



Revenue and Transportation Interim Committee

62nd Montana Legislature

SENATE MEMBERS

CHRISTINE KAUFMANN--Vice Chair
RON ERICKSON
JEFF ESSMANN
KIM GILLAN
JIM PETERSON
BRUCE TUTVEDT

HOUSE MEMBERS

ROY HOLLANDSWORTH--Chair
DICK BARRETT
CYDNIE (CARLIE) BOLAND
BRIAN HOVEN
SUE MALEK
MIKE MILLER

COMMITTEE STAFF

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

MINUTES

September 13-14, 2012

September 13, 2012

**Room 137, 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.

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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. ROY HOLLANDSWORTH, Chair
SEN. CHRISTINE KAUFMANN, Vice Chair

SEN. RON ERICKSON
SEN. KIM GILLAN
SEN. JEFF ESSMANN (by phone)
SEN. JIM PETERSON
SEN. BRUCE TUTVEDT

REP. DICK BARRETT
REP. CYDNIE (CARLIE) BOLAND
REP. SUE MALEK
REP. MIKE MILLER

COMMITTEE MEMBERS EXCUSED

REP. BRIAN HOVEN

STAFF PRESENT

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

Agenda and Visitors' List

Agenda (**Attachment 1**)

Visitors' list (**Attachment 2**)

COMMITTEE ACTION

- The committee approved the minutes from the July 19-20, 2012, meeting.
- The committee requested staff draft the following bills as possible committee bills: change the distribution to a Missoula TIF in 15-1-121, MCA; correct language in 15-6-138, MCA, related to corporation taxes; remove obsolete references to the local government severance tax; and repeal Title 15, chapter 24, part 24.
- The committee approved the Department of Transportation's bill draft request to allow the Department of Transportation to use the provisions of 18-2-501, MCA, in contracting for services.
- The committee adopted the final report on the HJR 13 income tax study.
- The committee approved the Department of Revenue's bill draft requests to require nonprofit tax records to be made public and create a Brew On-Premises License.
- The committee approved LC 9500, to revise the property tax revaluation cycle, as a committee bill.
- The committee chose to not request LC 9501 as a committee bill, revise the revaluation of class three agricultural land, class four residential and commercial land and improvements, and class ten forest land for property tax purposes.

CALL TO ORDER AND ROLL CALL

00:00:32 REP. HOLLANDSWORTH called the meeting to order at 9:01 a.m. The committee secretary called roll. Rep. Hoven was excused. Sen. Essmann participated by phone. (**Attachment 3**)

AGENDA

PROPOSED BILL DRAFTS TO CLARIFY, SIMPLIFY, OR REPEAL CERTAIN TAX PROVISIONS

00:02:27 Ms. Moore discussed the memo dated July 9, 2012, regarding proposed bill draft requests to clarify, simplify, or repeal certain tax provisions that was deferred from the July meeting (**Exhibit 1**). Ms. Moore said that if the committee wanted to take any action on the proposed bill draft requests, staff could draft the bills to be discussed at the November meeting.

Ms. Moore discussed the following proposed bill drafts:

- Correct the distribution to Missoula Tax Increment Finance District (15-1-121, MCA);
- Change language in 15-6-138, MCA, from Corporation Income Tax to Corporation License Tax;
- Remove obsolete references to the Local Government Severance Tax (15-16-603, 15-36-315, 20-9-507, 20-10-144, and 20-10-146, MCA);
- Repeal Title 15, Chapter 24, Part 24 dealing with Class Eight property tax reductions for value-added manufacturing.

APPROVAL OF MINUTES OF THE JULY 19-20, 2012 MEETINGS

00:09:59 SEN. PETERSON moved to approve the minutes from the July 19-20, 2012, meeting. The motion passed unanimously by voice vote.

PROPOSED BILL DRAFTS DISCUSSION

- **Correct the distribution to Missoula tax increment financing district (15-1-121, MCA)**

00:10:20 REP. BARRETT discussed the reference to payments in TIF 1-1C in SB 372.

