

MONTANA TAXPAYER



MONTANA TAXPAYERS ASSOCIATION

HELENA, MONTANA

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March/April 2010

Upcoming Meetings

Thursday & Friday, May 6 & 7 - [Environmental Quality](#)

Monday, May 10 – Rule Hearings

[MAR Notice No. 42-2-828](#); 11:00am

[MAR Notice No. 42-2-826](#); 1:30pm

[MAR Notice No. 42-2-827](#); 2:30pm

Tuesday & Wednesday, May 11 & 12 - [Water Policy](#)

Thursday, May 13 - [Energy & Telecommunications](#)

Wednesday, May 19 – [State Admin. & Veterans' Affairs](#)

Tuesday & Wednesday, May 25 & 26– [Economic Affairs](#)

Wednesday, May 26 – Rule Hearing – [MAR Notice No. 825](#)

Friday, May 28 – [Districting and Apportionment](#)

Wednesday, June 2 – [Legislative Council](#)

Wednesday, June 2 – Rule Hearings

[MAR Notice No. 42-2-829](#); 1:00pm

[MAR Notice No. 42-2-830](#); 2:00pm

[MAR Notice No. 42-2-831](#) – 2:30pm

Friday, June 11 – [Education and Local Government](#)

Monday & Tuesday, June 14 & 15 - [Legislative Finance](#)

Tuesday, June 22 – [Legislative Computer System Planning](#)

Wednesday, June 23 – [Legislative Audit](#)

Thursday & Friday, June 24 & 25 - [State Administration & Veterans' Affairs](#)

Monday, June 28 – [Children, Families, Health & Human Services](#)

Tuesday & Wednesday, June 29 & 30 - [Law and Justice](#)

Some of these meetings are tentative. Please check our website [calendar](#) or the [Legislative Calendar](#) for updates.

Montana Taxation 2009

One of the benefits of membership is receiving our annual publications. *Montana Taxation 2009* is one of the most comprehensive publications detailing state appropriations, revenues and many other pertinent statistics about our state and how we compare with other states.

This year's historical information clearly portrays the variability in state revenue collections and general fund appropriations and how the cash balance can take dramatic swings (see pp. 22 – 32).

You can find comparisons between the tax years 2007 and 2008 mill levies for cities in Montana as well as by school district. Another analysis that is useful is the five year comparison of school general funds and the cost per pupil. Our publication is one of the few that uses the actual student count (or ANB – average number belonging) rather than showing the three year average schools are allowed to use for budgeting purposes.

Finally, take a look at page forty to see the statistics for the past six years on property taxes. As mills continue to rise, SIDs, fees and miscellaneous districts are increasing significantly.

Study of State Pension Plans

(by Curt Nichols, Consultant Montana Taxpayers Assoc.)

In March 3, March 19 and April 22-23 meetings the State Administration and Veteran's Affairs Committee (SAVA) continued its inquiry of State pension plans. This study is authorized and funded through HB659 of the 2009 legislative session.

At the March 3rd meeting the committee completed the selection of Buck Consultants¹ to provide the committee with expertise for its study and redesign of public pension plans.

The SAVA committee, at its March 19th meeting, discussed reports presented by consultants about pension plan alternatives, activities in other states and the results of a survey of committee members about their attitudes and expectations regarding pension plans². The committee selected potential alternatives for the consultants to evaluate and report to the committee including:

- Apply a reduced early retirement benefit for employees retiring before age 60.
- Increase the state's contribution rate;
- Change the timeframe used to calculate the highest average compensation (used to set the retirement benefit) from the currently used "highest three years" to a longer period and/or other actions to prevent "salary spiking" where an employee's salary

¹ A copy of the review of the Buck proposal is available at: http://leg.mt.gov/content/Committees/Interim/2009_2010/State_Administration_and_Veterans_Affairs/Meeting_Documents/March-3-2010-meeting/review-recommendation-proposals-hb659.pdf

² This material may be viewed at: http://leg.mt.gov/content/Committees/Interim/2009_2010/State_Administration_and_Veterans_Affairs/Meeting_Documents/March-19-2010-meeting/Consultant-Documents/consultant-packet_Part1.pdf

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is raised in the final years in order to increase their retirement benefit;

- Create a mechanism to automatically adjust the full-benefit retirement age for changes in life expectancy;
- Alter the post retirement guaranteed annual benefit adjustment to reduce costs;
- Create a money purchase plan.

