



## LEGISLATIVE FINANCE COMMITTEE

### 62nd Montana Legislature

Room 110 Capitol Building \* P.O. Box 201711 \* Helena, MT 59620-1711 \* (406) 444-2986 \* FAX (406) 444-3036

#### SENATE MEMBERS

STEVE GALLUS  
LLEW JONES  
DAVE LEWIS  
RICK RIPLEY  
DAVID WANZENRIED  
CAROL WILLIAMS

#### HOUSE MEMBERS

ROB COOK  
JOHN ESP  
STEVE GIBSON  
CYNTHIA HINER  
GALEN HOLLENBAUGH  
JON SESSO

JARET COLES, Staff Attorney  
DIANE MCDUFFIE, Secretary  
AMY CARLSON, Director

# MINUTES

December 5 & 6, 2011

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.

Access to an electronic copy of these minutes and the audio or video recording is provided from the Legislative Branch home page at <http://leg.mt.gov>. On the left-side menu of the home page, select *Committees*, then *Interim*. Once on the page for *Interim Committees*, scroll down to the appropriate committee. The written minutes summary, along with the audio and video recordings, are listed by meeting date on the interim committee's web page. You must have Real Player to listen to the audio recording or to view the video.

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**

SEN. STEVE GALLUS  
SEN. LLEW JONES  
SEN. DAVE LEWIS  
SEN. RICK RIPLEY  
SEN. DAVID WANZENRIED  
SEN. CAROL WILLIAMS

REP. ROB COOK  
REP. JOHN ESP  
REP. STEVE GIBSON  
REP. CYNTHIA HINER  
REP. GALEN HOLLENBAUGH  
REP. JON SESSO

#### **STAFF PRESENT**

AMY CARLSON, Director  
DIANE MCDUFFIE, Secretary

#### **VISITORS**

Visitor's list, Attachment #2.

#### **CALL TO ORDER AND ROLL CALL**

00:48:28 **Rep. Sesso**, Chair called the 219<sup>th</sup> meeting of the Legislative Finance Committee to order at 10:00 a.m. on December 5, 2011. The meeting was held in Hearing Room 102 of the State Capitol, Helena, MT. The secretary called roll. Attachment #1

**APPROVAL OF MINUTES FOR THE SEPTEMBER 29-30 2011, MEETING**

00:50:01 **MOTION: Senator Gallus** moved to approve the minutes for the September 29-30, 2011 meeting. **VOTE:** Motion passed unanimously.

**GENERAL FUND UPDATE - 2013 BIENNIUM**

00:51:17 Terry Johnson, Principal Fiscal Analyst , LFD presented a report on General Fund Update - 2013 Biennium and a power point presentation. (Exhibit 1 and 1a) The purpose of this report is to provide the committee with general fund revenue collection data through November FY 2011 compared to November FY 2012. Mr. Johnson said total general fund revenue collections through November are exceeding HJ 2 revenue estimates used by the 62<sup>nd</sup> Legislature for FY 2012. Total general fund revenues for FY 2012 are forecast to be \$61.9 million more than anticipated in HJ 2 and \$76.0 million more in FY 2013. Individual income, corporation license, oil and gas production, and insurance taxes are anticipated to be higher. Vehicle fees/taxes and some smaller sources are expected to be less than anticipated in HJ 2. Property taxes appear to be on track with HJ 2 estimates at this time. Included with the report is a legal opinion prepared by Jaret Coles, Legislative Services, regarding SB 426 which defines a process for potential taxpayer refund of state general fund surplus balance. (Exhibit 1b) A memo regarding withholding payments from Dan Dodds, Senior Economist, Department of Revenue was also distributed. (Exhibit 1c)

01:37:44 **Senator Jones** asked for clarification on the partnership type income. Mr. Johnson explained that individual income data contains only one line on the tax return for rents, royalties, and partnership income. Additional information that comes from the accounting system is withholding on royalties. A portion of producer for royalty owner revenue is withhold and remitted to the state. Staff anticipated those revenues would go up because of the higher prices and concluded it must be partnership type income.