00:10:56 Ms. Moore

00:11:48 REP. MALEK asked about the TIF expiring.

00:12:12 Ms. Moore

00:13:15 REP. MALEK

00:13:23 Ms. Moore

00:14:22 REP. BARRETT

00:14:46 Ms. Moore

00:15:27 **Jaret Coles, Legislative Staff Attorney**, discussed why Missoula TIF 1-1C was reduced by 10%.

00:15:59 REP. HOLLANDSWORTH

00:16:08 Mr. Coles

00:16:55 REP. HOLLANDSWORTH

00:17:32 SEN. KAUFMANN

00:18:05 REP. HOLLANDSWORTH said that consensus of the committee is to go ahead and draft it.

- **Change "Corporation Income Tax" to "Corporation License Tax" (15-6-138, MCA)**

00:18:54 Ms. Moore said that the corporation license tax is the tax that was intended to be referred to because that is the one that raises more revenue. But it was drafted as the "corporation income tax". Even if the committee doesn't do anything, the Department has indicated that it will be interpreted to mean corporation license tax.

00:18:57 REP. HOLLANDSWORTH recommended proceeding with the bill draft.

- **Remove obsolete references to the local government severance tax (15-16-603, 15-36-315, 20-9-507, 20-10-144, and 20-10-146, MCA)**

00:19:33 After a brief discussion, REP. HOLLANDSWORTH recommended proceeding with this bill draft request.

- **Repeal Title 15, Chapter 24, Part 24 dealing with Class Eight property tax reductions for value-added manufacturing**

00:20:02 Ms. Moore said that those industries that process Montana raw materials or use Montana semifinished products in manufacturing could get a lower business equipment tax rate, but, the percentage difference between the low rate and the existing high rate is the same, 3%. This section will have no effect as long as the current percentage rates exists.

00:21:10 REP. HOLLANDSWORTH recommended proceeding with the bill draft request.

Motion

00:22:05 SEN. KAUFMANN moved to approve for drafting purposes the bill draft requests: correct Missoula TIFs distribution in 15-1-121, MCA; change language in 15-6-138, MCA; remove obsolete references to local government severance tax; and repeal Title 15, chapter 24, part 24.

00:22:15 The motion passed unanimously by voice vote.

DEPARTMENT OF TRANSPORTATION REPORTS

00:23:08 Director Reardon discussed the recent highway legislation, MAP 21, that was passed in July. He provided information on how the \$381 million that Montana receives from the federal government is distributed.

Committee questions

00:37:36 SEN. ERICKSON
00:38:14 Director Reardon
00:40:11 REP. BARRETT
00:41:03 Director Reardon
00:43:51 REP. BARRETT
00:44:23 Director Reardon
00:46:15 SEN. KAUFMANN
00:46:43 Director Reardon
00:48:44 SEN. KAUFMANN
00:48:59 Director Reardon
00:49:27 SEN. KAUFMANN
00:49:52 Director Reardon
00:50:06 SEN. PETERSON
00:50:58 Director Reardon
00:52:33 SEN. GILLAN
00:52:49 Director Reardon
00:53:16 SEN. TUTVEDT
00:53:29 Director Reardon
00:54:10 SEN. TUTVEDT
00:54:21 Director Reardon
00:55:04 REP. HOLLANDSWORTH
00:56:02 Director Reardon
00:56:22 SEN. PETERSON
00:56:59 Director Reardon
00:57:04 REP. MALEK
00:57:55 Director Reardon

• **Department of Transportation bill draft requests**

00:59:39 Director Reardon discussed the Department of Transportation's bill draft request: allowing the Department of Transportation and the Transportation Commission to use the provisions of 18-2-501, MCA, in contracting for services.

PUBLIC COMMENT

01:06:49 **Cary Hegreberg, Associated General Contractors of America**, distributed the Associated General Contractors' recommended best practices for the use of Construction Management/General Contractor on projects in the public sector **(Exhibit 2)**. Mr. Hegreberg said they are not opposed to the Department of Transportation's proposed bill draft.

