

## Forest Lands Taxation Advisory Committee Meeting Minutes

July 9, 2021

### Committee Members Present:

Gordy Sanders  
Greg Chilcott\*  
Paul McKenzie  
Randy Mannix  
Nancy Mehaffie  
Sen. Mike Cuffe  
Sen. Pat Flowers  
Rep. Becky Beard  
Rep. Marilyn Marler

### Department of Revenue Staff:

Scott Mendenhall-Deputy Director, DOR  
Robin Rude-Deputy Administrator, PAD  
Bryce Kaatz-Unit Manager, PAD  
Bonnie Hamilton-Management Analyst, PAD  
Bill Billman-PAD  
Nick Gochis-Legal Services  
Sheila Stenzel-DOR

### Other Attendees:

Megan Moore-Legislative Services  
Dave Atkins-Montana Forest Owners  
Bob Story-Montana Taxpayers Assoc.

### \*Absent

- I. Deputy Director Scott Mendenhall began the meeting at 9:03 AM to introduce himself and the overall purpose of the meeting (specifically SB 263). He then asked the committee and DOR employees to introduce themselves.
- II. Nick Gochis provided a brief overview of the function of the committee and a summary of Senate Bills 262 and 263.
  1. Review data including productivity, value, stumpage value, wood production, capitalization rate, net income and agriculture-related income;
  2. Recommend to MDOR any adjustments to data if required by changes in government forest land programs, market conditions, or prevailing forest lands practices;
  3. Recommend appropriate base periods and averaging methods to the MDOR;
  4. Verify for each forest valuation zone and forest land classification and subclassifications;
  5. Recommend forest land valuation techniques to MDOR; and
  6. Report biennially on committee activity to the Revenue Interim Committee.
- III. Sen. Mike Cuffe nominated Rep. Becky Beard for Committee Chair. Sen. Pat Flowers nominated Mr. Gordy Sanders for Committee Chair. Both Rep. Beard and Mr. Sanders spoke briefly as to being nominated. Mr. Sanders suggested that a representative would best lead the committee and that he also planned to vote for Rep. Beard. Sen. Flowers withdrew his nomination for Mr. Sanders and a vote was called. Rep. Beard was unanimously approved as Chair.
- IV. Chairwoman Becky Beard requested input on matters such as meeting frequency, general decorum, and public involvement through the process. Mr. Gordy Sanders suggested that meetings should be monthly, with the goal of recommendations being ready in a year. Sen. Mike Cuffe concurred that September should be a goal since Governor Gianforte will need to present a budget to the legislature by November. A round-table discussion was held regarding the

implementation timeframe, and whether or not the basis for appraisals should follow a new model since Dr. Jackson (of University of Montana) will not be the resource for data going forward. Chairwoman Beard asked for a motion for meeting frequency. Sen. Cuffe made the motion to have meetings monthly, with quarterly assessment meetings and/or reports to help stay on track, and suggested a final draft due August 2022, with the final recommendation due September 2022. The motion was passed unanimously.

- V. A general discussion commenced regarding valuation, taxation, and data needed to properly assess tax. Mr. Paul McKenzie stated that tax based on productivity is the correct way to determine tax. Sen. Mike Cuffe raised the question about what a proper appraisal formula should look like and what items should it include. A public comment also raised this issue, to which Mr. McKenzie and Mr. Gordy Sanders agreed that other sources of data should be considered. Mr. McKenzie also suggested the committee should review the recommendation of the previous committee, which was also met with general agreement.
- VI. Rep. Marilyn Marler suggested that an RFP may be needed to begin the replacement of Dr. Jackson. Mr. Paul McKenzie and Sen. Mike Cuffe expressed concern about funding of such an effort. Sen. Pat Flowers concurred, stating that there is currently no appropriation for a proposal effort. Mr. Paul McKenzie suggested that the committee would like to see the existing RFP, but also stated that a one-month time frame may not be feasible, as the committee doesn't have any kind of baseline yet, but did put forth a motion for a draft RFP by the next meeting. Ms. Bonnie Hamilton stated that she did not believe the prior cycles involved an RFP, but that there was a contract with Dr. Jackson for his services. Mr. Scott Mendenhall stated the next budget cycle would need to contain appropriation for a new contract or RFP to replace the services Dr. Jackson provided. Rep. Marler suggested that the previous contract with the cost associated be provided to the committee.
- VII. Chairwoman Becky Beard suggested that the next meeting be at 9 AM on August 12 which was agreed to by the committee. Sen. Marilyn Marler put forward a motion to retain the hybrid format of the meeting, utilizing in-person and distance participation. Motion passed with one nay. Mr. Scott Mendenhall suggested going forward that a meeting room in the Capitol building might have better access and would already be set up. Ms. Megan Moore stated that the Capitol meeting rooms are in high demand and some do not have adequate internet to be inclusive of distance participants but stated she would explore the possibilities. Chairwoman Beard stated that the following four agenda items will be covered at the August meeting: 1) Ms. Bonnie Hamilton present her revised overview of Land Classification and Valuation; 2) all previous contracts/scope of work/contracts will be discussed, with DOR providing items to the committee prior to the meeting; 3) benchmark dates will be discussed and/or set; 4) previous committee recommendations and/or studies will be reviewed. Sen. Pat Flowers suggested that Dr. Jackson be invited to give an overview of the work he provided to the DOR. Mr. Scott Mendenhall suggested that Ms. Hamilton be assigned as the designated staffer for the committee. Mr. Paul McKenzie withdrew his motion to vote on a draft RFP by the next meeting.
- VIII. Meeting adjourned at 10:55 AM.