MARA Model

INVENTION WITH INTENTION

PROGRESS REPORT

2023 Interim : Work to date

Research and analysis of data

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

Pivot to Modeling

GIVEN WHAT WE HAVE LEARNED

ANALYSIS OF SUSTAINABILITY

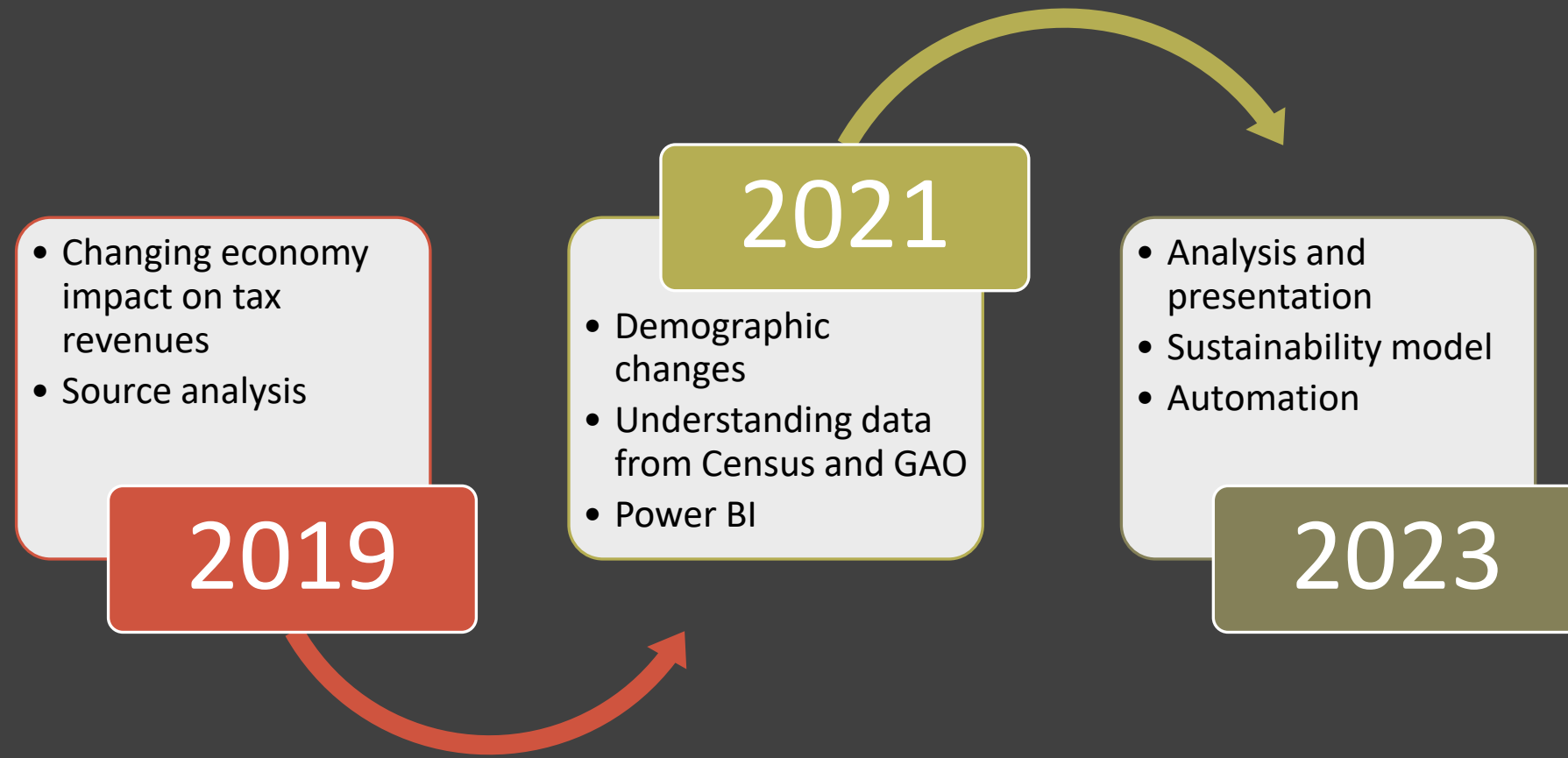# HB 330 MARA Charge - Sustainability

(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

History of Interim Work – Building Knowledge and Skills

2019
- Changing economy impact on tax revenues
- Source analysis

2021
- Demographic changes
