



MODERNIZATION & RISK ANALYSIS COMMITTEE

68th Montana Legislature

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

LEGISLATIVE MEMBERS

SENATOR JOHN ESP
SENATOR CHRISTOPHER POPE
REP. MARY CAFERRO
REP. JIM HAMILTON
REP. LLEW JONES
REP. BILL MERCER

PUBLIC MEMBERS

KENDALL COTTON
LANCE FOURSTAR
DWAINE IVERSON
HEATHER O'LOUGHLIN

COMMITTEE STAFF

AMY CARLSON, Director
JOSH POULETTE, Senior Fiscal Analyst
JULIE JOHNSON, Staff Attorney
Grace Gibney, Secretary

MINUTES LOG

October 16, 2023
Wilson Hotel, Sapphire Room
Big Sky, Montana

Please note: This document is a Minutes Log and provides annotation of the time elapsed between the beginning of the meeting and the time at which the item was presented or discussed, a motion was made, or a vote was taken. The narrative presented here is provided only as a guide to the audio or video recording of the meeting. The official discussion, motion, or vote is available on the audio or video archive of this meeting. The Legislature does not prepare a transcript of the meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

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MEMBERS PRESENT:

Rep. Llew Jones (R) – Chair
Rep. Jim Hamilton (D) – Vice Chair
Rep. Mary Caferro (D)
Sen. John Esp (R)
Sen. Christopher Pope, (D)
Dwayne Iverson, Public Member
Kendall Cotton, Public Member
Lance Fourstar, Public Member
Heather O'Loughlin, Public Member

MEMBERS EXCUSED:

Rep. Bill Mercer (R)

MEMBERS ABSENT:

REVENUE INTERIM COMMITTEE MEMBERS PRESENT

Sen. Becky Beard (R) Chair, RIC
Rep. Mark Thane (D), Vice-Chair, RIC
Sen. Greg Hertz (R)

STAFF PRESENT:

Amy Carlson, Director, (LFD)
Josh Poulette, Senior Fiscal Analyst, (LFD)
Sam Schaefer, Lead Revenue Analyst, (LFD)

Nick VanBrown, Lead Fiscal Analyst, (LFD)
Julia Pattin, Fiscal Analyst, (LFD)
Kurt Swimley, Fiscal Analyst, (LFD)
Molly DelCurto, Fiscal Analyst, (LFD)
Grace Gibney, Secretary

AGENDA ([Attachment 1](#))

VISITORS' LIST ([Attachment 2](#))

COMMITTEE ACTION

CALL TO ORDER/ROLL CALL

07:59:15 Rep. Llew Jones called the meeting to order. The committee secretary took roll.

PROPERTY TAX AND LOCAL GOVERNMENT REVENUE:

- 08:00:43 Kurt Swimley, Fiscal Analyst, (LFD) introduced presentation on Residential Property Tax. Discussed the differences between county effective tax rates and non-voted vs voted mills.
- 08:20:22 Julia Pattin, Fiscal Analyst, (LFD) continued presentation on Residential Property Tax.
- 08:42:56 Heather O'Loughlin, Director, Montana Budget and Policy Center asked how long voted mills stay in each district.
- 08:43:40 Julia Pattin, Fiscal Analyst, (LFD) gave examples of different time frames levies are set for.
- 08:44:51 Rep. Llew Jones made additional comments about school district levies.
- 08:42:48 Rep. Mark Thane asked specific questions about Missoula County and incorporated vs unincorporated communities.
- 09:16:51 Sen. Becky Beard asked questions on population by area in reference to Department of Commerce overlay with fiscal data.
- 09:17:14 Director Amy Carlson, (LFD) explained current tools in the works relating to cities and counties.
- 09:17:48 Rep. Llew Jones explained different efforts that have been made to overlay data sets.
- 09:18:42 Kurt Swimley, Fiscal Analyst, (LFD) reminded members to keep in mind the high growth school districts. Discussed what causes residential tax growth.
- 09:18:59 Julia Pattin presented high growth school districts throughout the state and explained key contributors and timeline to the growth.
- 09:27:32 Heather O'Loughlin, Office of Budget, and Policy Center comments on effective tax rates.
- 09:28:24 Julia Pattin discussed what happens to schools when non levy revenue declines.
- 09:38:16 Kurt Swimley, Fiscal Analyst, (LFD) continued to present FY 2023 Residential Effective Tax Rate by Levy District report.