01:40:40 **Sen. Wanzonried** asked if the margin of error is larger than in the past and are there variables in play now that have a profound impact on the difference. Mr. Johnson said the \$137 million is a 3.8% under statement of revenues for the biennium which is below the historical average in terms of what the error rate has been in the past. NCSL's acceptable range for an adequate fund balance is 5% based on the volatility of revenues.

01:45:30 **Rep. Esp** ask if the partnership income includes LLP. Mr. Johnson said it is included.

01:46:41 **Rep. Sesso** asked if decisions made by the intervening legislature have to be relevant to the 2012-2013 and 2014-2015 budget biennium. Mr. Johnson said they would only have to be relevant to the 2012-2013 biennium.

**PUBLIC COMMENT**

None

**STATUTORY APPROPRIATIONS**

- 01:56:56 Roger Lloyd, Senior Fiscal Analyst, LFD presented the Statutory Appropriations Report. (Exhibit 2) As presented by staff and approved by the Legislative Finance Committee, staff was directed to: 1) update the statutory appropriation data base to reflect changes made by the 62<sup>nd</sup> Legislature; and 2) update the statutory appropriation data base to include, for each statutory appropriation, an analysis of the guidelines outlined in 17-1-508(2), MCA. Staff identified nine issues concerning statutory appropriations, eight of which the committee is asked to consider and take action.
- 02:01:12 **Rep. Sesso** asked if 48 of the 103 appropriations use a portion of the statutorily appropriated dollars to administer the programs. Mr. Lloyd said 48 use the money for personal services, or operation type expenditures or equipment, which is a general definition of administrative type costs.
- 02:08:18 **Rep. Hollenbaugh** asked how administration fees for the Morrill Trust issue were determined and is there something in law that determines how much can be taken for administrative purposes. Mr. Lloyd said in terms of the Morrill Act there is an exception written into law for that statutory appropriation.
- 02:11:54 **Rep. Hollenbaugh** said that the "one-size fits all" mentality may not work for each statutory appropriation and should an amount be built into each one.
- 02:12:52 **Rep. Sesso** suggested a review of the 103 statutory appropriations to find out how much is being spent to administer the program.
- 02:22:14 Kris Wilkinson, Fiscal Analyst, LFD discussed issue #4 which relates to the state veterans cemeteries account and provided options for consideration by the LFC.

#### **PUBLIC COMMENT**

- 02:25:40 Joe Foster, Administrator, Montana Veterans Affairs Division (Exhibit 3)

#### **STATUTORY APPROPRIATIONS CONTINUED**

- 02:39:25 Mr. Lloyd discussed additional work items that may be considered for further review of statutory appropriations.
- 02:41:18 The committee proposed the following:
- ◆ Issue #1 - Request additional research on the statutory appropriations with some of the largest administrative costs.
  - ◆ Issue #2 - LFC sponsor legislation to clarify other statutory appropriations guidelines
  - ◆ Issue #3 - Sponsor legislation to repeal either one or both of the references to 20-9-622 and 17-6-340, MCA
  - ◆ Issue #4 - Maintain the appropriation and research the elimination of the reference to the board and report back with an option.
  - ◆ Issue #5 - **Rep. Hollenbaugh** suggested staff work with the budget office in preparation of the next budget and provide instructions to the Natural Resources and Transportation Subcommittee to work through this.
  - ◆ Issue #6 - Work with agencies involved to eliminate the double appropriation.
  - ◆ Issue #7 - Sponsor legislation to eliminate 17-3-112, MCA when all federal funds

- ◆ have been received and spent.
- ◆ Issue # 8 - Sponsor legislation to eliminate 50-4-623, MCA

02:47:46 Ms. Carlson said staff will provide a draft version of legislation, recommendations from working with agencies on issues #5 and #6, and additional research on issue #1 for the March meeting.

#### **STATE SPECIAL REVENUE UPDATE**

02:49:49 Barbara Smith, LFA provided an update on the state special revenue database.

