Revenue and Transportation Interim Committee

57th Montana Legislature

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MINUTES

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Committee tapes are on file in the offices of the Legislative Services Division. **Exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of documents.**

September 5, 2002
Room 137, State Capitol
Helena MT

COMMITTEE MEMBERS PRESENT

Rep. Erickson, Chair
Sen. Wm. E. "Bill" Glaser, Vice Chair
Sen. Jon Ellingson
Sen. Bob DePratu
Sen. Glenn Roush
Rep. Rep. Roger Somerville
Rep. Robert R. Story, Jr.
Rep. Ron Devlin

COMMITTEE MEMBERS EXCUSED

Sen. Vicki Cocchiarella
Sen. Mike Taylor
Rep. Jesse Laslovich

STAFF PRESENT

Leanne Kurtz, Research Analyst
Lee Heiman, Attorney
Lois O'Connor, Secretary

VISITORS

Visitors' list (ATTACHMENT #1)
Agenda (ATTACHMENT #2)

COMMITTEE ACTION

- Approved the June 13 and 14, 2002, minutes as amended
- Approved to overrule the Chair and allow the use of proxy votes for the revenue estimating meeting in November

- Approved requesting the revenue estimating resolution
- Approved November 19, 2002, as the revenue estimating meeting date
- Approved requesting staff to draft legislation to recodify 15-6-201, MCA, as a Committee bill

CALL TO ORDER AND ROLL CALL

The meeting was called to order by Rep. Erickson, Chair, at 8:30 a.m. Attendance was noted; Senators Cocchiarella and Taylor and Rep. Laslovich were excused. (ATTACHMENT #3)

Sen. DePratu **moved** that the minutes from the June 13 and 14, 2002, meeting be approved as amended showing that Rep. Somerville was excused for the June 13, 2002, meeting. Motion passed unanimously.

PLEASE NOTE: This change has been made to the original minutes which are on file in the Legislative Service Division.

PROXIES, ABSENTEE VOTING

The Committee discussed the use of proxy votes for the revenue estimating meeting. (EXHIBIT #1)

Reasons given by Committee members in opposition to the use of proxy votes are as follows:

- Committee members should attend meetings in order to vote, particularly in revenue estimating;
- Some members cannot attend all of the meetings. If they cannot attend and hear the testimony, how can members be expected to give a proxy to someone which reflects accurately the member's thoughts and considerations of the subject.
- It is the responsibility of the members to attend the meeting in order to vote. The concern is when Committees start amending issues and absent members do not have the privilege of knowing what is going on.

Reasons given by Committee members in favor of the use of proxy votes are as follows:

- The issue has never been discussed by the full Committees of the Whole of either legislative body. As a result, it is subject to a ruling by the Chair and Committee members have the privilege of determining how the proxy votes are handled.
- Receiving the Legislative Fiscal Division's and the Executive Branch's estimates prior to the revenue estimating meeting, members can decide which numbers they are going to support and have the ability to make reasonably informed decisions. Therefore, proxy votes should be allowed.
- Proxy votes have been a legitimate part of the legislative process for a long time. If a member cannot be at the meeting, why should they not be allowed to use proxy votes.
- Members who are unable to attend for legitimate reasons should be allowed to use proxy votes. Even though they may be a member of the minority on an issue, they need to be represented if at all possible. Someone needs to step forward and represent the absent members' constituents.
- Mason's rules is written around the idea that the minority interest on an issue must be heard. If it is not heard, the process does not work.

Rep. Erickson said that he has attended two revenue estimating meetings and has come away disappointed. It should be the one chance that members have to be rational beings and come up with good information. He said that revenue estimating should not be political, but it is, and there should be a different way of doing revenue estimating in the future. He ruled that proxies not be allowed for the revenue estimating meeting.

