



## Revenue and Transportation Interim Committee

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### 61st Montana Legislature

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JEFF MARTIN, Research Analyst  
LEE HEIMAN, Staff Attorney  
FONG HOM, Secretary

September 3, 2010

TO: Revenue and Transportation Interim Committee

FROM: Jeff Martin, Legislative Research Analyst

SUBJECT: Review of Options for Considering Revenue Estimating Resolution; Possible Information Presentations at November 19 Meeting

#### Review of Options

At the August 2, 2010, meeting of the Revenue and Transportation Interim Committee (Committee) meeting, staff presented a memorandum that summarized the legislative process for estimating revenue for legislative appropriation. It also presented options for revising the process. The Committee discussed the options but did not take action.

The options included:

1. Recommend legislation that would require that the revenue estimating resolution be introduced in the Senate.
2. Recommend to the Legislative Council that it propose to the Joint Rules Committee that the joint rules be amended to require the introduction of the resolution in the Senate (Joint Rule 30-60).
3. Recommend to the Legislature that it adopt a constitutional referendum requiring the passage of a revenue estimating resolution under Article VIII, section 9, of the Montana Constitution.
4. Recommend to the Legislative Council that it propose to the Joint Rules Committee that the joint rules of the Legislature be amended to provide for a joint subcommittee of the Legislature to consider the revenue estimating resolution.

As a practical matter, the options to have the revenue estimating resolution introduced in the Senate (Options 1 and 2) would not take effect until the 2013 legislative session. Current rules provide that the pre-introduction of bills must occur by December 15 before the session (Joint Rule 40-40(5)(a)). The joint rules also require that the Committee introduce a House joint resolution containing the Committee's revenue estimates (Joint Rule 30-60).

Likewise, constitutionally requiring the passage of a revenue estimating resolution (Option 3) would not take effect until 2013.

The Committee could recommend more than one option for Legislative consideration. However, Option 4 could be implemented for the 2011 legislative session.

The August staff memorandum to the Committee said that the mechanisms are in place in statute and rule for the resolution to move through the process in an orderly manner. Statute allows each chamber to revise the estimate based on its interpretation of available information. The rules provide for the timely action on the revenue estimates in relation to the budget.

The memorandum also said that Option 4 would not ensure that the resolution move through the Legislature, but it would establish a collaborative effort between the House and Senate to adopt the resolution. The joint subcommittee could make recommendations to the House Taxation Committee in a manner similar to the way the joint appropriation subcommittees make recommendations to the House Appropriation Committee.

The Legislative Council is meeting again in November. The Committee could ask Legislative Council to recommend to the Joint Rules Committee that the rule on a joint subcommittee be included for consideration by the Legislature. Or the Committee could present the idea directly to the Joint Rules Committee.

An alternative to creating a joint subcommittee by rule would be for legislative leadership to appoint a joint select committee to make recommendations on the revenue estimating resolution. Select committees are usually created to propose legislation by request of the subcommittee.

### **Information and Public Testimony**

The August 2, 2010, memo also suggested that the Committee should discuss at the September meeting the type of information and public testimony that may be appropriate in helping the Committee adopt the initial revenue estimates in November. Some areas for the Committee's consideration and possible presenters may include:

- Overview of actual or potential changes in federal tax policy
  - > Montana Society of CPAS
  - > national economic forecasting firm
  
- National and state economic outlook
  - > Montana university system
  - > national economic forecasting firm
  - > Montana Department of Labor and Industry
  - > Chamber of Commerce
  - > specific industry representatives

- Natural resource production and price outlook--oil and natural gas, possibly coal and metal mines
  - > industry associations
  - > Board of Oil and Gas Conservation
  - > national economic forecasting firm
  
- Banking, stock market, and real estate
  - > industry representatives
  - > MSU--Billings--housing trends
  
- Video gaming outlook
  - > video gaming association
  - > Department of Justice

These areas relate primarily to the six major sources of revenue: individual income taxes, property taxes, corporation license tax, oil and gas production taxes, vehicle license fees, and video gaming taxes.

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