

http://helenair.com/news/politics/montana-house-endorses-first-fuel-tax-hike-in-years/article_992a91be-418e-5183-9ba6-21e5acfe8af7.html

TOP STORY

Montana House endorses first fuel tax hike in 24 years

MATT VOLZ Associated Press Mar 23, 2017 Updated 6 hrs ago



Rep. Frank Garner, R-Kalispell

Contributed Photo



The Montana House on Thursday endorsed what would be the state's first fuel tax hike in 24 years to raise money to fix a backlog of roads and bridges across the state that have fallen into disrepair.

The bill by Rep. Frank Garner, R-Kalispell, would raise the state's tax on gas by 8 cents a gallon and on diesel by 7 ¼ cents a gallon. That would be about \$5 more a month for a person who drives 15,000 miles a year, Garner said.

Garner said the hike is needed because the state is underfunding its infrastructure by nearly \$1 billion, leading to a third of roads and 900 bridges needing repairs. That has contributed to Montana having the third-highest traffic fatality rate in the nation, Garner said, citing a report by the nonprofit transportation research group TRIP.

"It's been 24 years since we did something," Garner said. "It's our mission. There isn't somebody else coming around the corner to fix it."

The measure passed its first vote 56-44, with 17 Republicans joining 39 Democrats in voting yes. Two Democrats and 42 Republicans voted no.

The bill must pass a final vote before it goes to the Senate.

The measure is the first proposed tax increase to make it to the House floor this session. Lawmakers in the Republican majority until now have stymied other measures to help close a budget shortfall by raising taxes on the wealthy, medical marijuana, alcohol and tobacco.

Opponents of Garner's bill repeated Thursday it's a bad idea to raise taxes and hurt their constituents who are going through tough economic times of their own.

"When you're in a tough budget cycle, that's when there's opportunity to find efficiency in government," said Rep. Carl Glimm, R-Kila. "That's not when you come here and just jack up taxes."

Glimm and Rep. Randy Brodehl, R-Kalispell, said budget writers are proposing their own highway funding solutions by making cuts to the Department of Transportation and by boosting the money going into the special revenue account that funds highway projects, without raising taxes.

Lori Stratton

From: Larry Bonderud
Sent: Friday, March 24, 2017 8:34 PM
To: Lori Stratton
Subject: Fwd: Legislative Report
Attachments: City of Shelby_week 12.docx; ATT00001.htm; SB0359.pdf; ATT00002.htm

Packets.

Sent from my iPhone

Mayor Lar

Begin forwarded message:

From: Melissa Lewis <melissa@mlewisassoc.com>
Date: March 24, 2017 at 6:27:28 PM MDT
To: Larry Bonderud <larry@shelbymt.com>
Subject: Legislative Report

Hi Mayor,

Please see attached weekly report from Helena and let me know if you have any questions!

March 24, 2016

Larry Bonderud
City of Shelby
112 1st Street Sough
Shelby, MT 59474

Dear Mayor,

This week legislative leadership unveiled a pair of infrastructure bills, one of which is meeting steep opposition from the Bullock Administration due to lack of funding. http://helenair.com/news/politics/republicans-come-up-with-separate-infrastructure-bills/article_457f7e46-ad10-564b-bbbb-736a404896dd.html.

HB 645, Provide funding for capital and infrastructure projects statewide, would provide \$33.4 in general obligation bonding authority for water, sewer, roads and bridges projects across the state. However, the bill will not pass without support from the minority party who wants to see facilities included in the measure, such as the Butte veterans' home, Romney Hall in Bozeman and the Heritage Center in Helena.

The Senate bill (LC 2261) hasn't been introduced yet but it would provide \$150 million in funding for all infrastructure. The problem is, legislative leadership does not want to vote for a bill that includes the

Heritage Center in Helena. As a fallback, Democrats have put together a separate lease bill for the Heritage Center in Helena which only requires a simple majority (51 votes in the House and 26 votes in the Senate) instead of the 2/3 votes (67 votes in the House and 34 votes in the Senate) required for bonding bills. That bill will also include a funding mechanism to fund other heritage centers across the state as a way to generate more legislative support for the bill.

