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## Revenue and Transportation Interim Committee

### 60th Montana Legislature

#### SENATE MEMBERS

JIM PETERSON--Chair  
KIM GILLAN--Vice Chair  
JIM ELLIOTT  
JEFF ESSMANN  
CHRISTINE KAUFMANN  
ROBERT STORY JR

#### HOUSE MEMBERS

TIMOTHY FUREY  
GALEN HOLLENBAUGH  
MIKE JOPEK  
BOB LAKE  
PENNY MORGAN  
JON SONJU

#### COMMITTEE STAFF

JEFF MARTIN, Lead Staff  
LEE HEIMAN, Staff Attorney  
FONG HOM, Secretary

# MINUTES

July 11, 2008

Room 137, Capitol Building  
Helena, Montana

Please note: These minutes provide abbreviated information about committee discussion, public testimony, action taken, and other activities. The minutes are accompanied by an audio recording. For each action listed, the minutes indicate the approximate amount of time in hours, minutes, and seconds that has elapsed since the start of the meeting. This time may be used to locate the activity on the audio recording.

An electronic copy of these minutes and the audio recording may be accessed from the Legislative Branch home page at <http://leg.mt.gov>. On the left-side column of the home page, select *Committees*, then *Interim*, and then the appropriate committee.

To view the minutes, locate the meeting date and click on minutes. To hear the audio recording, click on the Real Player icon. Note: You must have Real Player to listen to the audio recording.

#### **COMMITTEE MEMBERS PRESENT**

SEN. JIM PETERSON, Chair  
SEN. JIM ELLIOTT  
SEN. JEFF ESSMANN  
SEN. CHRISTINE KAUFMANN  
SEN. ROBERT STORY JR

REP. TIMOTHY FUREY  
REP. GALEN HOLLENBAUGH  
REP. MIKE JOPEK  
REP. BOB LAKE  
REP. JON SONJU

#### **COMMITTEE MEMBERS EXCUSED**

SEN. KIM GILLAN, Vice Chair  
REP. PENNY MORGAN

#### **STAFF PRESENT**

JEFF MARTIN, Lead Staff  
LEE HEIMAN, Staff Attorney  
FONG HOM, Secretary

#### **Visitors**

Visitors' list, Attachment #1.

### **COMMITTEE ACTION**

- Requested a bill draft to recodify Title 15, chapter 30, part 1
- Requested a bill draft to revise the effect of the revenue estimating resolution
- Requested bill drafts for the Department of Revenue's legislative proposals
- Requested a committee bill draft as a placeholder for property mitigation
- Requested a bill draft as a placeholder for the Department of Revenue property mitigation

### **CALL TO ORDER AND ROLL CALL**

00:00:01 Sen. Peterson called the meeting to order at 8:04 a.m. The secretary took roll.

### **AGENDA**

#### **Subcommittee Reports**

#### **00:00:48 SJR 31 Subcommittee**

Sen. Story gave a recap of the SJR 31 Subcommittee's meeting:

- a report on looking at equalizing the school mill levy statewide, what would be the financial resources required if the state direct aid went to 80% and the implications on some of the funding at local levels
- discussions on Guaranteed Tax Base Aid to schools above the 80% level.
- discussions on schools with oil and gas reserves
- discussion on what the SJR 31's Final Report should include

Sen. Story said that the SJR 31 Subcommittee does not anticipate any major legislation coming out of the committee. The two things that the subcommittee was assigned to look at were: 1) creating a statewide school levy on industrial property and applying different millage to it and other properties; and 2) looking at using a sales tax for additional money to fund schools.

#### **Questions**

Sen. Elliott asked what the constitutional issues were regarding industrial property. Sen. Story said that it would apply different mill levies to different classes of property. He said that this was an idea that Sen. Essmann brought as a bill last session which would have taken some classes of property out of the local tax base and apply statewide mills to them.

Sen. Elliott asked if schools would have been exempted from local millage. Sen.