The April 22-23 meeting was intended to focus on the consultant responses to the previous committee selections however the consultants were prevented from attending by travel problems. The committee shortened the meeting, primarily focusing on the presentation of stakeholder (retirement plan beneficiary) proposals. The committee heard the proposals and asked questions though no actions were taken. The proposals are:

- Montana Judges Association, increase the retirement multiplier (percentage multiplied times the number of years of service to obtain the percent of highest salary a retiree would receive) for Judges retirement from 1.785% to 3 1/3% for years 15-30;
- Montana State Firemen's Association, include overtime, compensatory time, sick time in the calculation of highest average salary;
- MEA/MFT, increase the retirement multiplier (percentage multiplied times the number of years of service to obtain the percent of highest salary a retiree would receive) for teachers from 1.67% to 2% for new teachers that work 30 years;

- MEA/MFT, increase employer contribution to University System Optional Retirement Program by 1%.
- Association of Montana Retired Public Employees, alter the membership on the Public Employees Retirement Board by reducing active employee membership from 3 to 2 while increasing retired employee membership from 1 to 2.
- TIAA-CREF, presented information about "risk managed defined contribution" plans.

The next meeting is scheduled for May 19th to take up the consultants responses not heard at the April meeting.

Executive Planning Process

The Office of Budget and Program Planning (OBPP) has outlined the steps for 2011 biennium executive planning process (EPP). State agencies must submit a description of proposed legislation to (OBPP) by April 14. The list must be prioritized and must include *all legislative proposals (concepts)*. If the proposal has a fiscal impact, a clear description must be included. Agencies are encourage to consider the Governor's 20X10 Energy Initiative during the planning process.

OBPP and the Governor's Office will review the agencies' description of proposed legislation from mid-April until late May. Legislation approved by the Governor's Office will be sent to the Legislative Services Division (LSD) for distribution to the appropriate interim committees. The interim committees will review the proposals and decide whether the committee will request the legislation for bill drafting.

- If an interim committee agrees to request the legislation, the committee will submit a bill draft request to the LSD for processing.
- If an interim committee does not agree to request the legislation, the agency may still proceed by finding a holdover or unopposed legislator to request the legislation.
- An interim committee's action on an agency proposal is not necessarily a position or comment on the merits of the proposal.
- An interim committee is encouraged to consolidate related bill draft requests.

Agencies will also be submitting all EPP budget proposals by May 1 to OBPP. Conferences will be held during May and June.

A pre-introduced bill will be assigned a bill number; contain a line under the sponsor's name indicating that the bill is "by request of the agency;" and be printed before the Legislature convenes on January 5, 2009.

EPP Process Calendar

April 1	Final Day for completion of all agency reorganizations and submittal of related BCDs to OBPP
April 6	OBPP transmits the Executive Planning Process (EPP) instructions for 2013 biennium EB proposals to agencies
April 6	OBPP distributes leased vehicle information for agencies to use in requesting Motor Pool services
April 7-8	OBPP provides EPP/MBARS training
April 15	Agencies submit Legislation Proposals (concepts) to OBPP (Preliminary fiscal notes are to be prepared if proposal has a fiscal impact)
May	Board of Regents approves MUS budget requests
May/June	Agency EPP conferences
May 3	OBPP distributes final guidelines for submission of fixed costs/special purpose schedules and guidelines for submission of enterprise and internal service funds
May 6	Agencies submit EPP Requests to OBPP
May 6	Agencies submit leased vehicle survey forms to OBPP
May 1-31	OBPP sends EPP approvals for legislation authorized for drafting to agencies; follow-up agency conferences schedules as needed through fall
May 15	MUS FTE to be used in 2013 biennium Executive Budget due
May 15	Last day to finalize RLs and all types of OTOs with agencies and LFD (File maintenance will be required through FYE)
May 23	OBPP provides paper copies of organization charts published in the EB to agencies for review and edits
Late May-Sept	Agencies present approved legislative proposals to interim legislative committees
Mid-June	Bill Drafting Workshops will be conducted by LSD at dates to be announced
July 2	Agencies have all HR data processed and ready for snapshot

