

Forest Lands Taxation Advisory Committee Meeting Minutes 01/19/2022

<u>Committee Members Present:</u> Chair Becky Beard Sen. Mike Cuffe Sen. Pat Flowers Commissioner Greg Chilcott Gordy Sanders Paul McKenzie Nancy Mehaffie Randy Mannix	<u>Department of Revenue Staff:</u> Scott Mendenhall-Deputy Director-DOR Nick Gochis-DOR Kory Hofland-PAD Robin Rude-PAD Bryce Kaatz-PAD Ed Caplis-TPR Dylan Cole-TPR Jared Isom-TPR Bill Billman-PAD (Host)
<u>Public/Guests:</u> Bill Wilsey Robert Story Megan Moore	<u>Presenters:</u>

- I. Chair Beard started the meeting at 10:05 AM.
- II. General Housekeeping: the meeting agenda was reviewed.
- III. Chair Beard asked for a motion to approve the November 10, 2021 meeting minutes. Sen. Flowers and Gordy Sanders responded and the minutes were approved.
- IV.
 - 1) Gordy Sanders turned to Jared and Dylan for a readout of the status of the subcommittee work to date. Jared presented the regression results and the comparison between the DOR regression and Dr. Jackson's model. He reiterated that only DNRC data was used for the regression. The r-square value on this regression is 0.71. Jared also discussed what estimations were made to run the model and factors discovered during the analysis.
 - 2) Jared also discussed the residual cost analysis, explained that it is based on statewide data, and compared it to the regression results. Dylan explained the high level of confidence that the department has in the results of the regression analysis.
 - 3) Senator Cuffe expressed his concerns regarding new landowners finding a different use for land other than for logging. Nancy expressed agreement with Sen. Cuffe's concerns regarding small landowners with potential timber sales.
 - 4) Ed Caplis suggested that the committee needs to discuss a policy decision going forward if further adjustment to the values is desired. Dylan agreed with the suggestion of a policy decision but, stated that the subcommittee doesn't have access to private land timber sales to provide support for such a decision. Sen. Flowers suggested the committee approach BBER to see if they would have access to this sales data. Gordy Sanders volunteered to contact BBER.

5) Chair Beard suggested that a policy decision should be discussed at the full committee meeting to relieve some of the burden from the DOR employees working on the model, as most of them have other duties that are pressing.

6) Paul McKenzie commented that the committee has four tasks to complete: finalize stumpage values, review the zones, review capitalization rate, and look at the taxable percentage. The subcommittee will consider these.

7) Senator Cuffe requested a summary report for the next committee meeting to include the committee's tasks, work, and plans. The department will prepare this report.

- V. Public comment was received from Bill Wilsey of Bozeman. He has concerns regarding the data used by the department in the regression analysis and asked for a definition of the average Montana forest landowner. Chair Beard stated that these would be handled as housekeeping at the next meeting.
- VI. Next meeting: Thursday, March 10, 2022, 9:00 a.m. to 12:00 p.m., Room 102, Capitol Building, and on Zoom.
- VII. Meeting adjourned at 10:50 a.m.