



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

July 17, 2014

Room 102, 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

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

COMMITTEE MEMBERS EXCUSED

SEN. CHRISTINE KAUFMANN, Chair

STAFF PRESENT

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

AGENDA [\(Attachment 1\)](#)

VISITORS' LIST [\(Attachment 2\)](#)

COMMITTEE ACTION

- Requested staff draft a bill to clarify uniform dispute review provision in 15-1-211, MCA.
- Request LC9902 as a committee bill and have staff clarify language in 15-2-302(1), MCA, for review in September.
- Requested staff draft a bill to allow the Department of Transportation to designate oversize load corridors.
- Requested a committee bill to clarify the entitlement share growth rate calculation procedure.
- Requested staff redraft LC9903 to address separation of powers issues with the Agricultural Land Valuation Advisory Committee and to add legislators as nonvoting members who are entitled to reimbursement for expenses.
- The committee voted to retain the Agricultural Land Valuation Advisory Committee.
- The committee approved for drafting the Department of Transportation legislative proposals.
- Requested staff draft a bill to revise penalty and interest provisions (House Bill No. 19 from 2013 Legislature).

CALL TO ORDER AND ROLL CALL

00:00:01 Rep. Ballance called the meeting to order at 8:00 a.m. The secretary called roll. Sen. Kaufmann was excused. [\(Attachment 3\)](#)

SJR23 TAXPAYER APPEAL STUDY

- **Mediation and Dispute Resolution at Department of Revenue - Dan Whyte, Chief Legal Counsel**

00:01:36 Mr. Whyte gave a presentation on how the Department of Revenue handles mediation and dispute resolution. Mr. Whyte said the Department does not recommend new mediation language because mediation options already exist in statute for centrally assessed and industrial property.

- **Additional information on mandatory mediation - Megan Moore, Research Analyst**

00:16:00 Ms. Moore gave a presentation on workers' compensation mediation, which is mandatory, and other areas for which mediation is voluntary (water rights disputes, human rights complaints, and parenting plans). [\(Exhibit 1\)](#)

Committee questions

00:23:28 Sen. Barrett

00:24:22 Ms. Moore

- **LC9902 - Industrial property taxpayer bill draft - Megan Moore**

00:24:38 Ms. Moore gave a presentation on LC9902. [\(Exhibit 2\)](#)

- **LC9905 - CPA representation bill draft - Jaret Coles, Staff Attorney**

00:26:18 Mr. Coles gave a presentation on LC9905. [\(Exhibit 3\)](#)

Committee questions

00:31:01 Sen. Barrett
00:31:37 Mr. Coles

Public Comment

00:32:12 James Wangerin, CPA, provided written comments regarding Sen. Tutvedt's proposed bill draft. ([Exhibit 4](#))
00:42:44 Bob Story, Montana Taxpayers Association, commented on LC9902 and LC9905.
00:46:34 Dan Whyte, Department of Revenue, responded to Mr. Wangerin's comments and provided comments on LC9902 and LC9905.

• **Committee Work Session**

▶ **LC9902**

00:52:23 Sen. Wittich asked Mr. Coles about language in LC9902 that the word "may" in 15-2-302(1) has been construed to be "must" by an AG opinion. ([Exhibit 5](#))
00:53:18 Mr. Coles said the AG opinion that Mr. Story brought to the committee's attention in the last meeting was an October 30, 1985 AG Opinion. It basically summarized that if the taxpayer decides to appeal, then it's a "shall" but until that decision is made, it's a "may" because it depends if the taxpayer appeals or not.
00:54:57 Sen. Wittich discussed his concern that in 15-1-211(4), subsections (b), (c), and (d) talk about the rights that a taxpayer has, but the right to have the Department consider alternative dispute resolution methods including mediation is in subsection (e). Mediation works, but mediation is not required in every case. When looking at this section, it is incorrect.
00:58:18 Ms. Moore said that the committee could request that staff draft a bill to amend 15-1-211, MCA, and take comments and decide whether to officially request a draft at the September meeting.