Essmann said that depending upon which class of property it was, it would either fall into the local school jurisdiction or the statewide school jurisdiction.

00:05:50

**HB 488 Subcommittee**

Sen. Peterson gave a recap of the subcommittee's meeting:

- Mary Whittinghill, Montana Taxpayers Association, reported on the symposium on property tax that was held in Texas.
- The Department of Revenue reported on the housing market in Montana.
- Mr. Mahler from Whitefish gave a presentation on his proposal to cap property tax growth at 3% or 4%.
- The Department of Revenue gave a report on the agricultural land and forest land and a reappraisal update.
- Dan Dodds, DOR, provided an analysis of expanding the residential and rental property tax credit.
- Department of Revenue reported on the reappraisal cycle, where it was and the different alternatives for dealing with potential reappraisal results.
- Ed Caplis presented his first run on building a simulation model for analyzing potential alternatives.

**Public Comment on Subcommittee Reports**

None at this time.

**HJR 61 Study of Income Tax Conformity with Federal Income Tax Law - Lee Heiman, Legal Staff, Legislative Services Division**

00:13:13 Mr. Heiman discussed two bill drafts: LC9997 (**Exhibit 1**) and LC9998 (**Exhibit 2**).

**Public Comment**

00:25:42 **Dan Bucks, Director, Department of Revenue**, discussed the pros and cons of adopting LC9998. Regarding LC9997, Mr. Bucks said that the current draft says that when the next Legislature meets, it might retroactively modify the conformity for those two years. He talked about Brenda Gilmer's handout (**Exhibit 3**). He said that if the committee chooses the LC9997 approach, the Department strongly recommends that they adopt two years prospectively and leave that adoption in place and not create the possibility for the Legislature to come back and retroactively repeal conformity for that period, which would cause confusion and concern for taxpayers and administrative difficulties for the Department of Revenue.

### Comments and Questions

- 00:33:57 Sen. Essmann asked if they could adopt a rolling conformity statute that points to general sessions of the Legislature so that there isn't a bill every two years that would have the same effect as this draft but be ongoing. Mr. Bucks said that that is a question that needs to be directed to legal staff.
- 00:36:47 Sen. Story said that retroactive application of the law concerns him. He is not certain that we can do that. If we could do something along the line of making the federal code applicable for those two years and then after that, if the Legislature wants to do something about it, they can. He said that the other thing he would like to see in the bill is some direction to the oversight committee to prepare and bring the bill to the next session with the detail of conformity during the interim rather than during the session.
- 00:39:00 **Mike Green, Attorney, Montana Tax Association**, urged the committee to take no action relative to federal conformity. The Association thinks that the basis upon which the Legislature adopts federal conformity in the first place are as valid today as they were at that point and that is for taxpayer convenience and tax code simplicity. They think that those are important aspects for all Montana taxpayers which keeps their compliance costs in check and more manageable than any kind of decoupling or the problems that would come along with that.

### Questions

- 00:44:22 Rep. Lake asked Mr. Green to clarify his statement that he made regarding language in LC9997, the acceptance of federal code on the date that it goes into effect, and after the fact, approved at the next session. Mr. Green said that their concern with LC9997 is the same concern that Mr. Bucks raised, which is the retroactive repeal language.
- 00:51:38 Sen. Peterson clarified what Mr. Green's position is: 1) do nothing; 2) amend the constitution to allow existing conformity; or 3) support LC9997 with the suggested amendment that has been provided by the Department of Revenue.
- 00:54:16 Sen. Elliott said that in looking at LC9997, 13(a) would stand, 13(b) would read "a provision of the Internal Revenue Code enacted into law between January 1, 2009 to December 31, 2010". He asked Mr. Green if that is similar to what he would like. Mr. Green said that, subject to some word smithing, the new language for 13(b) as proposed on page 2 of Ms. Gilmer's memo would be in line of what

they envisioned for LC9997.

