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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

May 6, 2014
Room 172, 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
FONG HOM, Secretary

AGENDA & VISITORS' LIST

Agenda ([Attachment 1](#))

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

COMMITTEE ACTION

The committee asked staff to:

- revise a bill draft for options for industrial property taxpayers to appeal to the county tax appeal board or the State Tax Appeal Board; and
- draft legislation to require the appointment of legislators to the Agricultural Land Valuation Advisory Committee.

As part of the committee's duty to review advisory councils, the committee voted to:

- retain the Scenic-Historic Byways Advisory Council without change;
- retain the Forest Lands Taxation Advisory Committee without change; and
- retain the advisory council for the Multistate Tax Compact and request, as a committee bill, LC 9901 to clarify the conditions under which the council should be appointed.

CALL TO ORDER AND ROLL CALL

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

LOCAL GOVERNMENT REIMBURSEMENTS AND FINANCING - Ed Caplis, Tax Policy & Research, Department of Revenue

00:01:30 Mr. Caplis gave a presentation on Entitlement Share Payments. ([Exhibit 1](#))

00:17:13 Mr. Caplis gave a presentation on the Numbers related to Entitlement Share Payments. ([Exhibit 2, page 4](#)). Mr. Caplis distributed a document showing SB 184 Reimbursement Payments by County. ([Exhibit 3](#))

Committee questions

00:21:18 Sen. Thomas

00:22:03 Sen. Thomas

00:22:19 Mr. Caplis

00:22:28 Sen. Thomas

00:22:42 Sen. Taylor asked about the public assistance numbers.

00:23:08 Mr. Caplis

00:23:43 Sen. Taylor asked if DPHHS would have new numbers for public assistance.

00:23:52 Ms. Moore said she can look into that.

00:24:07 Rep. Hollandsworth

00:24:40 Rep. Ballance

00:25:08 Mr. Caplis

00:25:56 Rep. Hollandsworth

00:26:25 Rep. Ballance

00:26:56 Mr. Caplis

00:27:14 Sen. Thomas

00:28:21 Mr. Caplis

00:30:04 Sen. Thomas
00:30:28 Mr. Caplis
00:31:51 Sen. Jergeson
00:32:32 Mr. Caplis
00:33:12 Sen. Jergeson
00:33:52 Mr. Caplis
00:34:25 Sen. Jergeson

- **Public Comment**

00:34:53 Harold Blattie, Executive Director, MACo (**Exhibit 4**)
00:48:41 Bob Story, Montana Taxpayer Association
00:52:17 Alec Hansen, League of Cities and Towns

01:00:28 Rep. Hollandsworth would like Director Kadas to explain the entitlement share payment during the Legislative Orientation Week.

SJR 23 STUDY OF TAXPAYER APPEAL PROCESS

- **Information on certain Montana Courts**

01:01:23 History of the Workers' Compensation Court - Megan Moore, Lead Researcher (**Exhibit 5**)

01:08:38 Court workloads and costs - Ms. Moore (**Exhibit 6**)

01:19:01 State Tax Appeal Board Workload - Karen Powell, State Tax Appeal Board (**Exhibit 7**)

- **Public Comment**

01:23:35 Jackie Poole, Workers' Comp Court

Committee questions

01:24:12 Rep. Hollandsworth

01:24:50 Ms. Powell

- **Mediation**

01:27:36 Overview of Mediation Options Available to Taxpayers - Ms. Moore (**Exhibit 8**)

01:31:03 Ms. Powell explained the mediation process that is done by the State Tax Appeal Board. She said that if the committee is interested in supporting the concepts of alternative dispute resolution, whether through mediation or settlement conference, it would be more efficient to put a mediation option in the Tax Appeal Board.

