



## Revenue and Transportation Interim Committee

### 63rd Montana Legislature

#### SENATE MEMBERS

CHRISTINE KAUFMANN--Chair  
DICK BARRETT  
GREG JERGESON  
JANNA TAYLOR  
FRED THOMAS  
ART WITTICH

#### HOUSE MEMBERS

NANCY BALLANCE--Vice Chair  
CYDNIE ( CARLIE ) BOLAND  
ROY HOLLANDSWORTH  
CHUCK HUNTER  
TOM JACOBSON  
MIKE MILLER

#### COMMITTEE STAFF

MEGAN MOORE, Lead Staff  
JARET COLES, Staff Attorney  
FONG HOM, Secretary

# MINUTES LOG

September 5, 2014  
Room 137, Capitol Building  
Helena, Montana

Please note: These minutes provide abbreviated information about committee discussion, public testimony, action taken, and other activities. To the left of each section in these minutes is a time designation indicating the approximate amount of time in hours, minutes, and seconds that has elapsed since the start of the meeting. This 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 <http://leg.mt.gov>. On the left-side menu of the home page, select *Committees*, then *Interim*. Once on the page for *Interim Committees*, scroll down to the appropriate committee. The written minutes summary, along with the audio and video recordings, are listed by meeting date on the interim committee's web page.

Hard copies of the exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of the document.

### **COMMITTEE MEMBERS PRESENT**

SEN. CHRISTINE KAUFMANN, Chair  
REP. NANCY BALLANCE, Vice Chair

SEN. DICK BARRETT  
SEN. GREG JERGESON  
SEN. JANNA TAYLOR  
SEN. FRED THOMAS  
SEN. ART WITTICH

REP. CYDNIE (CARLIE) BOLAND  
REP. ROY HOLLANDSWORTH  
REP. CHUCK HUNTER  
REP. TOM JACOBSON  
REP. MIKE MILLER

### **STAFF PRESENT**

MEGAN MOORE, Lead Staff  
JARET COLES, Staff Attorney  
NADINE SPENCER, Secretary

## **AGENDA & VISITORS' LIST**

Agenda ([Attachment 1](#))

Visitors' list ([Attachment 2](#))

### **COMMITTEE ACTION**

- The committee voted to retain the following reports and to request a committee bill to change the reporting requirement from annual to biennial. Sen. Taylor will sponsor the bill.
  - ▶ the Department of Revenue's Biennial Report;
  - ▶ the Charitable Endowment Credit Report;
  - ▶ the Biodiesel Blending and Storage Credit Report;
  - ▶ the Dyed Diesel Enforcement Report; and
  - ▶ the Biodiesel Fuel Tax Incentives Report.
- The committee requested that staff draft a bill to repeal the property tax abatement for gray water systems and present it at the November meeting.
- The committee approved for drafting three additional Department of Revenue legislative proposals.
- The committee requested a committee bill to revise penalty and interest provisions and directed staff to work with the Department of Revenue and the Montana Society of CPAs and present a new draft in November. Sen. Thomas will sponsor the bill.
- The committee requested a bill to amend the Agricultural Land Valuation Advisory Committee (LC903c). Sen Barrett will sponsor the bill.
- The Revenue and Transportation Interim Committee will co-sponsor the State Administration and Veterans' Affairs Interim Committee proposed legislation to transfer agency monitoring of the State Tax Appeal Board from SAVA to RTIC.
- For the SJR23 Taxpayer Appeal Study:
  - ▶ the committee requested the language in LC02v3 for the industrial appeals bill (already requested as LC254) and asked staff to continue to work with stakeholders and present a new draft in November. Rep. Hunter will sponsor the bill.
  - ▶ The committee approved LC9906 as a committee bill to clarify the uniform dispute review procedure. Sen. Thomas will sponsor the bill.

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

00:03:09 Sen. Kaufmann called the meeting to order at 8:01 a.m. The secretary called roll. ([Attachment 3](#)) Sen. Wittich and Rep. Jacobson were late arrivals.