#### Public Comments

00:57:38 **Dan Bucks, Director, Department of Revenue**, said that although they didn't have specific language but they do think that the committee should deal explicitly with the Baker Bancorp case, which is really not in line with the Lee Case. The Department can provide language to that effect but they are more interested in resolving a potential ambiguity down the road that would have to be dealt with in litigation.

#### Questions

00:59:03 Sen. Story asked Ms. Gilmer if she could briefly tell the committee why the references to the estate tax is in her memo and how it relates to what they are discussing. **Brenda Gilmer, Attorney, Department of Revenue**, said that she was just trying to raise technical issues and call the committee's attention to areas that might become more confusing in the future if they are not dealt with now.

01:04:06 Sen. Kaufmann asked Mr. Heiman to comment on Ms. Gilmer's memo. Mr. Heiman said that the memo discusses the update on federal references, because it talks about how Montana tax laws actually works and how federal tax works and how the two mix.

01:19:29 Sen. Peterson asked if the Department and Mr. Green should meet and, based on this discussion today, come back at the next meeting with a proposed piece of legislation. Sen. Story said that would be preferable to him.

01:20:27 Sen. Story asked Mr. Bucks if the committee should conform with the Baker Bancorp decision or fix the statute so that it is clear that since we follow federal law, that any federal deduction is acceptable unless we specifically exclude it. Mr. Bucks said that their intention is to try to be as clear as possible as to the policy that the Legislature was now adopting, to be clear and unmistakable so that the Supreme Court understood it prospectively that if you chose the LC9997 approach, that you are going to adopt conformity for a two-year period and then come back for both the individual and corporate tax and decide if you are going to continue those provisions forward every year.

01:24:42 Sen. Peterson instructed Mr. Heiman to meet with the Department of Revenue

and Mr. Green of the Montana Taxpayer's Association, and bring a proposal to the next meeting.

### **Progress report on recodification of individual income tax law under Title 15**

01:26:11 Mr. Heiman talked about the proposed recodification of Title 15, Chapter 30, part 1 (**EXHIBIT 4**). He suggested that there be a bill to combine certain code sections with other sections and instruct the Code Commissioner to renumber those sections.

#### Questions

01:33:38 Rep. Furey asked if it would pose any major problems with the Department of Revenue and others when changing the codes. Mr. Heiman said that it would cause some changes because the Administrative Rules reference code sections and those references will have to change.

01:35:46 **Rep. Lake moved to request a bill draft to recodify Title 15, Chapter 30, part 1 to combine certain code sections with other sections and instruct the Code Commissioner to renumber those sections. The motion passed unanimously.**

### **BREAK**

### **Legislative Finance Committee proposal for joint sponsorship of legislation to revise the effect of the revenue estimating resolution under 5-5-227, MCA - Clayton Schenck, Fiscal Analyst, Legislative Fiscal Division**

02:01:49 Mr. Schenck discussed the letter from Trudi Schmidt, Chair of the Legislative Finance Committee to Sen. Peterson, Chair of the Revenue and Transportation Interim Committee (**Exhibit 5**) that recommends a change in the statute on revenue estimates. The proposal would make the RTIC estimates the official estimates until the Legislature adopts the resolution. The intent of this statute change is to stay with the bipartisan RTIC estimate unless the full legislature approves the estimate.

#### Public Comment on this issue

None.

### **Committee Discussion**

02:14:20 Sen. Story said that if this legislation is adopted, he would like to see the process

change so that the revenue estimates start in the Senate, so it is back in the House when the budget is in the Senate and the House would have some leverage when it comes to negotiating the final outcome of the session.

Sen. Elliott said if no action is taken by a particular house, it is status quo. This committee's estimate is the official estimate and if it never makes it through both houses, it is still the official estimate.

Sen. Elliott asked Sen. Story if he would leave the language as it is currently but start the estimate in the Senate. Sen. Story said that he would leave the statute as it is, or he would change it to adopt this language and then start the resolution in the Senate. He would not be in favor of adopting this language and starting the resolution in the House.

