

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 62nd LEGISLATURE - REGULAR SESSION

#### COMMITTEE ON TAXATION

**Call to Order:** Chair Mark Blasdel, on March 24, 2011 at 8:00 AM, in Room 152 Capitol

#### ROLL CALL

**Members Present:**

Rep. Mark Blasdel, Chairman (R)  
Rep. Dick Barrett, Vice Chairman (D)  
Rep. Mike Miller, Vice Chairman (R)  
Rep. Steve Fitzpatrick (R)  
Rep. Kelly Flynn (R)  
Rep. Alan Hale (R)  
Rep. Brian Hoven (R)  
Rep. Austin Knudsen (R)  
Rep. Steve Lavin (R)  
Rep. Mary McNally (D)  
Rep. Jerry O'Neil (R)  
Rep. Lee Randall (R)  
Rep. Kathleen Williams (D)

**Members Excused:** None

**Members Absent:** Rep. Sue Malek (D)  
Rep. Edith (Edie) McClafferty (D)  
Rep. Mike Phillips (D)  
Rep. Wayne Stahl (R)  
Rep. Janna Taylor (R)  
Rep. Max Yates (R)

**Staff Present:** Lisa Adams, Committee Secretary  
Jeff Martin, Legislative Branch

**Audio Committees:** These minutes are in outline form only. They provide a list of participants and a record of official action taken by the committee. The link to the audio recording of the meeting is available on the Legislative Branch website.

**Committee Business Summary:**

Hearing & Date Posted: HB 569, 3/21/2011; HB 626, 3/21/2011

Executive Action: HB 569; HB 240; HB 340; HB 595

**HEARING ON HB 626****Opening Statement by Sponsor:**

00:01:30 Rep. Trudi Schmidt (D), HD 22, opened the hearing on HB 626, Increase tobacco product taxes.

00:02:04 Rep. Malek arrived.

00:02:14 Rep. McClafferty arrived.

00:03:11 Rep. Taylor arrived.

00:06:42 Rep. Phillips arrived.

**Proponents' Testimony:**

00:06:56 Dr. Richard Sargent, self  
**EXHIBIT(tah66a01)**

00:11:45 Jodi Radke, Director, Rocky Mountain/Great Plains Region, Tobacco Free Kids Campaign

00:22:03 Rep. Flynn left.

00:23:33 Rep. Fitzpatrick left.

00:26:09 Rep. McClafferty left.

00:27:04 Cliff Christian, American Stroke Association, American Heart Association  
**EXHIBIT(tah66a02)**

00:28:40 Rep. Fitzpatrick arrived.

00:30:05 Rep. Randall left.

00:31:11 Rep. Hale left.

00:34:25 Kristin Nei, American Cancer Society  
**EXHIBIT(tah66a03)**  
**EXHIBIT(tah66a04)**  
**EXHIBIT(tah66a05)**

00:34:57 Rep. Randall arrived.

00:35:36 Rep. McClafferty arrived.

00:36:22 Dr. Jane Shelby, self

00:39:11 Rep. Flynn arrived.

00:39:34 Jane Hamman, Montana Council for Maternal and Child Health

00:40:05 Frank Smith, self

00:40:47 Kristina Davis, Director, Children's Defense Fund of Montana

00:42:13 Rep. Hale arrived.

00:42:18 Erin Fincham, Association of Montana Public Health Officials

00:43:25 Claudia Clifford, American Association of Retired Persons, (AARP)

00:44:03 Travis Hoffman, Montana's Centers for Independent Living

00:44:34 Nanette Gilbertson, Big Brothers Big Sisters of Montana

00:44:55 Don Judge, Montana Nurses Association

**Opponents' Testimony:**

00:45:32 Mark Baker, Attorney, Phillip Morris U.S.A.  
**EXHIBIT(tah66a06)**

00:46:15 Chairman Blasdel left.

00:47:48 Rep. McNally left.