Motion

00:59:01 Sen. Wittich moved to change the language in code by striking the words "right to have"; insert the word "may" after the word "department" to read, "the written notice must include a statement that the department may consider alternative dispute resolution methods including mediation".

Committee questions

01:01:13 Rep. Miller
01:01:25 Sen. Wittich
01:02:17 Rep. Miller
01:02:22 Rep. Hunter
01:03:04 Sen. Barrett
01:04:16 Sen. Wittich agreed with Rep. Hunter's suggestion to add the words "to request".

Substitute motion

01:06:05 Sen. Wittich made a substitute motion to have staff draft a bill for review and consideration and approval that in 15-1-211(4)(e), add the words “to request” after the words “the right”.

Committee discussion

01:06:40 Sen. Jergeson said the sentence would be better to just say, “to request alternative dispute resolution methods, including mediation.”

01:07:13 **The motion passed unanimously by voice vote with Sen. Kaufmann voting aye by proxy.**

Motion

01:07:36 Sen. Jergeson moved to approve LC9902 as a committee bill.

Committee discussion

01:08:07 Sen. Barrett

01:08:27 Mr. Coles

01:09:00 Sen. Thomas

01:09:30 Bob Story

01:12:29 Sen. Wittich

01:13:15 Rep. Hunter

01:13:48 Sen. Jergeson

01:14:59 Sen. Wittich

01:16:00 Ms. Moore

01:16:29 **The motion passed unanimously by voice vote with Sen. Kaufmann voting aye by proxy.**

▶ **Discussion on Rep. Hollandsworth's recommendation to sunset tax credits on a revolving basis**

01:16:53 Rep. Hollandsworth discussed sunseting tax credits on a revolving basis.

01:17:46 Sen. Wittich said he supports that idea.

01:18:06 Sen. Barrett said he is reluctant to put the state on a rigid schedule of sunseting tax credits but he would be supportive of a process of regular review of tax credits and tax expenditures.

01:18:52 Ms. Moore said that the committee could continue discussion but if there is a bill draft request, she would like a motion to get an idea whether this is something the committee supports.

01:19:27 Sen. Jergeson asked if the rolling sunset would apply to other kinds of credits, holidays, and water's edge elections, and other provisions that give taxpayers a break or an advantage in the same way the credits do, and maybe the committee should look at the elections and incentives that are in statute.

Motion

01:20:28 Rep. Hollandsworth moved that Mr. Coles begin looking at the language regarding tax credits and bring that to the next meeting.

Committee discussion

01:21:15 Rep. Hunter said he would be reluctant to support a motion like that.

01:21:57 Rep. Miller

01:22:21 Rep. Hollandsworth said he would amend his motion to say that review of tax credits would be on a rolling basis, and have Mr. Coles work on that.

01:22:55 Mr. Coles asked for clarification on Rep. Hollandsworth's motion so that in bringing a bill to the committee, he doesn't want to be the person who determines which tax credits are sunset at certain times, and if he could have leeway on legislation to lay out language if the motion is approved and show the committee how it would go about doing that statutorily.

01:24:04 Sen. Barrett

01:25:03 Sen. Taylor

01:26:42 Rep. Miller

Motion withdrawn

01:27:01 Rep. Hollandsworth withdrew his motion.

Committee discussion

01:28:32 Sen. Barrett

01:28:56 Sen. Thomas

01:29:51 Rep. Ballance

01:30:03 Ms. Moore summarized what the committee has done so far. The committee requested one bill draft, LC9902, and requested that Mr. Coles draft a bill to amend 15-1-211, MCA. She will provide a draft final report for the study and present it at the next meeting.