Motion

01:13:04 REP. MALEK moved to proceed with the Department of Transportation's bill draft request allowing the Department of Transportation and the Transportation Commission to use the provisions of 18-2-501, MCA, in contracting for services. The motion passed unanimously by voice vote.

BREAK - reconvene at 10:30 a.m.

REVIEW OF CURRENT BUDGET STATUS AND OUTLOOK FOR MAJOR REVENUE SOURCES - Terry Johnson, Principal analyst, Legislative Fiscal Division

- **Revenue, expenditures, and fund balance**

01:30:40 Mr. Johnson gave a report on the status of the General Fund **(Exhibit 3)** and also provided a written report of the General Fund to the committee **(Exhibit 4)**.

Committee questions

02:02:21 SEN. GILLAN
02:03:05 Mr. Johnson
02:03:55 SEN. GILLAN
02:04:23 Mr. Johnson
02:04:29 SEN. TUTVEDT
02:05:05 Mr. Johnson
02:05:51 SEN. TUTVEDT
02:06:14 Mr. Johnson
02:07:36 SEN. ERICKSON
02:08:28 Mr. Johnson
02:08:47 REP. BARRETT
02:09:22 Mr. Johnson
02:09:28 REP. HOLLANDSWORTH
02:10:04 Mr. Johnson
02:10:47 REP. MILLER
02:11:09 REP. MALEK
02:11:36 Mr. Johnson
02:13:18 REP. MALEK
02:13:26 Mr. Johnson
02:13:51 REP. MALEK
02:14:15 Mr. Johnson

- **Economic Outlooks**

02:14:55 Mr. Johnson discussed perspectives on the natural resource industry in Montana, especially in the area of coal, oil, and natural gas.

Committee questions

02:16:36 REP. MILLER
02:16:55 Mr. Johnson
02:21:33 REP. MALEK
02:22:08 Mr. Johnson
02:24:19 REP. MALEK
02:24:34 Mr. Johnson
02:26:05 REP. MALEK
02:26:31 Mr. Johnson
02:27:24 SEN. GILLAN
02:27:47 Mr. Johnson
02:27:58 REP. HOLLANDSWORTH

- **Revenue estimates, underestimates, and overestimates**

02:28:43 Mr. Johnson discussed revenue estimates that affect the fund balances.

- **Income tax assumptions**

02:35:08 Mr. Johnson discussed the chart "Income Tax Income Assumptions" and the possible sources of error for individual income tax for fiscal year 2012.

Committee questions

02:43:58 REP. BARRETT
02:44:25 Mr. Johnson
02:46:07 REP. BARRETT
02:47:27 Mr. Johnson
02:48:23 SEN. PETERSON
02:48:50 Mr. Johnson
02:49:49 REP. MILLER
02:50:02 Mr. Johnson
02:50:23 REP. HOLLANDSWORTH

- **Corporate License Tax**

02:51:13 Mr. Johnson discussed the corporate license tax sources and said that corporate taxes are more volatile year to year.

- **Summary of budget amounts versus the estimates**

02:52:10 Mr. Johnson summarized the budget amounts versus the estimates. He said that the two contributors to the errors in revenue estimates are individual income tax and corporate tax and unexpended appropriations that have an effect on the fund balance.

Committee questions

02:58:11 REP. BARRETT
02:59:26 Mr. Johnson

03:00:04 SEN. ERICKSON
03:01:09 Mr. Johnson
03:01:42 SEN. ERICKSON
03:02:08 Mr. Johnson

Break for Lunch - reconvened at 1:08 p.m.

HJR 13, SJR 17, AND SJR 23 FINAL REPORTS

- **HJR 13 income tax study**

04:07:39 Ms. Moore presented the final report of the HJR 13 income tax study (**Exhibit 5**).