### **YEAR END FISCAL REPORT - Stephanie Morrison and staff, Legislative Fiscal Division**

00:04:29 Amy Carlson, Legislative Fiscal Analyst, LFD, gave an update of the General Fund Balance. ([Exhibit 1](#), pages 2-3)

#### Committee questions

00:12:20 Rep. Ballance

00:12:42 Ms. Carlson

00:13:31 Rep. Hunter

00:13:40 Ms. Carlson

00:14:07 Ms. Morrison gave a presentation on FY 2014 Revenue Collections. (Exhibit 1, pages 4-8)

Committee questions

00:25:42 Sen. Wittich  
00:26:23 Ms. Morrison  
00:26:29 Sen. Wittich  
00:27:08 Ms. Morrison  
00:29:01 Sen. Wittich  
00:29:23 Ms. Morrison  
00:31:47 Rep. Miller  
00:32:04 Ms. Morrison  
00:33:11 Rep. Miller  
00:33:31 Ms. Morrison  
00:34:29 Sen. Barrett

00:35:42 Nick Brown, Fiscal Analyst, gave a presentation on Property Tax revenue collections. (Exhibit 1, page 8)

00:35:50 Mr. Brown gave a presentation on Oil and Natural Gas Tax Collections. (Exhibit 1, page 9-10)

00:38:17 Cynthia Hollimon, Fiscal Analyst, gave a presentation on Insurance Tax collections. (Exhibit 1, page 10)

00:40:07 Sam Schaefer, Fiscal Analyst, gave a presentation on Vehicle Taxes and Fee collections. (Exhibit 1, page 9)

00:41:13 Mr. Schaefer gave a presentation on Video Gaming Tax collections. (Exhibit 1, page 10-11)

00:41:41 Ms. Morrison discussed the memorandum dated September 5, 2014, regarding Revenue Estimate Next Steps. ([Exhibit 2](#))

Committee questions

00:44:44 Rep. Hunter  
00:45:05 Ms. Morrison  
00:46:02 Rep. Ballance  
00:46:25 Ms. Morrison

00:47:04 Ms. Carlson distributed a copy of page 27 of the Legislative Fiscal Division's report dated September 4, 2014, showing a correction to the projected FY 2014 ending fund balance to the Fire Suppression Fund. ([Exhibit 3](#))

Committee questions regarding the revenue estimate process

00:47:35 Sen. Thomas  
00:47:52 Sen. Kaufmann  
00:48:18 Megan Moore

00:48:42 Sen. Thomas

**OFFICE OF BUDGET AND PROGRAM PLANNING PERSPECTIVE ON THE REVENUE ESTIMATE - Dan Villa, Director, Office of Budget and Program Planning**

00:49:34 Mr. Villa provided a chart showing the progression of 2015 biennium revenue estimates. [\(Exhibit 4\)](#)

Committee questions of Mr. Villa

00:55:18 Sen. Wittich  
00:57:51 Sen. Taylor  
01:01:28 Rep. Hunter  
01:02:59 Rep. Hollandsworth  
01:04:54 Rep. Ballance  
01:06:40 Sen. Thomas  
01:16:08 Rep. Ballance  
01:17:14 Sen. Kaufmann  
01:18:33 Mr. Villa

**Public Comment**

01:19:10 Bob Story, Montana Taxpayers Association

**UPDATE ON THE SIX-YEAR REAPPRAISAL CYCLE (Part 2) - Mike Kadas, Director, Department of Revenue**

01:23:43 Director Kadas gave an overview of the presentations regarding the reappraisal cycle.

• **Property Tax Appeals Packet - Cynthia Monteau-Moore, Administrator, Property Assessment Division**

01:24:46 Ms. Monteau-Moore gave a presentation on the AB-26 Packet [\(Exhibit 5\)](#), Comparable Sales Packet [\(Exhibit 6\)](#), the Income Packet [\(Exhibit 7\)](#), and the Cost Packet [\(Exhibit 8\)](#).