#### **LUNCH**

#### **PERFORMANCE MEASUREMENT**

- 04:00:34 Taryn Purdy, Principal Fiscal Analyst, LFD discussed the schedule for SJ 26 and the items that will be presented at today's meeting. (Exhibit 4)
- 04:04:35 Lois Steinbeck, Senior Fiscal Analyst, LFD presented a report on DPHHS Impact of Medicaid Eligibility Expansion and Healthy Montana Kids Monitoring. (Exhibit 5) The goal of this performance evaluation is to enable the 2013 Legislature to obtain better information to establish 2015 biennium appropriations for Healthy Montana Kids and Medicaid services. Ms. Steinbeck also provided several charts on Healthy Montana Kids and Medicaid enrollment, Medicaid eligibles, and Medicaid disabled eligibles . (Exhibit 5a)
- 04:24:00 Lois Steinbeck, Senior Fiscal Analyst, LFD presented an update on the DPHHS Budget Status Report. (Exhibit 6) The LFC formed a work group to consider what types of information would be most useful for committee members. The work group considered several options.
- 04:25:23 **Sen. Lewis** commented that it was a good meeting and the director of the department said they are working to revise the report. They agreed to work with staff and consider the requests from the work group.
- 04:27:47 Ms. Steinbeck said the workgroup will continue to meet with DPHHS and report to the LFC as needed.
- 04:28:01 Lois Steinbeck, Senior Fiscal Analyst, LFD presented a report on the Legislative Medicaid Cost Projection Model. (Exhibit 7) Medicaid services costs are a significant component of HB 2 appropriations and LFD staff is refining current projection methodologies for some Medicaid services and developing a model for other services to provide additional information to support legislative appropriation decisions.
- 04:34:00 **Rep. Esp** recommended staff continue working on the Medicaid project.
- 04:34:06 Marilyn Daumiller, Fiscal Analyst, LFD presented a report on The Offices of Public Assistance (OPA) and Economic Security Programs in the 2013 Session. (Exhibit 8) The goal of this performance evaluation is to enable the legislature to address and establish appropriations for the next biennium that impact: 1) workload, primarily at the OPA

through out the state; and 2) the major economic security programs such as Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF), and Medicaid. Ms. Daumiller provided charts on the OPA Applications and SNA P households, recipients and benefits. (Exhibit 8a)

- 04:40:39 **Rep. Esp** commented that SNAP is a big program with a big impact on all funds and the committee should continue to tract the trends.
- 04:42:11 **Rep. Sesso** commented that there is a wide range of activity from month to month and asked if families reapply every month to receive the benefit. Ms. Daumiller explained that as families economic condition changes they may become eligible for another program. However, most of the applications are new people.
- 04:51:40 Greg DeWitt, Senior Fiscal Analyst, LFD presented a report on Montana Insurance Verification System (MIVS) - Department of Justice, Motor Vehicle Division. (Exhibit 9) The Joint appropriations Subcommittee on Judicial Branch, Law Enforcement, and Justice voted to monitor this item. This report provides an update on the status of the project to implement the system.
- 04:54:33 **Rep. Gibson** requested an update on the MIVS at the September 2012 meeting.
- 04:55:36 Greg DeWitt, Senior Fiscal Analyst, LFD presented a report on Death Penalty Costs. (Exhibit 10) The purpose of this study is to examine whether the difference in costs when the death penalty is sought is significantly greater than when it is not sought. This update summarizes the study approach, some of the information gathered so far and options for the committee to consider.
- 05:04:17 **Rep. Gibson** commented that the real problem are the costs related to appeals.He recommended staff limit the scope of work to determine the validity from studies already done in other states to Montana and identify options to collect data for a future study.
- 05:09:56 **Sen. Wanzenried** said the committee should decide what the methodology should be. Whether to look back and document costs or use the Flathead case and move forward.
- 05:13:49 **Rep. Esp** agreed that looking forward makes more sense because of the differences in the way capital cases are defended.
- 05:21:16 **MOTION: Senator Wanzenried** moved to continue with the study but to limit the scope of further work to determining the validity from studies already done in other states to Montana, limit the work to identify options to collect data for a future study, and evaluate the work done by the Montana ACLU and identify if it could be used and, if so, what would be needed to use it to come to a reasonable cost comparison for Montana.
- 05:24:46 **VOTE:** Motion passed. 8 to 4.