Committee comments

04:09:05 REP. MILLER said that he is still disappointed that the committee chose not to study a flat tax.

04:09:19 SEN. ERICKSON said that Mr. Coles' presentation on the Wisconsin study and how Montana compares with other states was very good.

Motion

04:10:09 SEN. PETERSON moved to accept the final report on the HJR 13 income tax study. The motion passed unanimously by voice vote.

- **SJR 17 centrally assessed study**

04:10:39 Ms. Moore discussed the final report of the SJR 17 centrally assessed and industrial property study (**Exhibit 6**).

Committee discussion

04:11:44 REP. BARRETT suggested deferring approval of the SJR 17 final report because he believes that the committee is not done with this issue. There were items on the agenda for the afternoon and the committee might want to include those in the final version of the report.

04:11:54 REP. HOLLANDSWORTH said that with no objections, approval of this final report will be deferred.

- **SJR 23 nonprofit study**

04:12:35 Ms. Moore discussed the final SJR23 study of nonprofits report (**Exhibit 7**).

Committee discussion

04:13:25 REP. HOLLANDSWORTH recommended deferring approval of the final report until after the committee took action on LC 9501 requiring periodic review of certain real property that is exempt from taxation.

PUBLIC COMMENT - none

ADMINISTRATIVE RULE REVIEW

04:15:46 Mr. Coles discussed agency administrative rule activity (**Exhibit 8**).

DEPARTMENT OF REVENUE BILL REQUESTS

- **Connoisseur License Tax**
04:17:26 Director Bucks said that the Department of Revenue is withdrawing the proposed bill draft for a connoisseur license tax.
- **Nonprofit organization tax records be public**
04:21:55 Director Bucks discussed the bill draft request for requiring nonprofit organization tax records be public and a list of Montana tax exempt organizations be published (**Exhibit 9**).

Committee questions

04:28:30 SEN. PETERSON
04:29:16 Director Bucks
04:30:17 SEN. TUTVEDT
04:30:57 Director Bucks
04:32:08 REP. HOLLANDSWORTH
04:32:43 Director Bucks
04:34:43 SEN. ESSMANN
04:35:10 Director Bucks
04:35:59 SEN. ESSMANN
04:36:31 Director Bucks
04:37:41 SEN. ESSMANN
04:38:14 Director Bucks
04:38:39 SEN. PETERSON
04:39:09 Director Bucks
04:41:59 SEN. KAUFMANN

PUBLIC COMMENT - none

Motion

04:43:38 SEN. TUTVEDT moved to approve the Department of Revenue's proposed bill draft for nonprofit tax records be made public for pre-introduction purposes. The motion passed unanimously by voice vote with Rep. Hoven voting yes by proxy.

- **Calculation of fees and assessments by local governments**
04:44:49 Director Bucks discussed the bill draft request requiring the calculation of fees and assessments by local governments for computation of property taxes (**Exhibit 10**). He said that the committee had already approved the request for a bill at the July meeting.
- **Providing for inclusion of all domestically incorporated subsidiaries in the Water's Edge Group**
04:51:25 Director Bucks discussed the bill draft request providing for the inclusion of all

domestically incorporated subsidiaries in the Water's Edge Group (**Exhibit 11**).

Committee questions

04:52:38 SEN. TUTVEDT
04:53:42 Director Bucks
04:58:10 REP. HOLLANDSWORTH
04:59:37 REP. MILLER
04:59:52 Director Bucks
05:01:34 REP. BARRETT
05:02:25 Director Bucks
05:02:45 REP. BARRETT
05:03:25 Director Bucks
05:06:34 SEN. ERICKSON
05:07:24 SEN. TUTVEDT

PUBLIC COMMENT

05:07:52 **Nancy Schlepp, Montana Taxpayers Association**, urged that the committee do not approve this bill draft request.

Motion

05:08:33 SEN. ERICKSON moved that the committee approve the Department's bill draft request for inclusion of domestically incorporated subsidiaries in the Water's Edge Group (Tax Haven) for pre-introduction purposes.