Sen. Peterson asked if the committee wanted to respond to Sen. Schmidt's letter with a draft letter containing Sen. Story's proposal. Rep. Jopek said that if we are to do that, he would rather keep the revenue estimating in the House. He said he has concerns about the Senate choosing to hang onto it at the end and not sending it over.

Sen. Story said that this committee needs to request a bill draft at this meeting so that it gets into the queue. If the Finance Committee can't request until October, then you are past the deadline.

02:31:53 Sen. Essmann said that there is nothing we can do to change this process for the upcoming session. What we are talking about is a bill to change it for the following session. He said that Sen. Story's suggestion has some merit, and encouraged the committee to move forward with a bill draft along Sen. Story's request.

02:33:39 **Sen. Story moved for a bill draft request to include the proposed change in wording in the revenue estimating resolution under 5-5-227, MCA, along with a statement in the bill draft request that it would start in the Senate. The motion passed with Rep. Jopek voting nay.**

02:36:50 Mr. Martin asked if the committee wanted a letter from the RTIC to the Finance Committee telling what they have done with the detail, what would be introduced. Sen. Peterson said that would be an appropriate response to Sen. Schmidt's

letter saying that we have requested this bill draft and the two principle points that will be included.

**Report on RTIC/LFC subcommittee meeting on proposed study of long term effect of demographic changes in MT on governmental expenditures and revenue**

02:38:25 Sen. Peterson said that the Joint Subcommittee of the Revenue and Transportation Committee and the Finance Committee met to discuss a request for a proposed study of the long-term effects of the demographic changes that may take place in Montana. In a joint meeting, they went over an outline prepared by Terry Johnson, LFD, with regard to what this study should include. The joint subcommittee voted unanimously to request that bill draft. He said that he would hope that both committees will agree to go forward with the study.

Rep. Jopek commented that Whitefish is one of the fastest growing cities in the state. He said that they are experiencing an influx of young people as well as older people moving into Whitefish for quality of life issues. As the committee is moving forward with assumptions that older people aren't paying their way, Whitefish is showing a different scenario where older people are coming with a lot of money and their willingness to spend that money to the good of the community.

Sen. Peterson said that what Rep. Jopek said confirms why there is so much interest in this project and why members of the private sector that originally agreed to support the 2030 Project have decided to continue their efforts. They are in a process of funding a study through Montana State University to be completed this fall to give a preliminary look at what some of these trends might indicate. He said that this project will not undermine this committee's effort which will be a more expanded study. Sen. Peterson said that he hopes that both committees will agree to go forward with a study committee and they can determine if this requires the attention of an interim committee to be updated every two years.

02:44:32 Sen. Story asked about the makeup of the study committee. Sen. Peterson said that the committee would include eight legislators, four from the RTIC and four from the Legislative Finance Committee with those members appointed by the respective chairman of each committee.

Sen. Story suggested looking at putting an education person, a local government



person, a health and human services person, and a finance person on the committee because they will be dealing with a lot of areas, not just money and you could get more of a buy in from the Legislature and you will also have people sitting on the committee with expertise in different areas that will be important to the process.

Rep. Lake said that the joint subcommittee built into that request a change in statute that would allow the Department of Revenue's information to be exchanged with the Legislative Services Division and an outside contractor as long as the identities are confidential to where they can track the demographic flow of costs and revenue. Sen. Peterson said that it would provide direction to the Department of Revenue to give us age-bracketed data so that the demographics can be analyzed. He said that there was some discussion about having a multi-disciplinary committee, but it was decided to do it this way in order to speed up the process.