Sen. DePratu **moved** to overrule the Chair and allow the use of proxy votes for the revenue estimating meeting in November. Following a brief discussion, the motion passed on a 5 to 4 roll call vote with Representatives Erickson and Kaufmann and Senators Ellingson and Roush voting no. (EXHIBIT #2)

<u>DEPARTMENT OF REVENUE (DOR)</u>

Dan Ellison, DOR, provided an update on the POINTS I defect priorities. (EXHIBIT #1)

Dale Matheson, DOR, provided a progress report on the POINTS I stabilization contingency usage, an update on the Department's target list for POINTS I stability, and the overall defect remediation efforts. (See EXHIBIT #3)

Mr. Matheson and Mr. Ellison also presented an overview of Dr. Joel Henry's POINTS I stability assessment. (See EXHIBIT #3)

Rep. Story asked about the actual hours expended by staff on the POINTS I project. He also expressed his concern about fact that although the Department is making progress on the backlog of defects, it is still seeing new defects every month. Mr. Matheson said that the Department has information on the actual staff hours expended on the target list, but he felt that what was most important was to ensure that staff was staying on track for bringing the project to a conclusion. Users also find new defects in the project that they just put into production. It is anticipated that they will taper off.

Rep. Erickson asked about future oversight of the POINTS project. **Kurt Alme, Director, Department of Revenue**, said that the Department anticipates creating an executive committee that will provide oversight to the POINTS I project. Rep. Erickson said that even assuming that the Department continues to make the progress that it has for the last four months, the defects would not be fixed until next year. Mr. Matheson said that the Department's definition of stabilization was not to complete every mandatory item on the defect list. It was to make operable those business functions that the system was unable to perform.

Brian Wolf, CIO for Montana, presented an independent validation and verification update. (See Exhibit #3)

In conclusion, Mr. Matheson provided national statistics from the Project Managers Network magazine. They are as follows:

- 31% of all major IT projects are cancelled before they are completed;
- 88% of the projects end up over schedule or over budget or both;
- For every 100 projects started, 94 have restarts that occur; and
- Cost overruns are 189% and average time overruns are 222%.

Jeff Miller, DOR, provided an evaluation of the POINTS reconciliation plan and an update on the options and costs of the POINTS I project to date. (See EXHIBIT #3)

Rep. Story asked if progress was stopped in one area of the project in order to bring forth progress in another area of the project. Mr. Miller said that the reconciliation plan is not adversely impacting stabilization.

Rep. Kaufmann asked how the data quality project related to the stabilization plan. Mr. Miller said that the data quality project identifies areas of weakness in the data. If data problems are found within the database, the Department will address them based on priority order.

Rep. Erickson asked about the alternative to abandon the POINTS II project and prepare a request for funding a new project in 2005. Mr. Miller said that the alternative was prepared to ensure that the Department was keeping its eye on what potential financial impact it would have to the state if POINTS were to be cancelled.

Sen. Glaser asked how much money the Department would be asking for the POINTS project in the 2003 Session. Mr. Miller said that the budget package specifically related to POINTS is $200,000 to plan for the integration of the property tax system into POINTS. This amount is above the amount requested for contracted maintenance support, increased ITSD MidTier charges, and contingency POINTS II (approximately $1.3 million).

Rep. Story asked if the decision had been made to move forward with POINTS II. Director Alme said that the Department may have sufficient contingency funds to complete POINTS II, and it believes that it is the most prudent course for the state to continue with the POINTS project rather than starting over with an entirely new one.

Sen. Glaser commented that he did not believe that POINTS was a long-term solution and he was not prepared, as a legislator, to say that the property tax system should be included. He needed to see results before December 31. He added that removing any of the resources from the reconciliation of POINTS I and moving it to something else at this time would be very foolish; and if the Department fails the December 31, 2002, deadline, the Legislature will have a major problem.

Rep. Story asked what happens to the current POINTS employees once the project is complete. Director Alme said that the Department hoped to retain the current employees through the CIO's Office in order to keep that expertise in house to meet any unexpected contingencies.

Rep. Erickson expressed his concern that the "bubble" area on the POINTS project was getting larger rather than smaller in certain areas. Director Alme expressed the same concern because it could mean that there may be problems that are not included on the target list.

Lynn Chenoweth, DOR, provided an overview of the DOR's budget reductions from the Governor's June 2002 order and the August Special Session. (See EXHIBIT #3)

Rep. Somerville requested the dollar amount in each of the 1999 and 2001 biennial budgets and the number of FTEs.

Sen. Roush asked how many county vacancies there were in the statewide appraisal offices since the Department was eliminating self-reporting. Director Alme said that because of the vacancies in the field and because of the need to get appraisers in the field, the Department has had to reduce services in some county offices. The Department is looking at staffing levels relative to reappraisal and is formulating a work plan to get the work done that needs to be done.