#### **PUBLIC COMMENT**

- 05:25:31 Harry Freebourn, Administrative Director, Office of Public Defender introduced Dave Stenerson, interim Chief Public Defender.

05:27:44 Richard "Fritz" Gillespie, Chairman of the Montana Public Defender Commission gave an update on recruitment of the Chief Public Defender.

### **PERFORMANCE MEASUREMENT CONTINUED**

05:29:42 Greg DeWitt, Senior Fiscal Analyst, LFD provided a report on Water Court - Judiciary. (Exhibit 11) Because the LFC did not wish to duplicate efforts of other legislative committees this issue will be addressed by providing copies of reports made to other committees and on the status and projections of the water adjudication fund and staff transition from the Department of Natural Resources.

05:33:51 Taryn Purdy, Principle Fiscal Analyst, LFD provided an update on the Court Help, Judicial Branch project. (Exhibit 12) The Joint Appropriations Subcommittee voted to request monitoring of this item. The legislature appropriated funding for the Court Help Program in the 2009, 2011, and 2013 biennia with one-time funding. Ms. Purdy said completion date for this project was March but will be delayed until June 2012.

### **BREAK**

### **INFORMATION TECHNOLOGY**

05:49:10 Barbara Smith, Fiscal Specialist, LFD discussed the following items under Tab 5:

- CIO Report (Exhibit 13)
- Information Technology Update (Exhibit 14)

05:57:29 **Senator Jones** commented on the meeting he, **Sen. Lewis**, and **Rep. Hollenbaugh** had with the Department of Public Health and Human Services (DPHHS), and the Department Of Administration (DOA) to discuss potential issues surrounding the MMIS Project and current challenges in the procurement process.

06:02:00 **Sen. Ripley** asked if this system has been implemented through completion in other states. Mr. Baldwin, CIO, DPHHS said the system is being developed for Alaska, North Dakota, and New Hampshire and is in the testing stage.

06:04:02 **Rep. Hollenbaugh** relayed a question from **Sen. Caferro** asking if the new system will have the ability to except electronic applications, documents and signatures for TANF, SNAP and Medicaid. Mr. Baldwin said that refers to the eligibility systems that are currently being developed and will include that capability and will be implemented next October.

06:05:45 **Rep. Sesso** asked if SNAP and TANF systems will be a part of the MMIS system. Mr. Baldwin explained that SNAP and TANF are currently in development. They are eligibility determination systems. CHIMES Medicaid has already been developed and implemented which is the eligibility determination system for Medicaid. When SNAP and TANF are implemented that will include an enterprise architecture that will create an integration between all three eligibility systems. MMIS is the Medicaid Management Information System which is the claims processing for Medicaid for the state of Montana.

06:18:00 Tim Burton, Chief of Staff, Department of Justice, provided comments on the MERLIN system and the MTIVS (Montana Insurance Verification System).

- 06:29:31 Warren Dupuis, Chief of Staff, State Information Technology Services Division, provided an update on the Interoperability project which has been renamed to the Montana Public Safety Communication System. (Exhibit 15)
- 06:33:28 **Rep. Sesso** asked if any changes in statute are anticipated in order to proceed with the project. Mr. Dupuis said they would like to look at codifying the Board, its authority and interaction within other jurisdictions. Also, funds will be needed for operation and maintenance of the system.
- 06:34:35 **Rep. Gibson** asked what has been spent and what is working. Mr. Dupuis said that about 64 of the microwave hops are completed and are able to communicate between 50% of the sites. He said some agencies may need to upgrade their individual radios to talk on the system, some of which is predicated by a Federal mandate.
- 06:48:15 **Rep. Sesso** asked who is responsible for judging project health whether it's green, yellow or red status. Ms. Smith said the items come in self reported to ITSD. Currently, there is no independent verification process.
- 07:03:49 Barbara Smith, Fiscal Specialist, LFD discussed the IT Activities - 2013 Biennium. (Exhibit 14a) The spreadsheet outlines the activities that are being covered under the Select Committee on Efficiency in Government, activities assigned to the LFC and the performance audit on MITA assigned to Legislative Audit.