- Understanding data from Census and GAO
- Power BI

2023
- Analysis and presentation
- Sustainability model
- Automation

2040 MARA MODEL

IS

Tool to provide insights to the future

Pinch points

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

Outlook 2025/2027 versus MARA Model

OUTLOOK

3-5 years of projections

Relatively detailed

Focused on state general fund

Focused on present law, but also introduces expenditure pressures

Primarily internal LFD work, with relatively little outside input
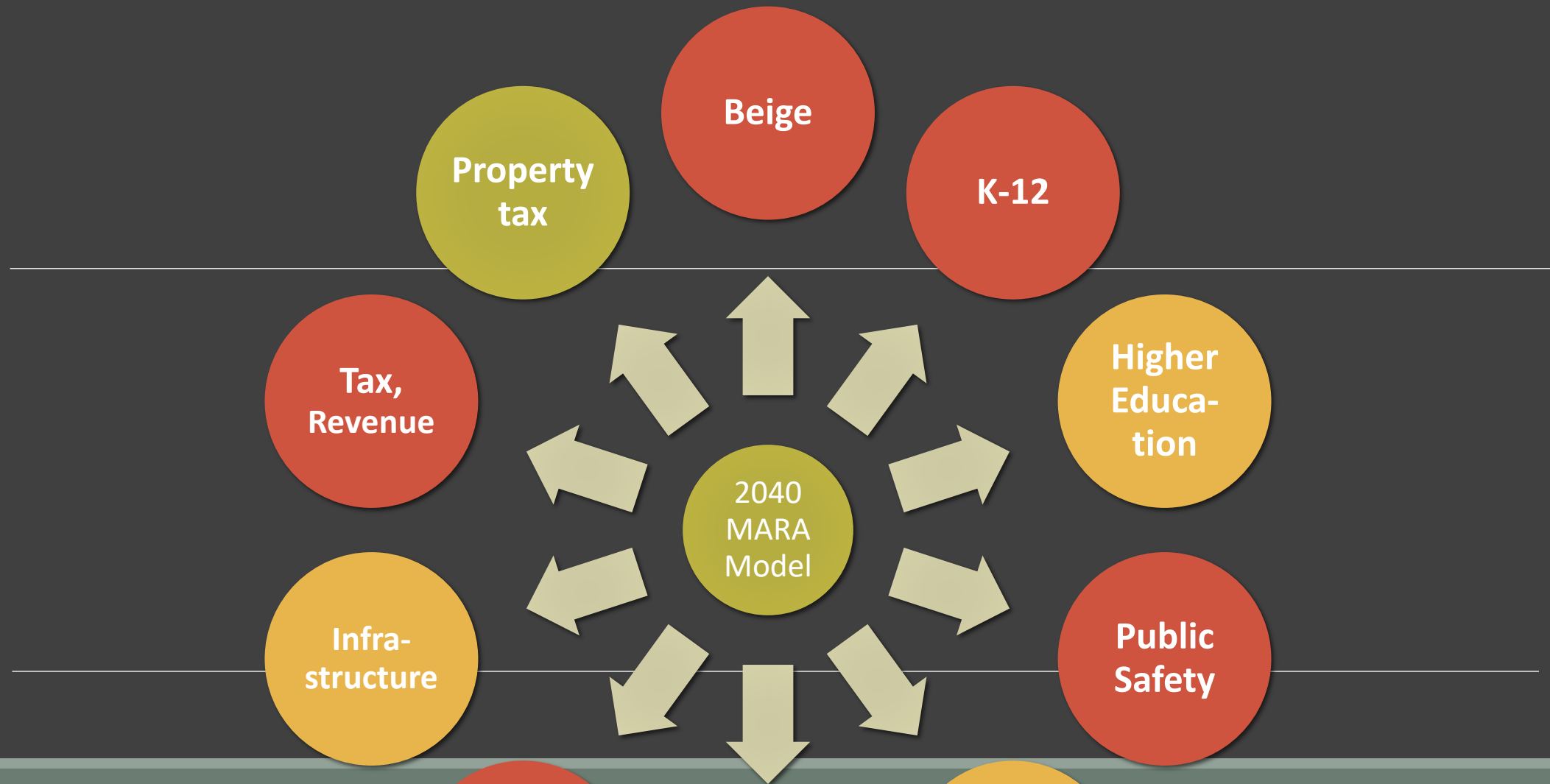
2040 MARA MODEL

