



Revenue and Transportation Interim Committee

61st Montana Legislature

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CHRISTINE KAUFMANN
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MINUTES

Agricultural Land and Forest Land Reappraisal Subcommittee

August 2, 2010

Room 102, State Capitol
Helena, Montana

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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.

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SUBCOMMITTEE MEMBERS PRESENT

SEN. JIM PETERSON, Chair
SEN. RON ERICKSON
REP. CARLIE BOLAND
REP. ROY HOLLANDSWORTH
REP. BRIAN HOVEN

SUBCOMMITTEE MEMBERS ABSENT/EXCUSED

REP. MIKE JOPEK

STAFF PRESENT

JEFF MARTIN, Research Analyst
DAWN FIELD, Secretary

AGENDA & VISITORS' LIST

Agenda, Attachment #1.
Visitors' list, Attachment #2.

COMMITTEE ACTION

The Agricultural Land and Forest Land Reappraisal Subcommittee approved the April 29, 2010, meeting minutes as written.

CALL TO ORDER -- ROLL CALL -- APPROVAL OF MINUTES

00:00:16 SEN. PETERSON called the meeting to order at 8:00 a.m. The Secretary took roll, REP. JOPEK was excused (ATTACHMENT 3). **SEN. ERICKSON moved to approve the April 29, 2010, meeting minutes as written. The motion passed on a unanimous voice vote.**

REVIEW OF NATURAL RESOURCES CONSERVATION SERVICE SOIL MAPS

00:03:47 **Dallas Reese, Department of Revenue (DOR)**, explained how the Natural Resources Conservation Service (NRCS) collects soil data and other information, including the use of GPS technology (**EXHIBIT 1**). He said that soil pits, soil probes, and scientist observations are used to gather a soil sample. Mr. Reese said a second map (**EXHIBIT 2**) shows data collection points more clearly.

00:09:20 SEN. PETERSON asked how old the soil tests are. Mr. Reese said the data points in the sample maps are about three years old. He said that other points of information may be from 1970s.

00:11:06 SEN. PETERSON asked if there is a consistent process on how tests are done. Mr. Reese said the tests are conducted under guidelines established by a nationally published handbook. He said that other handbooks dealing with specific types of soils are also used. He said that the more experienced the scientist is, the more uniform the survey is.

00:14:03 SEN. ERICKSON asked if all tests are conducted at each sampling site. Mr. Reese said no, that each yellow dot on the map indicates only that tests were done.

00:16:28 REP. HOLLANDSWORTH said that the surveys done on his property were mainly done by soil probe. He said that yield can differ from county to county, which may cause taxes to be higher in one county than another, even though the soil types may be the same. He said this has caused problems when trying to work with several different county tax appeal boards. Mr. Reese said that differences in productivity across county lines caused problems. He said that the Agricultural Land Advisory Committee was required to determine "average" management practices, which is the basis for current assessment methods, but he said that it may be time to explore a way to cross county lines or combine several counties when determining average management practices and productivity.

00:21:12 REP. HOLLANDSWORTH said that problems have also been caused when the change from the old maps to the newer digital maps is made. He said that there may not have been any changes but that roads, for instance, that have been in existence for years are now showing up on the maps, which is triggering a change in use for the property owners. He said that there have been very high rates of increases for some producers because of this and that the producers think these changes should have been phased in. Mr. Reese said that phase-in

has been the biggest problem. He said that the difference in value is being phased-in and explained how the starting point of the phase-in is determined.