- **Public Comment**

01:34:17 Jim Wangerin, CPA, Deer Lodge

Committee questions

01:35:43 Sen. Wittich
01:37:16 Mr. Wangerin
01:40:13 Sen. Kaufmann
01:40:29 Sen. Wittich asked about the bill that Mr. Wangerin referenced.
01:40:54 Ms. Moore
01:41:16 Sen. Wittich
01:41:49 Sen. Thomas
01:42:13 Ms. Moore
01:42:40 Jaret Coles, Staff Attorney, discussed Administrative Rule 42-2-617.
01:43:48 Sen. Thomas
01:44:22 Mr. Coles
01:45:02 Sen. Thomas
01:45:38 Dan Whyte, Acting Chief Legal Counsel, Department of Revenue
01:47:58 Sen. Thomas
01:48:17 Mr. Whyte
01:48:57 Sen. Thomas
01:49:35 Mr. Whyte
01:50:19 Rep. Hunter asked Ms. Moore to look into mandatory mediation for the Workers' Comp Court and for the Water Court, why they had mandatory mediation, and what is the subject matter for which that makes sense.
01:51:10 Sen. Wittich

• **Department of Revenue information requests - Dan Whyte, Acting Chief Legal Counsel, Department of Revenue**

01:53:25 Mr. Whyte discussed the Department's response to Sen. Miller's request for information regarding litigation. (**Exhibit 9**)
02:02:48 Mr. Whyte distributed and discussed the number of cases appealed by the department and the amount of taxes under protest. (**Exhibit 10**)
02:06:50 Mr. Whyte discussed two cases that have settled: Puget Sound case and the CHS Refinery case.

Public Comment on SJR 23

02:08:58 Jim Wangerin, CPA

Committee questions

02:11:27 Sen. Thomas asked Director Kadas for a position paper on the practice of the department in making a decision on whether to mediate.
02:13:51 Director Kadas
02:14:26 Sen. Thomas
02:15:07 Sen. Barrett
02:16:24 Director Kadas

BREAK - reconvene at 10:35 a.m.

• **Representation at the State Tax Appeal Board**

02:36:02 Overview of Representation before the County and State Tax Appeal Boards - Megan Moore (**Exhibit 11**)

02:39:48 George Olsen, Chair of Montana Society of CPAs Legislation and Governmental Affairs Committee, discussed the pros and cons of having CPAs represent clients before the State Tax Appeals Board.

Committee questions

02:46:22 Sen. Wittich
02:47:21 Mr. Olsen
02:48:33 Sen. Kaufmann
02:49:17 Mr. Olsen
02:49:35 Sen. Thomas
02:49:56 Mr. Olsen
02:50:19 Ms. Moore
02:51:00 Sen. Thomas
02:51:25 Ms. Powell
02:54:57 Sen. Wittich
02:55:32 Ms. Powell
02:59:47 Sen. Wittich
03:00:36 Ms. Powell
03:03:22 Sen. Kaufmann
03:03:55 Ms. Powell
03:06:05 Sen. Kaufmann
03:06:15 Ms. Powell
03:07:30 Sen. Thomas
03:08:21 Ms. Powell
03:10:58 Sen. Wittich
03:12:03 Mr. Olsen
03:12:48 Sen. Wittich
03:13:26 Mr. Olsen
03:13:56 Sen. Wittich
03:14:42 Mr. Olsen
03:15:27 Sen. Jergeson
03:19:08 Mr. Olsen

Public Comment

03:20:01 Walter Wangarin, Enrolled Agent
03:22:17 James Wangarin, CPA ([Exhibit 12](#))
03:26:42 Bob Story, Montana Taxpayer Association
03:29:48 Rep. Hollandsworth

- **Bill draft to allow industrial properties to appeal directly to State Tax Appeal Board - Megan Moore**

03:30:36 Ms. Moore discussed bill draft LC9902. ([Exhibit 13](#))

Public Comment on LC9902

03:32:12 Bob Story, Montana Taxpayer Association
03:35:29 Dave Galt, Executive Director, Montana Petroleum Association
03:36:09 Dan Whyte, Department of Revenue

Committee action on whether to formally request bill draft

03:38:23 Sen. Wittich
03:39:10 Mr. Whyte
03:39:40 Sen. Barrett
03:40:43 Sen. Kaufmann directed staff to provide another draft that makes clear there is an option for industrial property taxpayers to appeal to the county tax appeal board or the State Tax Appeal Board.

