

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 66th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: Chair Alan Redfield, on March 27, 2019 at 8:00 A.M., in Room 152
Capitol

ROLL CALL

Members Present:

Rep. Alan Redfield, Chair (R)
Rep. Becky Beard, Vice Chair (R)
Rep. Kim Abbott (D)
Rep. Mary Ann Dunwell (D)
Rep. Dave Fern (D)
Rep. John Fuller (R)
Rep. Joshua Kassmier (R)
Rep. Rhonda Knudsen (R)
Rep. Marilyn Marler (D)
Rep. Lola Sheldon-Galloway (R)
Rep. Bridget Smith (D)
Rep. Tom Welch (R)
Rep. Kerry White (R)

Members Excused: Rep. Zach Brown, Vice Chair (D)
Rep. Wylie Galt (R)
Rep. Greg Hertz (R)
Rep. Emma Kerr-Carpenter (D)
Rep. Daniel Zolnikov (R)

Members Absent: None

Staff Present: Chris Bushnell, Committee Secretary
Megan Moore, 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 651, 3/22/2019; HB 656, 3/22/2019; HB 675, 3/22/2019; HB 697,
3/22/2019; HB 706, 3/22/2019; HB 737, 3/22/2019; HB 775,
3/22/2019

Executive Action: HB 651, HB 656, HB 675, HB 697, HB 706, HB 737, HB 775

08:02:45 Vice Chair Z. Brown entered the meeting.

HEARING ON HB 656

Opening Statement by Sponsor:

08:03:18 Rep. Joel Krautter (R), HD 35, opened the hearing on HB656, Generally revise oil and gas tax and distribution laws.

Proponents' Testimony:

08:06:06 Kelly Lynch, Montana League of Cities and Towns (MLCT)

08:07:28 Bob Kelly, Mayor of Great Falls, Montana League of Cities and Towns (MLCT)

08:08:17 Jessica Redfield, City of Sidney

[EXHIBIT\(tah63a01\)](#)

[EXHIBIT\(tah63a02\)](#)

08:12:15 Sandra Jones, Mayor of Roundup

08:13:28 Shelby DeMars, Montana Association of Oil, Gas and Coal Counties

08:14:46 Rick Norby, Mayor of Sidney

08:16:08 Chris Deshack, Mayor of Wolf Point

08:17:20 Alan Olsen, Montana Petroleum Association

08:17:48 Jason Rittal, Montana Association of Counties (MACo)

08:18:14 Loren Young, Richland County Commissioner

08:18:35 Darryl James, Montana Infrastructure Coalition

08:18:50 Roy Rost, Fallon County Commissioner

Opponents' Testimony: None

Informational Testimony:

08:19:15 Lee Baerlocher, Montana Department of Revenue (DOR)

Questions from Committee Members and Responses:

08:19:30 Rep. White

08:19:55 Rep. Krautter

08:20:07 Kelly Lynch, MLCT

08:20:33 Rep. Fern

08:20:59 Mayor Norby, Sidney

Closing by Sponsor:

08:23:20 Rep. Krautter

HEARING ON HB 651

Opening Statement by Sponsor:

08:24:56 Rep. Mary Ann Dunwell (D), HD 84, opened the hearing on HB651, Revise property tax on intangible personal property.

[EXHIBIT\(tah63a03\)](#)

08:36:25 Rep. R. Knudsen left the meeting.

Proponents' Testimony:

08:36:08 Gene Walborn, Director, Montana Department of Revenue (DOR)

[EXHIBIT\(tah63a04\)](#)

08:42:17 Heather O'Loughlin, Montana Budget and Policy Center (MBPC)

08:44:59 Megan Bailey, Self

Opponents' Testimony:

08:46:34 Bob Story, Montana Taxpayers Association

08:51:49 Bridger Mahlum, Montana Chamber of Commerce (MCC)

08:52:17 Vice Chair Z. Brown left the meeting.

08:53:04 Geoff Feiss, Montana Telecommunications Association (MTA)

08:54:18 Doug Hardy, Montana Electric Cooperatives Association (MECA)

08:54:21 Rep. Smith left the meeting.

Informational Testimony: None

Questions from Committee Members and Responses:

08:54:55 Rep. White

08:56:02 Rep. Dunwell

08:56:19 Director Walborn, DOR

08:57:37 Rep. Fern

08:58:10 Director Walborn, DOR

08:59:11 Chair Redfield

08:59:22 Doug Hardy, MECA

08:59:31 Chair Redfield

08:59:36 Doug Hardy, MECA

Closing by Sponsor:

09:00:02 Rep. Dunwell

HEARING ON HB 697**Opening Statement by Sponsor:**

09:02:44 Rep. Jim Hamilton (D), HD 61, opened the hearing on HB697, Revise individual income tax laws.