Committee questions

01:35:48 Rep. Boland  
01:36:21 Ms. Monteau-Moore  
01:37:25 Rep. Boland  
01:37:35 Ms. Monteau-Moore  
01:38:08 Director Kadas

• **2014 Property Reappraisal Roadshow**

01:38:45 Director Kadas distributed the schedule of the upcoming Property Reappraisal Roadshow. [\(Exhibit 9\)](#)

01:53:07 Director Kadas gave a presentation on the Property Reappraisal. [\(Exhibit 10\)](#)

Committee questions

02:07:28 Sen. Barrett  
02:09:45 Rep. Hollandsworth  
02:10:22 Sen. Jergeson  
02:29:22 Sen. Thomas  
02:30:37 Director Kadas  
02:31:53 Sen. Wittich  
02:33:38 Director Kadas  
02:36:28 Rep. Hollandsworth  
02:37:00 Alan Peura, Deputy Director, Department of Revenue  
02:38:01 Rep. Hollandsworth  
02:38:08 Mr. Peura  
02:38:37 Sen. Jergeson  
02:39:07 Director Kadas  
02:39:25 Sen. Jergeson  
02:39:47 Sen. Barrett  
02:41:23 Rep. Ballance  
02:42:09 Director Kadas  
02:42:19 Sen. Taylor  
02:43:19 Director Kadas  
02:43:26 Sen. Wittich  
02:44:09 Director Kadas

- **Sales Assessment Ratio Study from 2009 Reappraisal - Ed Caplis, Tax Policy and Research Division**

02:45:53 Mr. Caplis gave a presentation on the Ratio Study Analysis, a report by Almy, Gloude-mans, Jacobs & Denne. [\(Exhibit 11\)](#)

Committee questions

02:55:57 Rep. Hunter  
02:56:39 Sen. Wittich  
02:59:23 Sen. Barrett

**Public Comment**

03:01:12 Bob Story, Montana Taxpayers Association

**DEPARTMENT OF REVENUE REQUIRED REPORTS**

- **Report on tax credit for gifts made to qualified charitable endowments (15-1-230) - Aaron McNay, Economist, Department of Revenue**

03:07:33 Mr. McNay gave a presentation on the Charitable Endowment Credit. [\(Exhibit 12\)](#)

Committee questions

03:11:01 Sen. Jergeson  
03:11:19 Mr. McNay  
03:11:48 Sen. Kaufmann  
03:11:54 Mr. McNay  
03:12:05 Sen. Kaufmann

03:12:21 Mr. McNay  
03:12:33 Sen. Wittich  
03:13:02 Mr. McNay  
03:13:26 Director Kadas  
03:13:41 Sen. Wittich  
03:14:13 Dan Dodds, Department of Revenue  
03:15:44 Rep. Jacobson  
03:15:56 Mr. Dodds  
03:16:08 Ms. Moore

- **Report on the Credit for Blending Biodiesel Fuel (15-32-703) - Rose Bender, Economist, Department of Revenue**

03:16:45 Ms. Bender gave a presentation on the Biodiesel Blending and Storage Tax Credit. [\(Exhibit 13\)](#)

- **Report on the use of property tax abatements for gray water systems (15-24-3202 and 15-24-3203) - Emily Klungvedt, Economist, Department of Revenue**

03:18:34 Ms. Klungvedt gave a presentation on the Gray Water Systems Property Tax Abatement. [\(Exhibit 14\)](#)

Committee questions

03:19:52 Sen. Thomas

**Public Comment - none**

- **Committee Action on whether to retain or eliminate above reports and biennial report**

03:20:35 Ms. Moore explained that the committee needed to decide on whether or not to retain or eliminate the Department of Revenue's reports.

- ▶ **The Biennial Report**

**Motion/Vote**

03:22:05 Sen. Barrett moved that the committee retain the Department of Revenue's Biennial Report. The motion carried unanimously by voice vote.

- ▶ **Charitable Endowment Credit Report**

03:22:27 Ms. Moore said that the committee might consider making the Charitable Endowment Credit Report a biennial report rather than an annual report and bring a bill to change it to a biennial reporting requirement.

Committee discussion

03:23:03 Sen. Kaufmann

03:23:15 Sen. Barrett

**Motion/Vote**

03:23:42 Sen Barrett moved to recommend that the Charitable Endowment Credit Report be continued on a biennial basis. The motion carried unanimously by voice vote.

▶ **Biodiesel Blending and Storage Credit Report**

03:24:41 Ms. Moore said that this is an annual report and the committee could consider making this report biennial.

**Motion**

03:25:03 Sen. Barrett moved to retain the Biodiesel Blending and Storage Credit Report on a biennial basis.

