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Revenue and Transportation Interim Committee

60th Montana Legislature

SENATE MEMBERS

JIM PETERSON--Chair
KIM GILLAN--Vice Chair
JIM ELLIOTT
JEFF ESSMANN
CHRISTINE KAUFMANN
ROBERT STORY JR

HOUSE MEMBERS

TIMOTHY FUREY
GALEN HOLLENBAUGH
MIKE JOPEK
BOB LAKE
PENNY MORGAN
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COMMITTEE STAFF

JEFF MARTIN, Lead Staff
LEE HEIMAN, Staff Attorney
FONG HOM, Secretary

MINUTES

JOINT SUBCOMMITTEE OF THE REVENUE AND TRANSPORTATION INTERIM COMMITTEE AND THE LEGISLATIVE FINANCE COMMITTEE

June 4, 2008

Room 102, State Capitol
Helena, Montana

Please note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Committee tapes are on file in the offices of the Legislative Services Division. **Exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of the document.**

Please note: These minutes provide abbreviated information about committee discussion, public testimony, action taken, and other activities. The minutes are accompanied by an audio recording. For each action listed, the minutes indicate the approximate amount of time in hours, minutes, and seconds that has elapsed since the start of the meeting. This time may be used to locate the activity on the audio recording.

An electronic copy of these minutes and the audio recording may be accessed from the Legislative Branch home page at <http://leg.mt.gov>. On the left-side column of the home page, select *Committees*, then *Interim*, and then the appropriate committee.

To view the minutes, locate the meeting date and click on minutes. To hear the audio recording, click on the Real Player icon. Note: You must have Real Player to listen to the audio recording.

SUBCOMMITTEE MEMBERS PRESENT

SEN. JIM PETERSON - RTIC
SEN. KIM GILLAN - RTIC
REP. BOB LAKE - RTIC
REP. MIKE JOPEK - RTIC

SEN. KEITH BALES - LFC
SEN. CAROL WILLIAMS - LFC
REP. JON SESSO- LFC

SUBCOMMITTEE MEMBERS EXCUSED/ABSENT

REP. RICK RIPLEY - LFC

STAFF PRESENT

CLAYTON SCHENCK, Legislative Fiscal Division

JEFF MARTIN, Legislative Services Division

DAWN FIELD, Secretary

AGENDA & VISITORS' LIST

Agenda, Attachment #1.

Visitors' list, Attachment #2.

SUBCOMMITTEE ACTION

The Joint Subcommittee of the Revenue and Transportation Interim Committee and the Legislative Finance Committee:

- voted to continue studying the issue of an aging population in Montana and the potential impacts; and;
- set a tentative meeting date of July 9, 2008.

CALL TO ORDER

SEN. BALES called the meeting to order at 4:04 p.m. The Secretary noted the roll. Subcommittee members in attendance were SEN. BALES, SEN. GILLAN (via teleconference), SEN. PETERSON (via teleconference), SEN. SCHMIDT, SEN. WILLIAMS, REP. LAKE (via teleconference), REP. JOPEK (via teleconference), and REP. SESSO. REP. RIPLEY was excused (ATTACHMENT #3).

OPENING COMMENTS ON PURPOSE OF SUBCOMMITTEE

- 00:00:00 **Clayton Schenck, Fiscal Analyst, Legislative Fiscal Division (LFD)**, said that REP. JOPEK gave his proxy to REP. SESSO, in the event the teleconference connection was lost. SEN. GILLAN also left her proxy with REP. SESSO.
- 00:01:04 SEN. SCHMIDT reviewed the evolution of this issue, saying that the topic of "the graying of Montana" has been of interest to both the Legislative Finance Committee (LFC) and the Revenue and Transportation Interim Committee (RTIC). She said the LFC sent a letter to the RTIC Chair, SEN. PETERSON, suggesting formation of a joint subcommittee to create a bill draft authorizing a study of the effects of demographics on governmental revenue and expenditures (EXHIBIT #1).
- 00:02:39 SEN. PETERSON said the "graying of Montana" issue first arose in RTIC after hearing two presentations (Montana State University - Bozeman and University of Montana) on the potential impacts of Montana's aging population. Both studies indicated that there will be significant changes in Montana's demographics, which led to discussion of what the potential impacts on the state may be, such as an increased demand for state

services and impacts on revenue. The Committee expressed interest in pursuing the "2030 Project" and discussed working with six public interest groups. Because of issues such as staff resources, budget considerations, confidentiality concerns raised by the Department of Revenue (DOR) (EXHIBIT #2 - May 8, 2008, letter from Dan Bucks, Director, DOR) to SEN. PETERSON), and the use of private funding for a public study, it was decided that a joint subcommittee of RTIC and the Legislative Finance Committee (LFC) would be formed to study the issue further. SEN. PETERSON noted that there is growing public interest in the 2030 Project and that the public interest groups have indicated that they will work in the private sector on the issue as well, and that a report will be published in the fall. He said he saw no reason for that to conflict with the Subcommittee's work.