Cleo Anderson, DOR, provided a brief update of the DOR's energy rules. (See EXHIBIT #3)

Shane Byrne, DOR, provided a progress report on pass through entities related to HB 143. (See EXHIBIT #3)

INTANGIBLE PERSONAL PROPERTY

Judy Jacobson, City Manager, Butte/Silver Bow, said that Butte/Silver Bow brought a bill before the 2002 Special Session trying to clarify intangible property as it relates to computer software and found the problem bigger than it had anticipated. Some fact finding is still taking place.

Pamela Haxby-Cote, Butte/Silver Bow, said that the 1999 Legislature exempted intangible personal property from taxation. In viewing Butte/Silver Bow's budget, she found that commercially purchased software--off-the-shelf software--was being exempted from taxation and considered an intangible asset. There is a cost and value associated with commercially purchased software. Butte/Silver Bow feels that the Legislature needs to change the definition of or clarify intangible property taxes, particularly those related to commercially purchased software. Butte/Silver Bow feels that this software is an asset and should be taxed as such. A fiscal note to the legislation introduced in the Special Session stated that the impact to local governments would be approximately $7 million and the impact to the state would be $3.7 million.

Alec Hansen, Montana League of Cities and Towns, said that there is a disconnection among the intent of the legislation, the definitions that were in the bill, and what actually happened. The definition said that intangible property is something that has no intrinsic value. Through rulemaking and interpretation of the law, the Department has exempted commercially purchased software when it is, in fact, being depreciated. The Legislature should review whether that was the intent of the original legislation. He would argue that something that can be depreciated as having intrinsic value that goes beyond the definition in the statute and may not truly be intangible. Butte/Silver Bow is working with the companies and other interested parties to find a mutually agreeable solution. If there is, the bill will probably come up again in the 2003 Session.

Sen. DePratu said that he sponsored the legislation in 1999, and the Legislature's intent was to have software be considered an intangible asset. He was comfortable with the way the law stands at this point. He felt that it was a local issue and needs to be solved at that level.

Rep. Story said that when the discussion centered around software, the issue became more cloudy and it was hard to determine what the value was because it was a custom-made package.

Sen. Ellingson said that the legislation listed certain items as intangible personal property, such as trademarks, patents, etc. They all fit into a general category that is hard to define. It seemed consistent that when a person has those types of property that are difficult to put a market value on, they should be treated differently for tax purposes. On the other hand, software is also listed. If a person buys something off the shelf or hires someone to give the person a $10 million software program, it is easy to establish the market value. He asked if that raised any question as to the kind of software that the Legislature was considering to be included in the list of intangible property, and if there is a category of software that is easily defined in terms of market value, did the Legislature intend to have it go to a zero tax rate when it lowered the business equipment tax rate on all other business personal property to 3%. Sen. DePratu said that stocks and bonds were also included as intangible property both of which have value. Although computer software value is not as easily identifiable, he felt that it fell into the same category and, therefore, within the intent of the legislation.

Sen. Glaser commented that most generally, a person never owns software and should not be paying taxes on something that the person does not own. There are some off-the-shelf software packages that a person owns the intellectual value of or the use of a source code, but all the rest is owned by the people who developed the code. This area is very shaky, and the Legislature must give some hard thought and consideration as to who owns it and how much of the price of the off-the-shelf software is consulting fees for choosing the software.

Sen. Ellingson asked if the state owned the POINTS program. Sen. Glaser said that the Department owns the source code. Using the state's use of POINTS I and II as an example, there is the Oracle part for the basic operating system and upon that the Department builds source codes to do what it wants to do. The state never owns the Oracle portion of the program. The state pays money to Oracle to use that portion. The state does own the source code as intellectual property because it paid to have it developed.

Rep. Somerville commented that other states do not tax software. If a business, such as a bank or a larger company, that uses software and has a mainframe in state and the state begins to tax them, they would move to an adjoining state where they will not be taxed. He said that Montana could lose high-paying technical jobs and income, and it must be careful as to what it is going to do.

Rep. Erickson said that there is a distinction between off-the-shelf and not off-the-shelf. He asked Ms. Haxby-Cote if when she was talking about lost revenue and particular pieces of software, was she referring to off-the-shelf software bought from MicroSoft or was she referring to software that was more complicated. Ms. Haxby-Cote was unsure but suspected that it was more of the complicated specialized software that is commercially purchased which she believed had value.