- 00:24:30 REP. HOVEN asked if the Agricultural Land Advisory Committee has met to review what has happened in the last 18 months. Mr. Reese said no. REP. HOVEN asked what the status of the Committee is and if any of the current members will be appointed as holdover members to the next Committee, in an effort to provide continuity. Mr. Reese said the Committee is still in effect and that there has been no request to reconvene. He said a new committee will be appointed by the Governor for the next reappraisal cycle, to begin its work in 2012. SEN. PETERSON noted that there were no holdover members from the last committee appointed to the most recent committee.
- 00:27:59 SEN. PETERSON asked if all agricultural land was phased-in. Mr. Reese said yes, and explained that in anticipation of significant changes, the DOR used new classification and new productivity numbers but ran the numbers through the old valuation formula to come up with a new value before reappraisal (VBR). SEN. PETERSON asked if that explains the huge increase seen in the first year. Mr. Reese said yes, especially for crop land.
- 00:32:22 SEN. PETERSON and Mr. Reese held a lengthy discussion of the reappraisal process as used in the last reappraisal cycle. SEN. PETERSON summarized that the DOR did not phase in from the old appraised value, but phased-in on the 2009 calculated value, which took into account all of the new formulas and jumped the VBR up. The new VBR was used to calculate the starting point for the phase-in but it was not printed on the tax statement, which made it very difficult for the taxpayer to follow DOR's formula for reappraisal. Mr. Reese said that correct. He said that by law, when there is a classification change, the DOR calculates the VBR in all cases. An increase in value could have been attributed to a change in the use of that land. Mr. Reese the DOR changed its administrative rules and is generating revised assessments for 2009 for properties that had a productivity change only. He said the actual 2008 value will be used as the starting point of the phase-in. He said this change would show up in two ways: 1. Everyone who filed AB-26 forms in 2009 or who appealed to the county tax appeal board will get a revised tax assessment notice and will be entitled to a refund of the protested tax amount. 2. For those with a productivity change only but who did not file an AB-26 or an appeal, an adjustment will be made to their taxable value. The change in taxable value will be done incrementally over the next five years.
- 00:41:53 SEN. PETERSON said that those who filed a protest would receive a refund a year earlier than everyone else. Mr. Reese said yes, and said that if every taxpayer had received an adjustment for 2009, schools and counties would have been hit hard by a loss in revenue. He discussed several other implications of the remedy.
- 00:44:53 SEN. PETERSON asked if the remedy applies to the June 30 deadline to file for a review. Mr. Reese said that the June 30 deadline was the DOR's effort to give taxpayers another opportunity to request a review. He noted that the reductions

in taxable value will be spread out over the next five years, rather than making the entire adjustment in one year.

FORMULAS USED TO DETERMINE VALUATION OF AGRICULTURAL LAND BY LAND CLASSIFICATION

- 00:51:07 Mr. Reese said that Montana law requires DOR to determine production based on average management practices. He said rather than penalize a high-level manager or give benefit to a poor manager, the DOR shoots for middle ground.
- 00:52:10 REP. HOVEN said that the DOR samples for soil types, which does not change. Mr. Reese said that surveys conducted in the mid1970s would be as relevant in the 1990s.
- 00:55:08 SEN. PETERSON said that soil types needs to be addressed in the DOR's formula. He said the soil type is used to calculate productivity, as well as the county average. Mr. Reese said the soil survey determines the productivity number, to which the DOR applies its adjustment factors. He said that they run the new adjusted number through the valuation formula to determine the value.
- 00:56:08 Mr. Reese summarized the different valuation formulas used **(EXHIBIT 3)**.
- 01:03:01 REP. HOVEN asked about capitalization rates. Mr. Reese said the lower the cap rate, the higher the value and vice versa. He said that the Legislature established an 8% cap rate for forest land [HB658]. He said that the 6.4% cap rate for agricultural land was established in 1991. Mr. Reese discussed how cap rates are used to determine value.
- 01:08:16 SEN. PETERSON said that the variables in the process are the productivity value using the new formula with the soil type, along with the per acre net income based on the reappraisal cycle year. Mr. Reese said that is correct and explained the formula further, including several examples.
- 01:12:02 SEN. ERICKSON asked when a person had a 70% increase in taxes if the increase was due to the productivity change. Mr. Reese said that happened consistently. SEN. ERICKSON asked if this would likely happen again in future reappraisal cycles. Mr. Reese said no.
- 01:13:23 SEN. PETERSON said, if there is no change in classification and it is determined that the producer is due a refund, the refund will not be immediate, but will be phased-in over the next five years. He said that is a double hit to the producer because not only will he get hit up front with the full amount, but the refund amount will be stretched over a number of years. Mr. Reese said that is correct. He said that by adjusting the taxable value over the next several years, rather than all at once, local governments and schools would not be devastated. He said the issue is a good policy question for discussion.

