

2025-2026 **DRAFT** INTERIM WORK PLAN



Revenue Interim Committee

Prepared by Megan Moore

July 2025

INTRODUCTION

The work plan provides an outline of what the Revenue Interim Committee will work on throughout the interim and how much time will be allocated to each subject. This document provides guidance to the committee, staff, and the public over the next 15 months and serves as a blueprint for the interim.

COMMITTEE PROCEDURES AND PUBLIC PARTICIPATION

The Revenue Interim Committee (RIC) will operate under the Rules, Procedures, and Guidelines for Interim Committees adopted by the Legislative Council. As required by law, 10-day advance public notice will be given for all meetings and the public will be given an opportunity to comment on any matter that is within the jurisdiction of the committee. The presiding officer may establish time limits for public comments, if necessary. Interested persons may be added to the mailing list by visiting the RIC website. Agendas, memos, links, and other information can be found on the RIC website: <https://committees.legmt.gov/#/nonStandingCommittees/26>.

MEMBERS AND STAFF

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HOW THE COMMITTEE PLANS ITS WORK

During the legislative interim, RIC typically focuses on assigned study topics, oversight of programs and rulemaking activities of the Department of Revenue and the Montana Tax Appeal Board, tax credit review, and revenue

estimating and monitoring. The committee may also address issues of interest to committee members within the committee's assigned areas of taxation and revenue estimating and monitoring.

The Legislative Council assigned one study to the committee: the [Senate Joint Resolution No. 8](#) study of property tax special districts. There also may be time for topics of interest to committee members.

The committee establishes its work plan at the beginning of the interim. The primary constraint limiting the work plan for the interim is the number of issues that can be effectively addressed within the available time and resources of the committee members and its staff.

This 2025-2026 Draft Interim Work Plan is a decision-making tool to help committee members work together efficiently to set priorities and decide how and where to spend the RIC's limited time and resources. The work plan sets out a strategy for fulfilling the committee responsibilities throughout the 2025-2026 interim. Once the RIC adopts the work plan, it will become a blueprint for the interim.

Staff will develop detailed work plans and timetables for each major study. The [Draft RIC Work Plan Decision Matrix](#), a separate document, is a way to look at topic options side by side and allocate staff time according to member priorities. The matrix includes estimates for total staff time available to the committee, but keep in mind that many topics also require meeting time for updates, panel presentations, and committee discussion.

RIC STATUTORY DUTIES & OBLIGATIONS

OVERVIEW OF STATUTORY DUTIES

The Revenue Interim Committee has statutory responsibilities required of all interim committees in 5-5-215, MCA, and additional duties required by the committee's enacting statute, 5-5-227, MCA. The committee is required to:

1. **Conduct interim studies** as assigned. The committee may recommend to the Legislative Council that a study be assigned to another committee or not be conducted.
2. **Review administrative rules** of the Department of Revenue (DOR) and the Montana Tax Appeal Board (MTAB).
3. **Review the statutorily established advisory councils and required reports** of assigned agencies to make recommendations to the next legislature on retention or elimination of any advisory council or required reports *if requested by a member of the interim committee*
4. **Review legislation** proposed by DOR and MTAB and decide whether to request the legislation on behalf of the agencies.
5. **Review proposed statewide initiatives** within the interim committee's subject area.
6. **Complete additional statutory duties** including:
 - a. prepare a **revenue estimate** by December 1 for introduction during each regular session of the Legislature in which a revenue bill is under consideration.
 - b. **review income tax credits** as provided in [15-30-2303](#); and
 - c. make a recommendation to the next legislature about **whether to revise property tax rates** based on the report provided in [15-7-111](#).

7. **Monitor the operation of DOR and MTAB** with specific attention to the following:
 - a. identification of issues likely to require future legislative attention;
 - b. opportunities to improve existing law through the analysis of problems; and
 - c. the experiences of Montana's citizens with the agencies and whether these experiences may be amenable to improvement through legislative action.
8. **Prepare bills and resolutions** that, in the committee's opinion, the welfare of the state may require for presentation to the next regular session. An interim committee may by vote request five bill drafts on a partisan basis and an unlimited number of bill drafts on a bipartisan basis.
9. **Compile, analyze, and furnish information** bearing upon the committee's assignment and relevant to existing or prospective legislation that the committee determines to be pertinent to the adequate completion of its work.