Committee questions

05:09:07 SEN. GILLAN
05:09:30 Director Bucks

05:11:37 A roll call vote was taken. The motion failed on a tie vote with Senators Erickson, Gillan and Kaufmann and Representatives Barrett, Boland and Malek voting yes; and Senators Essmann, Peterson, Tutvedt and Representatives Miller, Hollandsworth and Hoven (by proxy) voting no. (**Attachment 4**)

• **Brew On-Premise License**

05:12:02 Director Bucks discussed the bill draft request to create a Brew On-Premise License (**Exhibit 12**). He said that questions regarding this request will be answered by Shauna Helfert, Administrator of the Liquor Control Division.

Committee questions

05:13:57 REP. MILLER
05:14:55 Ms. Helfert
05:15:40 REP. MILLER
05:16:09 Ms. Helfert
05:17:18 REP. MILLER
05:18:17 Ms. Helfert
05:18:22 SEN. TUTVEDT
05:18:26 Director Bucks

05:19:32 REP. HOLLANDSWORTH
05:19:38 REP. BARRETT
05:20:47 SEN. PETERSON
05:20:52 Ms. Helfert
05:20:56 Director Bucks
05:21:54 REP. MILLER
05:24:53 SEN. ESSMANN
05:25:30 Ms. Helfert
05:25:37 SEN. ESSMANN
05:26:40 Ms. Helfert
05:26:56 SEN. ESSMANN
05:27:13 Ms. Helfert
05:27:33 SEN. ESSMANN

PUBLIC COMMENT - none

Motion

05:27:57 SEN. KAUFMANN moved to proceed with the bill draft request for a Brew On-Premises License for purposes of preintroduction. The motion passed with Sen. Peterson, Rep. Miller, and Sen. Essmann voting no; Rep. Hoven voting yes by proxy.

- **Standardizing individual liability for reporting and payment of trust taxes**

05:29:06 Director Bucks discussed the bill draft request to standardize individual liability for reporting and payment of trust taxes (**Exhibit 13**). He said (6)(a) and (6)(b) should be deleted from the draft.

Committee questions

05:38:08 REP. MALEK
05:40:24 REP. MILLER
05:40:46 Director Bucks
05:42:00 REP. MILLER
05:42:19 **Dan Whyte, Legal Counsel, Department of Revenue**, explained the intent of the bill.
05:43:40 SEN. TUTVEDT

PUBLIC COMMENT

05:44:34 **Nancy Schlepp, Montana Taxpayers Association**, said that this bill creates liability on individuals within corporations. She said that the Montana Taxpayers Association is opposed to this bill.

05:46:05 REP. HOLLANDSWORTH
05:46:41 Director Bucks
05:48:43 SEN. KAUFMANN

Motion

SEN. KAUFMANN moved to proceed with the bill draft request to standardize individual liability for reporting and payment of trust taxes for purposes of preintroduction.

05:50:36 SEN. TUTVEDT
05:50:54 Director Bucks
05:52:07 SEN. TUTVEDT
05:52:23 **C.A. Daws, Chief Legal, Department of Revenue**

05:55:07 The motion passed 8 to 4, on a roll call vote with Senators Erickson, Essmann, Gillan, Kaufmann, and Tutvedt; and Representatives Barrett, Boland, and Malek voting yes. Senator Peterson and Representatives Miller, Hollandsworth, and Hoven (by proxy) voted no. **(Attachment 5)**

05:55:18 SEN. GILLAN
05:55:25 Ms. Moore

COMMITTEE REQUESTED BILL DRAFTS

- **LC 9500 - revise the revaluation of class three agricultural land, class four residential and commercial land and improvements, and class ten forest land for property tax purposes**

05:56:30 Ms. Moore discussed LC 9500 **(Exhibit 14)**.

