

Larry Brewster
Sherry Essmann
Paul Fielder
Mark Thane

COMMITTEE STAFF

Jaret Coles - Attorney
LJ Jennings - Secretary
Megan Moore - Research Analyst

MINUTES LOG

July 13, 2023
Capital Room 172 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.

Access to an electronic copy of these minutes and the audio or video recording is provided from the Legislative Branch home page at <https://leg.mt.gov>. From the home page, select the "Committees" drop down menu at the top, then select Administrative or Interim, and the appropriate committee. The written minutes log can be located by expanding the accordion menu for the date of the meeting. Links to the audio/video files can be located by selecting the Video/Audio button on the same page, then the "past/current recordings" button. From there, use the calendar to select the date of the meeting you wish to view/listen to. The written Minutes Log, along with links to the audio and video recordings, is listed by meeting date on the interim committee's web page. Each of the Exhibits is linked and can be viewed by clicking on the Exhibit of interest. All Exhibits are public information and may be printed. Please contact the Legislative Services Division at 406-444-3064 for more information.

MEMBERS PRESENT:

Sen. Becky Beard, Chair (R)
Rep. Larry Brewster (R)
Rep. Sherry Essmann (R)
Rep. Paul Fielder (R)
Sen. Greg Hertz (R)
Sen. Shannon O'Brien (D)
Rep. Mark Thane (D)
Sen. Jeremy Trebas (R)

MEMBERS EXCUSED:

MEMBERS ABSENT:

STAFF PRESENT:

Jaret Coles, Attorney
LJ Jennings, Secretary
Megan Moore, Research Analyst

AGENDA ([Attachment 1](#))

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

CALL TO ORDER/ROLL CALL

10:01:07 Sen. Greg Hertz called the meeting to order at 10:01 AM. The committee secretary took roll.

INTRODUCTIONS

10:01:51 Committee members and staff

ADMINISTRATIVE MATTERS

10:08:53 Megan Moore, Lead Staff, Legislative Services Division, (LSD)
[EXHIBIT1](#)

LEGISLATIVE GUIDELINES AND RULES

10:14:49 Sen. Hertz
10:14:58 Jaret Coles, Staff Attorney, LSD
10:15:37 Sen. Hertz
10:16:05 Jaret Coles
10:16:22 Sen. Hertz
10:16:30 Megan Moore

Motion

10:16:30 The committee adopted the rules without objection.

Vote:

10:16:31 Carried unanimously by voice vote.

PROXY VOTING PROCEDURES

10:17:18 The committee adopted the use of proxies without objection.

Vote:

10:17:19 Carried unanimously by voice vote.

Election of officers

Motion

10:18:56 Sen. Trebas moved to nominate Sen. Beard as Presiding Officer.

Vote:

10:18:57 Carried unanimously by voice vote.

Motion

10:19:00 Sen. Trebas moved to nominate Rep. Thane as Vice Presiding Officer.

Vote:

10:19:01 Carried unanimously by voice vote.

Website Tour

10:19:47 Megan Moore
[EXHIBIT2](#)

SUMMARY OF ENACTED TAX LEGISLATION

10:23:43 Megan Moore
EXHIBIT3

DRAFT INTERIM WORK PLAN

10:25:43 Megan Moore
EXHIBIT4
EXHIBIT5

MEMBER PROPOSED STUDY TOPICS DISCUSSION

10:36:15 Sen. Hertz commented local option tax.
10:38:27 Presiding Officer Beard
10:38:31 Rep. Thane commented on resort tax.
10:40:57 Rep. Essmann commented on House Bill 390.
10:42:00 Rep. Fielder commented on property tax and sales tax.
10:44:33 Presiding Officer Beard commented on a hybrid study option with Department of Revenue.
10:45:17 Rep. Thane commented on an agricultural property tax study and DOR.
10:46:45 Rep. Brewster commented on tax exempt property.
10:47:32 Rep. Essmann commented on House Bill 391.
10:49:20 Sen. Hertz commented on TIF data.
10:50:30 Presiding Officer Beard commented on prioritizing what benefits come from TIF districts
10:51:04 Sen. Hertz
10:51:57 Sen. O'Brien commented on educational materials on taxes. (exhibit 6)
10:54:30 Chair Beard
10:55:23 Rep. Essmann suggested short term rentals data be added to the topics.
10:56:30 Sen. O'Brien commented on bigger picture as to what other states are doing with taxes.
11:02:35 Presiding Officer Beard asked about required reports in September.
11:03:38 Sen. Hertz

Public comment on Proposed Study Topics

11:05:25 Bob Story, Montana Taxpayers Association
EXHIBIT7
11:22:35 Jason Rittal, Montana Association of Counties, (MACo)
11:27:41 Ann Schwend, Montana Environmental Information Center, (MEIC)
11:28:57 Rose Bender, Montana Budget and Policy Center, (MBPC)
11:31:12 Sen. MaryAnn Dunwell, Senate District 42