GENERAL DUTIES FOR ALL INTERIM COMMITTEES

Section 5-5-215, MCA, outlines general duties of all interim committees.

5-5-215. Duties of interim committees. (1) Each interim committee shall:

- (a) review administrative rules within its jurisdiction;
 - (b) subject to 5-5-217(3), conduct interim studies as assigned;
 - (c) monitor the operation of assigned executive branch agencies with specific attention to the following:
 - (i) identification of issues likely to require future legislative attention;
 - (ii) opportunities to improve existing law through the analysis of problems experienced with the application of the law by an agency; and
 - (iii) experiences of the state's citizens with the operation of an agency that may be amenable to improvement through legislative action;
 - (d) review, if requested by any member of the interim committee, the statutorily established advisory councils and required reports of assigned agencies to make recommendations to the next legislature on retention or elimination of any advisory council or required reports pursuant to 5-11-210;
 - (e) review proposed legislation of assigned agencies or entities as provided in the joint legislative rules;
 - (f) accumulate, compile, analyze, and furnish information bearing upon its assignment and relevant to existing or prospective legislation as it determines, on its own initiative, to be pertinent to the adequate completion of its work; and
 - (g) review proposed statewide initiatives as defined in 13-27-110 within the interim committee's subject area and vote to either support or not support the placement of the text of the proposed statewide initiative on the ballot in accordance with 13-27-228.
- (2) Each interim committee shall prepare bills and resolutions that, in its opinion, the welfare of the state may require for presentation to the next regular session of the legislature. An interim committee may by vote request five bill drafts on a partisan basis and an unlimited number of bill drafts on a bipartisan basis.
- (3) The legislative services division shall keep accurate records of the activities and proceedings of each interim committee.
- (4) As used in this section:

- (a) "bipartisan basis" means a vote in which members from more than one party vote to request a bill draft; and
- (b) "partisan basis" means a vote in which members from only the majority party vote to request a bill draft.

REVENUE INTERIM COMMITTEE DUTIES

Section 5-5-227, MCA, provides specifically for the Revenue Interim Committee's powers and duties.

5-5-227. Revenue interim committee — powers and duties — revenue estimating and use of estimates. (1)

The revenue interim committee has administrative rule review, draft legislation review, program evaluation, and monitoring functions for the Montana tax appeal board established in 2-15-1015 and for the department of revenue and the entities attached to the department for administrative purposes, except the divisions of the department that administer the Montana Alcoholic Beverage Code and the Montana Marijuana Regulation and Taxation Act.

(2) (a) The committee must have prepared by December 1 for introduction during each regular session of the legislature in which a revenue bill is under consideration an estimate of the amount of revenue projected to be available for legislative appropriation.

(b) The committee may prepare for introduction during a special session of the legislature in which a revenue bill or an appropriation bill is under consideration an estimate of the amount of projected revenue. The revenue estimate is considered a subject specified in the call of a special session under 5-3-101.

(3) The committee's estimate, as introduced in the legislature, constitutes the legislature's current revenue estimate until amended or until final adoption of the estimate by both houses. It is intended that the legislature's estimates and the assumptions underlying the estimates will be used by all agencies with responsibilities for estimating revenue or costs, including the preparation of fiscal notes.

(4) The legislative services division shall provide staff assistance to the committee. The committee may request the assistance of the staffs of the office of the legislative fiscal analyst, the legislative auditor, the department of revenue, and any other agency that has information regarding any of the tax or revenue bases of the state.

(5) The committee shall review tax credits as provided in 15-30-2303.

(6) The committee shall make a recommendation to the next legislature about whether to revise property tax rates based on the report provided in 15-7-111. The committee may evaluate the impact of the tax rates on property taxes, the maximum levy authorized under 15-10-420, and levies voted pursuant to 15-10-425.