[EXHIBIT\(tah63a05\)](#)

[EXHIBIT\(tah63a06\)](#)

09:04:34 Vice Chair Z. Brown entered the meeting.

Proponents' Testimony:

09:09:38 Kelsen Young, Coalition Against Domestic and Sexual Violence

09:10:06 Gene Walborn, Director, Montana Department of Revenue (DOR)

09:11:31 Rep. Smith entered the meeting.

09:12:27 Rose Bender, Montana Budget and Policy Center (MBPC)
[EXHIBIT\(tah63a07\)](#)
[EXHIBIT\(tah63a08\)](#)

09:15:14 Mark Anderlik, Montana Public Health and Social Services Coalition (MPHSS)
[EXHIBIT\(tah63a09\)](#)

09:18:04 Rep. R. Knudsen entered the meeting.
09:18:30 Rep. Kerr-Carpenter entered the meeting.
09:18:45 Vice Chair Z. Brown left the meeting.

09:21:43 Justice Ender, Montana Public Health and Social Services Coalition (MPHSS)
09:21:56 Megan Bailey, Self
09:22:17 Michael Beers, Self
09:22:29 Garrett Lankford, Montana Human Rights Network (MHRN)
09:22:39 Eleanor Smith, Montana Women Vote (MWV)
09:22:52 Zuri Moreno, American Civil Liberties Union (ACLU)
09:23:05 Ann Truesdell, National Association of Social Workers--Montana (NASW-MT)
09:23:17 Robert Kirwan, Self

Opponents' Testimony:

09:23:37 Bob Story, MTA
09:27:40 Alan Lloyd, Montana Society of Certified Public Accountants
09:29:21 Kevin Braun, Montana State Fund (MSF)
09:30:22 Bridger Mahlum, MCC
09:31:37 Sam Sill, Montana Association of Realtors (MAR)
09:34:22 Steve Turkiewicz, Montana Bankers Association

Informational Testimony: None**Questions from Committee Members and Responses:**

09:34:50 Rep. Kerr-Carpenter
09:35:26 Sam Sill, MAR
09:35:34 Rep. Dunwell
09:36:14 Eleanor Smith, MWV
09:37:12 Chair Redfield
09:37:31 Rep. Hamilton
09:37:58 Chair Redfield
09:38:14 Rep. Hamilton
09:38:24 Chair Redfield
09:38:30 Rep. Hamilton
09:38:52 Rep. Fern
09:39:35 Rep. Hamilton

09:40:23 Rep. Sheldon-Galloway entered the meeting.

09:40:57 Rep. Fern
09:41:14 Rep. Hamilton

Closing by Sponsor:

09:41:40 Rep. Hamilton

[EXHIBIT\(tah63a10\)](#)

09:46:35 Recessed

09:55:40 Reconvened

HEARING ON HB 675**Opening Statement by Sponsor:**

09:56:53 Rep. Thomas Winter (D), HD 96, opened the hearing on HB675, Provide for tax on secondary housing and property tax relief for homesteads.

Proponents' Testimony:

10:01:44 Mark Anderlik, MPHSS

10:02:06 Megan Bailey, Self

10:03:34 Michael Beers, Self

10:05:36 Justice Ender, MPHSS

Opponents' Testimony:

10:07:37 Abigail St. Lawrence, Montana Building Industry Association (MBIA)

[EXHIBIT\(tah63a11\)](#)

10:12:31 Bob Story, MTA

10:14:24 William Leiniger, Montana Association of Realtors (MAR)

10:16:11 Rep. Smith left the meeting

Informational Testimony:

10:16:29 Lee Baerlocher, DOR

Questions from Committee Members and Responses:

10:16:41 Rep. White

10:17:37 Rep. Winter

10:17:59 Rep. White

10:18:15 Rep. Winter

10:18:33 Rep. White

10:19:01 Rep. Winter

10:19:06 Rep. R. Knudsen

10:19:37 Rep. Winter

10:19:43 Rep. R. Knudsen

10:20:08 Rep. Winter

10:20:32 Rep. R. Knudsen

10:20:50 Rep. Winter

10:21:31 Rep. R. Knudsen

10:21:46 Rep. Marler

10:22:11 Rep. Sheldon-Galloway

10:23:05 William Leiniger, MAR

10:24:14 Rep. Sheldon-Galloway

10:24:18 William Leiniger, MAR
10:24:26 Rep. Kerr-Carpenter
10:24:45 Lee Baerlocher, DOR
10:24:51 Rep. Kerr-Carpenter
10:25:13 Lee Baerlocher, DOR

Closing by Sponsor:

10:25:28 Rep. Winter

HEARING ON HB 737

Opening Statement by Sponsor:

10:28:45 Rep. Tom Woods (D), HD 62, opened the hearing on HB737, Tax profits of regulated utilities that exceed certain rate of return.