Public Comment

01:18:10 **Ron Devlin, landowner**, said that as an agricultural producer and property owner, he dealt with many of the grazing land appraisal issues discussed by the Subcommittee. He discussed his experience of going through the AB-26 filing and tax appeal process and said that he still has not resolved his concerns with the DOR's appraisal of his property

01:27:35 **Mary Whittinghill, Montana Tax Payer's Association**, discussed the executive summary of the Montana Agricultural Advisory Committee report and MTA's position that the process for reappraisal set forth in the executive summary has not been followed by the DOR. She said that the MTA does not think the DOR's action to deal with the mistake on phasing in productivity changes only has been satisfactory. She discussed measures that the DOR could have taken that would have addressed the MTA's concerns.

01:34:21 **Nancy Schlepp, Montana Farm Bureau Federation (MFBF)**, said that her property experienced huge increases in grazing productivity. She said that increasing the weight per animal unit month (AUMs) or figuring in a calculation for wildlife (as is allowed for federal and state lands but not private land) may help solve the problem.

Committee questions

01:35:23 SEN. ERICKSON asked if Ms. Schlepp's experience was comparable to Mr. Devlin's. Ms. Schlepp said that fewer grazing land samples are taken than of crop land, so there is not a good representation. She said that huge swaths of her land got large increases, way above the AUMs her property could possibly sustain.

01:36:59 SEN. PETERSON asked Mr. Reese to respond to the public comment. Mr. Reese said that increasing the weight allowed per AUMS would clear up many of the discrepancies. He noted that it would require legislative action to change the AUMS limit. Regarding the grading system discussed by Mr. Devlin, Mr. Reese said that there are many different grades of soils and that increased productivity tends to run along creek banks or along coulee bottoms. He said the adjustment for wildlife would also be worth pursuing.

01:42:07 REP. HOLLANDSWORTH asked Mr. Reese if he was comfortable with the system as it is. He said it would have been helpful to the Subcommittee if DOR had flagged any large increases in value because the Subcommittee would have had a clearer picture of what it was dealing with. He asked about staggering reappraisal cycles between the different property classes. Mr. Reese said that DOR computers could be adjusted to flag the large increases. He said that staggering reappraisal is a policy question to determine if it would improve the system or further muddy the waters. Overall, he said, he is comfortable with the system and that the numbers back it up. He said that of over 400,000 parcels of land, less than 3% filed AB-26s or filed appeals. He said that the DOR is still learning the system and making adjustments. He said that the DOR is listening to landowners and is working with the NRCS to improve the system.

- 01:47:41 REP. BOLAND asked if Mr. Reese has encountered similar cases as Mr. Devlin. Mr. Reese said almost all of the agricultural producers he has talked with have the same concern.
- 01:48:26 REP. HOVEN asked if the availability of water is taken into account in the appraisal process. Mr. Reese said that issue was brought to the DOR's attention and that some legislative direction would be appreciated.
- 01:49:53 SEN. ERICKSON asked if the Agricultural Advisory Committee discussed a wildlife calculation. Mr. Reese said that it has not been raised as an issue until this reappraisal cycle. SEN. ERICKSON said that adjusting the AUMS and allowing a calculation for wildlife could cause fairly large tax shifts in certain counties. Mr. Reese said the ramifications of that would have to be considered.

BREAK - 9:52 a.m. until 10:15 a.m.

STATUS OF AB 26 INFORMAL REVIEW, TAX APPEALS, AND PROPERTY TAX REVENUE IMPLICATIONS

- 02:13:34 Cynthia Mantel Moore, Administrator, Property Assessment Division, DOR, discussed an update of the 2009 AB-26 filings (**EXHIBIT 5**). She also provided an update on 2010 AB-26 filings (**EXHIBIT 6**).
- 02:20:52 SEN. PETERSON asked when the AB-26 appeals will be completed. Ms. Moore said she could not give a specific date. She said that several regions still have a number of appeals to deal with and that additional resources have been directed there in order to move the process along.

CHANGES IN PROPERTY TAXES PAID UNDER PROTEST BY AGRICULTURAL LANDOWNERS AND FOREST LANDOWNERS BETWEEN NOVEMBER 2009 AND MAY 2010

- 02:23:00 **Alan Peura, Deputy Director, DOR**, discussed the change in value due to the Extended Property Tax Assistance Program (EPTAP), the Property Tax Assistance Program (PTAP), and the Disabled American Veteran (DAV) program, and other reasons; and total changes (**EXHIBIT 7**).

UPDATE ON INFORMATION CONTAINED IN ASSESSMENT NOTICE

- 02:34:29 Cynthia Mantel Moore reviewed a sample copy of a 2010 assessment notice and letter (**EXHIBIT 8**) and a sample of letter sent out with the assessment notice to help taxpayers understand the statement (**EXHIBIT 9**).