#### No Public Comment

#### **Department of Revenue legislative proposals - Dan Bucks, Director, Department of Revenue**

02:49:24

Mr. Bucks presented the Department of Revenue's legislative proposals **(EXHIBIT 6)**:

- Placeholder for mitigating the tax impacts of the 2009 reappraisal
- Strengthen and clarify energy tax incentives
- Expand cell phone property tax incentive
- Protect certain land owners from tax increases and preserve ag land
- Address underage consumption of alcohol
- Simplify income calculations for PTAP, EPTAP, and Disabled Veterans' property tax programs
- Clarify taxpayer confidentiality in exchange of information laws among state agencies
- Clarify and standardize the schedule for creating new taxing jurisdictions
- Provide alternative means of accounting of state employee lodging taxes
- Modify the unsuccessful lottery applicant preference category for the restaurant beer and wine licenses
- Placeholder requests to take care of miscellaneous technical problems: 1) state taxes; 2) property taxes; and 3) liquor control laws

Mr. Bucks said that the Department is not here to request that the committee endorse the ideas substantively but request the ability to move forward in the drafting process at the request of the Department.

### Questions

03:08:31 Sen. Story said on the first placeholder "Mitigate the Reappraisal", is the Department anticipating doing something unique compared to what has been done in the last cycles. Mr. Bucks said that there hasn't been any determination of that. They are waiting to conclude their data analysis, but he doesn't anticipate anything different than the ones that have already been discussed.

Sen. Story asked for clarification regarding navigable streambeds. He asked Mr. Bucks what streams are they talking about if they are not streams that are open to public access and recreation. Mr. Bucks said that they are talking about the streams that are officially designated by the Department of Natural Resources and Conservation as navigable streams where the streambeds are owned by the state and are exempt from taxation.

On the issue of cell phone usage, Sen. Story said that if the goal is to get cell phone service in rural areas, why create an incentive that only affects companies that deal exclusively in that area, and why not give incentives to all companies to get out into rural areas with wireless service. Mr. Bucks said that the current policy of Montana creates that distinction and by having a bill on that, you are able to revisit that issue.

03:13:23 Sen. Essmann asked Sen. Peterson if the HB 488 Subcommittee requested placeholder legislation for a committee bill at this point. Sen. Peterson said no.

Sen. Essmann said that the reason he raised the issue is that the Executive Branch has asked for a placeholder in case they have a different idea. But because of the way the timing is set up, this committee will not get the results of their study until November, at which point this committee will not be able to introduce a committee bill draft request. He said that this is a matter that should start with this committee and not with the Executive Branch. Sen. Essmann said that he would like to exclude the placeholder for mitigation of tax impacts of 2009 reappraisal from the proposed legislation of the Department of Revenue.

03:16:04 Sen. Elliott asked Mr. Bucks if there was any legislation regarding cell phones

that made it through the legislative process. Mr. Bucks said as far as he can remember there has been no legislation that made it into law with regard to cell phones. Sen. Elliott said that this bill would affect only small companies that provide service exclusively to rural areas. Mr. Bucks said that this is a policy determination that the Legislature made in the past.

Sen. Elliott asked Mr. Bucks to explain what the incentives regarding "Strengthen and clarify energy tax incentives" might be. Mr. Bucks said that it includes incentives for energy conservation for individual residences, includes installation of alternative energy systems such as solar or wind power and biomass, and geothermal energy production.

03:20:49 **Sen. Essmann moved for bill draft requests on all proposed legislation from the Department of Revenue, excluding the placeholder to mitigate tax impacts of 2009 reappraisal. The motion passed.**

Discussion on the Placeholder - Mitigate Tax Impacts of 2009 Reappraisal

03:23:30 Sen. Elliott said that it would be good idea to give the Department a placeholder and give the committee a placeholder as well. Sen. Essmann said that his point is, from what the Director said, they are not going to start their bill until after they get the numbers and that will be in November. From that standpoint, Sen. Essmann said that the committee should have the opportunity to be ahead of the Department in terms of the queue. This committee should have a bill draft request in and if the committee chooses to put a request in for the Executive Branch, it can, but it should be behind this committee's request.