SJR 26 OVERSIZE LOAD STUDY

- **Maps of common oversize routes and opportunities and challenges of oversize corridors - Duane Williams, Administrator for Motor Carrier Division, Department of Transportation**

01:31:23 Mr. Williams gave a presentation on common oversize routes. [\(Exhibit 6\)](#)

Committee questions

01:43:03 Sen. Jergeson

01:43:23 Mr. Williams

01:43:30 Sen. Jergeson

01:43:51 Sen. Barrett

01:44:48 Mr. Williams

01:45:28 Sen. Barrett

01:46:58 Mr. Williams

01:47:22 Rep. Ballance

01:47:40 Rep. Hollandsworth

01:48:18 Mr. Williams
01:49:07 Rep. Hollandsworth
01:50:57 Rep. Jacobson
01:51:13 Mr. Williams
01:52:16 Rep. Ballance
01:52:41 Mr. Williams

- **Cost analysis for oversize routes - Megan Moore**

01:53:29 Ms. Moore gave a cost analysis of oversize loads. [\(Exhibit 7\)](#)

Committee questions

02:02:42 Sen. Barrett
02:03:12 Ms. Moore
02:03:57 Sen. Barrett
02:05:05 Ms. Moore
02:05:43 Rep. Ballance
02:06:02 Sen. Taylor
02:06:40 Ms. Moore
02:07:30 Sen. Taylor
02:07:45 Mr. Williams

- **Public Comment**

02:08:50 Cary Hegreberg, Montana Contractors Association
02:13:48 Spook Stang, Executive Vice President, Motor Carriers of Montana
02:20:31 Gary Weins, Montana Electric Cooperative Association

02:21:13 Mark Hayden, Missoula Electric Cooperative

- **Committee Work Session**

02:26:26 Sen. Wittich asked Mr. Williams if the amount of permit fees that are charged equal the time that the Department of Transportation has to undertake to manage these.

02:27:08 Mr. Williams

02:27:47 Sen. Wittich asked if the first transporter should pay for the improvements and whether the Department has looked into some corollary that would shift some costs to future users.

02:29:57 Mr. Williams

02:30:20 Sen. Wittich asked if there is a corollary in other states on how they have handled the spreading of costs.

02:30:55 Mr. Williams

02:31:05 Rep. Hunter asked Mr. Williams about route protection other than the fee changes for bill drafting purposes.

02:32:18 Mr. Williams

02:33:25 Rep. Hunter asked if these improvements could be done within the Department's regular appropriation by merely designating some funds for these kinds of improvements.

02:34:15 Sen. Barrett asked if that would be a matter of building that into the Department's asset management plan.

02:35:15 Mr. Williams
 02:35:33 Rep. Hollandsworth asked if Mr. Williams would go over the costs incurred by a moving company.
 02:36:10 Mr. Williams
 02:38:10 Rep. Hollandsworth discussed the costs to the shipper and raising rates modestly.
 02:39:15 Sen. Taylor asked about swivel lights and if they need to get approval for streets in urban areas or only for state roads.
 02:39:36 Mr. Williams
 02:39:45 Sen. Taylor
 02:40:28 Sen. Barrett asked if the 10-minute rule would become less of a problem if permanent improvements made it so loads would not have to stop to have wires raised, etc.
 02:41:11 Mr. Stang
 02:42:12 Sen. Barrett
 02:42:42 Mr. Stang
 02:43:11 Sen. Barrett
 02:43:41 Mr. Hegreberg
 02:45:08 Rep. Boland
 02:45:56 Mr. Williams
 02:45:59 Rep. Boland
 02:46:38 Mr. Williams

- **Discussion on “Decision Tool for the SJR 25 Study”**

02:47:18 Ms. Moore briefly discussed the document "Decision Tool for the SJR 26 Study of the Movement of Oversize Loads". ([Exhibit 8](#))

- ▶ **Should there be oversize load corridors in Montana?**

02:49:06 Sen. Wittich said that he will not support more funding for these roads, but would support creating some type of financing mechanism whereby the first transporter isn't bearing a disproportionate amount of the costs.
 02:50:38 Sen. Barrett said that the term that came to his mind is the notion of a public/private partnership.
 02:52:09 Rep. Hollandsworth said that when he said “raise the fees”, it wasn't to make them pay for it but to make the playing field more even.