Discussion on other reports

03:25:19 Rep. Ballance

03:25:34 Ms. Moore

03:25:43 Sen. Kaufmann

03:25:57 Sen. Wittich

03:26:53 Ms. Moore

**Vote**

03:27:37 The motion carried unanimously by voice vote.

▶ **Gray Water Systems Property Tax Abatement Report**

03:27:44 Ms. Moore said that if the committee chose to retain the abatement, the statute should be amended to remove the September 15, 2014, reporting requirement and the committee should consider how often to receive the report.

**Motion**

03:28:41 Sen. Wittich moved for a separate bill draft to remove the property tax abatement report for the Gray Water Systems.

Committee discussion

03:28:55 Sen. Kaufmann disagrees with this proposal.

03:29:36 Sen. Thomas suggested changing it to a sunset.

03:30:07 Rep. Hollandsworth said he will propose a bill on a rolling sunset on all the credits.

03:30:27 Sen. Barrett would like to see this issue addressed in the context of a larger discussion about eliminating credits.

03:31:04 Sen. Wittich said that this is a very difficult tax credit to administer because you have to submit information which abates a percentage of your property tax.

**Public Comment - none**

03:32:27 Rep. Hunter asked Ms. Moore to restate Sen. Wittich's motion.

03:32:33 Ms. Moore said that Sen. Wittich's motion was to eliminate the Gray Water Systems abatement by a separate bill draft.

03:33:05 Rep. Ballance commented on doing eliminations in one bill.

03:33:36 Rep. Boland supported giving this tax credit a couple more years.

**Vote**

03:34:02 The motion passed on a roll call vote, 6-5. [\(Attachment 4\)](#)

03:34:10 Further discussion on Sen. Wittich's motion  
 03:34:15 Sen. Kaufmann  
 03:34:20 Ms. Moore  
 03:34:22 Sen. Kaufmann  
 03:34:30 Ms. Moore  
 03:34:30 Sen. Kaufmann  
 03:35:45 Rep. Hunter  
 03:35:56 Sen. Wittich said his motion was not to make it a committee bill but to just draft a bill. His thought was that the committee would then decide later if it would become a committee bill.  
 03:36:15 Sen. Kaufmann  
 03:36:26 Sen. Barrett  
 03:36:46 Ms. Moore

**DEPARTMENT OF REVENUE DIRECTOR'S REPORT - Mike Kadas, Director**

• **Agency Legislative Proposals**

03:39:18 Director Kadas discussed the Department of Revenue's bill draft amending the reporting dates for livestock fees. [\(Exhibit 15\)](#)  
 03:41:58 Director Kadas discussed the Department of Revenue's proposed legislation to reform tax increment finance district (TIF) remittance procedures. [\(Exhibit 16\)](#)

Committee discussion

03:44:05 Sen. Barrett  
 03:44:20 Director Kadas  
 03:44:24 Rep. Hunter  
 03:44:39 Director Kadas  
 03:44:50 Rep. Hollandsworth  
 03:45:05 Director Kadas  
 03:45:48 Director Kadas discussed the Department of Revenue's proposal to protect agency debts from federal collection. [\(Exhibit 17\)](#)

**Motion/Vote**

03:49:33 Sen. Barrett moved to approve for drafting the Department of Revenue's proposed legislation. The motion carried unanimously by voice vote.

• **Tax Haven Follow-up - Gene Walborn, Business and Income Taxes Division Administrator**

03:50:12 Mr. Walborn discussed the memorandum dated September 5, 2014, that provided a summary of other states' corporate income tax methodologies and which states have tax haven provisions. [\(Exhibit 18\)](#)

Committee questions

03:58:08 Sen. Barrett  
 03:58:25 Mr. Walborn



03:58:54 Sen. Barrett  
03:59:03 Mr. Walborn

03:59:31 Ms. Moore referenced the packet of correspondence from the Kingdom of the Netherlands regarding tax haven countries. [\(Exhibit 19\)](#)

Committee discussion on the correspondence from the Kingdom of the Netherlands

03:59:58 Sen. Kaufmann  
04:00:02 Ms. Moore  
04:00:11 Sen. Wittich  
04:00:46 Ms. Moore  
04:01:15 Mr. Walborn  
04:02:11 Sen. Kaufmann

• **Report on the Capital Gains Study**

04:02:57 Mr. Kadas gave an overview of the Capital Gains Report.