• **Committee work session on SJR 23 Study**

03:41:25 Sen. Kaufmann said that the committee needs to review the briefing paper "Decision Tool for the SJR 23 Study" and make recommendations. (**Exhibit 14**)
03:42:14 Ms. Moore said that the committee needs to finish the work on the SJR 23 Study by September 15, and if the committee wants draft legislation or draft recommendations or findings, that should be done at this meeting.

Discussion on "Should there be education, experience, and/or continuing education requirements for State Tax Appeal Board members?"

03:43:54 Sen. Kaufmann
03:45:02 Ms. Moore
03:45:18 Sen. Barrett
03:45:56 Sen. Wittich
03:46:47 Sen. Kaufmann asked if there is any discussion on this topic or should the committee remain silent on this topic in the final report. (No response from the committee.)
03:47:11 Ms. Moore discussed the SJR 23 Study.

Discussion on "Should there be a tax court system to resolve tax appeals?"

03:47:50 Rep. Hollandsworth
03:48:50 Sen. Kaufmann asked if the committee wanted to pursue any findings in the final report regarding the question of a tax court system.
03:49:05 Sen. Thomas

Discussion on "Should a rotating district court judge handle direct appeals from centrally assessed and large industrial facility properties?"

03:50:03 Ms. Moore said that this recommendation was in the study resolution.
03:50:46 Sen. Kaufmann asked if the committee had any recommendations related to this topic.
03:50:56 Sen. Thomas recommended no change.

Discussion on "Should the tax appeal process be revised by removing one or more step in the process for some or all taxpayers?"

03:51:49 Ms. Moore
03:52:01 Sen. Kaufmann asked if the committee had any recommendations for legislation or findings related to elimination of steps in the process.
03:52:41 Sen. Jergeson
03:53:26 Sen. Kaufmann

03:53:38 Sen. Wittich asked about the issue of the Department being constrained on their position based on what they present in the administrative process.

03:55:01 Ms. Moore said that this was an issue Sen. Wittich brought up in an earlier meeting and the committee wanted to consider it later in the interim. It is related to the Office of Dispute Resolution.

03:56:16 Sen. Wittich asked if there was a statute that allows it, or if a statute is needed to preclude the Department's ability to grow the appeal.

03:56:56 Sen. Kaufmann said she will ask the Department to make brief comments on that topic.

03:57:21 Rep. Hunter

03:57:55 Sen. Barrett

03:58:51 Sen. Kaufmann

03:58:56 Sen. Thomas

04:01:07 Mr. Whyte said that the Department would like to keep that process of review under 15-1-211, MCA, as informal as possible.

04:04:53 Sen. Wittich asked Ms. Moore to review that meeting record.

04:05:43 Ms. Moore said that Sen. Wittich raised a question about that issue at the October meeting. Mr. Coles had prepared an overview of the issue and Mr. Whyte had prepared information for the December meeting at which Sen. Wittich was not present. Sen. Thomas had requested that this issue be reserved for a later meeting.

04:06:34 Sen. Wittich asked for a copy of the documents.

04:06:45 Rep. Ballance discussed the last recommendation and the last bullet on page 6 of the Decision Tool document regarding property taxpayers wanting to go directly to the State Tax Appeal Board.

04:07:21 Ms. Moore said that the draft bill is specific to industrial property taxpayers only.

04:08:05 Rep. Ballance asked if we need something because it says "any property taxpayer" that wants to go directly to STAB can do that.

04:08:23 Sen. Kaufmann said that the county tax appeal board has its role and as we have heard testimony, they are generally able to resolve over 90% of the cases that come in front of them.

Discussion on "Should the timeframe for filing an appeal with county tax appeal board be revised?"

04:09:07 Ms. Moore said that this comment did not rise to the level of a recommendation but was raised as a possible concern.

04:09:39 Sen. Barrett

04:11:18 Sen. Thomas

04:13:17 Sen. Barrett

04:13:46 Sen. Wittich

04:14:58 Sen. Taylor

04:15:57 Sen. Kaufmann said that the general consensus is that no legislation is needed in this regard.

04:16:10 Director Kadas

04:19:14 Kevin Nelson, Billings, commented.

04:20:02 Sen. Kaufmann asked the committee if it wanted to consider a recommendation for an interim study.