Committee Questions

- 02:39:05 SEN. PETERSON asked if every property owner will receive the letter. Ms. Moore said that all taxpayers received a letter for the 2009 reappraisal and in subsequent years, notices would be mailed to property owners only if there is a change in taxable value.
- 02:42:03 SEN. PETERSON said the revised statements could be as confusing to property owners as the old statements Ms. Moore said that it has been a challenge to provide the information in easily understood terms.

- 02:43:03 SEN. PETERSON asked if a change in use would trigger a change in the VBR. Mr. Reese yes, that a change in classification would trigger a calculated VBR and a new assessment notice.
- 02:45:01 REP. BOLAND asked if a property owner who has filed an AB-26, has completed the process, and has received a corrected assessment, then the property owner will not get another assessment notice. Mr. Reese said that is correct.
- 02:45:47 SEN. ERICKSON said that the assessment notice provides additional explanation of the notice. He asked if the DOR plans to use the additional sheets of information in the future. Ms. Moore said that the DOR's goal is to provide enough information so that the taxpayer will be able to better understand the tax notices.
- 02:48:14 SEN. PETERSON asked why the DOR simply doesn't fix the system now for everyone. He suggested putting a new assessment notice out that would correct 100% of the changes, refunds and everything, to re-do the property notice so that the counties can see how the tax base would change due to the mistakes that were made. He said that counties could then reset their mills and the taxpayer would get what is due to them.
- He said he is still bothered by the VBR and how it was calculated. He said it is misleading. He said that the administrative rules for how VBR is used are clear and does not provide for the DOR to calculate a new VBR. He said the problem is not being fixed by the new assessment notice and that he doesn't understand why the DOR won't go back and fix it for the 2010 year. He said that counties could reset their mills and would not be left with a big hole. He said that taxpayers would receive the refunds they are entitled to and that statutory language would be followed. Ms. Moore said it is a very time-consuming and complicated process.
- 02:53:58 **C.A. Daw, Chief Legal Counsel, DOR**, said that in 2009, the DOR was up against deadlines for sending out assessment notices and certifying taxable values to the counties. He said that the DOR has been able to work with the problems in 2010. He said that if the DOR did as SEN. PETERSON suggested, taxpayers affected by the productivity only change would see a high value in 2009 and low value in 2010, and a high value in 2011, and would lead to further confusion. Regarding SEN. PETERSON's suggestion to revert all taxpayers back to the 2008 assessments, he said the DOR did not read the rules that way. He said it has never been the policy of the DOR to phase-in a change of use. He said the administrative rules reflect that.
- 02:57:06 SEN. PETERSON said he is not sure he reads that in statute **(EXHIBIT 10)**. Mr. Daw said his interpretation is for changes in productivity only or no other change. SEN. PETERSON said that he has a problem with how the DOR defines "change". He said the change may be due to how the DOR describes the land and not because of something the landowner did. He said it would trigger a new VBR and that the landowner would not get the phase-in based on the old VBR but on the calculated VBR. In the reverse, he said, if a mistake was made, the

taxpayer will not get a refund because the DOR chose to phase-in the refund. He asked Mr. Daw what the DOR's legal standing is for doing that. Mr. Daw said he would admit that there were a few instances that occurred as described by SEN. PETERSON but said to sort those instances out from other reasons why the property acreage changed, he said a threshold must be set and a decision must be made if the manpower would be available to inspect all of the property in question. He said administrative decisions were made that he felt benefitted the state but that if the Legislature feels differently and implements changes, the DOR will implement those changes.

SEN. PETERSON said he doesn't understand the legal standing that the DOR has to withhold a taxpayer's refund and keep money, rather than giving it back to its owner. He said it is the state's mistake and that he couldn't imagine the taxpayers' being happy about that decision. Mr. Daw said that the phase-in is a long and honorable tradition in Montana. He said that the Lucas case may change that but until a court decision is made, he believes the DOR is acting within its authority. SEN. PETERSON said the RTIC would have to decide if corrective action is needed. Mr. Daw said if the DOR is given legislative direction, it will do its best to administer it.