04:03:28 Dan Dodds, Department of Revenue, gave a presentation on the results of the Capital Gains Study. [\(Exhibit 20\)](#)

Committee questions

04:19:31 Sen. Barrett  
04:19:57 Mr. Dodds  
04:21:49 Sen. Barrett  
04:22:04 Mr. Dodds

• **Emerging Issues**

04:23:15 Mr. Kadas discussed two emerging issues:  
▶ Taxing various elements of the Internet and the Federal Government's moratorium on the ability of states to tax those elements.  
▶ The retirement of Alan Peura at the end of November 2014.

04:26:58 Sen. Barrett commented on the work relationship with Mr. Peura and said he is an exemplary public servant.

**Public Comment - none**

**LUNCH BREAK**

**COMMITTEE REQUESTED BILL DRAFT**

• **LC9908 (redraft of House Bill 19 from the 2013 Legislative Session)**

05:03:13 Ms. Moore reviewed LC9908, a redraft of House Bill 19 from the 2013 Session. [\(Exhibit 21\)](#)

Committee questions

05:13:10 Sen. Kaufmann  
05:13:13 Sen. Wittich  
05:13:27 Ms. Moore  
05:13:42 Sen. Wittich  
05:13:46 Rep. Hollandsworth  
05:13:53 Sen. Wittich  
05:14:03 Sen. Kaufmann  
05:14:18 Ms. Moore  
05:14:39 Rep. Hollandsworth  
05:15:19 Ms. Moore  
05:15:31 Mr. Walborn  
05:15:39 Rep. Hollandsworth  
05:15:45 Mr. Walborn  
05:16:22 Rep. Hunter  
05:17:14 Mr. Walborn  
05:17:57 Sen. Jergeson  
05:18:35 Mr. Walborn  
05:19:40 Sen. Thomas

**Public Comment**

05:20:46 George Olsen, Montana Society of CPAs

• **Response from the Department of Revenue on LC 9908**

05:28:33 Mr. Walborn said that the Department would like to send some technical comments to Ms. Moore to make sure that those provisions in LC 9908 are written correctly. He also discussed pass through entities and said that he would work with Ms. Moore and the Montana Society of CPAs to make sure they are in agreement with those.

• **Committee discussion/action**

05:30:01 Ms. Moore  
05:30:43 Rep. Hunter  
05:30:59 Sen. Kaufmann  
05:31:56 Rep. Miller

**Motion/Vote**

05:32:36 Rep. Hunter moved to approve the drafting of LC 9908 as a committee bill with the understanding that the Revenue and Transportation Interim Committee will review the bill and give final approval at the November meeting. The motion carried unanimously by voice vote. Sen. Thomas will sponsor the bill.

## **BILL DRAFT FOR AGRICULTURE LAND VALUATION ADVISORY COMMITTEE**

- **LC 903b: amending laws related to the agricultural land valuation advisory committee and removing DOR's authority to change capitalization rate; and LC 903c: amending laws related to the agricultural land valuation advisory committee and removing provisions that DOR can change the capitalization rate only with a recommendation from the Agricultural Land Valuation Advisory Committee**

05:34:32 Ms. Moore discussed the similarities and the differences between LC 903b (**Exhibit 22**) and LC 903c (**Exhibit 23**).

### Committee questions

05:38:30 Sen. Thomas  
05:38:51 Sen. Kaufmann  
05:39:06 Rep. Hollandsworth  
05:39:29 Ms. Moore  
05:40:11 Sen. Barrett  
05:40:59 Rep. Miller  
05:41:19 Sen. Wittich  
05:42:10 Ms. Moore  
05:42:26 Sen. Wittich  
05:42:56 Jaret Coles, Staff Attorney  
05:44:39 Sen. Jergeson  
05:46:46 Rep. Hunter  
05:47:29 Sen. Kaufmann  
05:47:42 Mr. Coles

### **Public Comment**

05:48:02 Bob Story, Montana Taxpayers Association  
05:50:36 Dan Whyte, Chief Legal Counsel, Department of Revenue

### Committee questions

05:52:36 Rep. Hollandsworth  
05:52:51 Mr. Whyte  
05:53:23 Sen. Kaufmann  
05:53:41 Ms. Moore  
05:54:03 Sen. Kaufmann

### **Motion/Vote**

05:54:22 Rep. Hollandsworth moved to adopt LC 903c as a committee bill. The motion carried unanimously on a voice vote. Sen. Barrett will sponsor the bill.