04:20:17 Sen. Taylor

04:20:47 Sen. Kaufmann asked the staff to do some research on what studies have been done on the property tax system and whether they are duplicative of what we are anticipating now.

04:21:07 Rep. Hunter

04:21:35 Sen. Kaufmann said that the committee could ask staff to talk about previous interim committee studies or select committees on the property tax system.

04:21:48 Rep. Hollandsworth

04:22:38 Sen. Kaufmann said the committee could direct staff to work with the Department and flush out what would be an appropriate interim process to help move in the direction of simplifying the property tax system.

Discussion on "Should a certified public accountant be permitted to represent taxpayers before the State Tax Appeal Board?"

04:23:08 Sen. Kaufmann asked what the committee wanted to do with that issue.

04:23:15 Sen. Wittich said he wanted to see the two bills that Mr. Wangerin brought up.

04:24:41 Ms. Moore said that the bill that Sen. Wittich is referring to is a bill by Sen. Arntzen regarding an income tax issue and is not related to representation before STAB.

04:24:59 Sen. Wittich

04:25:03 Sen. Kaufmann said that staff will bring the CPA representation bill for committee discussion at the next meeting.

04:25:13 Rep. Hollandsworth

04:25:52 Ms. Moore

Public Comment on Work Session

04:26:40 Bob Story, Montana Taxpayers Association

Lunch Break - reconvened at 1:15 p.m.

MONTANA DEPARTMENT OF TRANSPORTATION UPDATE - Mike Tooley, Director

05:15:26 Mike Tooley discussed federal funding for highway transportation, the status of construction projects, the status of maintenance on Montana roads, the chemical makeup and the costs of the liquid de-icer, and the Powder River Training Complex in southeast Montana.

Committee questions

05:24:14 Rep. Miller

05:24:28 Director Tooley

05:24:50 Rep. Miller

05:25:05 Director Tooley

05:25:10 Rep. Miller

05:25:31 Director Tooley

05:25:44 Sen. Thomas

05:26:07 Director Tooley

05:26:42 Sen. Thomas

05:27:48 Director Tooley

05:28:25 Sen. Thomas

Public Comment - none

REVIEW OF REQUIRED ADVISORY COUNCILS

- **Scenic-Historic Byways Advisory Council - Lynn Zanto, Administrator, Rail Transit and Planning Division, Department of Transportation**

05:29:58 Ms. Zanto gave a presentation on the membership of the Scenic-Historic Byways Advisory Council and how roads are designated as historical scenic-byways.

- **Advisory Council for the Multistate Tax Compact bill draft - Megan Moore**

05:33:50 Ms. Moore gave a presentation on LC9901. ([Exhibit 15](#))

Public Comment

05:35:41 Bob Story, Montana Taxpayers Association, commented on the Agricultural Land Valuation Advisory Committee.

Committee questions of Mr. Story

05:37:34 Rep. Miller

05:38:09 Sen. Jergeson

- **Agricultural Land Valuation Advisory Committee**

05:39:21 Sen. Kaufmann asked if the committee wanted to recommend any changes or continuation of the Agricultural Land Valuation Advisory Committee.

05:40:01 Ms. Moore said that the statute reads, recommend retention or elimination if there are no recommendations to change.

Motion

05:40:16 Rep. Hunter moved to recommend continuation of the Agricultural Land Valuation Advisory Committee.

Committee discussion

05:40:48 Sen. Taylor

05:41:47 Rep. Ballance

05:42:00 Sen. Kaufmann

05:42:19 Ms. Moore

05:42:46 Sen. Taylor

Motion Withdrawn

05:43:01 Rep. Hunter withdrew his motion.

Committee discussion

05:43:09 Sen. Thomas asked Mr. Story to comment.

05:43:21 Mr. Story

05:43:49 Ms. Moore said that the statute reads, the governor shall appoint an advisory committee of persons knowledgeable in agricultural and agricultural economics. The advisory committee shall include one member of the Montana State University Bozeman College of Agriculture staff.