ADMINISTRATIVE RULE REVIEW

The committee has administrative rule review responsibility for the Department of Revenue, except for rules affecting liquor and marijuana, and the Montana Tax Appeal Board.

The staff attorney will review administrative rules throughout the interim and provide the committee information about proposed and adopted rules, identifying any areas of concern.

REVIEW PROPOSED STATEWIDE INITIATIVES

The statutory requirement for interim committee review of ballot initiatives is being litigated at the Montana Supreme Court. Staff will update the committee when litigation is completed and if the committee has any duties in this area while the case is pending. (Case: [*Ellingson v. State*](#), Montana Supreme Court No. DA 25-0142 (Filed Feb. 18, 2025).)

REVENUE ESTIMATING AND MONITORING

The RIC is required to prepare a revenue estimate for introduction during each regular legislative session. The committee generally adopts the revenue estimate the November prior to the regular legislative session.

In preparation for the revenue estimate, the committee monitors revenue throughout the interim. The Legislative Fiscal Division provides the committee with a revenue update at each meeting.

- The committee may also prepare a revenue estimate for a special session in which a revenue bill or an appropriation bill is under consideration.

TAX CREDIT REVIEW

Section [15-30-2303](#), MCA, requires the Revenue Interim Committee to review and make recommendations about individual income and corporate income tax credits.

The following credits are scheduled for review this interim:

- the residential property tax credit for the elderly provided for in [15-30-2337 through 15-30-2341](#);
- the credit for unlocking state lands provided for in [15-30-2380](#);
- the job growth incentive tax credit provided for in [15-30-2361](#) and [15-31-175](#); and
- the credit for trades education and training provided for in [15-30-2359](#) and [15-31-174](#).

RECOMMENDATION ON WHETHER TO REVISE PROPERTY TAX RATES

A new duty of the revenue interim, based on the enactment of [Senate Bill No. 237](#), is to make a recommendation to the next legislature on whether to revise property tax rates for the upcoming reappraisal cycle.

The committee is required to make a recommendation after receiving the Department of Revenue report required in [15-7-111](#) on tax rates for the upcoming reappraisal cycle that will result in taxable value neutrality for each property class. The committee may evaluate the impact of the tax rates on property taxes, the maximum levy authorized under [15-10-420](#), and levies voted pursuant to [15-10-425](#).

- The committee may wish to work with DOR before Nov. 2026 to determine how the enactment of graduated property tax rates for residential and commercial property under [House Bill No. 231](#) and [Senate Bill No. 542](#) (2025) will impact this report.

REQUIRED REPORTS

The committee receives required reports from the Department of Revenue and other state agencies.

REQUIRED REPORTS FROM THE DEPARTMENT OF REVENUE

DEPARTMENT OF REVENUE ANNUAL PERFORMANCE REPORT, [2-12-105](#), MCA

Annual performance report measuring outcomes and outputs with respect to performance measures included in annual plan required by [2-12-104](#), MCA. (This report is required annually by Oct. 1, but the committee will have completed regular interim work before the even-numbered year reports are due.)

CONTRIBUTIONS TO A QUALIFIED ENDOWMENT, [15-1-230](#), MCA

Biennial report on the number and type of taxpayers claiming the credit for contributions to a qualified endowment under [15-30-2328](#), MCA, the total amount of the credit claimed, the total amount of the credit recaptured, and DOR's cost associated with administering the credit.

PERIODIC REVIEW OF EXEMPT PROPERTY, [SECTION 1 OF HOUSE BILL NO. 29](#)

Biennial report on exempt property reviewed during the interim, including the number and types of properties reviewed, the number of exemptions granted and denied, and the estimated market value and taxable value of exemptions granted and denied.

TAXABLE VALUE NEUTRAL PROPERTY TAX RATES, [15-7-111](#), MCA

Report in the second year of each reappraisal cycle on the tax rates for the upcoming reappraisal cycle that will result in taxable value neutrality for each property class. [Senate Bill No. 237](#) (2025) amends [5-5-227](#), to require RIC to make a recommendation to the next legislature about whether to revise property tax rates based on this report.