## **DEPARTMENT OF TRANSPORTATION AGENCY UPDATE - Mike Tooley, Director**

- **Director's report**

05:55:23 Director Tooley provided an update on the Department of Transportation's activities:

- ▶ Loss of bridges in Montana
- ▶ Highway Trust Fund

Committee questions  
06:01:06 Sen. Jergeson  
06:01:52 Director Tooley  
06:03:01 Rep. Ballance  
06:03:24 Director Tooley  
06:04:49 Rep. Ballance  
06:05:05 Director Tooley  
06:05:17 Sen. Taylor  
06:05:41 Director Tooley

- **Dyed diesel enforcement report (61-10-154) and Refund for Biodiesel Sold Report (15-70-369) - Duane Williams, Administrator, Motor Carriers Services Division**

06:07:08 Mr. Williams gave a report on dyed diesel enforcement and the biodiesel fuel refund. [\(Exhibit 24\)](#)

Committee questions  
06:11:01 Sen. Jergeson  
06:11:26 Mr. Williams

**Public comment - none**

- **Committee Action**

**Motion**

06:12:32 Sen. Jergeson moved to retain the Dyed Diesel Enforcement Report and the Biodiesel Sold Report on a biennial basis.

Committee discussion  
06:12:46 Rep. Ballance  
06:13:00 Sen. Kaufmann  
06:13:15 Ms. Moore  
06:13:30 Rep. Ballance  
06:13:53 Sen. Jergeson  
06:14:41 Rep. Jacobson  
06:14:57 Ms. Moore

**Vote**

06:15:28 The motion carried 9-2 on a voice vote, with Sen. Thomas and Rep. Ballance voting no. Sen. Taylor will sponsor the bill.

**SJR 26 OVERSIZE LOAD STUDY**

- **LC 9907: allowing the department of transportation to designate preferred oversize routes**

06:17:11 Ms. Moore noted that there was an email from Steve Arveschoug regarding the draft LC 9907. [\(Exhibit 25\)](#)

06:17:15 Ms. Moore gave an overview of LC 9907. [\(Exhibit 26\)](#)

Committee discussion

06:23:29 Rep. Hollandsworth  
06:24:46 Sen. Barrett  
06:25:32 Ms. Moore  
06:25:50 Rep. Ballance

**Public Comment**

06:26:49 Spook Stang, Executive Vice President, Motor Carriers of Montana  
06:31:59 Jessie Luther, Montana Contractors Association  
06:33:58 Duane Williams, Montana Department of Transportation  
06:36:10 Gary Weins, Montana Electric Cooperative Utilities  
06:36:42 Glenn Oppel, Montana Chamber of Commerce

Committee questions

06:37:03 Rep. Hollandsworth  
06:38:31 Mr. Williams  
06:38:59 Sen. Jergeson  
06:40:38 Mr. Stang  
06:42:58 Sen. Kaufmann  
06:43:31 Sen. Barrett  
06:44:40 Mr. Williams  
06:46:16 Sen. Barrett  
06:47:03 Mr. Williams

Committee discussion on LC 9907

06:47:13 Sen. Kaufmann  
06:47:41 Sen. Wittich  
06:49:12 Sen. Kaufmann  
06:49:25 Sen. Thomas

**Motion**

06:49:57 Sen. Thomas moved to adopt LC 9907 with a broadened title to include a prohibition of local permitting on the highway system.

Committee discussion on Sen. Thomas' motion

06:50:15 Rep. Hunter.  
06:51:18 Sen. Barrett  
06:51:37 Sen. Thomas  
06:51:57 Sen. Kaufmann  
06:52:18 Sen. Wittich  
06:53:28 Ms. Moore  
06:54:24 Sen. Wittich  
06:55:02 Rep. Ballance  
06:56:53 Sen. Kaufmann

**Restated Motion/Vote**

06:59:06 Ms. Moore said that Sen. Thomas' motion is to adopt LC 9907 with a broadened title to include a prohibition of local permitting on the highway system with final

approval from the committee at the November meeting. The motion failed on a roll call vote, 6-6. ([Attachment 5](#))