Motion

02:53:41 Sen. Thomas moved that the committee approve draft legislation for the creation of routes for oversize megaloads in Montana.

Committee discussion

02:54:51 Rep. Ballance
 02:54:58 Sen. Thomas
 02:55:36 Rep. Jacobson
 02:56:39 Sen. Thomas
 02:56:43 Sen. Taylor
 02:58:09 Rep. Miller
 02:58:27 Sen. Wittich

02:59:55 Rep. Miller
 03:00:06 Sen. Taylor
 03:01:09 Rep. Ballance
 03:01:43 Sen. Barrett
 03:03:08 Rep. Hunter
 03:04:05 Sen. Wittich
 03:05:07 Rep. Hollandsworth
 03:07:06 Sen. Barrett
 03:08:13 Rep. Ballance
 03:09:11 Ms. Moore
 03:09:42 Rep. Ballance
 03:09:47 Sen. Wittich
 03:10:24 Rep. Ballance
 03:11:01 Ms. Moore
 03:11:37 Sen. Jergeson
 03:13:33 Sen. Barrett
 03:13:56 Ms. Moore
 03:14:48 Sen. Barrett
 03:15:32 Rep. Ballance
 03:16:29 Ms. Moore
 03:17:21 Mr. Coles said that if the committee or legislature is going to require the Department to establish these corridors, in order to make sure the rule is a valid rule, you would want to give some guidance as a legislature of what the department should consider in coming up with these corridors. Otherwise you could be delegating all your legislative authority to the Department and then the rule could be invalid.

Motion

03:18:10 Rep. Miller moved to direct the Department of Transportation to identify preferred oversize routes and give some direction on what routes should be considered.
The motion passed unanimously by voice vote.

► **Should local governments be allowed to issue oversize load permits?**

03:20:08 Rep. Ballance said that discussion was specifically about the city of Missoula. It does include an additional charge. If we leave that and do nothing, then other cities and towns can do a similar permit.
 03:20:24 Sen. Barrett said it is a policy issue and he believes that local governments should be allowed to charge fees commensurate with uncompensated costs.
 03:21:54 Rep. Hollandsworth said all the permitting process should be through the Department of Transportation.
 03:23:46 Rep. Hunter discussed a technical point that was raised in the city of Billings when talking about the location of a traffic light that was not on a state highway.
 03:24:27 Mr. Coles said that he doesn't believe that there would be a separation of powers issue but if a city has self-governing powers, then the city has a right on a nonstate highway to establish a permit unless the legislature tells them that they do not have that power.
 03:25:23 Sen. Jergeson asked whether the Department handles any of the arrangements with utility companies for raising lines and collecting money.