It appears as though the Senate infrastructure bill will have enough support to pass the legislature so long as the Heritage Center is removed from the bill and funded with the lease measure (according to the Senate Minority Leader).

All projects listed in the traditional infrastructure bills (such as HB 11, the Treasure State Endowment Program) will be funded with cash from the General Fund. Projects below the “cut off line” may be funded by a bonding bill, if one passes this session.

HB 473, the Fuel Tax Bill, passed 2nd reading 56-44 on the House floor this week, inciting an uproar of wild applause from mayors, city managers and other infrastructure advocates from across the state. The bill has a revised fiscal note and will be heard in the House Appropriations Committee on Monday, March 27.

HB 577, Local Option Infrastructure Tax, was tabled in committee today. The Senate bill, SB 331, is still alive (but not for long).

SB 170, the Drone Bill, is still in committee. Multiple amendments were drafted this week to include substations and other facilities in the definition of “critical infrastructure.”

SB 359, Providing for property tax incentives for qualified data centers, was heard in committee today. See attached.

The legislature is still expected to adjourn sometime between April 14-18 and reserve several work days for a possible Special Session to address anticipated federal changes to the Affordable Care Act. Below is a list of priority bills that I am tracking for the City of Shelby.

Bill	Title	Sponsor	Last Action	Stance
<u>HB 2</u>	General Appropriations	Nancy Ballance	March 28 Hearing	Monitor
<u>HB 3</u>	Reverse Supplemental	Nancy Ballance	March 20 Transmitted to Governor	Monitor
<u>HB 5</u>	Long-Range Building Appropriations	Jim Keane	March 22 New version available	Monitor
<u>HB 6</u>	Renewable Resource Grants	Jim Keane	March 21 New version available	Monitor
<u>HB 7</u>	Reclamation and Development Grants	Jim Keane	March 21 New version available	Monitor
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<u>HB 9</u>	Cultural and Aesthetic Grants	Tom Woods	March 21 New version available	Monitor
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<u>HB 14</u>	Bonding Program	Jim Keane	March 24 Hearing	Monitor
<u>HB 30</u>	Remove Voted Levies Approved After Creation of TIF from Tax Increment Provision	Jeff Essmann	March 24 Returned to House	Monitor
<u>HB 49</u>	Clarify Process for Updating Water Right transfers	Bob Brown	March 2 Chapter number assigned	Monitor
<u>HB 76</u>	Amend Laws Related to Remittance of Tax Increment	Greg Hertz	Feb 17 Chapter Number Assigned	Monitor
<u>HB 110</u>	Revise Laws for Filing of Exempt Water Right Claims	Brad Hamlett	March 10 Hearing	Monitor
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melissa lewis
and associates

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Bill focuses on luring films to Montana

Phil Drake , pdrake@greatfallstribune.com 10:07 p.m. MT March 25, 2017



(Photo: Tribune file photo)

HELENA — Lawmakers are reviewing a bill that calls for creating tax incentives to lure more film production to what was called "underserved" areas of the state.

House Bill 602 (<http://leg.mt.gov/bills/2017/billpdf/HB0602.pdf>) requests reigniting a tax incentive plan that expired a few years ago, which film officials said has cost the state work in bringing Hollywood to the Big Sky state.

During a discussion Tuesday in front of the House Taxation Committee, film officials said Great Falls recently lost out on serving as a location for a \$5 million film called "Wildlife." The film has since moved to Oklahoma,

which will now serve as a Montana backdrop.

The bill, sponsored by Rep. Bridget Smith, D-Wolf Point, provides income tax incentives for some costs related to the motion picture and television industry. It also restarts the Big Sky on the Screen Act to attract those industries. The bill gives production companies a tax credit to hire Montana residents, and increases the tax credit for hiring and working in what the bill calls "underserved" areas.

And it stipulates that feature-length movies must include in the credits that the production was filmed in Montana.

Smith said there is an advantage to having tax incentives.

"The film industry brings in outside dollars that filter into the community," she told the committee, which did not make a decision.



Rep. Bridget Smith, D-Wolf Point (Photo: Courtesy)

Smith said HB 602, which has a 10-year sunset clause, could best be described as a "jobs bill."

"Let's show real Indians, real cowboys and real cowgirls," she said.

