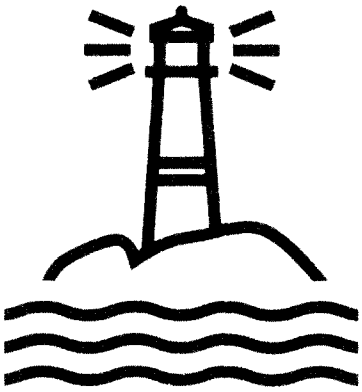


MARA Model

INVENTION WITH INTENTION

NAVIGATING THE FUTURE

1

Property tax work has led to property tax analysis that is changing how we look at property tax and may improve legislator's understanding of the policies and laws governing property tax.

Research into housing data and childcare has led to further research and potential legislation

Research into the changing energy economy has led us to a better understanding the potential impact in Montana

Research into land use and conservation easements has improved our knowledge and understanding of these issues

Better understanding of how technology may be shaping our future

2

HB 330 MARA Charge - Sustainability

(a) identifying structural revenue challenges with economic, demographic, and geographical variability considerations;

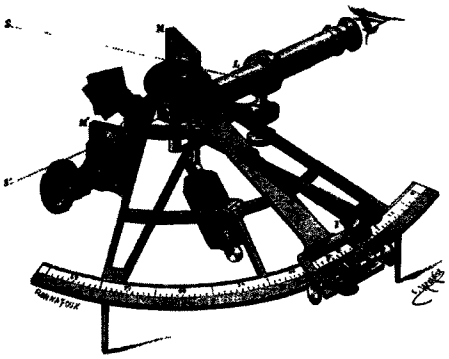
(b) exploring revenue sufficiency and probable long-term expenditures by state and local government...

(c) creating data sets and models for future analysis by the legislature; and

(d) proposing potential solutions and possible legislation for consideration by the 2023 legislature

3

Sextant



Data Driven Navigation

Over the last five years, the legislature has developed a better understanding of state and local government taxes, revenue, and funding of services. It will allow various scenarios to be considered by various committees and the whole legislature.

4

2040 MARA MODEL

IS

- Tool to provide insights to the future
- Pinch points
- Quantitative values in context
  - Example how big of a problem shortfalls in gas tax be in comparison to shortfall in capacity at the state prison

IS NOT

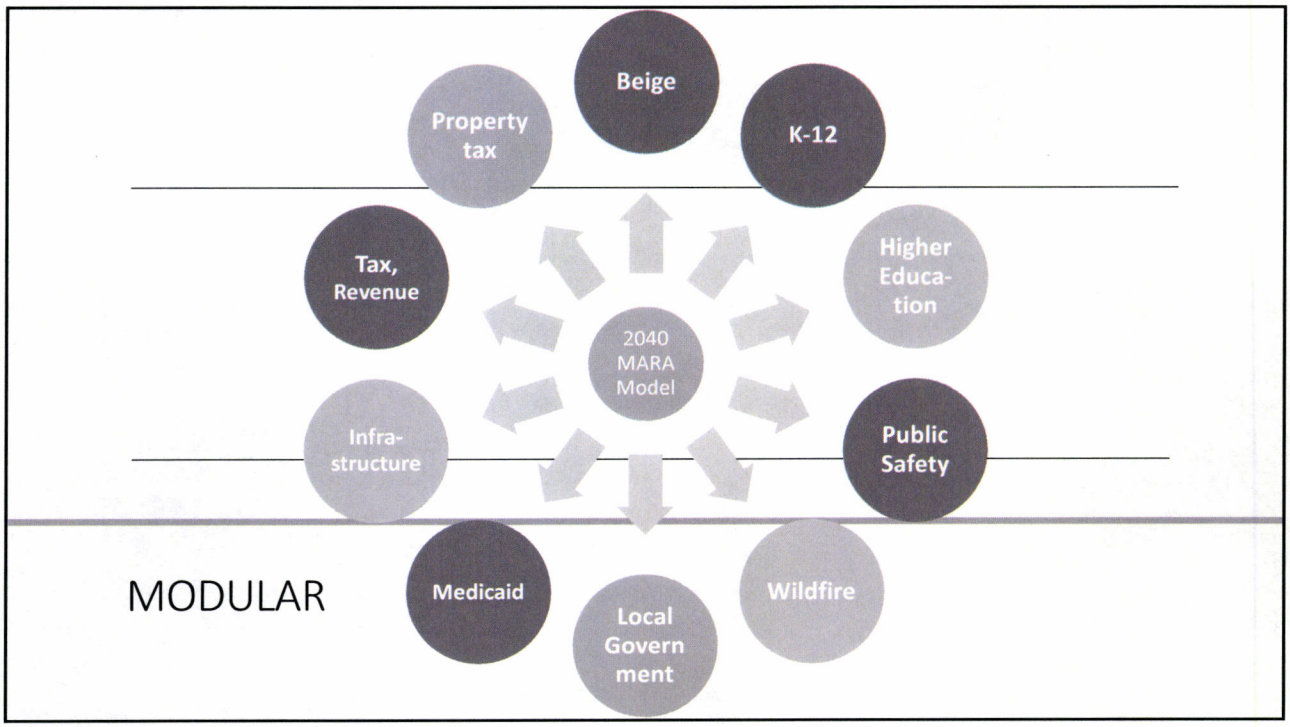
- Not a precise calculation of revenues or costs in the future
- Not telling the legislature what it should do
- Not a budget

5

Outlook 2025/2027 versus MARA Model

OUTLOOK	2040 MARA MODEL
3-5 years of projections	18 years of projections
Relatively detailed	Less detail but covers all state, local governments & schools
Focused on state general fund	Considers more global trends
Focused on present law, but also introduces expenditure pressures	Considers items beyond present law in order to capture demands anticipated with the new economy and other trends
Primarily internal LFD work, with relatively little outside input	Looped through various committees and stakeholders for input

6



7

Local Government Status

Department of Administration has gone back to fill in the holes in the data from pdf forms to SABHRS

- FY 2017 to 2021 complete except Gallatin (for FY 2020 and FY 2021) and a few small towns
- DOA is starting on FY 2014 through FY 2016
- This data will not answer all questions, but it is a great start

Programming of the local government model will begin later this month as data becomes available

Programming of the property tax details will occur in August after expenditure forecast is complete

8

Expenditures – regression on population and inflation by county

Non-property tax revenues - regression on population and inflation by county

Property tax revenues – when property taxes fund a service, then property taxes will fill the gap to meet the calculated expenditures above

9

Property Taxes – Historical Analysis Tools

May MARA meeting

10

Future Property Tax Estimates

By county

By class

By taxing jurisdiction

11

12