Rep. Story asked for Department comment. **Gene Walborn, DOR**, said that if a person had an agreement to lease software, such as an operating lease agreement that never shows up on the person's balance sheet, the Department would capitalize the lease, attribute value to it, and say that it is taxable to the person because the person is the entity who uses it to make money. It is an asset, and all operating leases have a term limitation. Software is more fuzzy and it depreciates fairly fast. Rep. Story said that there are many types of property that is leased i.e., equipment, buildings, and land. If he leased a parcel of land, he does not pay the taxes on it, the person who owns it pays the taxes. He asked in those cases, is the Department collecting taxes on both. Mr. Walborn said that the lease agreement specifies who pays the taxes.

SPECIAL SESSION TAXATION LEGISLATION

Lee Heiman, Staff Attorney, Legislative Services Division, reported on tax legislation enacted during the August 2002 Special Session. (EXHIBIT #4)

GENERAL FUND REVENUE

Impacts of the Special Session on General Fund Revenue and Revenue Picture for July/August, Revenue Outlook

Terry Johnson, Principal Fiscal Analyst, Legislative Fiscal Division, provided an update on the Special Session tax policy legislation and a fiscal year 2003 revenue collection update. (EXHIBIT #5) Mr. Johnson said that in his analysis of corporate income and individual income taxes through August 31, 2002, the totals for the first two months of this fiscal year have him worried. These two revenues are estimated to bring in 47% of the total state general fund revenue. He said that these two sources are lagging from last year's figures and lagging quite significantly. He also cautioned the Committee that during the 2003 Session, the 2003 revenue picture was still going to be very cloudy. His concern is that at the point of adjournment in April, the revenue picture will still be cloudy. There is a very good chance, depending upon the level of revenue estimates that the Committee adopts, that the Legislature could be back in special session because of the unknowns. He said that the Committee should watch both the corporate income and individual income tax very closely.

Rep. Story commented that people could look at the common school interest and income figure and say that the Legislature took $49 million away from schools. Mr. Johnson said that HB 7 took the common school interest and income out of the general fund and deposited it into a state special revenue fund to be used to fund public schools. It had a zero net affect on public schools and it was meant to address the school litigation issue.

Rep. Erickson asked if the state could expect a large single refund from corporation income taxes. Mr. Johnson believed that there was a fairly large refund that went out early in the fiscal year. The part he is concerned with is what does this, overall, tell the state about the corporation tax revenues that were recorded in fiscal year 2002.

Rep. Story said that one assumption made in the revenue estimates of the Special Session was that the estimate may drop because people were going to adjust their estimations to deal with the downturn resulting in refund decreases in the next fiscal year. Mr. Johnson said that there is a big unknown in refund activity associated with estimated payment in withholding. The state could have withholding taxes coming in stronger, but if it turns around and goes back out in April, the state has not gained anything.

Rep. Erickson asked if the people receiving refunds are those people who have made bad estimates or those who have withheld too much. Mr. Johnson said that the LFD could go back through and do some matchup of identifying the refund with the tax return to see if it was related to estimated payments or withholders. However, this is confidential information and the LFD does not have the means to get that information.

Rep. Kaufmann said that when the Legislature left the Special Session, the estimated ending fund balance was $27.1 million. She asked if conditions were currently better or worse. Mr. Johnson said that there is a host of things that could happen. Revenue could deteriorate further, but the bottom line is what does the state compare it to. The fact is that the state is always dealing with the unknown. Another factor is supplementals. He said that there is no way to assess on a month-by-month basis how the state is doing in terms of the balance and trigger. Rep. Kaufmann asked who notifies the Executive Branch that the state has not reached the trigger and where adjustments need to be made. Mr. Johnson said that it is up to the Executive Branch to make that determination. The LFD can only provide its perspective.

Sen. Ellingson requested once-a-month updates on the latest figures related to revenue.

Rep. Story said that the ending fund balance of $54 million was there one minute, gone the next, and was never in the legislative scheme of things. Mr. Johnson said yes, that it was due to a combination of factors but definitely driven from the revenue side of the equation. He said that when the Legislature adjourned during the regular session, it expected to have a $54 million balance. The LFD reported that at end of fiscal year 2001, the state had roughly $62 million more revenue and less expenditure which bumped the $54 million up to $116 million. This was never considered in the legislative process. Because of drop in revenue in 2002 and 2003, that amount disappeared. Rep. Story asked if the LFD revisited the "All Other Revenue" category. Mr. Johnson said yes. He added that if a revenue source produced over $2 million on an ongoing basis, it should be highlighted and shown separately.