- 03:26:02 Mr. Williams said that the only thing the Department does is to make sure that happens.
- 03:26:13 Sen. Jergeson said that one of the issues for Missoula is that the lights and parts of the city's infrastructure is affected. Maybe the whole notion that it's a permit fee is what's in error here rather than any entity, private or coop, has the right to recover their costs for the adjustments they have to make to accommodate one of these moves.
- Motion**
- 03:28:26 Rep. Hollandsworth moved for staff to draft a bill to clarify the existing statute so the Department of Transportation has the sole authority for permitting a load through the boundaries of the state of Montana.
- 03:30:40 The motion **failed** on a tie vote 6-6, with Sen. Taylor, Sen. Thomas, Sen. Wittich (proxy), Rep. Ballance, Rep. Hollandsworth, and Rep. Miller voting yes, and Sen. Barrett, Sen. Kaufmann (proxy), Sen. Jergeson, Rep. Hunter, Rep. Jacobson, and Rep. Boland voting no. ([Attachment 4](#))
- 03:30:45 Rep. Hunter suggested revisiting this in the future.
- 03:30:50 Sen. Taylor said that she would like to state on record that this motion was for permitting not for costs.
- 03:31:48 Rep. Jacobson said that he voted against the motion because of the way it was stated, and that he might have supported a motion to give the Montana Department of Transportation sole permitting authority on state highways.
- 03:32:10 Sen. Thomas asked if Rep. Hollandsworth wanted to restate the motion.
- 03:32:41 Rep. Hollandsworth asked Mr. Williams to clarify the Department's authority to issue permits.
- 03:33:06 Mr. Williams said that the Department of Transportation has authority to issue permits for all public roads.
- 03:33:44 Sen. Jergeson said that any motion passed on this needs to include a design for local governments to recoup their costs in accommodating these loads.
- 03:35:14 Rep. Hollandsworth asked Mr. Hegreberg about recouping costs.
- 03:36:12 Mr. Hegreberg said that on state designated routes that the state Department of Transportation should have the sole authority to issue permits for oversize loads. If that load moves through city streets or county roads, those local governments need to be part of that permitting process and need to be consulted. In terms of cost recovery, these companies that are moving through communities are paying for the additional law enforcement expenses. He said he doesn't know what costs are incurred by local governments.
- 03:37:39 Rep. Boland commented that she agrees that counties and cities should be reimbursed for any costs borne and if a load takes out a state bridge on a state road, the company that took out the bridge would have to pay for that bridge to be fixed.
- ▶ **Online, self-executing permitting for oversize loads.**
- 03:39:22 Sen. Barrett said that he would want to know what the Department of Transportation is doing with these permits and whether it can be done through a computerized system.

- 03:40:46 Ms. Moore discussed the Texas system and how one can submit an application online and get a permit. She researched the system and her understanding is that if you have a super heavy load, you have to submit your applications 6-8 weeks before the permit is required. Montana has online permitting but currently no permits are issued right away for large oversize loads because the Department needs to look at the route and make sure the vehicle can travel the route.
- 03:41:49 Rep. Miller said that the Department needs to come to the committee with some figures, what they have in place, and what they need to do.

BREAK - reconvened at 11:53 a.m.

ADMINISTRATIVE RULE REVIEW - Jaret Coles, Staff Attorney

- 03:52:21 Mr. Coles gave a presentation on Administrative Rule activity ([Exhibit 9](#)) and the Supplemental Memo ([Exhibit 10](#)).

PUBLIC COMMENT - none

LEGISLATIVE CLEANUPS

- 03:57:08 Ms. Moore gave a presentation on a bill draft to clarify the entitlement share growth rate calculation procedure. ([Exhibit 11](#))

Motion

- 03:58:45 Sen. Barrett moved that LC9904 be a committee bill.

Committee questions

- 03:59:08 Sen. Wittich
03:59:18 Ms. Moore

Public Comment

- 04:00:19 Bob Story, Montana Taxpayers Association

Committee questions

- 04:01:13 Sen. Barrett
04:01:28 Mr. Story

- 04:01:46 **The motion passed unanimously with Sen. Barrett as sponsor of the bill.**

• **Discussion on HB 19, revised penalty interest**

- 04:02:13 Ms. Moore gave an overview of the packet of documents regarding HB 19 and the letter to Director Kadas from the committee. ([Exhibit 12](#))

- 04:03:52 Rep. Hollandsworth said that he had suggested to Director Kadas that before the committee requests a bill, Rep. Hollandsworth will have a discussion with the governor to see if the governor would agree to sign the bill if the Legislature passes it.

PUBLIC COMMENT - none

04:05:11 Rep. Ballance asked if anyone wanted to make a motion to bring this forward as a committee bill. No motion was made.

LUNCH BREAK - reconvene at 12:39 p.m.

AGRICULTURAL LAND VALUATION ADVISORY COMMITTEE

- **Overview of the Advisory Committee's May meeting and June conference call**

04:38:43 Rep. Miller gave a brief background of the Agricultural Land Valuation Advisory Committee. **(Exhibit 13)**

04:40:07 Rep. Jergeson discussed the activities of the May 29th meeting.