18 years of projections

Less detail but covers all state, local governments & schools

Considers more global trends

Considers items beyond present law in order to capture demands anticipated with the new economy and other trends
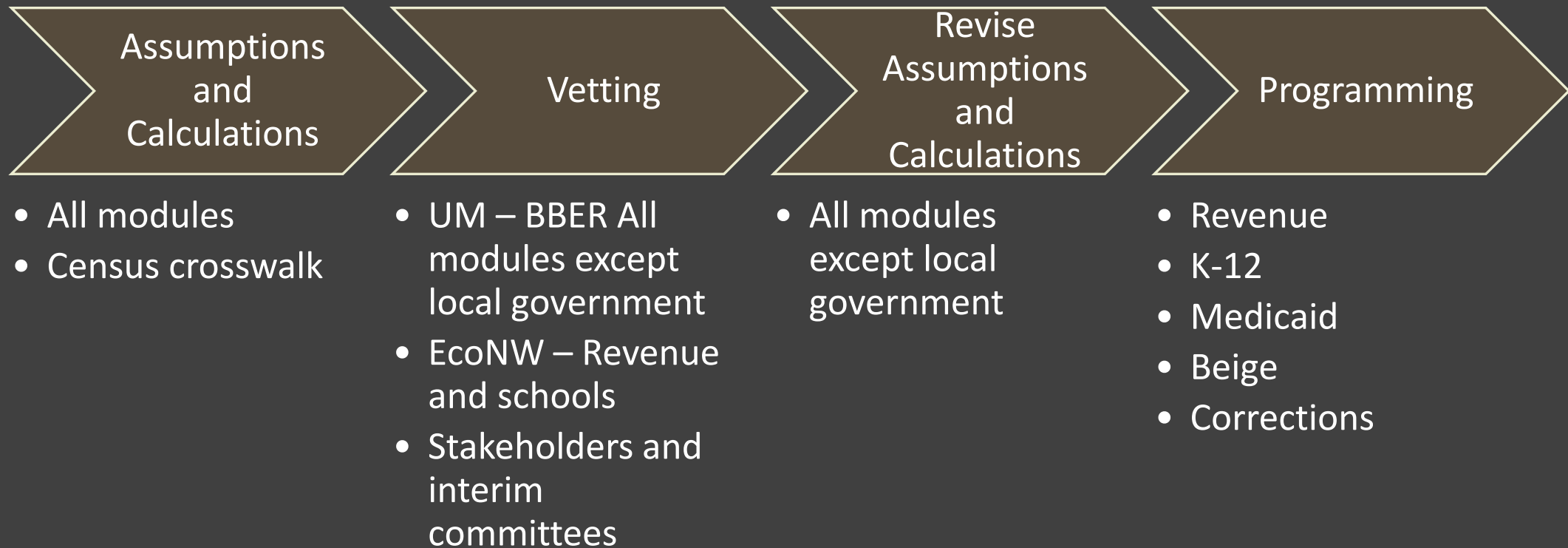
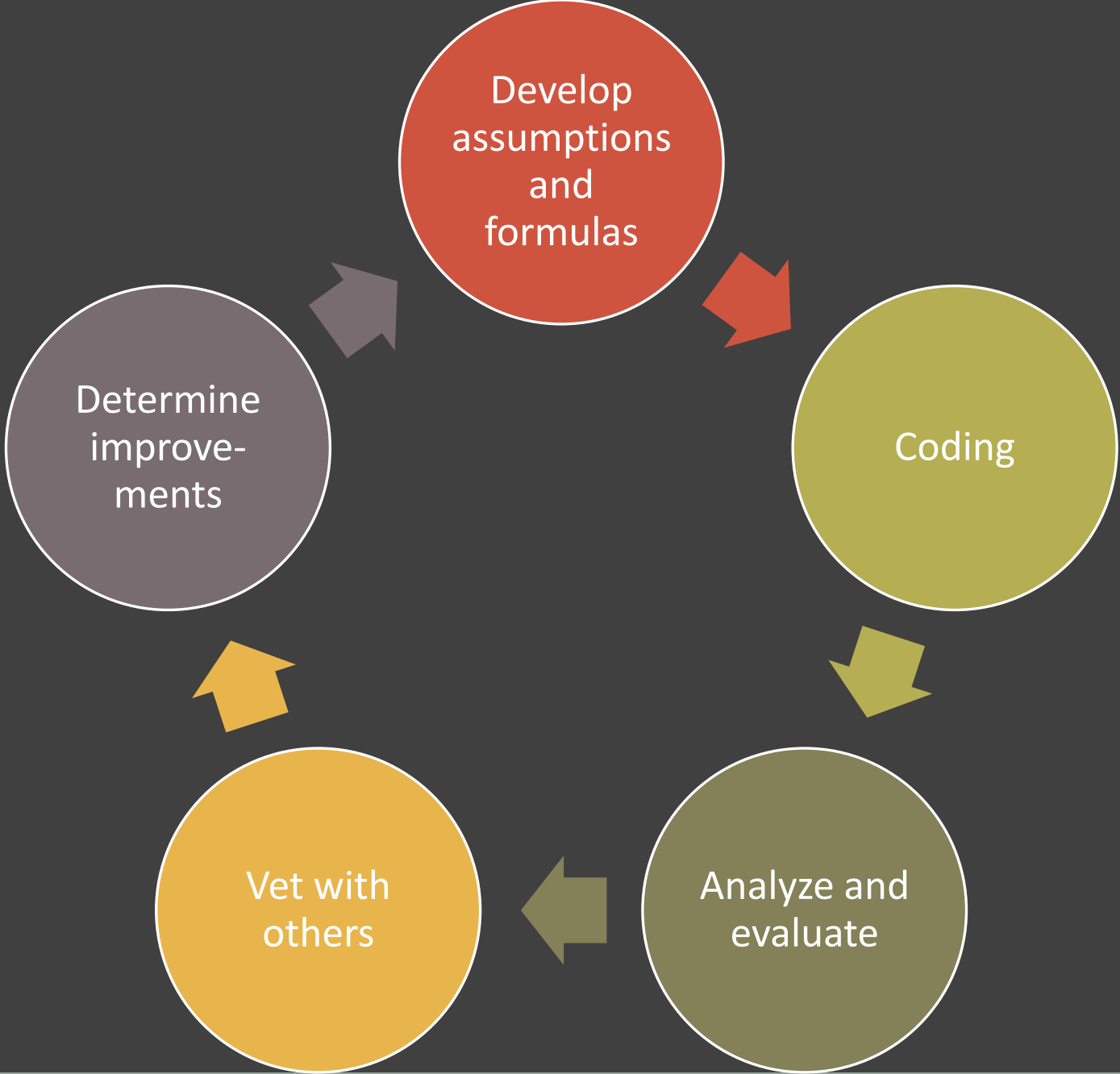Looped through various committees and stakeholders for input

