



Revenue and Transportation Interim Committee

64th Montana Legislature

SENATE MEMBERS

FRED THOMAS--Chair
DICK BARRETT
MARK BLASDEL
BRIAN HOVEN
CHRISTINE KAUFMANN
SUE MALEK

HOUSE MEMBERS

TOM JACOBSON--Vice Chair
JEFF ESSMANN
GREG HERTZ
RAE PEPPERS
ALAN REDFIELD
BRIDGET SMITH

COMMITTEE STAFF

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

MINUTES LOG

September 25, 2015
Room 152, Capitol Building
Helena, Montana

Please note: This document is a Minutes Log and provides a notation of the time elapsed between the beginning of the meeting and the time at which the item was presented or discussed, a motion was made, or a vote was taken. The narrative presented here is provided only as a guide to the audio or video record of the meeting. The official discussion, motion, or vote is available on the audio or video archive of this meeting. The Legislature does not prepare a transcript of meeting activities. The 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 Log, along with the audio and video recordings, is listed by meeting date on the interim committee's web page. Each of the Exhibits is linked and can be viewed by clicking on the Exhibit of interest. All Exhibits are public information and may be printed.

Please contact the Legislative Services Division at 406-444-3064 for more information.

COMMITTEE MEMBERS PRESENT

SEN. FRED THOMAS, Chair
REP. TOM JACOBSON, Vice Chair

SEN. DICK BARRETT
SEN. MARK BLASDEL
SEN. BRIAN HOVEN
SEN. CHRISTINE KAUFMANN
SEN. SUE MALEK

REP. JEFF ESSMANN
REP. RAE PEPPERS
REP. ALAN REDFIELD
REP. BRIDGET SMITH

COMMITTEE MEMBERS EXCUSED

REP. GREG HERTZ

STAFF PRESENT

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

VISITORS' LIST ([Attachment 1](#))

AGENDA ([Attachment 2](#))

COMMITTEE ACTIONS

RECONVENE AND ROLL CALL

00:00:01 Sen. Thomas called the meeting to order at 8:02 a.m.

00:00:13 The secretary called roll. Rep. Hertz was excused. ([Attachment 3](#))

AGENCY OVERSIGHT: DEPARTMENT OF REVENUE - Mike Kadas, Director

00:01:36 Mr. Kadas discussed reappraisal and appeals. ([Exhibit 1](#))

00:16:28 Sen. Hoven asked about a constituent who filed an AB 26 and would not let officials into the house to appraise the property.

00:18:36 The committee members asked about the AB26 appeal process.

00:19:10 Rep. Jacobson thanked the Department and Ms. Monteau-Moore for their work in Black Eagle.

00:39:32 Rep. Jacobson asked about protested taxes showing up on financial analysis sheets.

00:47:08 Sen. Thomas asked about the adjusted values on the timeline.

00:48:45 Mr. Kadas discussed the firefighter disability and pension funding.

00:53:35 Dave Stewart, Deputy Chief Legal Counsel, gave an update on major cases. ([Exhibit 2](#))

Committee Questions

00:57:23 Rep. Essmann asked about NaturEner's complaint.

Public Comment

00:58:36 David Nielsen, Montana League of Cities and Counties

00:59:56 Bob Story, Montana Taxpayers Association

01:01:21 Dan Flynn, Canyon Ferry

01:03:09 Harold Blattie, Montana Association of Counties

ADEQUACY OF LOCAL GOVERNMENT REVENUE GENERATING CAPACITY STUDY

Overview of sources of local government revenue and limit on property taxes - Megan Moore

01:13:33 Ms. Moore gave a presentation on Background on Limitation on Property Taxes ([Exhibit 3](#)); Montana property taxes since Initiative 105 ([Exhibit 4](#)); and the changes made to 15-10-401 and 402 ([Exhibit 5](#)).

Committee Questions

01:21:20 Sen. Hoven asked about Initiative 105.

01:22:17 Sen. Barrett asked Mr. Story about a court challenge to Initiative 105.
01:25:04 Sen. Malek asked Mr. Story about Senate Bill 124 and Senate Bill 184.

Maximum mill levy calculation - Eric Dale, Department of Revenue

01:28:55 Mr. Dale ([Exhibit 6](#))

Committee Questions

01:41:18 Sen. Barrett commented on 10-15-420, MCA.
01:42:48 Sen. Malek asked Mr. Dale about cities determining maximum mills and when new city construction becomes taxable.
01:47:44 Sen. Malek asked Mr. Kadas about 10-15-420, MCA.

Mill levy calculation spreadsheet - Harold Blattie, Montana Association of Counties

01:50:29 Mr. Blattie ([Exhibit 7](#))

Committee Questions

02:03:26 Sen. Barrett asked for clarification on carryforward as stated in terms of mills versus carryforward as stated in terms of revenue.
02:06:12 Sen. Barrett asked about voted levies.
02:09:41 Rep. Essmann asked about tax increment finance districts.
02:14:00 Sen. Thomas asked Mr. Blattie to send questions that he would like staff to address regarding mill levy calculations.

Public Comment - None

BREAK - reconvened at 10:34 a.m.

RULES TO IMPLEMENT HOUSE BILL NO. 389

02:33:21 Mr. Coles ([Exhibit 8](#))

PROPERTY TAXABLE VALUE NEUTRALITY STUDY

Property taxes paid by class - Mike Kadas, Director, Department of Revenue

02:41:09 Mr. Kadas ([Exhibit 9](#))

Committee Questions

02:54:00 Rep. Essmann asked about market value of agriculture and forest lands.
02:55:32 Sen. Barrett asked about the changes in the value of existing property.
02:58:08 Committee members asked about school mill levies.
03:04:05 Sen. Barrett commented on the rationale for taxable value neutrality.

Public Comment

03:06:56 Bob Story, Montana Taxpayers Association ([Exhibit 10](#))

Committee Questions

03:12:13 Sen. Malek asked Mr. Story about Montana's reliance on property taxes.

ELDERLY HOMEOWNER AND RENTER CREDIT STUDY

Overview and legislative history of credit - Megan Moore

03:18:58 Ms. Moore ([Exhibit 11](#))

Administration and cost of credit - Lee Baerlocher, Department of Revenue

03:32:30 Mr. Baerlocher ([Exhibit 12](#))

Committee questions

03:34:20 Rep. Jacobson asked about the enforcement of the nonprofit tax exception.

03:38:40 Sen. Barrett asked about eligibility when changing residences.

03:40:00 Rep. Jacobson asked about county-run and municipality-run facilities.

03:40:38 Sen. Kaufmann asked about other facilities that do not pay property taxes.

03:42:40 Sen. Barrett discussed property tax assistance programs.

Analysis of income of credit recipients and amount credit received - Stephanie Morrison, Legislative Fiscal Division

03:46:12 Ms. Morrison ([Exhibit 13](#))

Committee Questions

03:53:40 Sen. Barrett asked Ms. Morrison about the calculations for the income concept.

Public Comment

03:56:03 Claudia Clifford, AARP

INSTRUCTIONS TO STAFF

04:01:11 Sen. Thomas asked staff to provide accordion-type files. Sen. Barrett asked for the list of members assigned to the study topics.

04:03:26 Mr. Kadas asked how the committee members want to receive the Department's presentations.

PUBLIC COMMENT on any other topic within the committee's jurisdiction - None

ADJOURNMENT

04:06:36 With no further business before the committee, Sen. Thomas adjourned the meeting at 12:06 p.m.

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