00:48:39 Chairman Blasdel and Rep. Stahl arrived.

00:49:17 Rep. Stahl left.

00:49:51 Roger Hagan, Chief Master Sergeant, Retired United States Air Force, Air National Guard, The American Legion of Montana

00:54:17 Bonna Alexander, Executive Director, Convenience Store Association

**EXHIBIT(tah66a07)**

00:58:55 Howard Rossman, self

01:02:50 Brad Griffin, President, Montana Retail Association

01:03:41 Mark Staples, Montana Wholesalers

01:05:50 Jon Bennion, Montana Chamber of Commerce

01:06:26 Nancy Schlepp, Montana Taxpayers Association

01:07:30 Larry Longfellow, Veterans of Foreign Wars (VFW)

01:07:55 E. J. Redding, Reynolds American Inc.

01:08:12 Rep. Phillips left.

**Informational Testimony:**

01:08:24 Lee Baerlocher, Business and Income Taxes Division, Department of Revenue (DOR)

**Questions from Committee Members and Responses:**

01:08:40 Rep. McClafferty

01:09:10 Mr. Hagan

01:09:34 Rep. Knudsen left.

01:10:10 Rep. McClafferty

01:10:43 Mr. Baerlocher, DOR

01:10:51 Rep. Taylor left.

01:10:52 Rep. Knudsen arrived.

01:11:09 Rep. McClafferty

01:11:44 Rep. Randall left.

01:11:52 Rep. Schmidt

01:12:09 Ms. Nei

01:13:49 Rep. Barrett

01:14:05 Rep. Knudsen left.

01:14:12 Mr. Baker

01:14:15 Rep. Barrett

01:14:18 Mr. Baker

01:14:49 Rep. Barrett

01:15:05 Rep. Randall arrived.

01:15:14 Mr. Baker

01:15:26 Rep. Barrett

01:15:31 Mr. Baker

01:15:34 Rep. Barrett

01:15:36 Mr. Baker

01:16:01 Rep. Barrett

01:16:06 Mr. Baker

01:16:22 Rep. Barrett

01:16:30 Mr. Baker

01:17:01 Rep. Phillips arrived.

01:17:08 Rep. Barrett

01:17:22 Mr. Baker

01:17:28 Rep. Malek

01:17:29 Rep. Barrett left.

01:17:49 Mr. Baerlocher  
01:18:26 Rep. Malek  
01:18:45 Mr. Baerlocher  
01:18:52 Rep. Stahl arrived.  
01:18:57 Rep. Hoven  
01:19:14 Ms. Nei  
01:20:17 Rep. Hoven  
01:20:38 Mr. Baerlocher  
01:21:23 Rep. Phillips  
01:21:55 Rep. Barrett arrived.  
01:22:00 Rep. Stahl left.  
01:22:17 Rep. Schmidt  
01:22:21 Rep. Phillips  
01:22:23 Rep. Schmidt  
01:22:38 Rep. Taylor arrived.  
01:22:40 Rep. Malek left.  
01:22:48 Rep. Phillips  
01:23:45 Dr. Sargent  
01:24:19 Rep. Phillips  
01:24:32 Dr. Sargent  
01:24:58 Rep. Phillips  
01:25:09 Dr. Sargent  
01:25:36 Rep. O'Neil  
01:25:47 Dr. Sargent  
01:25:55 Vice Chairman Miller  
01:26:14 Rep. Schmidt  
01:26:25 Rep. Phillips left.  
01:26:30 Ms. Nei  
01:26:47 Vice Chairman Miller  
01:27:18 Ms. Radke  
01:28:23 Vice Chairman Miller  
01:28:39 Ms. Radke  
01:29:10 Vice Chairman Miller  
01:29:22 Ms. Radke  
01:29:47 Rep. Hoven  
01:30:00 Rep. Hale and Rep. Taylor left.  
01:30:08 Dr. Sargent  
01:30:46 Rep. Taylor arrived.  
01:30:56 Rep. Hoven  
01:31:09 Dr. Sargent  
01:32:33 Rep. Hale arrived.  
01:32:54 Rep. Fitzpatrick  
01:33:26 Ms. Radke  
01:33:30 Rep. Stahl arrived.  
01:33:46 Rep. Fitzpatrick  
01:34:20 Ms. Radke  
01:34:33 Vice Chairman Miller and Rep. Stahl left.  
01:35:25 Rep. Fitzpatrick  
01:35:39 Ms. Radke  
01:35:48 Rep. Randall left.