Rep. Erickson asked Mr. Johnson to explain the other $106 million that the Legislature has to worry about when it returns. Mr. Johnson said that the structural imbalance of $144 million comes from looking at the current biennium and operations, i.e. ongoing revenue and disbursements. He cautioned that there could be revenue that is not ongoing that could contribute to the structural imbalance. The presumption of the $144 million is that everything that the Legislature did during the Special Session and everything that the Executive Branch did in terms of its expenditure reductions are permanent. When the Legislature goes out to the next biennium, there are a number of costs and legislative impacts enacted during the 2001 Session that will cost more in 2003, such as the employee pay plan. When that is carried forward into 2004 and 2005, it will cost more. The only way it can be changed is to go into the statute and reduce the salary matrix for state employees. The final contributing factor is what are the present law costs in state programs, taking into account case load increases, population forecasts for the prison, and K-12 and higher education on one side of the equation. On the other side, the Legislature must look at what its revenue sources are going to do, i.e. are they going to grow or decline. This is the meat of the LFD presentation to the Legislative Finance Committee in the "Big Picture" report.

Executive Branch Comment

Chuck Swysgood, Budget Director, Office of Budget and Program Planning (OBPP), said that OBPP has not updated its revenue projections to date because figures received in the first two months of the biennium are fairly unreliable. OBPP continues to believe that the state is facing between a $160 million and a $250 million overexpenditure of revenue. The reductions made by both the Executive Branch and the Legislature during and prior to the Special Session would have to carry forward in order to get lower than $250 million. OBPP bases its outlook on the next biennium, and it sees nothing in the future to indicate a significant revenue growth.

The Committee and **Curt Nichols, OBPP**, discussed a possible MetNet panel discussion before the revenue estimating meeting between the Committee and representatives from WEFA, Dr. Myles Watts, Dr. Paul Polzin, and others. Committee members decided that it needed to have as much information as possible on the economic outlook before the revenue estimating meeting and preferred meeting in Helena. Staff will work with the OBPP on an October meeting date.

DEPARTMENT OF TRANSPORTATION
Special Session Fund Transfers/Impacts of the Special Session on MDT Programs
Dave Galt, Director, Department of Transportation (DOT), provided a graph showing the ability of the state highway special revenue fund to match federal aid if money was removed from the Department. (EXHIBIT #6) The graph represents a $325 million federal aid program and shows that the Department will need a capital infusion in the highway trust fund in fiscal year 2006 and beyond.

Rep. Devlin asked if the graph included the impact of the ethanol plants coming on line. Mr. Galt said yes. It is shown as an offset against the Department's revenue. If the ethanol plants come on line and start producing, it will be paid. If not, the graph will not decline as steeply. The amount is also capped at $6 million a year.

Rep. Story asked if the $6 million was committed whether it was used or not. Director Galt said that the Department is obligated to pay the amount if the ethanol plants come on line.

Rep. Story asked if the $7 million special revenue fund transfer to the general fund was a 1-time transfer or if it would be ongoing. Director Galt said that it was a 1-time time transfer from the special revenue fund to the general fund in fiscal year 2003 for use by the Motor Vehicle Division. Rep. Story asked how much out of the gas tax was used for the Highway Patrol budget. Director Galt said that over $17 million was budgeted in fiscal year 2002, over $18 million in fiscal year 2003 which was factored for inflation.

Rep. Kaufmann asked if the affect of what was done in the Special Session meant that the Legislature would have to raise the gas tax sooner than it would have otherwise. Director Galt said that was the unknown question and it depended on the size of the federal aid question. Depending on the size of the federal aid, the Legislature may have had to raise the gas tax in fiscal year 2006 anyway. He added that the maximized use of indirect cost (HB 21, Special Session) is putting money back into the highway trust fund which can be used to match federal aid as opposed to transferring it to state-funded construction. Rep. Kaufmann asked for clarification of indirect cost. Director Galt said for example, if a consultant is hired or if an engineer is assigned to a project, those would be direct cost and charged directly to a project. Indirect costs may be the financial computer system that runs a project. It is not charged directly to a project but there is an overhead rate. The Department is taking the overhead rate, based on Rep. Balyeat's legislation, and charging it against the federal aid program. If Montana had a federal aid program of $300 million, the 13.3% would generate $40 million reimbursement from the federal government. By law, those funds are required to go back into the fund that funded them in the first place--the state trust fund. In fiscal year 2003, the Department is moving the money into state-funded construction using the transferability authority that is in HB 2.