04:43:33 Rep. Miller said that the June 26 conference call was to discuss production values. He explained the map that depicted the three district adjustments of spring wheat yields. **(Exhibit 14)**

04:45:16 Sen. Jergeson spoke about the reasons that the Department went to regional numbers.

- **Committee discussion on retaining or eliminating the Agricultural Land Valuation Advisory Committee**

04:49:45 Rep. Ballance

04:49:58 Sen. Wittich

04:50:08 Rep. Ballance

04:50:41 Sen. Jergeson

04:52:05 Rep. Ballance

04:52:17 Sen. Wittich

04:52:39 Sen. Jergeson

04:53:37 Rep. Miller

04:53:42 Sen. Jergeson

04:54:49 Rep. Miller

04:55:17 Rep. Hollandsworth

04:55:26 Sen. Jergeson

04:55:46 Dan Whyte

Public Comment

04:56:36 Bob Story, Montana Taxpayers Association

- **Discussion on LC9903, requiring the appointment of legislators to the agricultural land valuation advisory committee**

05:00:11 Ms. Moore gave a presentation on LC9903. **(Exhibit 15)**

- **Discussion on the option to add legislators to advisory committee**

05:03:04 Ms. Moore discussed the memorandum regarding options to add legislators to the Agricultural Land Valuation Advisory Committee. **(Exhibit 16)**

Discussion on compensation and travel reimbursement

05:05:20 Sen. Barrett

05:05:25 Rep. Hunter

05:06:04 Rep. Ballance
05:06:23 Sen. Jergeson
05:08:51 Rep. Ballance
05:08:57 Rep. Miller
05:09:35 Ms. Moore
05:10:05 Sen. Wittich

• **Discussion on exercise of executive power**

05:11:37 Ms. Moore discussed a concern of possible separation of powers issues if the legislative members become voting members on the advisory committee.

Discussion

05:13:05 Sen. Wittich
05:14:20 Jaret Coles
05:16:31 Rep. Miller

Public Comment

05:17:15 Dan Whyte, Chief Legal Counsel, Department of Revenue
05:21:22 Bob Story, Montana Taxpayers Association

05:24:25 Ms. Moore said the first decision is to retain or eliminate the Advisory Committee and then the committee can decide whether or not to have a bill draft to add legislators to the committee and to address the separation of powers issue.

Motion

05:25:07 Sen. Wittich moved for a bill draft recommending that legislators on the advisory committee be nonvoting members and that they receive compensation for expenses and to change language in subsection (d) of LC9903.

Committee discussion

05:25:45 Rep. Hollandsworth
05:26:29 Sen. Wittich
05:27:25 Sen. Jergeson
05:29:13 Sen. Barrett

Restated Motion

05:29:49 Sen. Wittich said his motion is to redraft LC9903 to make sure that legislators are nonvoting, that they are entitled to expense compensation, and that the clause under 15-7-201(5)(d) be modified to address the separation of powers issues, and revisit the final draft at the September meeting.

05:30:31 **The motion passed with Sen. Kaufmann and Sen. Thomas voting aye by proxy.**

Motion

05:30:56 Sen. Jergeson moved that the Agricultural Land Advisory Committee be retained. **The motion passed with Sen. Thomas and Sen. Kaufmann voting aye by proxy.**

- 05:31:57 Rep. Miller asked Sen. Wittich if his motion requires the appointees to the advisory committee be from the Revenue and Transportation Interim Committee or from the general legislature.
- 05:32:05 Sen. Wittich said that since he didn't mention that in his motion, he would rather have the current language, which does not require the appointees to be members of the Revenue and Transportation Interim Committee.

AGENCY LEGISLATIVE PROPOSALS

- **Department of Transportation Legislative Proposals - Pat Wise, Deputy Director, Department of Transportation**

05:32:49 Ms. Wise presented the Department of Transportation's proposed legislation.