01:35:49 Rep. Fitzpatrick  
01:36:01 Ms. Radke  
01:36:33 Rep. Fitzpatrick  
01:36:41 Ms. Radke  
01:37:20 Rep. Malek arrived.  
01:37:27 Rep. Williams  
01:37:50 Ms. Radke  
01:38:22 Rep. Williams  
01:38:38 Ms. Radke  
01:38:56 Rep. Barrett  
01:39:21 Ms. Radke  
01:39:27 Rep. Barrett  
01:40:26 Ms. Radke  
01:40:47 Rep. Flynn  
01:40:56 Vice Chairman Miller arrived.  
01:41:14 Ms. Radke  
01:41:42 Ms. Nei  
01:42:07 Rep. Flynn  
01:42:16 Ms. Nei  
01:42:32 Rep. Flynn  
01:42:41 Ms. Nei

**Closing by Sponsor:**

01:42:58 Rep. Schmidt  
  
01:44:28 Rep. Phillips arrived.  
01:56:06 Recessed.  
02:03:39 Resumed all present except Rep. Flynn, Rep. McNally, Rep. Randall, Rep. Yates and Rep. Knudsen.

**HEARING ON HB 569**

**Opening Statement by Sponsor:**

02:04:17 Rep. Wayne Stahl (R), HD 35, opened the hearing on HB 569, Revise state employee salary back to 2005.  
  
02:04:42 Rep. Randall arrived.

**Proponents' Testimony:** None

**Opponents' Testimony:**

02:05:01 Linda McCulloch, Secretary of State, Montana  
**EXHIBIT(tah66a08)**  
02:05:30 Rep. Knudsen and Rep. Flynn arrived.  
02:05:45 Chairman Blasdel left.  
02:06:02 Rep. Fitzpatrick left.  
02:06:09 Rep. Fitzpatrick arrived.  
02:07:08 Dan Kenney, self  
02:07:52 Rep. Fitzpatrick left.

02:08:16 Eric Feaver, Montana Education Association - Montana Federation of Teachers (MEA-MFT)  
02:08:31 Tim Burton, Chief of Staff, Montana Department of Justice (DOJ)  
02:08:46 Paula Stoll, Administrator, State Human Resources Division, Montana Department of Administration (DOA)

**EXHIBIT(tah66a09)**

02:09:18 Rep. Fitzpatrick arrived.  
02:09:25 Chairman Blasdel arrived.  
02:11:12 JD Lynch, Montana Building Trades  
02:11:32 John Forkan, American Federation of State, County and Municipal Employees (AFSCME)  
02:11:59 Tom Schneider, Montana Public Employees Association (MPEA)  
02:12:49 Chris Cavazos, Montana State American Federation of Labor - Congress of Industrial Organizations (AFL-CIO)  
02:13:05 Don Judge, Montana Nurses Association  
02:13:29 Al Ekblad, Local #400, Operating Engineers

**Informational Testimony:**

02:13:53 Amy Sassano, Deputy Budget Director, Office of Budget and Program Planning (OBPP)

**Questions from Committee Members and Responses:**

02:14:12 Rep. Malek  
02:14:13 **Motion:** Rep. Malek moved that **HB 569 BE TABLED.**  
02:14:25 Rep. Malek withdrew motion.  
02:14:58 Rep. Taylor