- **Overview of the SJR 26 Study in the draft Final Report - Megan Moore**

07:00:12 Ms. Moore gave an overview of the section of the draft final report that deals with the SJR 26 Oversize Load Study. ([Exhibit 27](#))

Committee discussion

07:03:34 Sen. Barrett  
07:04:34 Sen. Kaufmann  
07:04:49 Rep. Ballance  
07:06:20 Sen. Barrett  
07:07:13 Ms. Moore  
07:07:39 Rep. Ballance  
07:08:02 Sen. Kaufmann

**Public Comment - None**

**SJR 23 TAXPAYER APPEAL STUDY**

- **Industrial property bill draft: LC 02v2, LC 02v3, and LC9902**

07:09:24 Ms. Moore discussed LC 02v2 ([Exhibit 28](#)) and LC 02v3 ([Exhibit 29](#)), and LC9902 ([Exhibit 30](#)).

**Public Comment**

07:12:20 Bob Story, Montana Taxpayers Association  
07:13:51 Dave Galt, Executive Director, Montana Petroleum Association  
07:14:16 Dan Whyte, Chief Legal Counsel, Department of Revenue  
07:18:30 Dave Galt, Montana Petroleum Association  
07:19:19 Bob Story, Montana Taxpayers Association

Committee questions

07:21:04 Sen. Wittich  
07:22:07 Ms. Moore  
07:22:56 Sen. Wittich  
07:23:13 Ms. Moore  
07:23:24 Sen. Kaufmann

**Additional Public Comment**

07:23:40 Mr. Whyte made an additional comment regarding subsection (2) on page 2, to consider including the term valuation or classification, because there are disputes over classification.

**Motion**

07:24:20 Rep. Hunter moved to approve LC02v3 as a committee bill and to include the addition of "or classification" after the word "valuation" in subsection (2).

Committee discussion on de novo language

07:24:58 Sen. Kaufmann  
07:25:05 Rep. Hunter  
07:25:34 Sen. Kaufmann  
07:26:05 Rep. Hunter  
07:26:10 Sen. Thomas  
07:26:46 Sen. Jergeson  
07:28:23 Sen. Kaufmann  
07:29:33 Sen. Barrett

**Motion Restated/Vote**

07:30:41 Sen. Kaufmann said the motion before the committee is to adopt LC02v3 as a committee bill with the addition of the words “or classification” after the word “valuation” in subsection (2) and with the understanding that the language will be reviewed at the November meeting. The motion carried unanimously by voice vote. Rep. Hunter will sponsor the bill.

- **LC 9906: Clarifying that the Department of Revenue’s Uniform dispute review procedures provide the right to request alternative dispute resolution methods and amending 15-1-211 - Jaret Coles, Staff Attorney**

07:31:40 Mr. Coles discussed LC 9906. ([Exhibit 31](#))

**Public Comment**

07:33:02 James Wangerin, CPA  
07:39:49 Dan Whyte, Chief Legal Counsel, Department of Revenue

**Motion**

07:42:51 Sen. Wittich moved to adopt LC9906 as a committee bill.

Committee discussion

07:43:06 Sen. Thomas  
07:44:28 Mr. Coles  
07:44:41 Sen. Wittich

**Vote**

07:45:24 The motion carried unanimously by voice vote. Sen. Thomas will sponsor the bill.

- **Overview of draft Final Report**

07:46:02 Ms. Moore gave a presentation of the section regarding the SJR 23 Study in the draft Final Report, page 5. ([Exhibit 27](#))

**Public Comment - None**

## **STATE TAX APPEAL BOARD AGENCY MONITORING**

- **Proposal to assume agency monitoring functions**

07:50:36 Ms. Moore discussed the proposal from the State Administration and Veterans' Affairs Interim Committee (SAVA) to transfer agency monitoring duties of the State Tax Appeal Board to the Revenue and Transportation Interim Committee (RTIC) and SAVA's request that the RTIC be a co-sponsor of the legislative proposal.