Public comment

03:06:40 Nancy Schlepp, MFBF, distributed copies of her ranch's tax assessment notice that illustrates the problems with the hybrid VBR approach. She said it is very confusing and hard to follow. She briefly discussed the hybrid VBR calculated for her ranch (**EXHIBIT 11**).

IMPLICATIONS OF NOT PHASING IN CHANGES OF AGRICULTURAL LAND AND FOREST LAND

03:08:36 SEN. PETERSON asked Mr. Daw to elaborate on the statement that the DOR is within its authority to phase-in refunds, given the court case that is pending. Mr. Daw said that the DOR can determine how to pay the refund and that there is nothing in statute to direct otherwise. He said the rule was passed without comment or objection with regard to that point.

Public comment

03:09:59 Nancy Schlepp asked to add to her previous comment and information that she provided (her family's tax assessment notice (**EXHIBIT 11**)). She said that the county assessors have been very helpful in the process. She said that changes will be made to the hay land and that the information she provided did not reflect that.

UPDATE ON THE STATUS OF LUCAS, ET AL. V. MONTANA DEPARTMENT OF REVENUE
Petitioners--Mike Green, Crowley & Fleck

03:11:53 **Mike Green, attorney, Crowley Fleck Law Firm**, said that there has not been much movement on the lawsuit. He said a class certification decision has not yet been made and the case suffered a setback with the death of one of the lead plaintiffs. Mr. Green discussed Mr. Daw's affidavit given as part of the litigation (**EXHIBIT 12**) and other details of the lawsuit.

Department of Revenue response

- 03:21:32 Mr. Daw said that phase-in of agricultural property should not be treated any differently than any other class of property.
- 03:24:17 REP. HOLLANDSWORTH asked how landowners who changed their land use escaped the DOR's notice. Mr. Daw said it was because comprehensive reappraisals were not done and the NRCS did not inform the DOR of land use changes.
- 03:25:56 SEN. PETERSON referred to ARM 42.20.501 (25) that Mr. Daw referenced and said that any change whatsoever, even if it is just a mapping change, the DOR considers that a change. Mr. Daw said yes. SEN. PETERSON said that even though the new map may update what may have been there for 25 years, it is still taking the position that there has been a change. Mr. Daw said yes and said that to go back and investigate each change and make the judgement call on when the change occurred would require hundreds of thousands of fieldings and would be very costly. He said that a previous administrator anticipated this issue and asked the Legislature how the DOR should proceed. He was directed to take the most cost-effective and constrained approach. Mr. Daw said he thought that the DOR has done well with the resources it has had.
- 03:29:12 SEN. PETERSON said he was not questioning that the DOR tried to do its job but said that the Legislature clearly anticipated that this would be a huge effort. He said there is a very clear definition for Class 3 property and that the DOR has used a rule to change this. He said he doesn't understand the DOR's legal standing when the legislative intent is very clear that the reappraisal was to be phased-in over the six-year cycle.
- 03:31:43 REP. HOVEN asked if there is a chance that the DOR would settle the lawsuit before it goes to court. Mr. Daw said the DOR is always interested in coming to a reasonable compromise but that Director Bucks is committed to upholding the law and that many factual questions would have to be answered.
- 03:33:26 SEN. PETERSON asked Mr. Green to respond to REP. HOVEN's question. Mr. Green said settlement of the case is in the DOR's court. He said that he has solicited settlement proceedings and has received no response from the DOR. He said that this is fundamentally a legal dispute about the meaning of "phase-in" and that the decision may have to be made by the Court. He referred to testimony provided at a previous meeting by Angela Hawks-Swartz and the DOR's insistence that her land was reclassified. He discussed his interpretation of the reappraisal cycle and the intent of the Legislature, statutory language, and how the issue should be resolved.
- 03:38:05 REP. HOVEN said it becomes a matter of judgement. He said that certain situations are egregious and should be handled in the first year of reappraisal but there should be avenues for dealing with other situations, such as a small change caused by a road showing up on a map. Mr. Green agreed that there are significant administrative difficulties in dealing with reclassifications. He discussed the DOR's definition of value before reappraisal and how the DOR

applied it. He said his interpretation of the legislative direction given is that the Legislature recognized the difficulty of reclassification and directed that everyone be phased-in. He said the net was thrown to catch only a few producers who had escaped taxation but instead, almost all of the agricultural taxpayers were caught up.

PUBLIC COMMENT ON AGRICULTURAL LAND AND FOREST LAND REAPPRAISAL TOPICS

No public comment was given.