Committee questions

06:01:34 SEN. TUTVEDT
06:01:42 Ms. Moore
06:01:45 SEN. TUTVEDT
06:01:57 REP. HOLLANDSWORTH
06:02:09 Ms. Moore
06:02:38 REP. BARRETT
06:03:45 **Alan Peura, Deputy Director, Department of Revenue**, discussed the fiscal notes associated with the bill.
06:04:46 REP. HOLLANDSWORTH
06:05:11 Mr. Peura
06:05:32 SEN. TUTVEDT
06:06:06 Mr. Peura
06:07:17 SEN. TUTVEDT
06:07:50 Mr. Peura
06:08:32 SEN. TUTVEDT
06:09:03 Mr. Peura
06:11:01 SEN. TUTVEDT
06:11:05 Mr. Peura
06:11:43 SEN. TUTVEDT
06:11:56 REP. HOLLANDSWORTH
06:12:44 Mr. Peura
06:14:26 SEN. TUTVEDT

06:14:50 Mr. Peura
 06:15:56 SEN. TUTVEDT
 06:16:35 Mr. Peura
 06:17:10 SEN. TUTVEDT
 06:18:12 Mr. Peura
 06:18:25 SEN. TUTVEDT
 06:18:40 Mr. Peura
 06:19:08 REP. HOLLANDSWORTH
 06:19:34 SEN. TUTVEDT
 06:19:48 SEN. ERICKSON
 06:20:35 REP. BARRETT
 06:22:57 REP. MILLER
 06:23:23 REP. HOLLANDSWORTH

PUBLIC COMMENT

06:23:39 **Nancy Schlepp, Montana Taxpayers Association**, said that the Association is willing to work with the committee to make sure that the problems that Rep. Miller mentioned do not happen in other parts of the country.

- **Continuation of the presentation on LC 9500**

06:24:35 Ms. Moore continued her presentation on LC 9500.

Committee discussion

06:29:05 SEN. PETERSON
 06:29:34 REP. HOLLANDSWORTH
 06:29:48 REP. MALEK
 06:31:02 SEN. GILLAN
 06:31:15 Ms. Moore
 06:31:21 SEN. GILLAN
 06:31:35 REP. HOLLANDSWORTH
 06:31:51 Ms. Moore
 06:32:08 REP. HOLLANDSWORTH
 06:32:24 SEN. TUTVEDT
 06:32:39 REP. MALEK
 06:32:55 Ms. Moore
 06:33:08 REP. MALEK
 06:33:13 Ms. Moore
 06:33:42 REP. MALEK
 06:34:09 Ms. Moore
 06:34:20 SEN. TUTVEDT
 06:34:52 Ms. Moore
 06:35:04 SEN. TUTVEDT
 06:35:45 SEN. KAUFMANN
 06:36:22 SEN. PETERSON
 06:37:07 Ms. Moore
 06:37:27 REP. BARRETT
 06:39:27 SEN. TUTVEDT

06:40:09 Mr. Peura
06:41:45 REP. HOLLANDSWORTH

06:42:39 Ms. Moore asked if the committee was interested in making the change that Rep. Malek suggested. She also asked if the committee would like to change the wording in the title to make it more specific to say that this would be one 2-year cycle and annual cycles thereafter.

Discussion on changing the title of the bill
06:43:31 REP. BARRETT asked if it revises the revaluation of these classes of property in any way not enumerated after the phrase in the title that says, providing for annual revaluation.

06:43:51 Ms. Moore

06:44:11 REP. BARRETT asked if the title would adequately describe the contents of the bill without that first sentence.

06:44:30 Ms. Moore recommended a reference to the 2-year cycle first. So an act providing for one 2-year revaluation cycle and annual revaluation beginning in 2017, or something to that effect.

06:45:05 REP. BARRETT

Motion
06:45:28 SEN. PETERSON moved to change the wording in the title of the bill to provide for one, 2-year cycle and then going forward with 1-year cycles.