GROW MONTANA JOBS TAX CREDIT, [15-30-2361](#), MCA

Report on approvals granted and credit certificates issued, including the credits claimed, the names of the qualifying employers of the credits, and the amount of tax credits claimed. Terminates Dec. 31, 2028.

LIST OF STUDENT SCHOLARSHIP ORGANIZATIONS, [15-30-3112](#), MCA

List of student scholarship organizations receiving contributions from businesses and individuals granted tax credits under [15-30-3111](#), MCA. Terminates Dec. 31, 2029.

FOREST LANDS TAXATION ADVISORY COMMITTEE, [15-44-103](#), MCA

Biennial report on activities of Forest Lands Taxation Advisory Committee.

REQUIRED REPORTS FROM OTHER STATE AGENCIES

ECONOMIC IMPACT OF MEDIA ACT CREDITS, [15-31-1011](#), MCA

The Department of Commerce must contract with a research organization to provide a report no later than 6 months before each legislative session on film tax credits. The report must include: the impact of the credits, the

dollar amount of credits issued, the number of net new jobs created, the amount of compensation paid, and the economic impact of the film industry in the state.

RECEIPTS LESS THAN REVENUE ESTIMATE PROJECTION, [17-7-140\(4\)](#), MCA

The Office of Budget and Program Planning is required to report upon determination of the budget director that an amount of actual or projected receipts will result in an amount less than the amount projected to be received in the revenue estimate.

POTENTIAL WORK PLAN TOPICS

STUDY RESOLUTIONS ASSIGNED TO THE COMMITTEE BY LEGISLATIVE COUNCIL

SENATE JOINT RESOLUTION NO. 8: STUDY OF PROPERTY TAX SPECIAL DISTRICTS

Legislative Poll Ranking: 23 of 36

Background: [Senate Joint Resolution No. 8](#) (SJ 8) was a [recommendation](#) from the Governor's Property Tax Task Force, which met in 2024.

Special districts are units of local government that perform a single or limited number of functions. Property within a special district is subject to a tax or fee, depending on the type of district. Some special districts levy mills on a property's taxable value, while others levy a fee based on property characteristics.

SJ 8 requests a study of special districts to:

- categorize the different types of special districts;
- understand how special district funding varies and whether special districts are subject to 15-10-420;
- improve available data about special districts, such as their purpose, geographic area, governing entity, funding mechanism, revenue, and spending;
- consider whether there should be limits on special districts; and
- review whether current reporting requirements for special districts are sufficient.

See the [draft decision matrix](#) for time allocation options for the study.

OPTIONAL MEMBER TOPICS FOR COMMITTEE WORK PLAN

Committee members suggested the topics in the [draft decision matrix](#). The suggested topics are optional and may be prioritized by the committee and included in the work plan.

PROPOSED MEETING SCHEDULE & WORK PLAN TIMELINE

The proposed meeting schedule includes an organizational meeting, seven regular meetings, a tentative joint meeting with the Legislative finance Committee to discuss federal tax legislation, and a meeting to adopt the revenue estimate and make a recommendation on property tax rates in November 2026.

The committee should review the proposed dates, make changes as necessary, and adopt a meeting schedule.

| Proposed Meeting Dates | |
|--------------------------|--|
| July 11, 2025 | Organizational |
| September 8, 2025 | |
| Week of October 20, 2025 | Tentative joint meeting with Legislative Finance Committee to analyze federal tax legislation impacts on state revenue, budgeted for in HB 2 |
| November 12-13, 2025 | |
| January 5, 2026 | |
| February 23-24, 2026 | |
| May 28, 2026 | |
| July 10, 2026 | |
| August 24, 2026 | Complete regular interim work (wrap up studies, approve draft final reports) |
| November 16, 2026 | Revenue estimate, property tax rates recommendation |