03:25:36 **Sen. Essmann moved that the RTIC request a bill draft position that would address the tax impacts of the 2009 cyclical property tax reappraisal. The motion passed.**

03:26:34 **Sen. Kaufmann moved that the Committee ask that a similar bill be requested on August 1 for the Department of Revenue to have their mitigation bill draft request should this committee not be prepared to act in a timely manner.**

03:28:59 **Sen. Kaufmann modified her motion to say that the Department of Revenue's draft would be submitted after the Committee's bill draft request.**

**The motion passed.**

**Administrative Rule Review - Lee Heiman**

03:31:54 Mr. Heiman discussed the Department of Revenue's Notice of Proposed Rules: Criteria for Valuation of Agricultural Land for Grazing (**EXHIBIT 7**).

**Demonstration of Secretary of State's new administrative rule webpage - Lee Heiman**

03:35:05 Mr. Heiman presented a demonstration on how to access administrative rules on the Secretary of State's webpage.

**LUNCH**

04:58:07 Sen. Peterson reconvened the meeting at 1:02 p.m.

**Update of MQEC lawsuit - Jeremy Gersovitz, Legal Staff, LSD**

04:59:00 Mr. Gersovitz gave an update on the Montana Quality Education Coalition's lawsuit. He said that Judge Sherlock has scheduled a hearing on September 22, 2008. As of today, the Plaintiffs have filed their list of witnesses including their experts and a list of their exhibits. The judge has also ordered both sides to appear at a pre-hearing conference on September 10, 2008.

Questions

05:03:40 Sen. Peterson asked how long would it take Judge Sherlock to rule after the September hearing. Mr. Gersovitz said that he believes that Judge Sherlock will get an opinion out quickly. He would expect a decision possibly as soon as two to three weeks after the hearing depending upon if all the evidence is in.

No Public Comment

**Report of Department of Revenue - Dan Bucks, Director**

05:12:08 Mr. Bucks gave an update of the Department of Revenue's activities (**EXHIBIT 8**):

- **Reality Transfer Certificate Project/Land Sales**

Questions

05:19:59 Sen. Essmann asked if the amounts are payments of taxes due. Mr. Bucks said

that they are payments of taxes. They are the 363 cases that yielded collections of \$992,863.

Sen. Essmann asked how many DOR people are assigned to this project. Mr. Bucks said that it varies but there are six staff members working on the project from the data entry point forward and are also assigned some related non-filer activity.

Sen. Essmann asked if DOR would be able to give a total budget expenditure at the end of the project. Mr. Bucks said that they are keeping track of those costs.

Rep. Lake asked if the Department of Revenue has given further consideration about possibly using a different form rather than the Reality Transfer Certificate form because of confidentiality. Mr. Bucks said that they have not had the chance to do that. He did note that they have tried to make sure that most of that data on the reality transfer certificate has a dual purpose between more than one type of tax. Even if they were able to separate that out, there might still be some overlapping.

05:27:36 Sen. Essmann said that he would like Mr. Bucks to find out if there is any correlation between sales over a certain amount that generate a higher ratio of payments versus sales below a certain amount. Mr. Bucks said that the DOR can do that.

#### No Public Comment

- **Property Reappraisal**

#### Questions

05:40:01 Sen. Story said when you do the cyclical reappraisal, you have to inventory the property and figure out what it is worth. Has the DOR inventoried and evaluated all property as far as its characteristics. Mr. Bucks said close to 100% of the physical characteristics have been done.

Sen. Story said that he doesn't understand why that information is not given out until late November if the inventory has already been done. The value part of it should be the shorter term part of the whole process. Mr. Bucks said that it is the

shorter term process but it is not a short process because the Department of Revenue takes five years for the field reviews of physical characteristics. The last year is spent analyzing the market data at the neighborhood levels, which are then re-analyzed to make sure that the neighborhoods are correct. The market modeling has taken a year in the other cycles. With regard to commercial property, the income data that is gathered is used for appraising commercial property. That process involves assigning values to a million parcels of property in 56 counties.

