



Revenue and Transportation Interim Committee

61st Montana Legislature

SENATE MEMBERS

KIM GILLAN--Chair
RON ERICKSON
JEFF ESSMANN
CHRISTINE KAUFMANN
JIM PETERSON
BRUCE TUTVEDT

HOUSE MEMBERS

ROY HOLLANDSWORTH--Vice Chair
DICK BARRETT
CYDNIE (CARLIE) BOLAND
BRIAN HOVEN
MIKE JOPEK
BILL NOONEY

COMMITTEE STAFF

JEFF MARTIN, Research Analyst
LEE HEIMAN, Staff Attorney
FONG HOM, Secretary

MINUTES

September 17, 2009

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. KIM GILLAN, Chair
REP. ROY HOLLANDSWORTH, Vice Chair

SEN. RON ERICKSON
SEN. JEFF ESSMANN
SEN. CHRISTINE KAUFMANN
SEN. JIM PETERSON
SEN. BRUCE TUTVEDT

REP. DICK BARRETT
REP. CYDNIE (CARLIE) BOLAND
REP. BRIAN HOVEN
REP. MIKE JOPEK
REP. BILL NOONEY

STAFF PRESENT

JEFF MARTIN, Research Analyst
LEE HEIMAN, Staff Attorney
FONG HOM, Secretary

Visitors and Agenda

Visitors' list, Attachment 1
Agenda, Attachment 2

COMMITTEE ACTION

- The adoption of the minutes of HB 658 Subcommittee's August 17, 2009 meeting was reconsidered and adopted by the committee as corrected.

CALL TO ORDER AND ROLL CALL

00:00:02 Sen. Gillan called the meeting to order at 1:00 p.m. The committee secretary called roll; all members were present. The written minutes of the full committee's July 1, 2009, meeting and the minutes (as corrected) of the HB 658 Subcommittee's August 17, 2009, meeting were unanimously approved.

AGENDA

FY 2009 GENERAL FUND REVENUE COLLECTION REPORT - Terry Johnson, Principal Legislative Fiscal Analyst, Legislative Fiscal Division

00:06:41 Mr. Johnson gave a report on the General Fund Revenue (**Exhibit 1**).

Questions

00:34:47 Sen. Peterson asked about reversions and if they were a result of overbudgeting or a result of unforeseen circumstances.

00:39:02 Sen. Erickson asked Mr. Johnson what the committee can do to deal with the reversions because they are such a large number. Mr. Johnson said that LFD tries to estimate reversions by looking at unusual events, removing those, and then looking at the remainder of all state agencies' budget. It is not necessarily a result of that analysis but a result of unanticipated circumstances.

00:42:29 Sen. Essmann asked Mr. Johnson to give an update at the December meeting on daily income tax collections from the Department of Revenue, particularly as they relate to the June and September estimated tax payments.

00:43:41 Rep. Barrett asked about the percentage error is in the individual income tax estimate. He also wanted to know about the accuracy of the individual income tax estimate.

Committee Reconsider Adoption of HB 658 Subcommittee August 17, 2009 Meeting Minutes

00:52:12 Sen. Kaufmann **moved** to reconsider the committee's action in adopting the HB 658 Subcommittee's August 17, 2009 minutes. The motion passed.

00:53:04 Sen. Kaufmann **moved** to amend the minutes of the HB 658 Subcommittee August 17, 2009, meeting to reflect that Rep. Hoven was not present at the meeting. The motion passed.

TRANSPORTATION OF SPECIALIZED MODULES THROUGH THE STATE OF MONTANA DISCUSSION - Chris Allard, Operator, Imperial Oil and ExxonMobil, Canada

00:53:36 Mr. Allard gave a presentation on Imperial Oil and ExxonMobil's plans for building a corridor through Montana to transport large loads (**Exhibit 2**).

Questions

- 01:16:14 Rep. Barrett asked if the turnouts that already exist are sufficient in number and placement for the 10-minute traffic delay. Mr. Allard said that the only additional work that would be required is the graveling at six of 240 existing turnouts.
- 01:16:56 Sen. Peterson asked Mr. Allard about the predictability of the permits.
- 01:18:14 Sen. Kaufmann said that she is concerned about pullouts being wide enough to accommodate the large loads. She questioned whether the pullouts along Highway 12 are at intervals that will accommodate traffic not being stopped for more than 10 minutes.
- 01:21:01 Rep. Jopek wanted to know if there is an alternative route. Mr. Allard said that they had looked at a number of roads. Avoiding heavy traffic areas was a key factor and getting the right balance of impacts was another.
- 01:22:44 Rep. Boland asked what the maximum tonnage will be on the bigger loads. Mr. Allard said that the maximum is approximately 150 tons. He said that the controlling factors for loading in Montana are not as stringent as they are in Alberta.
- 01:24:36 Sen. Erickson asked about Mr. Allard's winter plans, particularly with regard to some of the difficult passes. Mr. Allard said that if road conditions limit speeds and you are not able to keep your 10-minute rule, you will not be able to transit. Their plan volumes are non-existent in the winter because of the manufacturing schedule for the loads coming in.