SUBCOMMITTEE DISCUSSION OF AGRICULTURAL LAND AND FOREST LAND REAPPRAISAL AND OPTIONS

- 03:42:13 SEN. ERICKSON said he thought the lawsuit would have to be settled before the Subcommittee or RTIC could continue its work on this issue. He said that in the meantime, other problems could be fixed, such as the AUMs adjustment and wildlife adjustment.
- 03:44:48 REP. HOLLANDSWORTH said that one thing that could have clarified this would be to allow a "plus or minus per acre". He said that the option of giving full refunds and starting over would create havoc with the counties and that he hasn't heard much objection from the agricultural producers about the phased-in refund.
- 03:46:22 SEN. PETERSON said that the Legislature did anticipate this problem and is why is directed the reappraisal to be phased-in. He said the rule is very clear that, rather than hire more DOR staff, the legislative intent was to keep it simple. He said the DOR chose to do it a different way by calculating a new VBR based on a very liberal interpretation of a rule, in order to enhance the revenue. He said that if DOR had done the phase-in as intended, no additional staff would be needed. He said that the DOR chose to change the policy in order to enhance the revenue. He said the issue is, should the Legislature instruct the DOR to do as it intended or let the judge decide.
- 03:51:38 REP. HOVEN agreed with SEN. PETERSON's remarks and said that he sat on the Joint Select Committee on Reappraisal and that he is said he is dumbfounded by the problems that have occurred. He said he is shocked by how the DOR has implemented the reappraisal process.
- 03:52:38 SEN. PETERSON said he thought that the full Revenue and Transportation Interim Committee should discuss this at the next day's meeting and direct the DOR to phase-in as according to the legislative intent. He said it would be a simple process to print out a new assessment notices using the old VBR and to phase-in accordingly.
- 03:54:01 SEN. ERICKSON said that the rules are confusing and that he can see, depending on where one looks in the rules, how different answers could be found. He said he does not think that productivity should be phased-in because it is a constant. He said he understands that remarkable change in productivity has occurred because of new technology but thought that the present rule that puts productivity in the phase-in rule should not be continued.

- 03:56:42 SEN. PETERSON asked how the Subcommittee wishes to proceed.
- 03:57:10 REP. BOLAND said that the decision to draft legislation should go before the full committee. SEN. ERICKSON said, regarding the handout provided by Ms. Schlepp, that confusion about grazing land seems to be a predominant problem, along with map changes that affected a taxpayer's phase-in. He said he agreed that any decisions or legislation should go before the full committee.
- 04:00:02 REP. HOVEN said that he is disappointed that the Agricultural Advisory Committee didn't anticipate these issues in its deliberations. He said many members did not have agricultural backgrounds and he asked if the Subcommittee should examine member qualifications or requirements.
- 04:01:22 SEN. PETERSON said he would include all issues in his report to the full committee. He asked if the Subcommittee should schedule another meeting. SEN. ERICKSON said he did not see the need. REP. HOVEN thought that the AUMs issue and wildlife issue need to be addressed. SEN. ERICKSON said those issues would best be looked at through a study bill.
- 04:03:52 SEN. PETERSON said that a simplified formula is needed and that there ought to be an opportunity for appeal by producers more than once every six years. He agreed that looking at the Agricultural Advisory Committee would be a good place to start and that having holdover members would help maintain some institutional knowledge. He said there is much work left to be done and that the issue is not going to go away.
- 04:08:24 REP. HOLLANDSWORTH said he would like to continue pursuing the rule change issue and the other issues (AUMs and wildlife) with the full committee.

Public comment

- 04:09:11 Mary Whittinghill, MTA, emphasized that the lawsuit does not involve the valuation. She read from the executive summary of the Agricultural Advisory Committee's report and said the intent is very clear that it wanted the changes phased-in over the full six-year cycle. She said the Advisory Committee understood that there would be significant changes and directed how the changes should be made.

OTHER BUSINESS -- MEMBER TOPICS -- SCHEDULE NEXT MEETING, IF NECESSARY -- INSTRUCTIONS TO STAFF

- 04:11:32 SEN. PETERSON said he would remain flexible on whether another meeting will be needed.

ADJOURN

With no further business before the Subcommittee, SEN. PETERSON adjourned the meeting at 12:10 p.m.

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