05:44:10 Sen. Jergeson asked about the nine members not including the four nonvoting legislative members and the concern from the governor's office about separation

of powers with having legislators vote.
05:45:07 Mr. Coles said that his understanding is that it would just be advisory in nature. In this situation the Department of Revenue would still have the authority to either take or not take the recommendation, so there likely wouldn't be a separation of powers issue.

Motion

05:45:37 Sen. Taylor moved that there be nine members, five appointed by the governor, with one of those five from Montana State University, and the other four required to have agricultural experience; one each appointed by leadership from both parties in the House and the Senate.

Committee discussion

05:45:59 Ms. Moore asked if leadership is to be the majority and minority leaders.

05:46:10 Rep. Hunter said Speaker, President, Minority leaders.

05:46:36 Sen. Jergeson discussed the possibility that the number could be more than nine.

05:47:39 Sen. Kaufmann asked if the committee wanted to consider leaving open the number of people appointed and allowing the governor to make appointments.

05:47:51 Rep. Hollandsworth asked how important it is that these appointees have some tax background.

05:48:17 Sen. Taylor said that the number of appointees doesn't matter. The smaller, the better.

05:49:44 Sen. Kaufmann discussed the motion. She asked Sen. Taylor if she was withdrawing the implication that nine is the total number and leaving the number of appointments open.

Restated Motion

05:50:28 The motion was restated to have staff draft a bill to say that four appointments to the Agricultural Land Valuation Advisory Committee will be made by legislative leadership, leaving the total number of appointments open, and the bill draft is to be reviewed by the Committee. The motion passed unanimously by voice vote.

05:50:51 Sen. Kaufmann asked if the last motion included a recommendation that the Agricultural Land Valuation Advisory Committee continue.

05:50:56 Ms. Moore said that it did not. Because the committee is requesting a change, Ms. Moore suggested that the committee wait on that recommendation until deciding whether or not to make the change.

• Advisory Council for Multistate Tax Council

05:51:12 Sen. Kaufmann discussed the changes in LC9901.

05:51:34 Sen. Jergeson commented on testimony he heard regarding the appointments to the Multistate Tax Council.

Motion

05:51:56 Sen. Jergeson moved to recommend the changes as indicated in the draft bill LC9901.

Committee discussion

05:52:48 Sen. Wittich asked why the committee is doing this.

05:53:20 Ms. Moore said that Article VI, section 1B of the Multistate Tax Compact is about taxes that affect local governments. Because Montana doesn't have local governments levying a corporate income tax, our local governments are not affected by the compact except indirectly by the state's involvement.

05:54:37 Sen. Wittich discussed the Director of the Department of Revenue having the authority to represent the state on Multistate Tax Compact Issues.

05:54:55 Ms. Moore said the Director of the Department of Revenue is the state's representative on the Multistate Tax Compact.

05:55:06 Sen. Wittich asked if the committee should have an advisory council on other aspects of the Multistate Tax Compact that can interact with the Director.

05:55:56 Sen. Kaufmann recommended a delay of this discussion until later.

05:56:12 Ms. Moore said the reason for this section of law is because the compact specifically says that there should be this type of advisory council. This statute is implementing that. She said that Sen. Jergeson was concerned that the Director has not been appointing this advisory council, so this is a fix for that. The Director has never appointed it because local jurisdictions are not affected.

05:56:40 The motion passed unanimously by voice vote.

- **Scenic-Historic Byways Advisory Council**

05:56:50 Sen. Kaufmann asked if the committee would like to see any changes with this advisory council.

Motion

05:57:19 Sen. Kaufmann moved to retain the Scenic-Historic Byways Advisory Council without change. The motion passed unanimously by voice vote.

- **Forest Lands Taxation Advisory Committee**

05:57:40 Ms. Moore gave an overview of the Forest Lands Taxation Advisory Committee.

Motion

05:59:05 Sen. Kaufmann moved to retain the Forest Lands Taxation Advisory Committee without change. The motion passed unanimously by voice vote.