- 09:41:08 Nick VanBrown, Lead Data Scientist, (LFD) presented estimated taxes paid and tax growth between 2022 and 2023. Preliminary property tax growth for FY 2024.
- 09:47:16 Rep. Jim Hamilton asked questions about taxable value changes in commercial and residential property tax value increases.
- 09:48:02 Nick VanBrown, Lead Data Scientist, (LFD) responded to questions.
- 10:03:42 Duane Iverson, Public Member made comments.
- 10:04:34 Director Ryan Osmundson, Budget Director, Governor's Office of Budget and Program Planning (OBPP) added comments.
- 10:09:18 Nick VanBrown, Lead Data Scientist, (LFD) continued to discuss Lewis and Clark County Mill Levies in FY 2023-2024.
- 10:27:03 Rep. Mary Caferro

CHALLENGES AND OPPORTUNITES OR SCENERY STATES:

- 01:24:22 Jackie Haines, Executive Director, Northern Rocky Mountain Economic Development District introduced herself. Has contract with Yellowstone Club- Presented an analysis of demographics, GDP comparison, total economic impact, regional employment, and tax overview. Resident spending impacts, private construction spending impacts. Need for infrastructure investment to support tourism industry
- 01:26:28 Break for bus tour.
- OCT 17th MEETING**
- 07:57:16 Chair Llew Jones called the meeting to order.
- 07:58:50 Megan Moore, Research Analyst, Legislative Services Division (LSD), introduced Revenue Interim Committee Property Tax Study Plan and National Property Tax Data. Spoke about connecting RIC and MARA committees by identifying potential problems with property tax, and to solve potential problems. Fiscal Disparities, cost of services, total taxable values by class, effective tax rates and total tax bills, other revenue sources.

COMMITTEE DISCUSSION:

- 08:18:45 Heather O'Loughlin, Executive Director, Montana Budget and Policy Center asked if revenue committee is looking at other classes other than residential.
- 08:19:35 Megan Moore explained that last interim the focus was residential, but the committee plans to evaluate other classes of property. Explained the goals are to look at exemptions, tax income financing, business equipment tax exemptions etc. And how moving property between classes effected tax rates.
- 08:20:58 Rep. Llew Jones discussed differences in classes/ determining rates based on qualification – income compared to property.
- 08:23:21 Rep. Mark Thane spoke about how property taxes impact affordability of rentals and manufactured homes.
- 08:26:59 Sen. Christopher Pope discussed if the legislature has any role in analyzing data sets in relation to privacy. Modern approach to data that protects privacy and

ability to analyze data. Requested presentation of Snowflake.

- 08:29:14 Amy Carlson, Director, (LFD) spoke about data governance, new Chief Data Officer, Adam Carpenter, and Snowflake's abilities to analyze specific data.
- 01:55:17 Nick VanBrown spoke about snowflake data analysis- staff access will allow for legislator utilization.

INCOME TAX TRENDS AND MONTANA'S CHANGING POPULATION:

- 08:46:48 Sam Schaefer, Revenue Analyst, (LFD) population and tax filer data presentation. Discussed income tax trends and data surrounding Montana's changing population.

RECESS:

- 09:33:28 Chair Llew Jones called for recess. Committee reconvened at 09:42:53

STATE MODELING OF TAX POLICY DECISIONS:

- 09:43:43 Mary Murphy, Senior Director of Fiscal and Economic Policy, Pew Charitable Trusts introduced PEW research. Modeling capabilities by state, future of tax base to determine tax policy for the future. Long term forecasting, state tax model capabilities. Spoke about PEWs work in Utah and Colorado.
- 09:58:00 Mark Robyn, Senior Officer, Pew Charitable Trusts, presented model of the Revenue Impacts of Tax Policy Changes. Discussed the range of approaches to modeling the impact of tax policy changes. Explained all modeling approaches require investing of resources and time. The best modeling approach will depend on state interest. Tax streams, tax policy changes, types of effects, and resources and time available. Described advantages and limitations of econometric revenue models, microsimulation models, ad hoc tax base estimates, econometric revenue models and dynamic economic impact models. Provided resources and examples of each model in various states.