[EXHIBIT\(tah63a12\)](#)

[EXHIBIT\(tah63a13\)](#)

[EXHIBIT\(tah63a14\)](#)

[EXHIBIT\(tah63a15\)](#)

Proponents' Testimony: None

Opponents' Testimony:

10:35:16 John Alke, Northwestern Energy

10:39:22 Vice Chair Z. Brown entered the meeting.

10:42:01 Aimee Grmjolez, MDU Resources Group (MDUR)

10:45:23 Robin Arnold, Public Service Commission (PSC)

10:46:09 Peggy Trenk, Treasure State Resource Association (TSRA)

10:46:23 Bob Story, MTA

10:46:29 Bridger Mahlum, MCC

Informational Testimony:

Questions from Committee Members and Responses:

10:46:44 Rep. Dunwell

10:47:16 Rep. Woods

10:48:32 Rep. Fuller

10:48:42 Rep. Woods

10:48:57 Rep. Fuller

10:49:05 Rep. Woods

Closing by Sponsor:

10:49:25 Rep. Woods

10:53:04 Rep. Smith entered the meeting.

HEARING ON HB 706**Opening Statement by Sponsor:**

10:54:58 Rep. Thomas Winter (D), HD 96, opened the hearing on HB706, Revise individual income tax credits.

EXHIBIT(tah63a16)**Proponents' Testimony:**

10:59:23 Sam Forstag, Montana Associated Students (MAS)

11:01:18 Brenna Love, University of Montana Associated Students

Opponents' Testimony:

11:02:26 Bob Story, MTA

Informational Testimony:

11:03:53 Lee Baerlocher, DOR

Questions from Committee Members and Responses:

11:04:03 Rep. Fern

11:04:19 Rep. Winter

11:05:33 Rep. Fuller

11:05:46 Sam Forstag, MAS

11:06:31 Chair Redfield

11:07:08 Sam Forstag, MAS

11:07:33 Rep. Sheldon-Galloway

11:08:13 Rep. Winter

11:09:16 Rep. Sheldon-Galloway

11:09:29 Rep. Winter

11:09:41 Rep. Sheldon-Galloway

11:09:59 Rep. Winter

Closing by Sponsor:

11:11:53 Rep. Winter

11:16:54 Rep. Redfield

11:17:32 Megan Moore, Legislative Services Division (LSD)

11:18:08 Recessed

11:28:20 Reconvened

HEARING ON HB 775**Opening Statement by Sponsor:**

11:28:48 Rep. Shane Morigeau (D), HD 95, opened the hearing on HB775, Expanding empowerment zone tax credit incentives.

Proponents' Testimony: None**Opponents' Testimony:** None

Informational Testimony:

11:31:54 Lee Baerlocher, DOR

Questions from Committee Members and Responses:

11:32:05 Rep. White
11:32:14 Rep. Morigeau
11:33:13 Rep. White
11:33:47 Rep. Morigeau
11:35:03 Rep. Sheldon-Galloway
11:35:20 Rep. Morigeau

Closing by Sponsor:

11:36:23 Rep. Morigeau

11:37:55 Rep. Fern

EXECUTIVE ACTION ON HB 656

11:38:30 **Motion:** Rep. Beard moved that **HB 656 DO PASS.**

11:39:00 **Motion/Vote:** Rep. Beard moved that **HB 656 BE AMENDED.** Motion carried unanimously by voice vote. Rep. Galt and Rep. Hertz voted by proxy.

11:39:36 **Motion:** Rep. Beard moved that **HB 656 DO PASS AS AMENDED.**

Discussion:

11:39:44 Rep. Fern
11:40:13 Rep. Smith
11:40:19 Rep. Dunwell

11:40:42 **Vote:** Motion carried unanimously by voice vote. Rep. Galt, Rep. Hertz and Rep. Zolnikov voted by proxy.

EXECUTIVE ACTION ON HB 651

11:40:58 **Motion:** Rep. Beard moved that **HB 651 DO PASS.**

Discussion:

11:41:10 Rep. Dunwell
11:41:22 Rep. White
11:42:07 Vice Chair Z. Brown
11:42:38 Rep. Fuller
11:43:15 Rep. Dunwell
11:43:53 Rep. White

11:44:14 **Vote:** Motion failed 8-10 by roll call vote with Rep. Abbott, Rep. Z. Brown, Rep. Dunwell, Rep. Fern, Rep. Kerr-Carpenter, Rep. Marler, Rep. Sheldon-Galloway and Rep. B. Smith voting aye. Rep. Galt, Rep. Hertz and Rep. Zolnikov voted by proxy.