MONTANA TAX APPEAL BOARD, (MTAB)

11:37:30 Dave McAlpin, Chair, MTAB

EXHIBIT8
EXHIBIT9

11:39:40 Amie Zendron, MTAB
11:41:05 Travis Brown, MTAB
11:42:34 Dave McAlpin
11:46:58 Chair Beard

Public comment on Montana Tax Appeal Board

11:47:00 None

ADMINISTRATIVE RULE REVIEW

11:47:56 Jaret Coles
EXHIBIT10
11:56:08 Rep. Fielder

Public comment on Administrative Rule review

11:57:05 None

RECESS

12:32:14 Reconvened

MODERNIZATION AND RISK ANALYSIS COMMITTEE, (MARA)

12:33:47 Amy Carlson, Director, Legislative Fiscal Division, (LFD)

Committee Discussion/Questions

12:42:04 Rep. Essmann
12:42:25 Amy Carlson,
12:43:46 Josh Poulette, LFD
12:46:12 Presiding Officer Beard
12:46:38 Amy Carlson
12:47:40 Presiding Officer Beard
12:48:12 Amy Carlson
12:48:59 Rep. Thane
12:49:25 Amy Carlson

Public Comment on MARA

12:50:46 Bob Story

REVENUE ESTIMATING AND MONITORING

12:53:04 Sam Schaefer, LFD
EXHIBIT11

Committee Discussion/Questions

13:11:44 Rep. Thane
13:12:07 Sam Schaefer
13:12:58 Sen. O'Brien

13:13:22 Sam Schaefer
13:13:51 Presiding Officer Beard
13:14:02 Sam Schaefer
13:15:10 Presiding Officer Beard
13:15:16 Sam Schaefer

Public Comment on Revenue Estimating and Monitoring

13:15:51 None

Department of Revenue, (DOR)

13:17:00 Brendan Beatty, Director, DOR

Bill Implementation, DOR

13:30:19 Tony Zammit, Deputy Chief Legal Counsel
[EXHIBIT12](#)

Bill Implementation Update, DOR

13:32:31 Derek Bell, Administrator
[EXHIBIT13](#)
[EXHIBIT14](#)

Committee Discussion/Questions

13:42:32 Sen. Hertz
13:42:54 Derek Bell
13:43:07 Sen. Hertz
13:43:18 Derek Bell
13:43:45 Sen. O'Brien
13:44:31 Derek Bell
13:45:58 Sen. O'Brien
13:46:20 Derek Bell

Tax Season Update, DOR

13:46:40 Jill Hamilton
[EXHIBIT15](#)
13:50:38 Rep. Essmann
13:50:57 Jill Hamilton

Major Case Update, DOR

13:52:21 Dave Stewart, Chief Legal Counsel
[EXHIBIT16](#)
13:55:02 Sen. Hertz
13:55:20 Dave Stewart

Public Comment on Department of Revenue

13:55:55 None

BALLOT MEASURE #2

13:57:29 Megan Moore
[EXHIBIT17](#)
[EXHIBIT18](#)
[EXHIBIT19](#)

Committee Discussion/Questions

14:00:48 Jaret Coles
14:02:51 Sen. Trebas
14:03:01 Jaret Coles
14:04:06 Sen. Trebas
14:04:19 Jaret Coles
14:04:43 Sen. Trebas
14:05:02 Jaret Coles

Public Comment on Ballot Measure #2

14:05:49 Sam Sill, Montana Association of Realtors, (MAR)
14:11:46 Kelly Lynch, Montana League of Cities and Towns, (MLCT)
14:13:24 Eric Burke, Montana Federation of Public Employees, (MFPE)
14:15:16 Bob Story, Montana Taxpayers Association
14:17:22 Sheridan Johnson, Montana Chamber of Commerce
14:18:49 Sen. Hertz clarified there was an application for the rebate in 2007

PUBLIC COMMENT on any other Topic Within the Committee's Jurisdiction

14:20:14 None

WORK PLAN DECISION MATRIX DISCUSSION

14:20:56 Megan Moore (See exhibit 4 and exhibit 5)
14:23:20 Presiding Officer Beard commented about options A and B.
14:23:50 Sen. Hertz suggested option B for DOR and MTAB monitoring.
14:24:14 Presiding Officer Beard
14:24:21 Sen. O'Brien
14:24:45 Sen. Hertz suggested option A for administrative rules.
14:24:52 Presiding Officer Beard
14:25:01 Rep. Brewster
14:25:01 Presiding Officer Beard commented on Agricultural Land Valuation Advisory Committee.
14:25:12 Megan Moore
14:25:51 Presiding Officer Beard
14:26:21 Megan Moore
14:26:46 Presiding Officer Beard
14:27:02 Rep. Essmann
14:27:20 Megan Moore
14:28:02 Presiding Officer Beard
14:28:11 Rep. Essmann
14:28:33 Presiding Officer Beard selected option A for review of advisory committees if time allows.
14:28:54 Megan Moore
14:29:07 Presiding Officer Beard asked about the workload for revenue estimating and monitoring.
14:29:22 Sen. O'Brien suggested option A.
14:29:29 Rep. Thane
14:29:35 Rep. Fielder
14:30:20 Presiding Officer Beard
14:30:35 Sen. Hertz
14:31:45 Presiding Officer Beard