| Date | Activities | Tasks/Policy Decisions |
|---|---|--|
| July 11, 2025 (Organizational) | <ul style="list-style-type: none"> ➤ Organizational ➤ Agency Monitoring ➤ Revenue Estimating & Monitoring | <ul style="list-style-type: none"> • Elect officers • Review, revise, and adopt work plan • Adopt meeting dates • DOR introductions • MTAB introductions • Administrative rule review • FY 2025 General Fund Update • Federal tax legislation overview |
| September 2025 | <ul style="list-style-type: none"> ➤ Organizational ➤ Agency Monitoring ➤ Study topics ➤ Tax Credit Review ➤ Revenue Estimating & Monitoring | <ul style="list-style-type: none"> • Review final work plan and meeting dates (<i>if not adopted in July</i>) • Agency updates • Administrative rule review • Based on work plan • Credit for unlocking state lands • Revenue update |
| October 2025 (Tentative joint meeting with LFC) | <ul style="list-style-type: none"> ➤ Revenue Estimating & Monitoring | <ul style="list-style-type: none"> • Update on and analysis of impact of federal tax legislation on Montana revenue |
| November 2025 | <ul style="list-style-type: none"> ➤ Agency Monitoring ➤ Required Reports ➤ Study topics ➤ Tax Credit Review ➤ Revenue Estimating & Monitoring | <ul style="list-style-type: none"> • Agency updates • Administrative rule review • DOR annual performance report • Based on work plan • Follow up: Credit for unlocking state lands • Revenue update |
| January 2026 | <ul style="list-style-type: none"> ➤ Agency Monitoring ➤ Study topics ➤ Tax Credit Review ➤ Revenue Estimating & Monitoring | <ul style="list-style-type: none"> • Agency updates • Administrative rule review • Based on work plan • Credit for trades education and training • Revenue update |

| Date | Activities | Tasks/Policy Decisions |
|----------------------|---|---|
| February 2026 | <ul style="list-style-type: none"> ➤ Agency Monitoring ➤ Required Reports ➤ Study topics ➤ Tax Credit Review ➤ Revenue Estimating & Monitoring | <ul style="list-style-type: none"> • Agency updates • Administrative rule review • List of student scholarship organizations (DOR) and Contributions to a qualified endowment (DOR) • Based on work plan • Follow up: Credit for trades education and training • Residential property tax credit for the elderly • Revenue update |
| May 2026 | <ul style="list-style-type: none"> ➤ Agency Monitoring ➤ Required Reports ➤ Study topics ➤ Tax Credit Review ➤ Revenue Estimating & Monitoring | <ul style="list-style-type: none"> • Agency updates • Administrative rule review • Grow Montana Jobs Tax Credit (DOR) and Periodic review of exempt property (DOR) • Based on work plan • Follow up: Residential property tax credit for the elderly • Grow Montana Jobs Tax Credit • Revenue update |
| July 2026 | <ul style="list-style-type: none"> ➤ Agency Monitoring ➤ Required Reports ➤ Study topics ➤ Tax Credit Review ➤ Revenue Estimating & Monitoring | <ul style="list-style-type: none"> • Agency updates • Agency bill draft requests • Administrative rule review • Economic impact of MEDIA Act credits (Commerce) and Forest Lands Taxation Advisory Committee (DOR) • Based on work plan • Review draft legislation • Follow up: Grow Montana Jobs Tax Credit • 2029 Biennium Revenue Outlook and FY 2026 Quarterly Report |

| Date | Activities | Tasks/Policy Decisions |
|---|---|---|
| August 2026 | <ul style="list-style-type: none"> ➤ Agency Monitoring ➤ Study topics ➤ Tax Credit Review ➤ Revenue Estimating & Monitoring | <ul style="list-style-type: none"> • Agency updates • Administrative rule review • Review any legislation related to required reports • Based on work plan • Review draft final reports • Finalize draft legislation • Review draft final report • Finalize draft legislation • Revenue update |
| November 2026 (Revenue estimate and property tax rate recommendation) | <ul style="list-style-type: none"> ➤ Agency Monitoring ➤ Required Reports ➤ Revenue Estimating & Monitoring | <ul style="list-style-type: none"> • Administrative rule review • Tax rates that will result in taxable value neutrality (DOR) • 2027 Biennium Revenue Estimate and Comparison to Executive |