Rep. Story asked if the Department's construction budget would decreased if the $40 million is taken for indirect costs and put into the trust fund. Director Galt said it decreased the Department's federal aid construction program, it decreased its contractor payments which are tied to federal aid, and it increases the Department's state-funded construction program because the money is being transferred back into it. Rep. Story asked if the state-funded construction money could be used for other types of construction projects. Director Galt said that state-funded construction money could be used for many more things than federal aid could be used for.

Rep. Somerville asked if $8 million in working capital was needed to pay contractors because of the lag in the time than the money will come to the Department from the federal government. Director Galt said yes, and that the Department was not going to need additional money from the general fund other than the money that is statutorily directed to the highway trust fund through HB 124 nor is it going to ask the Legislature to increase taxes. The Department has never obligated its entire budget balance.

Right of Way Acquisition -- Proposed Legislation

Director Galt stated the following:

- The Department does not have the flexibility to slip a project out of the mix and plug another one in when it is preparing to let its projects.
- If all federal money is not obligated, it is given to other states.
- It is required by the federal government that the state have all of the right of ways needed for a project in its possession before the projects are advertised.
- The problem is one or two parcel owners hold out.
- The pressure is there to push the project and not lose the money. If it is a big project, the pressure is worse and the Department has succumbed to the pressure and has paid a larger fee to the landowner.
- Two solutions could be first a quick-take solution--if a property is needed for a highway and the Department has the appraisal that is needed for the property, it can put the amount of the appraisal in the bank and appeal to the court for a condemnation grant of possession. The property owner has the opportunity to object. If they do, the court has no less than 10 or more than 20 days to set a hearing and 30 days to give the Department an answer. The issue of value is not being touched. Second, a slower take solution--it mirrors the quick take solution but extends the court days and sets up a hearings process.

Nancy Espy, Commissioner District #4, Transportation Commission, said that District #4 needs many roads. She has traveled with the right of way crew after they had made every possible effort to work with landowners who would not accept the value offered. Ms. Espy said that although she is a strong believer in property owner rights, she finds that there can be one or two people who hold up an entire construction project to the point that it could be lost. She gave several examples. Ms. Espy supported the necessity of land acquisition that is fair but was also adamant that landowners get a fair value for their land.

Rep. Story said that right of way and land acquisitions have always been contentious issues. He asked if the Department cuts the corner of a piece of property or cuts through it, how does it affect the value of the rest of property. Ms. Espy said that the Department makes every effort to be certain that those considerations are valued.

Sen. Roush asked if the right-of-way acquisition proposal being considered by the Department would apply only to highways or would they also apply to utility and pipe lines, etc. Director Galt said no, that he hoped the proposed legislation would be placed in the highway laws only. Power and pipe lines fall under the umbrella of the eminent domain laws.

Rep. Story suggested language that once a certain percentage of the right of way is acquired, 60% to 70% for example, the Court would automatically give the Department the ability to take possession of the rest.

Rep. Erickson had no problem with the quick-take solution but was concerned about protecting citizens' current and future property values.

CLEAN UP OF SECTION 15-6-201, MCA

Mr. Heiman provided suggestions for the clean up of 15-6-201, MCA, which currently has three versions. (EXHIBIT #7)

Following a brief discussion, the Committee agreed that 15-6-201, MCA, should be put into some semblance of order. Rep Story **moved** draft legislation to recodify 15-6-201, MCA, as a Committee bill. Motion passed unanimously.

OTHER BUSINESS AND ADJOURNMENT

Following comments by Clayton Schenck, Legislative Fiscal Analyst, the Committee agreed on November 19, 2002, as its revenue estimating meeting date.

Rep. Somerville **moved** that the Committee request HJR 2 (revenue estimating) draft legislation. Motion passed unanimously.

Sen. DePratu discussed highly inflated property values as they relate to selective resort and vacation properties throughout the state. (EXHIBIT #8)

Following a brief discussion, the Committee agreed that it was uncomfortable requesting legislation to address the issue without further information and suggested that staff work with Sen. DePratu to find time at its October meeting to hear from those involved.

There being no further business, the meeting adjourned at 4:30 p.m.

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