Committee questions
06:45:51 REP. MILLER asked about terms of office.
06:46:16 Ms. Moore

06:46:26 Mr. Coles said that you cannot introduce a bill that substantially alters the intent of a previous bill. The legal office looks at the very first line in the bill that says exactly what the whole bill does and all the other ones basically support the first line. He said that one cannot make an amendment to do something about terms of office other than agricultural committee members.

Amended Motion
06:47:40 SEN. PETERSON amended his motion to include more specificity in the title of LC9500 that includes reference to one 2-year reappraisal followed by annual reappraisals.

06:48:09 SEN. PETERSON
06:48:40 REP. MALEK
06:49:03 SEN. PETERSON

06:49:29 The motion passed with Rep. Hoven voting yes by proxy, and Sen. Tutvedt

voting no.

- **LC 9501 - REQUIRING PERIODIC REVIEW OF CERTAIN REAL PROPERTY THAT IS EXEMPT FROM TAXATION - Jaret Coles**

06:51:26 Mr. Coles discussed LC 9501 (**Exhibit 15**).

Committee discussion

07:03:47 REP. BARRETT

07:04:41 Mr. Peura

07:05:58 REP. HOLLANDSWORTH

07:06:32 Mr. Peura

07:08:13 SEN. ESSMANN

07:09:10 Mr. Peura

07:11:13 SEN. ESSMANN

07:11:36 Mr. Peura

07:13:14 SEN. ESSMANN

07:13:47 Mr. Peura

07:15:01 SEN. ESSMANN

07:15:46 SEN. PETERSON

07:17:40 REP. HOLLANDSWORTH

07:18:32 Mr. Peura

07:20:13 REP. HOLLANDSWORTH asked if this bill draft should be deferred because of the size and scope.

07:20:33 SEN. PETERSON

07:20:42 SEN. ESSMANN said that he would continue to work with Mr. Peura on the bill, and that the Department of Revenue could work with county treasurers and assessors to review their records.

07:22:47 REP. HOLLANDSWORTH

07:23:02 SEN. ESSMANN

07:23:07 SEN. PETERSON said that Sen. Essmann should continue to work with the Department and come up with something that is manageable. He said that there is merit in listing and reviewing tax exempt properties.

Committee action

07:23:38 REP. HOLLANDSWORTH said that the consensus of the committee is to pass on LC9501.

- **Assignment of sponsors**

07:24:06 Ms. Moore said that sponsors need to be assigned to LC 9500 and HJR 2.

07:25:16 SEN. PETERSON volunteered to sponsor LC 9500.

07:25:53 REP. HOLLANDSWORTH agreed to sponsor HJR 2.

- **SB 372 - Lower business equipment tax**

07:27:11 Director Bucks gave an overview of SB 372 implementation.

07:32:56 **Jerome Patton, Department of Revenue**, gave a presentation on SB 372

implementation (**Exhibit 16**).

Committee questions

07:50:30 SEN. ERICKSON
07:50:45 Mr. Patton
07:50:55 SEN. ERICKSON
07:51:23 Mr. Patton
07:51:56 REP. MALEK
07:52:30 Mr. Patton
07:53:42 REP. BARRETT
07:53:53 Mr. Patton
07:54:39 Director Bucks
07:55:55 SEN. TUTVEDT
07:56:45 REP. HOLLANDSWORTH
07:57:23 Director Bucks
07:57:52 SEN. GILLAN
07:58:17 Ms. Moore
07:58:40 REP. HOLLANDSWORTH
07:59:02 SEN. KAUFMANN
07:59:25 REP. HOLLANDSWORTH
08:00:15 SEN. TUTVEDT
08:01:07 SEN. GILLAN
08:01:49 Ms. Moore
08:02:06 SEN. GILLAN
08:03:43 REP. HOLLANDSWORTH
08:04:20 SEN. PETERSON

RECESS

08:04:56 With no further business before the committee, REP. HOLLANDSWORTH recessed the meeting at 5:06 p.m. to reconvene at 7:00 a.m. on September 14, 2012.

CI0425 2300fhxa.