Public Comment

- 01:26:27 **Cary Hegreberg, Montana Contractors Association**, said that the Contractors Association supports issuing the permits to move these modules through Montana.
- 01:28:32 **Spook Stang, Executive Vice President, Motor Carriers of Montana**, also supported the project.

-Break-

RURAL-URBAN GAP IN MONTANA - Bill Bryan, Executive Director, Rural Landscape Institute, and Sen. Jim Peterson

- 01:46:23 Sen. Peterson summarized the 2030 Project. The 2030 Project addressed demographic changes that indicate that by the year 2030, about 80% of Montana's population is going to reside in seven cities and 25% are going to be over the age of 65.
- 01:51:41 **Dr. Bill Bryan, Managing Director, Rural Urban Institute, Bozeman, Montana**, gave a presentation on "One Montana", a rural-urban partnership for sustainability in the 21st Century (**Exhibit 3**).

Questions

- 02:14:49 Sen. Gillan asked if there has been any discussions with any of the tribal colleges on the One Montana concept. Dr. Bryan said that they have talked with individual members, but they have not had any inclusion of the tribal colleges into the concept.
- 02:16:21 Sen. Erickson wanted to know if Dr. Bryan or Sen. Peterson will be coming to the Legislature and asking for funding. Sen. Peterson said that he had a resolution last session that addressed this issue. The resolution was done in cooperation with the two presidents and the Commissioner of Higher Education to allow the Regents to start this discussion.
- 02:30:41 Sen. Essmann asked if the project would examine what has occurred in other states in terms of what the impact has been to rural communities.

PROPERTY TAX ASSISTANCE STUDY PROPOSAL - Jeff Martin, Lead Researcher, Legislative Services Division

02:34:33 Mr. Martin discussed the Property Tax Assistance Study Proposal (**Exhibit 4**).

Discussion

02:50:28 Some issues that were discussed:

- Property tax assistance that works through the income tax system as opposed to assistance programs that work through an adjustment of the property tax when talking about circuit breakers.
- Issues that the Lincoln Land Institute report raised when the Montana system was considered; i.e., age qualifications.
- If 80% of property taxes goes to the counties and 20% goes to the state and counties are getting funds back, where will that money come from.
- Looking at whether there was any cost shifting in existing programs, looking at simplification, and looking at whether there is a burden on both the local jurisdictions and the state.

The committee discussed modifications to the plan. The committee postponed approving the study plan until Mr. Martin had incorporated the modifications.

UPDATE ON FEDERAL STIMULUS SPENDING - Barb Smith, Fiscal Analyst, Legislative Fiscal Division

03:13:42 Ms. Smith gave an update on HB 645, Federal Stimulus Funds (**Exhibit 5**). Her first presentation was on disbursement of funds.

Questions on Fund Expenditures

03:17:08 Sen. Tutvedt asked how they got to \$277 million.

03:18:24 Rep. Hoven asked if some of the \$277 million was appropriated to the towns and counties.

Ms. Smith gave a presentation on federal money in the general fund.

Questions on General Fund

03:21:49 Sen. Gillan asked about tracking Montana's spending. Ms. Smith said a reporting site was authorized for the Governor's Office by statute and by HB 645. Recovery.gov will become the portal for all states to report.

03:24:01 Sen. Essmann said that the committee heard earlier that Global Insight is projecting that the economy will begin growing the third quarter of this year. He wanted to know if it is the case that 15% of the stimulus funds have been expended, leaving 85% to be expended after the recovery has begun. Ms. Smith agreed and said that part of the delay in getting some federal funds on the ground is that some federal agencies did not get money to the state as quickly as they anticipated. The state is also dealing with larger amounts of grant money.

Job counts and monthly reports online by agency or county

03:30:00 Ms. Smith said that there are 93.25 modified FTEs in state government tied to the funding and another 10 transferred out of HB 2 and into HB 645. She said that monthly report from the Governor's Office can be accessed online by agency or county.

Public Comment on Other Topics

03:35:47 **Kevin Nelson, Billings**, commented on school funding.

03:39:26 **Patty Lovaas, CPA, Missoula**, commented on the disconnect between increases in property taxes and property tax assistance, especially for the elderly. She distributed a handout showing her property tax analysis for the current cycle (**Exhibit 6**).

Questions

03:47:29 Sen. Tutvedt asked Ms. Lovaas what she meant by compliance. Ms. Lovaas talked about the extended property tax assistance program that was set up in 2003 that was administered by the Department of Revenue to people they felt were qualified.

Sen. Tetvedt asked Ms. Lovaas to explain the reappraisal violation that she commented on.

Sen. Gillan said that when Ms. Lovaas conducted her survey, did she mean to say there were some reappraisal violations? Were there any particular year that they happened in? Ms. Lovaas said that it varied. It started in 2004 and went through to 2008.

ADJOURNMENT

03:58:31 Sen. Gillan recessed the meeting at 5:00 p.m., to reconvene at 8:00 a.m. on September 18, 2009.