<table>
<thead>
<tr>
<th>Research and analysis of data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property tax work has led to property tax analysis that is</td>
</tr>
<tr>
<td>changing how we look at property tax and may improve</td>
</tr>
<tr>
<td>legislator's understanding of the policies and laws governing</td>
</tr>
<tr>
<td>property tax.</td>
</tr>
<tr>
<td>Research into housing data and childcare has led to further</td>
</tr>
<tr>
<td>research and potential legislation.</td>
</tr>
<tr>
<td>Research into the changing energy economy has led us to a</td>
</tr>
<tr>
<td>better understanding the potential impact in Montana.</td>
</tr>
<tr>
<td>Research into land use and conservation easements has</td>
</tr>
<tr>
<td>improved our knowledge and understanding of these issues.</td>
</tr>
<tr>
<td>Better understanding of how technology may be shaping our</td>
</tr>
<tr>
<td>future.</td>
</tr>
</tbody>
</table>
Pivot to Modeling

Given what we have learned
Analysis of 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

- Changing economy impact on tax revenues
- Source analysis

2019

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

2021

- Analysis and presentation
- Sustainability model
- Automation

2023
<table>
<thead>
<tr>
<th>IS</th>
<th>IS NOT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tool to provide insights to the future</td>
<td>Not a precise calculation of revenues or costs in the future</td>
</tr>
<tr>
<td>Pinch points</td>
<td>Not telling the legislature what it should do</td>
</tr>
<tr>
<td>Values in context</td>
<td>Not a budget</td>
</tr>
<tr>
<td>Example how big of a problem shortfalls in gas tax be in comparison to shortfall in capacity at the state prison</td>
<td></td>
</tr>
</tbody>
</table>
# Outlook 2025/2027 versus MARA Model

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