14:32:05 Rep. Thane
 14:32:05 Presiding Officer Beard asked about reviewing proposed ballot initiatives.
 14:33:01 Megan Moore
 14:33:56 Presiding Officer Beard
 14:34:07 Megan Moore
 14:34:13 Rep. Brewster
 14:34:56 Presiding Officer Beard asked about required reports.
 14:35:53 Sen. Hertz
 14:36:02 Presiding Officer Beard asked about the film tax credit report.
 14:36:13 Sen. Hertz
 14:36:36 Presiding Officer Beard
 14:36:58 Megan Moore
 14:37:24 Presiding Officer Beard asked about tax credit reviews.
 14:37:45 Megan Moore
 14:39:02 Presiding Officer Beard
 14:39:31 Sen. Hertz
 14:39:42 Megan Moore
 14:39:55 Presiding Officer Beard asked for suggested topics.
 14:40:12 Sen. Hertz
 14:40:20 Sen. O'Brien asked about statewide sales tax and local option tax.
 14:40:44 Megan Moore
 14:41:56 Rep. Fielder suggested property tax relief be a bigger priority.
 14:42:35 Re. Essmann
 14:43:38 Sen. Hertz suggested statewide sales tax should be a topic and resort tax.
 14:45:25 Rep. Brewster
 14:46:12 Presiding Officer Beard commented about tax modernization.
 14:46:36 Rep. Thane commented about resort tax.
 14:47:39 Rep. Essmann asked about the difference in time requirements for options A and B.
 14:48:40 Sen O'Brien suggested to focus on the issue and then find solutions.
 14:49:43 Presiding Officer Beard suggested adding agriculture tax relief to topics.
 14:51:32 Rep. Thane
 14:52:29 Rep. Fielder commented on property tax being the highest priority.
 14:53:30 Presiding Officer Beard
 14:53:56 Sen. O'Brien asked about educational materials being a no action item.
 14:55:05 Presiding Officer Beard
 14:55:57 Sen. Hertz commented on property tax being an issue and identifying the ` problem.
 14:57:58 Presiding Officer Beard commented about Department of Revenue defining agricultural property.
 14:58:31 Rep. Thane asked to assign FTE to a couple priorities and bank the rest.
 14:59:07 Megan Moore
 15:00:42 Rep. Thane
 15:01:39 Sen. O'Brien
 15:02:59 Presiding Officer Beard clarified that the agricultural property tax study will be for additional information.
 15:03:39 Sen. Hertz
 15:04:42 Presiding Officer Beard
 15:05:06 Sen. Hertz commented that modernization of property taxes should include commercial.
 15:05:33 Rep. Fielder commented that the DOR is following the Legislature.

15:06:33 Presiding Officer Beard
 15:07:48 Sen. Trebas commented that income tax has a higher rate and adding sales tax as a topic.
 15:11:14 Megan Moore
 15:12:05 Rep. Essmann suggested the exempt property topic.
 15:13:41 Rep. Brewster
 15:13:48 Sen. O'Brien asked about the property tax relief bills that did not pass.
 15:14:50 Rep. Brewster asked to add TIF districts to topics.
 15:15:10 Sen. Hertz
 15:16:52 Presiding Officer Beard commented that these issues will generate bills for next session.
 15:17:41 Rep. Thane
 15:18:38 Sen. Hertz
 15:18:52 Rep. Thane
 15:18:59 Rep. Essmann
 15:19:13 Presiding Officer Beard
 15:19:27 Megan Moore
 15:20:43 Presiding Officer Beard
 15:20:51 Megan Moore
 15:21:19 Sen. Hertz
 15:21:45 Megan Moore
 15:22:31 Rep. Brewster
 15:22:41 Sen. Hertz commented on the agricultural property tax study not being just sent to the department as they have done a lot of research.
 15:23:37 Presiding Officer Beard
 15:24:19 Megan Moore
 15:24:39 Rep. Brewster suggested adopting the dates tentatively.
 15:26:03 Sen. Hertz

ADJOURNMENT

15:26:37 Presiding Officer Beard adjourned the meeting