### **Public Comment - None**

#### Committee questions

07:52:53 Rep. Miller  
07:53:01 Ms. Moore  
07:53:56 Rep. Miller  
07:54:06 Ms. Moore  
07:54:22 Sen. Kaufmann

#### **Motion/Vote**

07:54:38 Rep. Miller moved that the Revenue and Transportation Interim Committee co-sponsor the State Administration and Veterans' Affairs Interim Committee legislation to transfer agency monitoring of the State Tax Appeal Board from SAVA to RTIC. The motion carried unanimously by voice vote.

## **OVERVIEW OF 2013 INCOME TAX BILL (SENATE BILL NO. 282)**

- **Overview of SB 282 - Jaret Coles, Staff Attorney**

07:55:57 Mr. Coles provided a summary of the current Montana individual income tax structure and how it differs from SB 282, and discussed some of the changes that were proposed in the enrolled version of SB 282. ([Exhibit 32](#))

#### Committee questions

08:09:16 Sen. Wittich  
08:09:34 Mr. Coles  
08:10:19 Sen. Wittich  
08:10:45 Mr. Coles  
08:12:15 Sen. Thomas  
08:13:12 Mr. Coles  
08:13:43 Sen. Thomas  
08:14:20 Mr. Coles  
08:14:58 Sen. Wittich  
08:15:31 Mr. Coles  
08:17:18 Sen. Wittich  
08:17:41 Mr. Coles  
08:18:14 Sen. Jergeson  
08:20:07 Sen. Thomas



- **Review of fiscal note - Dan Dodds, Economist, Department of Revenue**  
08:21:36 Mr. Dodds gave a presentation on the fiscal note of SB 282. [\(Exhibit 33\)](#)
- **Presentation of winners and losers of tax credit simplification**  
08:33:22 Mr. Dodds discussed winners and losers as a result of tax credit simplification.
- **One-page summary (Quick Notes) on simplification impacts - Stephanie Morrison, Legislative Fiscal Division**  
08:44:28 Ms. Morrison discussed the tax credit impact of the one-page summary of SB 282 and two other income tax bills from the 2013 session: HB 532 and HB 581. [\(Exhibit 34\)](#)

Committee questions

08:55:02 Sen. Wittich  
 08:56:09 Mr. Coles  
 08:56:59 Sen. Wittich  
 08:57:47 Mr. Coles  
 08:58:28 Mr. Dodds  
 08:59:12 Sen. Barrett  
 09:01:09 Rep. Jacobson  
 09:03:08 Sen. Barrett  
 09:04:20 Rep. Jacobson  
 09:05:43 Rep. Hunter  
 09:05:53 Sen. Kaufmann  
 09:06:03 Sen. Thomas  
 09:06:27 Rep. Hollandsworth

**Public Comment**

09:07:18 James Wangerin, CPA [\(Exhibit 35\)](#)  
 09:12:57 George Olsen, Montana Society of CPAs  
 09:19:24 Bob Story, Montana Taxpayers Association

**INCOME TAX RELIEF MULTIPLE - Megan Moore**

09:22:29 Ms. Moore reviewed the refundable income tax credit relief multiple. [\(Exhibit 36\)](#)  
 09:23:53 Sen. Kaufmann asked the committee members if they wanted to hear more at the next meeting or make a decision now regarding changing or not changing the multiplier.

**Public Comment - None**

09:25:24 Sen. Kaufmann said that the consensus of the committee is to drop further discussion on the relief multiple and it will remain at zero.

## **OVERVIEW OF DRAFT FINAL REPORT**

- 09:25:42 Ms. Moore said that if the committee had anything more that they wished to see included in the Final Report, now was the time to make that request. She said that the committee will have to adopt the final report at its November meeting.
- 09:26:12 Sen. Kaufmann suggested that the committee review the draft and if there are any changes, to email those to Ms. Moore.
- 09:26:37 Ms. Moore said that the Multistate Tax Compact bill draft needs a sponsor.
- 09:27:03 Sen. Kaufmann said that she will sponsor the bill.

**Public Comment on any topic within the committee's jurisdiction - None**

## **OTHER BUSINESS -- NEXT MEETING DATE**

- 09:27:26 Sen. Thomas discussed the issue of the GABA lawsuit.
- 09:29:28 Sen. Kaufmann said the next meeting date is November 20, 2014.

## **ADJOURNMENT**

- 09:30:27 With no further business before the committee, Sen. Kaufmann adjourned the meeting at 5:28 p.m.

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