Proposals

- 05:34:37 Proposal 1: Authorizing an alternative contracting method known as the Construction Manager General Contractor/Contracting Method.
- 05:36:40 Proposal 2: Establish a chain of responsibility for addressing the process to reopen or clear travel lanes after a vehicle crash.
- 05:37:36 Proposal 3: Amend the tax penalty provisions in 15-70-210 and 15-70-352, MCA, to allow the Department the flexibility to waive late payment of fuel or special fuel diesel taxes.
- 05:38:35 Proposal 4: Allow the Department to distribute 100% of funds set aside for the DUI Task Force program under Title 61.
- 05:40:04 Proposal 5: Allow the Department to sell excess land directly to the listed public entities in 60-4-202, MCA, under certain circumstances.
- 05:40:37 Proposal 6: Allow the appraised value to be extended from 3 to 6 months before a new appraisal is required in the sale of excess land in 60-4-203, MCA.
- 05:41:39 Proposal 7: Amend 61-10-126 to allow for a direct deposit to MDT's nonrestricted account in the state's special revenue fund.
- 05:42:09 Proposal 8: Revise current laws to simplify the administration of the multiple tax processes in gas and diesel tax statutes by combining the various tax requirements into a single part, Title 15, chapter 70.
- 05:43:32 Proposal 9: Establish a clear authority for the Department and the Transportation Commission to erect memorial signs and commemorative markers on routes under the jurisdiction of MDT.
- 05:45:03 Proposal 10: Clarify acceptable traction devices for vehicles for bad weather roads.
- 05:45:57 Proposal 11: Increase the fee for international registration plan trailer license plates.

Public Comment on Proposed Legislation

- 05:48:04 Cary Hegreberg, Montana Contractors Association, commented on Proposal 1.
- 05:50:15 Spook Stang, Executive Vice President, Motor Carriers of Montana, commented on Proposal 2.

Motion

05:51:32 Rep. Hunter moved to approve for drafting the Department of Transportation's proposed bills. **The motion passed with Sen. Kaufmann and Sen. Thomas voting aye by proxy.**

UPDATE ON FEDERAL HIGHWAY TRUST FUND - Lynn Zanto, Planning Division Administrator, Department of Transportation

05:53:26 Ms. Zanto gave an update on the federal highway trust fund.

Committee questions

06:01:17 Sen. Jergeson

06:01:36 Ms. Zanto

06:01:55 Rep. Ballance

06:02:09 Ms. Zanto

Public Comment - none

REVENUE ESTIMATE PLANNING

- **Overview of committee's duties and previous approaches - Megan Moore**

06:04:12 Ms. Moore gave an overview of the revenue estimating process. ([Exhibit 17](#))

- **Assumptions in revenue estimating - Stephanie Morrison, Revenue Analyst, Legislative Fiscal Division**

06:08:58 Ms. Morrison discussed the Legislative Fiscal Division's proposal to change the order of general fund and nongeneral fund revenue sources in the revenue estimate to match the order in which they present the revenue sources in LFD reports and the proposal to change the way LFD identifies the underlying assumptions of each estimate in HJ 2. ([Exhibit 18](#))

Committee questions

06:14:51 Sen. Barrett

06:15:36 Ms. Morrison

06:16:24 Sen. Barrett

06:16:53 Rep. Ballance

06:17:25 Ms. Morrison

06:17:38 Rep. Ballance

06:17:50 Ms. Morrison

- **Public Comment**

06:18:22 Bob Story, Montana Taxpayers Association

- **Committee direction**

06:22:28 Ms. Moore said that she would start with the assumption of doing presentations similar to the ones that happened last interim in September and November unless the committee wants to discuss a different timeframe or presentation type and suggested giving direction to Ms. Morrison on the issues she raised.