SJR 26 STUDY OF OVERSIZE LOADS

- **Legal Opinion on local government oversize permits - Jaret Coles, Staff Attorney**

05:59:59 Mr. Coles discussed the Legal Opinion: City of Missoula Ordinance on Oversize Loads. ([Exhibit 16](#))

- **City of Missoula's Response**

06:17:28 Jim Nugent, City Attorney, Missoula, discussed the City of Missoula's statutory and constitutional legal authority pertaining to the timing and guiding of oversize loads through urban streets to access Interstate 90. ([Exhibit 17](#))

Committee questions

06:20:49 Sen. Barrett
06:21:18 Mr. Nugent
06:22:50 Rep. Ballance
06:23:03 Mr. Nugent

Public Comment

06:23:52 Cary Hegreberg, Montana Contractors Association, suggested that legislation be drafted to stipulate that local governments cannot require separate permits for oversize loads. He also submitted written comments from Barry "Spook" Stang, Executive Vice President of the Motor Carriers of Montana. ([Exhibit 18](#))
06:29:31 Steve Nelson, 224 North Higgins, Missoula, Montana, commented on creation of enhanced transportation corridors north to Alberta and east to the Bakken oil field. ([Exhibit 19](#))
06:34:46 Susan Estep, Missoula, Montana
06:36:50 Alec Hansen, Montana League of Cities and Towns

Committee questions

06:39:48 Sen. Thomas for Duane Williams
06:40:57 Duane Williams, Administrator, Motor Carrier Services Division, Department of Transportation
06:43:56 Sen. Thomas for Mr. Nugent
06:48:33 Sen. Barrett
06:49:19 Mr. Hansen
06:49:23 Rep. Jacobson for Mr. Nugent
06:52:37 Rep. Jacobson
06:53:06 Mr. Hegreberg
06:53:51 Jaret Coles
06:55:06 Rep. Hollandsworth
06:55:49 Mr. Williams
06:56:23 Sen. Taylor for Mr. Williams
06:59:20 Sen. Taylor for Mr. Nugent

- **Statutory impediments to cooperative funding of oversize corridor - Megan Moore**

07:02:10 Ms. Moore discussed the briefing paper "Statutory Impediments to Private Funding of Oversize Routes". ([Exhibit 20](#))

- **Oversize load permit data - Duane Williams, Department of Transportation**

07:05:23 Mr. Williams gave a presentation on data on oversize load permits. ([Exhibit 21](#))

- **Public Comment on establishment of oversize load corridors**

07:09:40 Terry Peetz, Patterson Prairie, Montana
07:12:12 Nancy Thornton, Choteau, Montana ([Exhibit 22](#))

07:15:53 Susan Estep, Missoula, Montana

• **Committee Work Session on SJR 26 Study**

07:18:32 Ms. Moore
07:18:59 Rep. Hollandsworth asked Mr. Williams to provide information on what has been done over the years regarding turnouts made on certain corridors.
07:19:28 Mr. Williams
07:20:43 Rep. Hollandsworth
07:21:01 Mr. Williams
07:21:33 Rep. Boland
07:22:16 Mr. Williams
07:22:35 Rep. Boland
07:22:43 Mr. Williams
07:23:09 Sen. Kaufmann
07:23:25 Mr. Williams
07:23:37 Rep. Ballance
07:24:01 Mr. Williams
07:24:33 Sen. Kaufmann asked if there is any more direction to staff or a consensus on recommendations either for a report or action, or is the committee done with information needed for the study.
07:25:27 Rep. Hollandsworth
07:26:59 Rep. Jacobson
07:27:59 Rep. Hollandsworth
07:29:20 Sen. Barrett
07:30:09 Rep. Hollandsworth
07:30:52 Sen. Kaufmann
07:31:06 Mr. Williams
07:31:25 Rep. Hollandsworth
07:31:36 Mr. Williams
07:32:11 Sen. Kaufmann
07:32:22 Mr. Williams
07:33:00 Rep. Ballance said that the committee needs to look at impediments that exist to moving loads today and also look at impediments to expansion of businesses that may come if corridors exist, do a cost benefit analysis for specific areas of a corridor where there may be additional risks, and finally, look at a fee and permitting structure to ensure that those corridors are used.
07:34:32 Rep. Miller
07:34:51 Sen. Barrett
07:37:22 Sen. Thomas
07:37:55 Rep. Jacobson
07:39:24 Rep. Hunter
07:40:44 Sen. Jergeson
07:43:06 Sen. Barrett
07:43:21 Rep. Ballance
07:44:27 Sen. Barrett
07:44:50 Rep. Ballance
07:45:31 Sen. Kaufmann asked if there was anyone who might be interested in working with Rep. Ballance and staff to present ideas on this topic for the next meeting.

