



Revenue and Transportation Interim Committee

63rd Montana Legislature

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TO: Members of the Revenue and Transportation Interim Committee

FROM: Megan Moore, Research Analyst

RE: Revenue Estimating Process, Consideration of Agenda Items

DATE: June 30, 2014

The purpose of this memorandum is to prepare the Committee to discuss what types of information are desired as part of the revenue estimating process.

Statutory Requirements Background

Section 5-5-227, MCA, outlines the revenue estimating duties of the Revenue and Transportation Interim Committee: "The committee must have prepared by December 1 for introduction during each regular session of the legislature in which a revenue bill is under consideration an estimate of the amount of revenue projected to be available for legislative appropriation." The initial estimate is important because it serves as the Legislature's current estimate until it is amended or until adopted by both houses. The figures are used by agencies and for fiscal note preparation. The 2011-2012 Revenue and Transportation Interim Committee did not introduce a revenue estimating resolution.

Presentations to Inform Revenue Estimate

Before the 2009-2010 interim, the committee received information about the revenue estimate only at the meeting at which the committee adopted the revenue estimate, which takes place in November. During the 2011-2012 interim, the committee requested initial presentations on the state and national economic outlooks at the September committee meeting and a Montana economic outlook update at the November meeting. In 2010, items related to the revenue estimate appeared on the agendas for the final three meetings in August, September, and November, probably because of increased focus on the revenue estimate after the recession. The 2010 presentations covered not only economic outlooks but in-depth information about how the revenue estimates are developed.

At the September 2012 Revenue and Transportation Interim Committee meeting, the agenda included the following revenue estimate-related agenda items:

- Overview of U.S. and Montana economies -- Jim Diffley, Nigel Gault, David Iaia, IHS;
- Overview of Montana oil and gas related to revenue estimates -- Dave Pursell, Tudor, Pickering, Holt & Co.;
- Montana economic outlook -- Paul Polzin, Bureau of Business and Economic Research;
- Overview of Montana labor and business trends -- Barbara Wagner, Montana Department of Labor and Industry;
- Agricultural outlook -- Myles Watts, Montana State University; and

- Chamber of Commerce perspective -- Jon Bennion, Montana Chamber of Commerce.

Presenters for the first two items appeared via telephone while the remainder of the presenters appeared in person.

The 2011-2012 Revenue and Transportation Interim Committee also requested an update on the Montana economy at the November meeting just before the committee delved into the business of hearing revenue estimate presentations from the Legislative Fiscal Division and the Office of Budget and Program Planning. The presenter was Patrick Barkey from the Bureau of Business and Economic Research and the presentation was about 35 minutes including committee questions throughout. This November presentation was longer than the one provided in September, which lasted about 15 minutes.

The overview of Montana labor and business trends and the Chamber of Commerce perspective were first included in 2010. The oil and gas and agricultural outlook were first presented in 2008. The 2012 Revenue and Transportation Interim committee did not change the topics of presentations from the previous interim.

Committee Decisions

The Committee should consider and advise staff about what types of information are desired to inform the revenue estimating resolution and when this information should be received. After the July meeting, the committee next meets September 4-5. The final committee meeting is scheduled for November 20 and agenda items will support the committee's revenue estimating duties and adoption of a revenue estimate.

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