#### **PUBLIC COMMENT**

- 07:06:46 Jessica Luther, Montana Medicaid Solutions. (Exhibit 16)
- 07:25:36 Meeting adjourned and will reconvene Tuesday, at 8:30 a.m.

Tuesday, December 6, 2011

#### **COMMITTEE MEMBERS PRESENT**

SEN. STEVE GALLUS  
SEN. LLEW JONES  
SEN. DAVE LEWIS  
SEN. RICK RIPLEY  
SEN. DAVID WANZENRIED  
SEN. CAROL WILLIAMS

REP. ROB COOK  
REP. JOHN ESP  
REP. STEVE GIBSON  
REP. CYNTHIA HINER  
REP. GALEN HOLLENBAUGH  
REP. JON SESSO

#### **STAFF PRESENT**

AMY CARLSON, Director  
DIANE MCDUFFIE, Secretary

## VISITORS

Visitor's list, Attachment #4.

## CALL TO ORDER AND ROLL CALL

00:00:18 The 219<sup>th</sup> meeting of the Legislative Finance Committee reconvened at 8:30 a.m. on Tuesday, December 6, 2011. The meeting was held in Hearing Room 102 in the State Capitol, Helena, Montana. The secretary called the roll. Attachment #3.

## SCHOOL FUNDING

- 00:01:11 Jim Standaert, Senior Fiscal Analyst, LFD presented a power point presentation on School Finance Training. (Exhibit 17) The presentation focused on Montana school funding history from 1999-2013.
- 00:25:23 Dan Whyte, Legislative Attorney, Legislative Services Division (LSD) presented a power point presentation on A History of Legal Challenges To Public School Funding. The presentation focused on Colombia Falls Elementary School District No. 6 v. State of Montana. (Exhibit 18)
- 00:50:29 Jim Standaert, Senior Fiscal Analyst, LFD discussed SB 152 and SB 252 from the 2005 Session, the Quality Schools Interim Committee studies, the new general fund funding formula, the components of the December 2005 Special Session in education funding and SB 2 from the 2007 Special Session.
- 01:23:14 Dan Whyte, LSD gave a brief update on the current school Funding lawsuit.
- 01:29:58 **Sen. Jones** provided charts produced by Jim Standaert, LFD showing the actual impact of the changes of the funding on counties experiencing oil development.(Exhibit 19)

## BREAK

## PENSIONS

- 01:56:12 Jim Standaert, LFD explained the chart on Retirement Accounts - Funding for School Districts in Montana. (Exhibit 20)
- 02:02:52 Amy Carlson, LFA provided slides on Pension Funding Part II. (Exhibit 21) The first part of the discusses changes in actuarial funding status, ARC gap, benefits, earnings, ROI (Return on Investment) cash and Non-cash.
- 02:13:45 Carroll South, Executive Director, Board of Investments provided a report on Montana Pension Fund Investments. (Exhibit 22) He discussed current asset mix, long-term impact of insufficient contributions, asset allocation, and investment return.
- 02:23:44 **Sen. Jones** asked if asset allocations been changed in TRS relative to PERS. Mr. South stated that current ranges for all nine pension plans is sufficient to manipulate within those ranges. The biggest concern would be the illiquid assets.
- 02:25:44 **Sen. Lewis** asked how the BOI projects the investment return. Mr. South said the forward looking projections are calculated by their consultant.