Allison Whitmer, film commissioner with the Montana Film Office, said for every \$1 invested by the state, it gets \$44 back. She said if the number included tourists inspired by the movie to visit the state, it would be \$295 for every \$1.

Among the testimony submitted to the committee was an email from Fred Fontana, a Hollywood producer, who said he is working on a movie called "Pellett" to be partially filmed in Great Falls and Shelby.

The movie is about the 1951 murder of Clarence Pellett and the eventual recapture of murderer Frank Dryman in 2009.



Allison Whitmer, film commissioner with Montana Film Office. (Photo: Tribune photo/Phil Drake)

"I'm holding out until I can make this movie in Montana — one way or another," Fontana said in a telephone interview.

He said in his letter he has "fallen in love with both the beauty of your state and the welcoming and endearing people whom I have met so far."

"We are close to getting this film to happen and any tax incentive issuance on Montana's behalf can only help bolster the enthusiasm from producers like myself who love your state and would love to film there, especially a movie that actually took place in those locations."

Those who supported the idea pointed to films that have been shot here in which production companies filled hotels and hit local restaurants and stores.

"They come, they produce their product, they spend their money and leave," said Tyler Grutsch of the Montana Film Society, which, according to its Facebook page, is a place for "media artists, content creators, filmmakers and film crew in Montana to network for jobs and promote their Montana-made projects."

Steve Grover, president and managing member of Grover Development Group, said he has worked with others on a feasibility study to create the "first major studio" in Montana and knows someone who wants to film three westerns in Montana.



Steve Grover (Photo: Tribune photo/Phil Drake)

"It will not happen without incentives," he said.

Bob Story, head of the Montana Taxpayers Association, opposed the bill and provided the committee with a 2016 article from Variety, an entertainment trade newspaper, which said a study found that film tax incentives are a waste of money and the benefits are nonexistent.

In 2015, House Bill 120, sponsored by Bozeman Democrat Kathleen Williams, was tabled in the House Appropriations committee, where it expired. It would have extended the Big Sky on the Big Screen Act, which was passed in 2005 and sunsetted Dec. 31, 2014.

The fiscal note for HB 602 states that 62 productions filed for the credit from 2006-2014 and had qualified labor expenses of \$2.7 million or \$331,995 per year.

It estimates film credits in fiscal year 2018 of \$151,270; \$158,500 in FY 2019; \$164,800 in FY 2020; and

\$171,400 in FY 2021.

The act allowed productions to apply for a tax credit of 14 percent on the first \$50,000 they paid to Montana residents, plus another 9 percent tax credit on goods and services purchased in the state.

The state paid out just more than \$700,000 to 48 productions. Those 48 productions spent \$9 million in Montana, according to data from the Montana Department of Commerce. However, 129 productions were precertified for the credit but never filed for it, according to a February 2015 story in the Tribune.

HB 602 starts up those incentives again, plus an extra 5 percent on Montana residents from an underserved county, which means a county in which 14 percent of the residents are in poverty as determined by the U.S. Census Bureau. The bill would end, or sunset, in 2027.

The Montana Film Office, a component of the Montana Department of Commerce, is made up of film and PR professionals. It was established in 1974 as a central information source for on-location filmmakers. The office promotes the state as a filming location.

Producers help film companies find locations that fit their script, as well as act as their liaison through every phase of production. The office also supports the development of our resident crew base and resident filmmakers.

Rebecca Engum, executive director of GF Montana Tourism, said Montana has had difficulty in the past getting films here because of infrastructure, such as film crews and studios.

And she mentions other enticements.

"Montana does not not have the tax incentives production companies are used to," she said.

Engum said since October 2015, she said she has received one call about filming in Great Falls, but adds "We're not necessarily the office a filmmaker is going to call to get permits and move forward."

Norma Ashby, a community activist and former broadcaster who lives in Great Falls, has been working with Clem Pellett on getting the movie about his grandfather get made.

She remembers when Clint Eastwood and Jeff Bridges were in town to shoot "Thunderbolt and Lightfoot."

"Boy they took over the town, and we just had a ball," said Ashby, adding they hired lots of local talent.

