I. Gordy started the meeting at 1:02 PM. He requested adjustments to the agenda and requested approval of the meeting minutes from 10/28/2021. He asked for an update on the TPR report.

II. Dylan Cole began by discussing the comparison between Dr. Jackson’s data and the data TPR was using, and there was at times a wide variation. He went on to state that a regression is necessary because of the years when there is not a valid number of sales in a certain area. Dylan went into some detail regarding some of the considerations in the report.

III. Paul McKenzie expressed concerns about whether or not the current model was worked to fit the desired outcome, or if the model is a workable model going forward. Jared Isom stated that some of the Forest Service data seemed quite low compared to the DNRC data. Paul stated that he thought the Forest Service data could be leveled to be usable. Discussion ensued regarding the validity of the Forest Service data.

IV. The TPR analysis team agreed with Dr. Jackson’s assessment that non-competitive sales should be excluded (salvage, etc.).

V. Sen. Pat Flowers asked for verification on whether or not the model out of the report would be valid going forward. Dylan stated that when the mill prices are low, the model doesn’t seem to hold. He also stated that an unknown is what Covid did to the prices, since there was no data included after the start of the pandemic.

VI. A round-table discussion ensued regarding using eastern Montana sales that may or may not be valid, and how or whether to include those sales in the model. Paul stated that the method of agreeing on a sale price in the eastern and central zones is different than that in the western and northwest areas of Montana. He stated that the big driver of stumpage values in the eastern zones is distance to the mill, as there are few mills left in the area. The discussion included considering of varying species and also the use of permits as another concern.
VII. Robin asked about the eastern zones being excluded due to the sales that are considered non-competitive, and if they should be excluded if that is their only market. Jared stated that the ratio of sales excluded in the north/south west compared to the east zones was similar.

VIII. There was discussion about using the index in the model, since the lumber prices do not follow the stumpage prices, and things like Covid can skew the index model further.

IX. Sen. Flowers asked about reverting forest land to agriculture land for tax purposes. Bonnie stated that land is classified as forest land first (by statute), then agricultural land. She stated she can put together some numbers regarding the thresholds and tax rates for each tier.

X. Discussion ensued regarding the model and in which ways it can be adapted to the limitations regarding the differences between zones, available sales and data, and limited/non-competitive sales.

XI. The question was raised about how much the TPR group can take on, and what support will be needed from PAD employees. Jared stated that now that there is a baseline model, moving forward with changes should be relatively easy.

XII. Kory asked about when the TPR group could have a report regarding the residual value analysis; Dylan stated it should be able to be done in about 2 weeks. Scott Mendenhall asked about the procedure of reporting from the subcommittee to the general committee. Rep. Beard suggested that the subcommittee could disseminate their findings to date just prior to the full committee meeting. Subcommittee Chairman Sanders agreed that the subcommittee could meet at 9:00 AM with the full committee meeting beginning at 10 AM.

XIII. Robert asked about BBER data, and how the data is collected and verified to be true. Gordy stated that he believes the participation in the surveys by the mills is quite high.

XIV. The meeting was adjourned at 2:17 PM. The next meeting will be on January 19 at 9:00 AM for the subcommittee report to the general committee. The general committee meeting will begin at 10:00 AM.