	for 2013 biennium personal services
July 7	Agencies submit fixed cost and special purpose schedules that are to be included in the August Budget Instructions (Rent, Tort Claims, ITSD, SAABHRS, Central Stores, Central Mail, P&G, Payroll, Surplus Property, SWCAP, SFCAP, Warrant Writer, Equipment List, Agency Legal Services, Natural Gas Procurement, Energy Conservation Program, Motor Pool, Grounds Maintenance, Legislative Audit, ARMS, Records Management)
July 14	Personal Services snapshot taken based upon PPE July 2 nd
July 20	Final date for OBPP regular processing of FY2010 BCDs
July 22	LAST DAY for emergency FY2010 BCDs to OBPP
July 23	FYE Closing – No BCD Processing
Aug 2	OBPP finalizes fixed cost schedules with provider/managing agencies and finalizes inflation/deflation factors
Aug 5	OBPP hosts fixed costs workshops
Aug 11	OBPP sends information regarding submission for supplemental appropriations (HB3) and budget amendments (HB4)
Aug 12	OBPP sends EB request package to agencies
Aug 13, 16, 17	OBPP offers MBARS/budget request training
Aug 25-Sept 1	Agencies submit budget requests to OBPP in accordance with approved schedule including goals and objectives and proprietary funds (Section R of HB2)
Sept	Budget/Legislation conferences with Agencies
Sept 1	OBPP transmits base budget to LFD (statutory)
Sept 8	Agencies with more than 20 FTE submit to OBPP the plan to reduce certain proposed budgets to 95% of the base budget (17-7-111(3)(f))
Sept 10	Agencies submit paper copy edits of organization charts for inclusion in the EB
Sept 15	Agencies submit Final Drafts of Appropriations Bills & significant legislation (with draft fiscal notes)

	to OBPP; conferences with the Governor's Office & OBPP are scheduled as needed
Oct 15	Last day to submit supplemental appropriation requests (HB3) to OBPP
Nov 1	OBPP provides LFD with present law base budget (statutory)
Nov 15	Deadline for transmittal of final draft legislation to the LSD
Nov 15	OBPP transmits Executive Budget, including all Long-Range Planning recommendations, the information technology summary and the proposed pay plan schedule, to the LFD (statutory)
Nov 19	Last day to submit notice for additional Bas to be included in HB4, as introduced
Dec	OBPP and agencies begin preparing fiscal notes on pre-introduced bills
Early Dec	OBPP conducts fiscal note training for all agencies
Dec 1	Last day to submit revisions to HB3 supplemental appropriation requests
Dec 15	OBPP submits any amendments to preliminary EB to LFD (statutory)
Dec 15	5 o'clock LSD deadline for pre-introduction of bills
Jan 3	Legislature convenes

Department of Revenue – Administrative Rule Hearings

[MAR Notice No. 42-2-826](#), adoption of rule and amendment of rules relating to energy conservation credit, as found in Chapter 4, Title 42, Administrative Rules of Montana. A hearing is scheduled for May 10, 2010, at 1:30 p.m., Helena, Montana. Close of comment will be May 14, 2010.

[MAR Notice No. 42-2-827](#), adoption of rule and amendment of rule relating to individual energy tax credits, as found in Chapter 4, Title 42, Administrative Rules of Montana. A hearing is scheduled for May 10, 2010, at 2:30 p.m., Helena, Montana. Close of comment will be May 14, 2010.

[MAR Notice No. 42-2-828](#), adoption of rule relating to value before reappraisal for 2009 agricultural land, as found in Chapter 20, Title 42, Administrative Rules of Montana. A hearing is scheduled for May 10, 2010, at 11:00 a.m., Helena, Montana. Close of comment will be May 14, 2010.

Both the Montana Taxpayers Association and the Montana Farm Bureau Federation disagree with the proposed rule as it is incomplete due to the Department's continued failure to address all taxpayers affected by the determination of the VBR (value before reappraisal). The department has admitted on numerous occasions they erred at least on the calculation for all ag land owners who experienced a change in productivity as a result of the reappraisal. This proposed rule is merely an attempt by the department to circumvent their responsibility to treat all ag land owners equally under the law and ignore their statutory duties to correct erroneous assessments.