She is aware of efforts on the state level to attract more companies here and supports the use of tax incentives.

"They can use all the help they can get."

More online

To read House Bill 602 go to <http://bit.ly/2n0hV98> (<http://bit.ly/2n0hV98>)

Lori Stratton

From: Larry Bonderud
Sent: Sunday, March 26, 2017 7:34 PM
To: Lori Stratton
Subject: Fwd: Infrastructure Coalition - The Weekend Update!

Packets.

Sent from my iPhone

Mayor Lar

Begin forwarded message:

From: Melissa Lewis <melissa@mlewisassoc.com>
Date: March 26, 2017 at 6:34:20 PM MDT
To: "larry@shelbymt.com" <larry@shelbymt.com>
Subject: Infrastructure Coalition - The Weekend Update!

LFYI

Begin forwarded message:

From: Darryl James <darryl@jamesconsult.com>
Date: March 26, 2017 at 6:14:35 PM MDT
To: Darryl James <darryl@jamesconsult.com>
Subject: Infrastructure Coalition - The Weekend Update!

Coalition Members –

Last week was another very busy week. I'll provide an update on our bills, and make another request for continued engagement with your legislators.

HB 473 – Fuel Tax

Rep. Garner did a masterful job of presenting and defending this bill on the floor of the House on Thursday. The bill passed 2nd reading on a 56-44 vote. A number of House Republicans have been working their caucus over the weekend to flip votes, so we're still in for a very close vote on 3rd reading this week. Before we get back to the floor for 3rd reading, we have to get the bill out of the House Appropriations committee. 11 of the 13 Republicans on that committee voted against the bill on the floor, and all nine Democrats on the committee voted in favor. If all votes hold, we have a tie in Committee, so we need to work on flipping at least one Republican vote to get us back to the floor. Please review the committee list and reach out to those you have relationships with. The committee meets Monday morning at 8:00 a.m. Please be there if you can, and try to catch members before they convene.

SB 335 – Public Private Partnership

Sen. Welborn did a very nice job teeing up a good hearing, and the bill passed out of the Business, Labor and Economic Affairs Committee on a 6-4 vote. It will be scheduled for 2nd Reading on the floor of the Senate as early as Monday. Again, touch base with your area Senators to ensure they understand the bill and we keep momentum going on the floor.

SB 331 – Local Option Infrastructure Investment and Property Tax Relief Act

Sen. Phillips did an outstanding job of framing the issue in the hearing, and encouraging his colleagues to provide local voters with the opportunity to decide for themselves whether they would like to exercise this tool. The Senate Tax committee is anticipated to take executive action on the bill on Tuesday of this week. Please talk with all of the committee members, but particularly Sen. Hoven, Sen. Temple, Sen. Richmond and Chair Blasdel and ask them to send this bill to the floor for a full debate.

HB 577 – Local Option (House Version)

Lastly, Rep. Fern represented the Coalition very well in his presentation of the local option bill, and his appeal to the House Tax committee was very sound. Rep. Essmann and Rep. Lavin had substantive amendments and voted for the bill, while Rep. Jacobson and Rep. Abbott expressed concerns about the regressive nature of the tax and voted against. The makeup of the remainder of the committee resulted in an 8-12 defeat and the bill was tabled. It is unlikely that there would be enough time or interest from the committee to bring this one back.

The “Bonding Bill(s)”

Both the House and Senate introduced separate versions of a bonding bill. The House version was crafted very narrowly with the anticipation that amendments would be brought to add additional money and projects. The Senate version is much larger and it is anticipated to be whittled down. The Coalition weighed-in in favor of the Senate version. These bills will move swiftly and I’ll try to keep you abreast of significant changes and updates.

Thank you to all of you who took the time to show up in support of our bills, who reached out and made personal contact with legislators, and who put the call out to your members and networks. The Coalition has had a good presence at the Capitol, and there is no question that we’re making an impact on the dialogue. Let’s keep it up!

We’re right in the thick of it this week, so please continue to stay in touch with your legislators to make sure they know we’re engaged, watching their votes, and very pleased with their support (or concerned with their opposition).

Feel free to contact me with any questions.

Darryl

**Darryl James, Executive Director
Montana Infrastructure Coalition**

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