



## Revenue Interim Committee

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### 66th Montana Legislature

#### SENATE MEMBERS

DICK BARRETT--Vice Chair  
DUANE ANKNEY  
MARK BLASDEL  
JILL COHENOUR  
BRIAN HOVEN  
SUSAN WEBBER

#### HOUSE MEMBERS

ALAN REDFIELD--Chair  
BECKY BEARD  
ZACH BROWN  
JOHN FULLER  
JIM HAMILTON  
MARILYN MARLER

#### COMMITTEE STAFF

MEGAN MOORE, Research Analyst  
JARET COLES, Staff Attorney  
LAURA SHERLEY, Secretary

# MINUTES LOG

September 25, 2019  
Room 317, 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.

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#### **COMMITTEE MEMBERS PRESENT**

REP. ALAN REDFIELD, Chair  
SEN. DICK BARRETT, Vice Chair

SEN. DUANE ANKNEY  
SEN. MARK BLASDEL  
SEN. JILL COHENOUR  
SEN. BRIAN HOVEN

REP. JOHN FULLER  
REP. JIM HAMILTON  
REP. MARILYN MARLER

#### **COMMITTEE MEMBERS EXCUSED**

SEN. SUSAN WEBBER  
REP. BECKY BEARD  
REP. ZACH BROWN

## **STAFF PRESENT**

MEGAN MOORE, Research Analyst  
JARET COLES, Staff Attorney  
LAURA SHERLEY, Secretary

## **VISITORS' LIST (Attachment 1)**

## **AGENDA (Attachment 2)**

## **COMMITTEE ACTIONS**

The committee did not take formal action but discussed criteria for reviewing income tax credits and decided to focus on the purpose of the credit, whether the purpose is a valid public purpose, whether the credit is accomplishing the purpose, at what cost the credit may be accomplishing the purpose, and identification of criteria that indicate the credit is successful.

## **CALL TO ORDER AND ROLL CALL**

11:18:45 Rep. Redfield called the meeting to order at 11:18 a.m. The secretary took roll ([Attachment 3](#)). Sen. Webber was excused and left her proxy with Sen. Barrett ([Attachment 4](#)). Rep. Beard was excused and left her proxy with Rep. Fuller ([Attachment 5](#)). Rep. Brown was excused and left his proxy with Rep. Hamilton ([Attachment 6](#)).

## **AGENCY MONITORING: ADMINISTRATIVE RULE REVIEW**

### **Administrative rule report**

11:20:03 Mr. Coles ([Exhibit 1](#))

### **Committee questions and discussion**

11:21:17 Sen. Cohenour reminded the committee that administrative rules regarding medical marijuana laboratory testing are out for the public to comment.

### **Public comment**

None

## **INCOME TAX CREDIT REVIEW**

### **Tax credit review criteria included in House Bill No. 723 and criteria used by other states**

11:22:13 Ms. Moore ([Exhibit 2](#)) ([Exhibit 3](#))

### **Public comment**

11:37:30 Rose Bender, Montana Budget and Policy Center ([Exhibit 4](#))

### **Committee questions and discussion**

11:38:33 Committee discussion on tax credits.

11:46:04 Sen. Hoven asked which two credits will be focused on at the next meeting.

11:46:23 Committee discussion on tax credits.

## **REQUIRED REPORTS: MEDICAL MARIJUANA CARDHOLDERS AND PROVIDERS**

11:48:15 Darci Weibe, Department of Public Health and Human Services ([Exhibit 5](#))

### **Committee questions**

- 11:49:38 Sen. Barrett asked what the total sales are per cardholder.
- 11:51:37 Sen. Barrett asked if the department has a tracking system on how much medical marijuana cardholders purchase and if it is sufficient to meet their needs.
- 11:53:19 Rep. Hamilton asked who supervises physicians prescribing medical marijuana and the amount of cardholders a physician can prescribe to.
- 11:54:34 Rep. Hamilton asked how the amount of cardholders between ages 21-40 compare to other states.
- 11:55:57 Rep. Hamilton asked for a state comparison of cardholder age breakdown.
- 11:56:23 Sen. Cohenour asked for further information on uncoupling.
- 11:57:42 Sen. Barrett asked about the changes to the cardholder profiles.
- 11:59:50 Sen. Hoven asked Ms. Weibe to comment on the amount of cardholders physicians can prescribe to and commented on the legislative intent of the medical marijuana program.
- 12:01:06 Sen. Cohenour commented on the legislative intent of the medical marijuana program and the recommending power of physicians.
- 12:02:24 Ms. Moore commented on the Board of Medical Examiners report provided to the committee at the last meeting.
- 12:03:13 Committee discussion on legislative intent of the medical marijuana program.
- 12:05:30 Rep. Marler commented on data not being available due to HIPAA and asked if any physician in the state can write a recommendation for medical marijuana.
- 12:08:03 Rep. Marler commented on the amount of cardholder recommendations being written and asked for clarification on the Montana Marijuana Registry.
- 12:09:44 Sen. Hoven asked what is the outcome of license revocations.
- 12:10:48 Sen. Hoven asked what the infractions were that caused license revocations and if there is a procedure for approving new products.