Sen. Essmann asked if the market value modeling was computer-driven. **Randy Wilke, Property Assessment Division, DOR**, said that they have a new computer system that has taken a lot of effort in getting property information converted. He said that there is a large amount of data to work through to make sure that they have the correct market value for residential, commercial and industrial property and productivity value for all the other property with a limited number of people doing it.

Sen. Essmann said that if the Department has the modeling done in two or three months, this committee should then have the opportunity to look at some preliminary results in September instead of waiting until November. He asked why handicap the Legislature in the job that they are charged to do by not letting them see preliminary results. Mr. Wilke said that he is not comfortable in telling the committee that they will have solid numbers by the committee's September meeting.

05:52:58 Sen. Story said that he would like to see a timeline of where they are going in the cycle and he would like to see the timeline of where things fell out in the 2003 cycle, and how those two compare. Mr. Bucks said that they will lay out that timeline but he wanted to say that they will also lay out the amount of staff they have in relation to the parcels. There has been a major change in the last six years in terms of the number of parcels in the state. This cycle is not identical to the last cycle in terms of the volume of work per the number of employees.

05:55:31 Sen. Peterson said that the committee appreciates Mr. Bucks' comments but the committee members would like to give themselves as much leeway as possible to address the situation. He suggested having a one-day meeting in September to review any preliminary data that Mr. Bucks is willing to give.

No Public Comment on this issue

- **Process for Background Investigation for Beer and Wine License/Other Reports**

Questions

06:07:34 Sen. Elliott asked Ms. Helfert to explain the quota system. **Shauna Helfert, Administrator, Liquor Control Division**, said that in 1947 the quota system came into place and at that particular time, they grandfathered all the establishments that they currently had. The intent was to limit the number of establishments so that not every city had a bar on every street corner.

06:08:36 Rep. Sonju asked about gambling with respect to the beer and wine licenses. Ms. Helfert said that only certain licenses are allowed to have gambling. There is a liquor license and a gambling license.

Rep. Sonju asked if there was a quota system on the gambling license. Ms. Helfert said that there isn't a quota on gambling. Rep. Sonju asked who sets the gambling licenses for the city. Ms. Helfert said that the gambling licenses are based upon the liquor licenses. If a liquor license is available, you get to have gambling, if it qualifies under the statute.

06:11:05 Mr. Bucks continued his report on the following DOR activities:

- **Tax Compliance**
- **Update on Tax Increment Finance Rules**
- **Litigation Update**
- **Improvement of Communication with Taxpayers**

Mr. Bucks distributed the SAMPLE 2008 Montana Form 2 Individual Income Tax Forms and Instructions (**EXHIBIT 9**) to the committee.

Discussion

06:46:14 There was a discussion regarding information on a deceased person where the form is asking for the deceased's first name, middle initial, last name and social security number. Mr. Bucks said that someone has to fill it out the deceased person's final return. That may appear in a funny sequence and they will take a look at that.

## No Public Comment

### **Other committee business**

06:51:48 Because of conflicts with the next RTIC meeting and the Water Policy meeting, the Committee rescheduled the September 11 and 12 meetings to September 10, 2008.

07:01:32 Mr. Martin talked about some agenda items: a bill draft dealing with metalliferous mines and a bill draft on tax increment finance districts, bill drafts on the HJR 61 study, a report from the Department of Transportation on the process management systems, outlines or final reports for the SJR 31 and HJR 61 studies, and a report from the Department of Revenue. Mr. Martin said that there will be a HB488 Subcommittee meeting on September 9, 2008.

Mr. Martin distributed to the committee some handouts from Jim Standaert's office relating to SJR 31 Subcommittee for the committee's information: 1) information requested by Sen. Story; 2) information from the Office of Public Instruction dealing with school district closures; and 3) the Count of School Districts by Equity Status.

### **Adjournment**

07:03:35 Having no other business before the committee, Sen. Peterson adjourned the meeting at 3:07 p.m.

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