**Closing by Sponsor:**

02:15:18 Rep. Stahl

**EXECUTIVE ACTION ON HB 569**

02:20:18 **Motion/Vote:** Rep. Malek moved that **HB 569 BE TABLED.** Motion carried 17-2 by voice vote with Rep. Hale and Rep. Stahl voting no. Rep. McNally and Rep. Yates voted by proxy.  
02:21:06 Chairman Blasdel  
02:21:08 Rep. Phillips  
02:21:15 Rep. Taylor  
02:21:27 Rep. Williams  
02:21:59 Chairman Blasdel  
02:22:02 Rep. Williams

**EXECUTIVE ACTION ON HB 240**

02:22:57 **Motion:** Rep. Flynn moved that **HB 240 DO PASS.**

02:23:06 **Motion:** Rep. Flynn moved that **HB 240 BE AMENDED.**  
**EXHIBIT(tah66a10)**

**Discussion:**

02:23:29 Rep. Flynn  
02:23:56 Rep. Barrett , Rep. Taylor, and Vice Chairman Miller left.  
02:25:25 Rep. Barrett and Vice Chairman Miller arrived.  
02:25:48 Rep. Taylor arrived.  
02:26:20 Rep. Stahl left.  
02:30:30 Rep. Stahl arrived.  
02:33:12 Rep. Stahl left.  
02:33:33 Rep. Stahl arrived.  
02:33:41 Rep. Phillips  
02:34:33 Rep. Flynn  
02:34:47 Rep. Phillips  
02:35:48 Rep. McClafferty left.  
02:35:32 Rep. Flynn  
02:36:07 Rep. Phillips  
02:36:23 Rep. Knudsen  
02:36:31 Rep. McClafferty arrived.  
02:36:34 Rep. Williams arrived.  
02:37:26 Rep. Barrett  
02:39:20 Rep. Williams  
02:40:01 Rep. Fitzpatrick  
02:40:29 Rep. Flynn  
02:41:10 Rep. Fitzpatrick  
02:41:54 Rep. Flynn  
02:42:54 Rep. Fitzpatrick  
02:43:38 Rep. Flynn  
02:43:46 Rep. Knudsen  
02:44:15 Rep. Stahl left.  
02:45:12 Rep. O'Neil  
02:45:17 Rep. Williams left.  
02:46:16 Rep. Phillips  
  
02:47:06 **Vote:** Motion carried unanimously by roll call vote. Rep. McNally and Rep. Yates voted by proxy.  
  
02:48:19 Rep. McNally arrived.  
02:48:20 Rep. Taylor left.

02:48:36 **Motion:** Rep. Flynn moved that **HB 240 BE AMENDED.**  
**EXHIBIT(tah66a11)**

**Discussion:**

02:48:47 Rep. Flynn  
02:51:38 Rep. Phillips left.  
02:51:58 Rep. Taylor arrived.  
02:51:59 Rep. Stahl arrived.  
02:53:12 Rep. Randall left.