ADMINISTRATIVE RULE REVIEW

- **Recent Rule Activity - Jaret Coles**

07:47:22 Mr. Coles discussed recent rule activity. ([Exhibit 23](#))

- **Tax Increment Finance (TIF) Matters - Department of Revenue**

- **Response to question about Billings tax bill and TIF**

07:52:30 Director Kadas addressed Mr. Nelson's concerns. ([Exhibit 24](#))

07:52:48 Director Kadas distributed a copy of a Yellowstone County property tax statement to demonstrate how the Department calculates the tax in a tax increment district. ([Exhibit 25](#))

Public Comment

08:00:43 Kevin Nelson, Billings

DEPARTMENT OF REVENUE AGENCY UPDATE

- **IT Systems - Mike Kadas, Director**

08:04:57 Director Kadas discussed IT Systems used by the Department. ([Exhibit 26](#))

- **2014 tax season filing data wrap-up - Steve Austin, Citizen Services and Resource Management**

08:12:20 Mr. Austin provided an update on the income tax filing season. ([Exhibit 27](#))

Committee questions

08:16:46 Sen. Jergeson

08:17:14 Mr. Austin

- **Update on 2EC compliance program - Gene Walborn, Business and Income Tax Division**

08:18:00 Mr. Walborn gave a presentation on the Elderly Homeowner and Renter Credit Program. ([Exhibit 28](#))

Committee questions

08:24:32 Sen. Wittich

08:25:00 Mr. Walborn

08:25:18 Rep. Jacobson

08:30:30 Sen. Wittich

08:30:36 Director Kadas

- **Litigation Report**

08:33:20 Dan Whyte, Acting Chief Legal Counsel, gave an update on litigation. ([Exhibit 29](#))

- **Emerging issues**

08:35:57 Director Kadas notified the Committee that the governor appointed four legislators to the Agricultural Land Valuation Advisory Committee as nonvoting

members: Representatives Miller and McNally, and Senators Jergeson and Tutvedt.

08:37:20 Mr. Walborn gave an update on income tax fraud. ([Exhibit 30](#))

Committee questions

08:42:00 Rep. Ballance
08:42:41 Mr. Walborn
08:45:19 Director Kadas
08:47:08 Sen. Taylor
08:47:22 Director Kadas
08:48:37 Sen. Barrett
08:48:53 Director Kadas

GENERAL FUND REVENUE UPDATE - Legislative Fiscal Division staff

08:51:25 Stephanie Morrison gave a Year-to-Date General Fund Revenue Report. ([Exhibit 31](#), page 2)

08:54:40 Ms. Morrison gave a report on individual income tax. ([Exhibit 31](#), page 4)

08:57:37 Ms. Morrison gave a report on corporation income tax. ([Exhibit 31](#), page 5)

Committee questions

08:59:26 Rep. Miller
09:00:23 Ms. Morrison

09:00:29 Nick Brown reported on the property tax. ([Exhibit 31](#), pg 4)

09:01:11 Mr. Brown reported on the oil and natural gas production tax. ([Exhibit 31](#), pg 5)

09:02:50 Sam Schaefer reported on vehicle fees and taxes. ([Exhibit 31](#), pg 5)

09:03:25 Mr. Schaefer reported on the video gaming tax. ([Exhibit 31](#), pg 6)

PUBLIC COMMENT ON ANY ISSUE

09:04:49 Kevin Nelson, Billings, Montana

09:09:10 James Wangerin, CPA

09:12:16 Bruce McCandless, Assistant City Administrator, Billings, Montana

OTHER BUSINESS -- NEXT MEETING DATE -- INSTRUCTIONS TO STAFF

09:15:42 The committee discussed conflicts in meeting dates and confirmation of the September and November meeting dates.

ADJOURNMENT

09:21:17 With no further business before the committee, Sen. Kaufmann adjourned the meeting at 5:22 p.m.