11:45:14 **Motion/Vote:** Rep. Kassmier moved that **HB 651 BE TABLED**. Motion carried unanimously by voice vote. Rep. Abbott, Rep. Z. Brown, Rep. Galt, Rep. Hertz and Rep. Zolnikov voted by proxy.

EXECUTIVE ACTION ON HB 675

11:45:54 **Motion:** Rep. Beard moved that **HB 675 DO PASS**.

Discussion:

11:46:01 Rep. Kerr-Carpenter

11:46:17 Rep. Smith

11:46:35 **Substitute Motion/Vote:** Rep. Kassmier made a substitute motion that **HB 675 BE TABLED**. Substitute Motion carried 13-5 by roll call vote with Rep. Abbott, Rep. Z. Brown, Rep. Kerr-Carpenter, Rep. Marler and Rep. B. Smith voting no. Rep. Galt, Rep. Hertz and Rep. Zolnikov voted by proxy.

EXECUTIVE ACTION ON HB 697

11:47:47 **Motion:** Rep. Beard moved that **HB 697 DO PASS**.

11:48:09 **Motion/Vote:** Rep. Beard moved that **HB 697 BE AMENDED**. Motion carried unanimously by voice vote. Rep. Galt, Rep. Hertz and Rep. Zolnikov voted by proxy.

(See Exhibit 10)

11:48:33 **Motion:** Rep. Beard moved that **HB 697 DO PASS AS AMENDED**.

Discussion:

11:48:42 Rep. Fern

11:49:20 Rep. Abbott

11:49:48 Rep. Brown

11:51:15 Chair Redfield

11:51:34 **Substitute Motion/Vote:** Rep. R. Knudsen made a substitute motion that **HB 697 BE TABLED**. Substitute Motion carried 11-7 by roll call vote with Rep. Abbott, Rep. Z. Brown, Rep. Dunwell, Rep. Fern, Rep. Kerr-Carpenter, Rep. Marler and Rep. B. Smith voting no. Rep. Galt, Rep. Hertz and Rep. Zolnikov voted by proxy.

EXECUTIVE ACTION ON HB 706

11:52:51 **Motion:** Rep. Beard moved that **HB 706 DO PASS**.

11:53:08 **Motion/Vote:** Rep. Beard moved that **HB 706 BE AMENDED**. Motion carried unanimously by voice vote. Rep. Galt, Rep. Hertz and Rep. Zolnikov voted by proxy.

EXHIBIT(tah63a17)

11:53:25 **Motion:** Rep. Beard moved that **HB 706 DO PASS AS AMENDED**.

11:53:33 **Substitute Motion/Vote:** Rep. R. Knudsen made a substitute motion that **HB 706 BE TABLED**. Substitute Motion carried 11-7 by roll call vote with Rep. Abbott, Rep. Z. Brown, Rep. Dunwell, Rep. Fern, Rep. Kerr-Carpenter, Rep. Marler and Rep. B. Smith voting no. Rep. Galt, Rep. Hertz and Rep. Zolnikov voted by proxy.

EXECUTIVE ACTION ON HB 737

11:55:17 **Motion:** Rep. Beard moved that **HB 737 DO PASS**.

Discussion:

11:55:29 Chair Redfield

11:55:46 **Substitute Motion/Vote:** Rep. Fuller made a substitute motion that **HB 737 BE TABLED**. Substitute Motion carried 17-1 by roll call vote with Rep. Dunwell voting no. Rep. Galt, Rep. Hertz and Rep. Zolnikov voted by proxy.

EXECUTIVE ACTION ON HB 775

11:57:48 **Motion:** Rep. Beard moved that **HB 775 DO PASS**.

Discussion:

11:57:56 Rep. Marler

11:58:15 **Vote:** Motion failed 6-12 by roll call vote with Rep. Abbott, Rep. Z. Brown, Rep. Dunwell, Rep. Fern, Rep. Kerr-Carpenter and Rep. B. Smith voting aye. Rep. Galt and Rep. Hertz voted by proxy.

11:59:17 **Motion/Vote:** Rep. Kassmier moved that **HB 775 BE TABLED**. Motion carried unanimously by voice vote. Rep. Galt, Rep. Hertz and Rep. Zolnikov voted by proxy.

EXECUTIVE ACTION ON HB 240

11:59:35 **Motion:** Rep. Fern moved that **HB 240 BE REMOVED FROM TABLE**. Motion failed 7-8 by roll call vote.

12:01:24 Rep. Kerr-Carpenter

12:01:56 Vice Chair Z. Brown

12:01:53 Chair Redfield

ADJOURNMENT

Adjournment: 12:02:51

Chris Bushnell, Secretary

cb

Additional Documents:

EXHIBIT([tah63aad.pdf](#))