- 02:53:49 Rep. Knudsen left.  
02:55:03 Rep. Malek  
02:55:47 Rep. Barrett  
02:55:48 Rep. Knudsen arrived.  
02:55:50 Rep. Randall arrived.  
02:58:20 Vice Chairman Miller  
02:58:53 Rep. Flynn  
02:59:05 Rep. Knudsen left.  
02:59:26 Vice Chairman Miller  
02:59:27 Rep. Hoven  
03:00:32 Rep. Flynn  
03:01:42 Rep. Knudsen arrived.  
03:02:38 Mr. Martin
- 03:03:08 **Vote:** Motion failed 4-15 by roll call vote with Rep. Flynn, Rep. Hale, Rep. Taylor and Rep. Yates voting aye. Rep. Phillips, Rep. Taylor and Rep. Yates voted by proxy.
- 03:03:25 Rep. Barrett  
03:03:40 Chairman Blasdel  
03:04:38 Recessed.  
03:23:58 Resumed.  
03:24:50 Chairman Blasdel  
03:33:01 Recessed.  
04:01:21 Resumed with all present except Rep. Phillips and Rep. Yates
- 04:02:21 **Motion:** Rep. Stahl moved that **HB 240 BE AMENDED.**  
**EXHIBIT(tah66a12)**
- Discussion:**
- 04:02:45 Rep. Stahl  
04:02:50 Rep. McNally left.  
04:03:50 Rep. Phillips arrived.  
04:04:16 Rep. McNally arrived.  
04:05:09 Rep. Flynn  
04:06:04 Rep. Barrett  
04:06:44 Rep. Stahl
- 04:08:13 **Vote:** Motion failed 7-12 by roll call vote with Rep. Fitzpatrick, Rep. Hoven, Rep. Knudsen, Rep. O'Neil, Rep. Randall, Rep. Stahl and Rep. Taylor voting aye. Rep. Yates voted by proxy.
- 04:09:30 **Motion/Vote:** Rep. Blasdel moved that **HB 240 DO PASS AS AMENDED.**  
Motion carried 17-2 by voice vote with Rep. Fitzpatrick and Rep. Stahl voting no. Rep. Yates voted by proxy.

**EXECUTIVE ACTION ON HB 340**

- 04:10:33 **Motion:** Rep. Di. Barrett moved that **HB 340 DO PASS.**

**Discussion:**

04:10:47 Rep. Barrett  
04:12:08 Rep. Flynn left.  
04:15:36 Vice Chairman Miller  
04:16:46 Rep. Barrett  
04:17:46 Vice Chairman Miller  
04:17:48 Rep. Flynn arrived.  
04:17:50 Rep. Hoven  
04:21:48 Rep. Barrett  
04:24:12 Rep. Stahl  
04:25:08 Rep. McNally  
04:26:15 Rep. Malek  
04:27:31 Rep. Barrett  
04:28:32 Rep. Flynn left.  
04:30:47 Rep. Hoven  
04:30:57 Rep. Barrett  
  
04:31:28 **Vote:** Motion failed 8-11 by roll call vote with Rep. Barrett, Rep. Blasdel, Rep. Malek, Rep. McClafferty, Rep. McNally, Rep. O'Neil, Rep. Phillips and Rep. Williams voting aye. Rep. Flynn and Rep. Yates voted by proxy.

**EXECUTIVE ACTION ON HB 595**

04:33:06 **Motion:** Rep. Stahl moved that **HB 595 DO PASS.**  
  
04:33:44 **Motion:** Rep. Stahl moved that **HB 595 BE AMENDED.**  
**EXHIBIT(tah66a13)**

**Discussion:**

04:33:55 Rep. Barrett  
04:34:36 Rep. Flynn arrived.  
04:34:41 Chairman Blasdel  
04:34:53 Mr. Martin  
04:35:41 Rep. Barrett  
04:35:49 Rep. Phillips left.  
04:37:12 Rep. Stahl  
04:37:19 Rep. Randall  
04:37:37 Rep. Hoven  
04:38:25 Chairman Blasdel  
  
04:38:30 **Vote:** Motion carried 14-5 by roll call vote with Rep. Barrett, Rep. Hale, Rep. Malek, Rep. O'Neil and Rep. Phillips voting no. Rep. Phillips and Rep. Yates voted by proxy.  
  
04:40:03 **Motion:** Rep. Stahl moved that **HB 595 DO PASS AS AMENDED.**  
  
04:49:27 Recessed.  
07:25:35 Resumed.  
07:25:41 Rep. Stahl withdrew motion.

**ADJOURNMENT**

07:25:54      Adjournment: 3:27 p.m.

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Lisa Adams, Secretary

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**ADDITIONAL DOCUMENTS:**

**[EXHIBIT\(tah66a14\)](#)**

Additional Documents:

**[EXHIBIT\(tah66aad.pdf\)](#)**