**LUNCH** (Reconvened at 1:01 p.m.)

### **REVENUE ESTIMATING AND MONITORING FYE 2019 Financial Report**

- 13:01:35 Sam Schaefer, Legislative Fiscal Division (LFD) ([Exhibit 6](#))
- 13:11:56 Stephanie Morrison, LFD

### **Committee questions**

- 13:20:29 Rep. Hamilton asked for clarification on HJ 2 income tax estimates.
- 13:23:25 Rep. Fuller asked for clarification on individual income tax projection estimates.
- 13:25:36 Ms. Morrison continued the presentation.
- 13:26:39 Alice Hecht, LFD
- 13:28:11 Nick VanBrown, LFD
- 13:29:13 Mr. Schaefer

### **Public comment**

None

### **Committee questions and discussion**

- 13:31:11 Sen. Hoven commented on the state's agricultural gross domestic product (GDP).
- 13:32:50 Sen. Ankney commented on state GDP loss.
- 13:33:48 Rep. Redfield commented on hard rock mining.

**Public comment**

None

**LEGISLATIVE FINANCE COMMITTEE'S HOUSE BILL 715 STUDY**  
**Overview of complete work and request for committee feedback**

13:37:16 Nick VanBrown, LFD ([Exhibit 7](#))

**Committee questions**

13:45:25 Rep. Redfield asked Mr. VanBrown to bring the feedback to the committee for their review and consideration.

13:45:48 Mr. VanBrown continued his presentation.

**Committee questions**

13:47:38 Sen. Barrett asked how the study will account for policy changes that could affect revenue streams.

13:50:15 Sen. Cohenour commented on local government policy changes.

**Public comment**

None

**Committee requests**

13:51:30 Rep. Redfield requested the committee have access to the HB 715 study data.

13:51:50 Sen. Cohenour requested the HB 715 study data be sent to the HJ 35 committee.

**AGENCY OVERSIGHT: DEPARTMENT OF REVENUE BUDGET UPDATE**

**Quarterly budget update**

13:52:27 Kris Wilkinson, LFD ([Exhibit 8](#)) ([Exhibit 9](#))

**Public comment**

None

**Agency comments**

13:57:15 Gene Walborn, Director, Department of Revenue (DOR)

**Committee questions**

13:58:22 Rep. Redfield asked Director Walborn to comment on the Yellowstone Club liquor license infraction.

14:01:11 Rep. Hamilton asked Director Walborn to comment on the department's FTE reduction and the FTE taken from the Citizens Services & Resource Management Division (CSRM).

14:07:21 Rep. Redfield commented on the department's work on property assessment.

**AGENCY OVERSIGHT: DEPARTMENT OF REVENUE**

14:08:32 Director Walborn ([Exhibit 10](#))

**Update on informal property appeals**

14:12:30 Director Walborn (see Exhibit 10)

**Additional information on newly taxable value from reappraisal**

14:15:41 Eric Dale, Tax Policy and Research Unit, DOR

**Committee questions**

14:16:44 Sen. Barrett asked if the data includes newly taxable construction and how reappraisals attempt to exclude newly taxable construction.

**Major case update**

14:19:30 Dan Whyte, Chief Legal Counsel, DOR

**Committee questions**

14:28:18 Rep. Fuller asked who is arguing on behalf of the state in the *Espinoza v. Montana Department of Revenue* case.

**Public comment**

14:29:10 Bob Story, Montana TaxPayers Association

**ADMINISTRATIVE MATTERS**

**Legislative Week**

14:33:24 Ms. Moore

**Committee discussion**

14:35:35 Committee discussion and information requests on entitlement share.

14:40:29 Committee discussion and information requests on taxable property classes.

**Review adopted work plan**

14:42:42 Ms. Moore ([Exhibit 11](#)) ([Exhibit 12](#))

**PUBLIC COMMENT ON ANY OTHER TOPIC WITHIN THE COMMITTEE'S JURISDICTION**

None

**ADJOURNMENT**

14:43:34 Rep. Redfield adjourned the meeting at 2:43 p.m.

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