- 02:32:44 **Rep. Esp** asked what the legislature might do to lessen the problem. Mr. South said he would not infuse a large amount of cash in the pension fund. Rather increase the contributions coming in.
- 02:34:56 **Rep. Sesso** asked if this a critical time to take action. Mr. South said we are not going to invest our way out of this problem. The only secure source of revenue is contributions.
- 02:38:28 **Rep. Sesso** thanked Mr. South for his dedicated service with the State of Montana and congratulated him on his retirement.
- 02:39:05 Ms. Carlson discussed information from PEW, the Center for Retirement Research at Boston College, FITCH, and IHS Global Insight. Ms. Carlson noted that slide 17 is incorrectly labeled. It should be City of Billings instead of Yellowstone County.
- 02:50:24 Stephanie Morrison, Fiscal Analyst, LFD provided a written a report on Financial Analysis Of Pensions: A State & Local Challenge Part II and presented several slides. (Exhibit 23). The report includes FY 2011 updates to the September analysis, local governments, school districts, State government pensions, summary of findings, and options for further research. The slides (Exhibit 21) provide information on changes in unfunded liability, total UAAL, FY 2011 wages and retirement contributions, and local government information.
- 03:07:16 **Rep. Esp** asked for an explanation of slide 31 and 32 regarding city and county wages. Ms. Morrison said the information is obtained from the PERS payroll data. It does not include inter-service funds. Ms. Carlson said staff will look into this further because it is definitely lower than what Mr. Blattie thought it would be. She said it does include all types of spending, not just general fund.
- 03:26:08 **Rep. Esp** asked for clarification of the chart on page12. Ms. Morrison said the chart shows costs associated with retirement contributions compared to total expenditures by county. Ms. Carlson clarified that the chart shows contributions compared to total county school districts budgets not spending.
- 03:31:21 Ms. Carlson summarized overall risks, employer contribution impacts and next steps for the March 2012 meeting.

## PUBLIC COMMENT

None

## LUNCH

### PLANS FOR MEDICAID FOR THE NEXT BIENNIUM

04:47:08 Mary Dalton, Medicaid and Health Services Branch Manager, DPHHS discussed Medicaid for the next biennium, Medicaid enrollment and the Health Improvement Program and Governor Schweitzer's proposal to reduce health care costs through improving efficiencies while maintaining quality.

05:00:22 **Sen. Lewis** asked for clarification regarding the lump sum. Ms. Dalton stated that the Governor's office is discussing what options would be available.

05:01:30 **Sen. Wanzenried** asked for an explanation on the process to develop the plan. And would stakeholders be involved in designing the waiver request. Ms. Dalton said she did not have any details at this point.

05:05:54 **Rep. Sesso** asked Ms. Dalton for regular updates on the process.

### UPDATE ON RECENT COURT DECISIONS

05:07:13 David Niss, Legislative Attorney, LSD provided a memo on Litigation Report and Analysis. (Exhibit 24) Because there was legislation introduced on this topic in the 62<sup>nd</sup> Montana Legislation Session and because several of the Montana Public Employee Retirement Systems face large unfunded liabilities of their own caused by market declines in their investment assets (which prompted the legislation in both Colorado and Minnesota), Committee staff prepared this litigation report and analysis of the Minnesota and Colorado trial court decisions.

05:34:50 **Rep. Sesso** asked if any of the remaining cases are similar in nature relative to Montana law. Mr. Niss said the application of the contract clause in the state or federal constitution will be one of the issues in all of those cases.

## PUBLIC COMMENT

None

### REQUIRED REPORTS

05:39:32 The following reports were included in the committee notebooks but no formal presentation was provided.

- ▶ Required Reports (Exhibit 25)
- ▶ Operating Reports (Exhibit 26)
- ▶ Budget Amendments (Exhibit 27)
- ▶ DPHHS Budget Status report (included in Exhibit 25)

05:39:46 Barbara Smith, Fiscal Specialist reported that she will review the required reports to analyze whether or not they are still needed or benefit to the committee and bring those recommendations to the March meeting.