REVIEW OF ITEMS IN BILL DRAFT REQUEST (LC0115)

00:09:29 SEN. WILLIAMS said that this issue has been of concern to her for quite some time. She said that the LFC created a summary of the issues that need to be explored and that at the next day's meeting of the LFC, Lois Steinbeck, Legislative Fiscal Analyst, LFD, would present a report. SEN. WILLIAMS said that copies of the report would be provided to the joint Subcommittee members. She said the LFC wants to consider the future demographics of Montana, costs of services, tax implications, and the corresponding revenue implications.

00:12:19 **Clayton Schenck, Fiscal Analyst, Legislative Fiscal Division (LFD)**, discussed long-term impacts of budget decisions (EXHIBIT #3), which listed suggestions and starting points for discussion and considerations for the proposed bill draft.

Committee Questions

00:16:58 REP. LAKE said he did not receive the information mailed out in advance of the meeting and asked that copies be provided to him.

00:19:16 SEN. BALES said the primary decision of the day is if the Subcommittee wishes to move forward with a bill draft request, and if the bill draft should be a joint request of the two committees. If so, another meeting date will be scheduled and agenda items will be determined.

00:20:16 SEN. PETERSON said he wished to proceed with a bill draft for the study. He asked that the LFC be given an update of the joint Subcommittee's discussion and decisions.

00:22:04 REP. LAKE also wished to proceed and thought it should be a top priority.

(REP. JOPEK left the meeting.)

Public Comment

- 00:23:45 **Claudia Clifford, American Association of Retired Persons (AARP), Montana**, said that there are 152,000 AARP members in Montana. She encouraged the Subcommittee to conduct the study, saying that AARP would support a bill draft. She suggested including consideration of existing services for Montana's aging population and recommendations for development of those services as a part of the bill draft.
- 00:25:16 SEN. GILLAN **moved** to move forward with the joint Subcommittee study. The **motion passed** on a unanimous roll call vote (ATTACHMENT #4). SEN. PETERSON said a study bill would have more weight and credibility if done as a joint request of RTIC and LFC. SEN. BALES agreed.

COMMITTEE DISCUSSION

- 00:27:56 The Subcommittee discussed possible meeting dates. SEN. BALES and REP. LAKE proposed scheduling two meetings, one to gather and consider the information and another to finalize conclusions, including proposed legislation. SEN. WILLIAMS agreed that work must be done on a timely basis but cautioned against moving too quickly because staff would need time to prepare documents and noted that taking action too quickly may prevent public participation and comment.
- 00:31:02 Mr. Schenck said that Jeff Martin has been assigned the bill draft. He said that he and Mr. Martin will work together and that they could be prepared in three week's time for a second meeting. **Jeff Martin, Research Analyst/RTIC Staff, LSD**, agreed. SEN. PETERSON said that RTIC is scheduled to meet on July 10 and 11, and suggested that the Joint Subcommittee meet on July 9.
- 00:33:41 REP. LAKE suggested that a bill draft request create a legal procedure through which information could be gathered from the DOR on which to base a study. He said that the specific details of the study could be decided later.
- 00:35:31 SEN. PETERSON said that he has discussed confidentiality concerns with Director Bucks, who said statutory direction is needed on how to bracket revenue in a manner that could be used without violating confidentiality. He said that bracketing income by age would be important information.
- 00:37:07 SEN. WILLIAMS said that she agrees that an inventory of what is already available is important. She said "we can't know where we are going if we don't know where we are".

00:37:43 Mr. Schenck asked for guidance from the Subcommittee, saying that a bill draft would not be expected at the next meeting, but that a checklist of options and considerations would be prepared.

ADJOURNMENT

00:44:03 SEN. PETERSON thanked the joint Subcommittee members and staff for their work and said that he appreciated everyone's willingness to work together. SEN. BALES agreed and said the next meeting is tentatively scheduled for July 9, 2008. The meeting was adjourned.

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