MONTANA INTEGRATED TAX TOOL AND OPTIONS FOR MODELING TAXATION IN MONTANA:

- 10:25:15 Nick VanBrown, Lead Data Scientist, (LFD) discussed tax policy decisions and balancing different tax types. Explained 20-year projection on revenue and expenditures.
- 10:28:07 Sam Schaefer, (LFD) discussed Revenue forecasting
- 10:32:59 Kendall Cotton, Public Member spoke about microsimulation model in Utah. Reviewed considerations for MT "open-source nature" of Utah can help reduce uncertainty, allow for challenges of assumptions.
- 10:43:41 Sen. Christopher Pope made comments about data modernization process and values of the committee.
- 10:52:00 Sen. Becky Beard spoke about legislator's engagement with public- education on modernization of data. Expressed the continuance of dialogue surrounding these topics.
- 10:56:00 Budget Director Ryan Osmundson
- 10:57:00 Director Amy Carlson spoke about new Chief Data Officer position and how it can be utilized to reach Montana's goals about modernizing data

- 11:00:00 Rep. Llew Jones
- 11:00:00 Rep. Mark Thane
- 11:01:00 Director Amy Carlson, uniqueness about MARA is access to data sets and access to questions.

CHALLENGES AND OPPORTUNITIES IN SCENERY STATES:

- 11:02:28 Josh Poulette, Senior Fiscal Analyst, (LFD) Discussed that Montana has attracted an increase of both visitors and new residents. Presented challenges with housing, infrastructure, fiscal, natural disasters, childcare, and transportation. As Montana evolves the committee may be interested in economic, population, land use/housing, tax instruments/ revenue and other dimensions.
- 11:15:12 Joe Baan, Fiscal Analyst, (LFD) presented a data tool on USDA census and survey data on agriculture in Montana.
- 11:20:33 Josh Poulette, (LFD) similar states with growth to MT- Hawaii, Idaho, and Colorado. "Selling scenery" challenges for governments and residents. Ideas to consider housing supply compared to population, housing supply compared to income taxpayers, examine property tax structure in states with common characteristics.

COMMITTEE DISCUSSION:

- 11:23:52 Rep. Jim Hamilton stated that Montana activity/recreation is a factor that may sell over scenery.
- 11:25:39 Josh Poulette, Senior Fiscal Analyst, (LFD) responded
- 11:26:23 Rep. Jim Hamilton factor to consider- investment in things that are attracting people to come. Would like to investigate how other states manage tourism/space issues.
- 11:27:04 Kendall Cotton, Public Member, made comments on land use regulation for housing varies in states such as Colorado/ Idaho/Hawaii. What can MT learn and how are we leading/falling behind compared to other states.

MARA COMMITTEE UPDATES:

- 11:41:56 Josh Poulette, (LFD) introduce MARA role in statute and products/outcomes, trip to Bishop Carrol in Calgary, AI tools in education, Medicaid impact on health and labor market, local economies. Determining what data is required. HB 872 committee and update on childcare trends.

COMMITTEE DISCUSSION:

- 11:44:22 Heather O'Loughlin, Executive Director, Montana Budget and Policy Center asked about confirmation of April dates for future MARA meeting.
- 11:46:34 Josh Poulette, Senior Fiscal Analyst, (LFD) discussed meeting dates in the works for future MARA meetings.

TABABLE VALUE GROWTH FOR SELECTED COUNTIES

- 11:47:58 Rep. Llew Jones made comments on Taxable Value Growth for Selected Counties report between FY 2016 and FY 2024.
- 11:54:29 Sen. Greg Hertz asked if the committee could look at longer term trends in the

state to gauge potential future on taxable value growth.

- 11:55:56 Rep. Mary Caferro asked a question on exploring the impact on homeowner's overtime concerning property taxes. Used Hawaii example.
- 11:58:38 Josh Poulette, Senior Fiscal Analyst, (LFD) discussed Hawaii and Montana tourism examples.
- 12:01:00 Sen. John Esp made comments in response to Rep. Mary Caferro.

PUBLIC COMMENT:

- 12:02:38 Sen. MaryAnn Dunwell made public comment concerning affordable housing, property tax in agriculture industry, ease of public access for MARA meetings.

ADJOURNMENT:

- 12:11:50 Rep. Llew Jones adjourned the meeting.