Committee discussion
06:22:54 Rep. Hollandsworth
06:23:21 Sen. Barrett
06:25:00 Rep. Hunter
06:26:03 Ms. Moore
06:26:31 Rep. Hunter
06:27:06 Ms. Moore
06:27:09 Rep. Ballance
06:27:50 Rep. Hollandsworth
06:28:15 Ms. Morrison
06:29:25 Sen. Wittich
06:29:51 Sen. Taylor
06:30:17 Ms. Moore
06:30:41 Ms. Morrison
06:31:13 Sen. Barrett
06:31:57 Ms. Moore
06:32:11 Ms. Morrison
06:35:15 Sen. Jergeson
06:36:25 Ms. Morrison

Public Comment - none

2017 OUTLOOK REPORT - Amy Carlson, Legislative Fiscal Division

06:37:19 Ms. Carlson gave a presentation on the 2017 Biennium Outlook for the General Fund Budget. ([Exhibit 19](#))

Committee questions of Ms. Carlson
06:48:54 Rep. Ballance
06:49:56 Rep. Ballance
06:51:51 Rep. Hunter
06:52:24 Sen. Taylor
07:00:12 Sen. Barrett

• **2017 Outlook Revenue Detail**

07:06:12 Ms. Morrison gave a presentation of the **2017 Outlook Revenue**. ([Exhibit 20](#))
07:11:25 Nick Brown, Fiscal Analyst, Legislative Fiscal Division, gave a report on the **Property Tax** (Exhibit 20, page 4) and **Oil and Natural Gas Taxes** (Exhibit 20, pages 6).

Committee questions
07:14:36 Rep. Miller
07:14:52 Mr. Brown
07:15:50 Sen. Barrett
07:16:07 Sam Schaefer

07:16:35 Sam Schaefer, Fiscal Analyst, Legislative Fiscal Division, gave a report on the **Vehicle Taxes and Fees** (Exhibit 20, page 5).
07:17:36 Mr. Schaefer gave a report on the **Video Gambling Tax** (Exhibit 20, page 8).

07:18:10 Cynthia Holliman, Fiscal Analyst, Legislative Fiscal Division, gave a report on the **Insurance Tax** (Exhibit 20, page 7).

Committee questions

07:21:45 Rep. Ballance

07:21:55 Ms. Holliman

07:22:11 Ms. Morrison gave a report on the **Treasury Cash Account Interest** (Exhibit 20, page 16).

Committee questions

07:23:34 Rep. Miller

07:23:44 Ms. Morrison

07:23:48 Sen. Barrett

07:23:55 Ms. Morrison

07:24:21 Rep. Ballance

07:24:41 Ms. Morrison

STANDARD ERROR REPORT: CORPORATE INCOME TAX - Sam Schaefer, Fiscal Analyst, Legislative Fiscal Division

07:26:41 Amy Carlson gave a brief overview of Mr. Schaefer's presentation.

07:31:33 Mr. Schaefer distributed a report "Corporation Income Tax Estimating: Using Confidence Intervals to Minimize Forecasting Error" (**Exhibit 21**) and gave a PowerPoint presentation on that subject. (**Exhibit 22**)

Committee questions

07:53:35 Rep. Miller

07:53:40 Mr. Schaefer

07:53:50 Rep. Miller

07:54:47 Mr. Schaefer

07:55:30 Sen. Barrett

07:56:08 Mr. Schaefer

Public Comment - none

Public Comment on any topic - none

NEXT MEETING DATE

07:58:56 Ms. Moore discussed the next meeting date.

OTHER BUSINESS

07:59:30 Rep. Hollandsworth discussed a redraft of House Bill No. 19 that deals with fraud.

Motion

08:00:25 Rep. Hollandsworth moved to redraft House Bill 19 from last session to be reviewed by the committee in September.

08:00:39 Committee discussion
Rep. Hunter
08:00:57 Rep. Hollandsworth
08:01:12 Ms. Moore

08:01:46 **The motion passed unanimously with Sen. Kaufmann, Sen. Wittich, and Sen. Thomas voting aye by proxy.**

ADJOURNMENT

07:57:55 With no further business before the committee, Rep. Ballance adjourned the meeting at 4:03 p.m.

CI0425 4253fhxb.