### **UPDATE ON THE REVENUE REPORTS TO RTIC**

05:40:28 Stephanie Morrison, Fiscal Analyst, LFD provided an update on reports she provided to the Revenue and Transportation Interim Committee on Individual Income Tax Credit. The reports are available at:  
<http://leg.mt.gov/css/fiscal/reports/2011-2012-interim-reports.asp#dec2011>

### **STATUS OF EMPLOYEE GROUP HEALTH CARE PLAN**

05:44:56 Kris Wilkinson, Fiscal Analyst, LFD provided a report on the State Employee Group Health Care Plan. (Exhibit 28). The state employee group health care plan provides health and dental coverage for approximately 33,500 state employees, legislators, retirees, and dependents. The legislature may be asked to consider increased support for the health plan in the next legislative session.

### **UPDATE ON STATE PROPERTY/CASUALTY INSURANCE FUND**

05:50:38 Kris Wilkinson, Fiscal Analyst, LFD presented a report on the Effects of the Montana Asbestos Victims Settlement on the State Property/Casualty Insurance Fund. (Exhibit 29) This memo outlines the estimated effects of the settlement payment Montana asbestos victims had on the State Property/Casualty Insurance Fund and decisions the 2013 Legislature may face.

### **BREAK**

### **COMMITTEE BUSINESS**

06:14:15 **Rep. Hollenbaugh** provided a brief update on the Select Committee on Efficiency in Government. More information is available at:  
<http://leg.mt.gov/css/publications/Interim-Newsletter/default.asp>

06:16:39 Included under committee business is the draft LFC meeting dates and the LFD Cost Report. (Exhibits 30 and 31) Amy Carlson, LFA asked if the committee would be interested in any training for legislators.

06:18:47 **Sen. Williams** commented that the Legislative Council has been interested in providing training during orientation.

06:22:50 **Sen. Jones** stated he believes better educated legislators will make better decisions.

06:25:39 Ms. Carlson discussed the LFC joint meeting with SAVA in June. The SAVA meeting is June 11-12.

06:25:45 Without objection from the committee the LFC will have it's regular meeting on June 11th and will meet jointly with SAVA on June 12th to discuss pensions.

### **RESPONSE ON WITHHOLDING PAYMENTS**

06:29:51 Terry Johnson, Principal Fiscal Analyst, LFD provided a chart on Individual Income Tax Withholding Collections. (Exhibit 32) Figure 1 shows cumulative withholding tax collections by month through December 5. Mr. Johnson pointed out in the "General Fund Revenue Update 2013 Biennium (Exhibit 1)report that cumulative withholding tax collections dropped significantly in November as compared to the end of October. The memo issued by the Department of Revenue concluded that this trend was not due to underlying economic

conditions but was more a function of process timing and the variation in when weekends and holidays fall from year to year. As shown in Figure 1, withholding tax collections through October increased by 6.9% as compared to the same period for FY 2011. By the end of November, this cumulative growth rate dropped by 2.9%. After five days of processing in December, the cumulative growth rate remains at 2.9%.

- 06:35:20 Barbara Smith, Fiscal Analyst, LFD provided a brief update on MBARS/IBARS. She said staff will make IBARS has the tools needed to do our job and meet the needs of the legislature.
- 06:38:43 Ms. Carlson, LFA introduced new staff member Christina Allen, Fiscal Analyst who will be working on Natural Resources.
- 06:40:08 Susie Lindsay, Fiscal Web Specialist, LFD provided a website review showing the new web pages.
- 06:52:52 Taryn Purdy, Principal Fiscal Analyst, LFD provided an update on the conference she attended on PEW sponsored by NCSL in Tampa, Florida.

**ADJOURNMENT**

- 06:58:30 With no further business before the committee, Chairman Sesso adjourned the meeting at 3:30 p.m. The next meeting of the Legislative Finance Committee will be March 8-9th.

Rep. Jon Sesso, Chair

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Diane McDuffie, Secretary

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