

SENATE JOINT RESOLUTION NO. 6
INTRODUCED BY D. GRIMES

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING THAT THE LEGISLATIVE COUNCIL DESIGNATE AN APPROPRIATE INTERIM COMMITTEE OR DIRECT SUFFICIENT STAFF RESOURCES TO STUDY MONTANA'S REVENUE ESTIMATING PROCEDURE AND TO DETERMINE WHETHER ANY CHANGES MAY BE APPROPRIATE.

WHEREAS, accurate revenue estimates are essential to the Executive Branch's preparation and the Legislative Branch's approval of state agency budgets; and

WHEREAS, since 1989, adopting official revenue estimates has been the responsibility of the legislative interim committee formerly known as the Revenue Oversight Committee, renamed the Revenue and Transportation Interim Committee, with the staff services of the Legislative Fiscal Analyst and with the assistance of the Executive Branch; and

WHEREAS, estimating revenue is a complex undertaking, involving accounting methodology, indepth analysis of a variety of sectors of the state and national economies, and the use of specialized econometric modeling; and

WHEREAS, projecting revenue is made even more complicated by a volatile economy; and

WHEREAS, the Legislative Fiscal Division has developed the tools and the expertise to arrive at the economic assumptions that drive revenue estimates, regularly works with representatives of the Executive Branch in developing forecasting models, and consults with market experts and economists before presenting its information to the Revenue and Transportation Interim Committee; and

WHEREAS, a National Conference of State Legislatures' survey conducted in 1999 indicated that many states used consensus teams to determine revenue estimates, consisting of members of the Legislative and Executive Branches of government, industry experts, university economists, and others; and

WHEREAS, it has been 18 years since the Montana Legislature's revenue estimating process has been closely examined, and there may exist more effective and efficient strategies for reaching agreement on projected revenue.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

That the Legislative Council be requested to designate an appropriate interim committee, pursuant to section 5-5-217, MCA, or direct sufficient staff resources to study Montana's revenue estimating process and to determine whether changes may be appropriate. The study must include:

- (1) an examination of how other state Legislatures set revenue estimates and how the process works in other states;
- (2) a review of how large businesses in the state and elsewhere develop their economic forecasts;
- (3) a review of the timing of the release of the executive budget and the timing of the Legislature's revenue estimating activities and how the processes impact each other;
- (4) an assessment of additional sources of information that may be available to the Legislature as it is discussing and setting revenue estimates; and
- (5) any other aspects of revenue estimating that the committee or the staff determines to be relevant.

BE IT FURTHER RESOLVED, that the committee or staff assigned to conduct the study request staff assistance from the Legislative Fiscal Division and solicit information and assistance from the Executive Branch, private industry, economists, and others who have expertise in revenue forecasting and that the committee or staff use the resources available through the Montana University System.

BE IT FURTHER RESOLVED, that the committee or staff assigned to conduct the study develop a specific list of options to consider, including a "no action" option, and, if the study is assigned to a committee, that the committee determine which option or options it will recommend to the 59th Legislature.

BE IT FURTHER RESOLVED, that, if the study is assigned to staff, any findings or conclusions be presented to and reviewed by an appropriate committee designated by the Legislative Council.

BE IT FURTHER RESOLVED, that all aspects of the study, including presentation and review requirements, be concluded prior to September 15, 2004.

BE IT FURTHER RESOLVED, that the final results of the study, including any findings, conclusions, comments, or recommendations of the appropriate committee, be reported to the 59th Legislature.

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