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Revenue and Transportation Interim Committee

63rd Montana Legislature

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TO: Revenue & Transportation Interim Committee

FROM: Megan Moore, Research Analyst

RE: Bill Draft to Clarify Entitlement Share Growth Rate Calculation Procedure

Date: June 30, 2014

The 2013-2014 Revenue and Transportation Interim Committee work plan indicates that Committee staff may identify sections of law to be reviewed by the Committee for legislative action. The purpose of this memo is to discuss one provision of law that could be clarified.

Clarify Entitlement Share Growth Rate Calculation Procedure

Section 15-1-21(4)(b) addresses when and how the Department of Revenue should calculate the growth rate of the entitlement share pool. The section provides that the Department should calculate the rate by October 1 of each year for the current year. This language became law as part of [House Bill No. 495](#) (2011), which revised the entitlement share growth rate.

Prior to HB 495, the growth rate was calculated for a biennium. With the change to an annual calculation, a calculation by October 1 is impractical. The Department of Revenue suggests the growth rate be calculated by October 1 for the next fiscal year. The attached draft makes that change.

The Committee should consider whether to request committee legislation to clarify the entitlement share growth rate calculation procedure.

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