MODULAR

March to June – modeling and vetting

Assumptions and Calculations
- All modules
- Census crosswalk

Vetting
- UM – BBER All modules except local government
- EcoNW – Revenue and schools
- Stakeholders and interim committees

Revise Assumptions and Calculations
- All modules except local government

Programming
- Revenue
- K-12
- Medicaid
- Beige
- Corrections

Modeling is a process

- Develop assumptions and formulas
- Coding
- Analyze and evaluate
- Vet with others
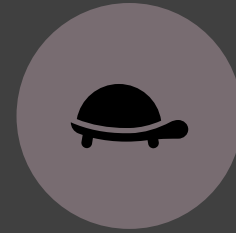- Determine improvements

Limitations

ENERGY

MULTI-VARIATE REGRESSION

TECHNOLOGY AND LABOR

LIMITED SCENARIOS FOR THIS ROUND

SLOW PROCESS

June 23rd Status

Summaries written for all modules

Draft of model for five modules

Remaining modules have varying levels of assumption and calculation development

Process and Next Steps

Next Steps

✓ Complete all modules

👥 Vet all modules with appropriate interim committees and stakeholders

🧑‍💼 Vet all modules with EcoNW

🎧 Technical assistance as needed from EcoNW and Microsoft

📋 Final review with EcoNW and BBER

💬 Communication tool development

Anticipated MARA meetings

June

June 23
- Draft modules
- Committee discussion

Early October – 2 days tentatively the 3 & 4th
- Final model
- Legislation of Interim Committees report
- Final committee discussion

October

June

First draft of model

Preliminary modules

Module descriptions

Next steps

Committee discussion

Early October

Final Model 2022
◦ Communication tools for the legislature
◦ Recommended future study

Interim Committee Legislation

Committee discussion

Next steps

End