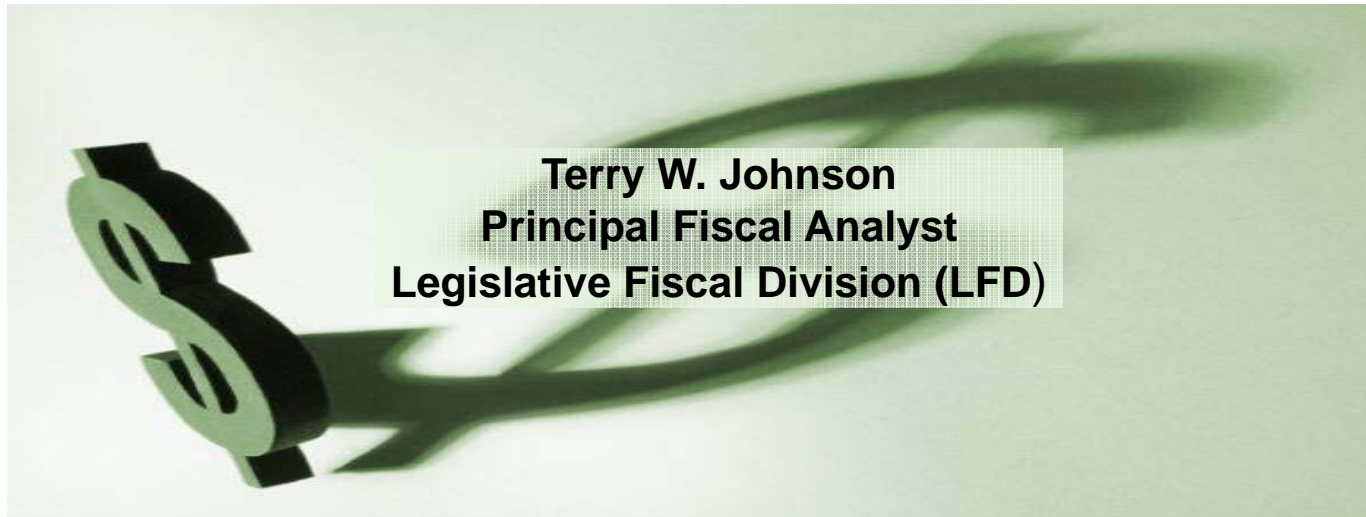




# **General Fund Status Fiscal 2012 Actuals/2013 Biennium**



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**September 13, 2012**

**A report to the  
Revenue and Transportation Interim Committee**



## Presentation Outline

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- **General Fund Fiscal Year 2012**
  - Revenues
  - Disbursements
  - Reversions
  - Adjustments
- **2013 Biennium Outlook**
- **Summary**
- **Natural Resource Spotlight**



## Fiscal 2012 General Fund Ending Balance

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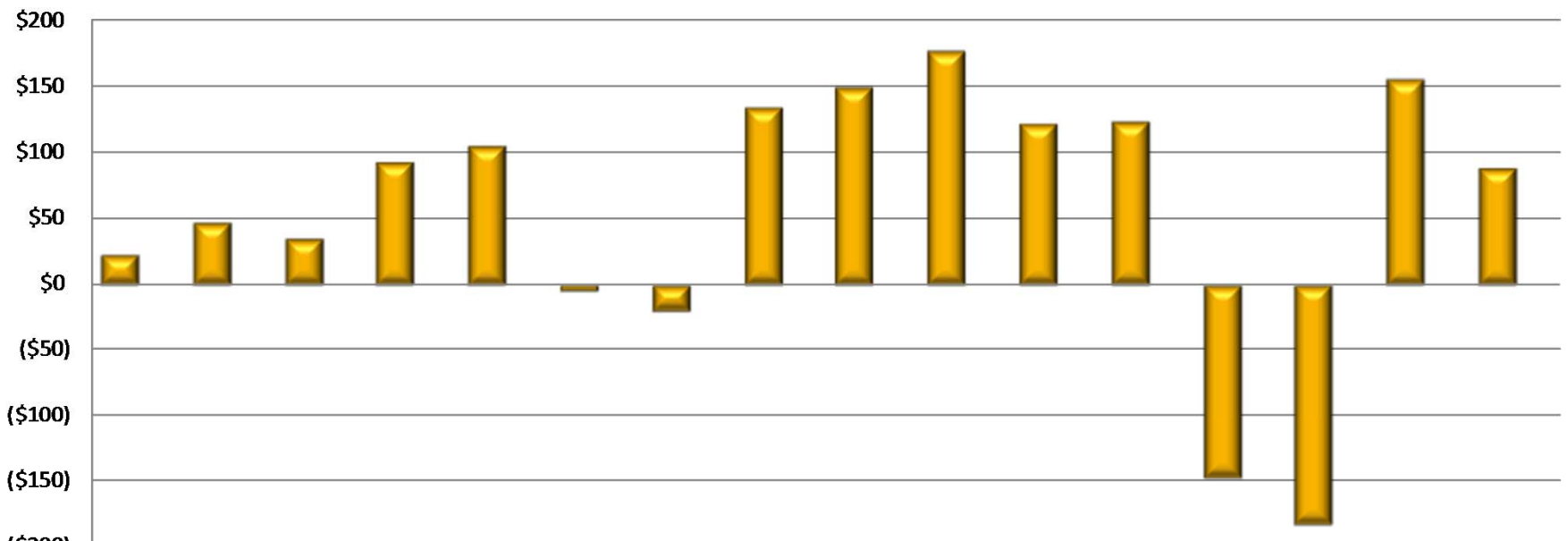
<b>Preliminary Balance:</b>	\$ 457.1 M
<b>Expected Balance:</b>	<u>\$ 188.9 M</u>
<b>Difference:</b>	\$ 268.2 M

**Why?**



# General Fund Revenue History

**General Fund Revenue - Year over Year Change  
By Fiscal Year in Millions**



	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
■ Series1	\$23.4	\$47.8	\$35.6	\$93.7	\$105.8	(\$3.8)	(\$19.3)	\$135.2	\$149.4	\$177.2	\$121.7	\$123.7	(\$145.6)	(\$180.8)	\$155.4	\$88.4
% Chg.	2.4%	4.8%	3.4%	8.8%	9.1%	-0.3%	-1.5%	10.8%	10.8%	11.6%	7.1%	6.8%	-7.5%	-10.0%	9.6%	5.0%



## **General Fund Revenue: \$ 113.0M**

### **Major Sources Above HJ 2 Estimate**

<b>Individual Income Tax</b>	<b>\$ 89.5 M</b>
<b>Corporation Tax</b>	<b>\$ 12.8 M</b>
<b>Remaining Sources</b>	<b><u>\$ 10.7 M</u></b>

**Total Above Estimate: \$ 113.0 M**



## **General Fund Revenue: \$-27.7M**

### **Major Sources Below HJ 2 Estimate**

<b>Public Contractors</b>	\$ -8.8 M
<b>Vehicle Fee/Tax</b>	\$ -6.8 M
<b>Oil &amp; Natural Gas Production Tax</b>	\$ -5.4 M
<b>Treasury Cash Interest</b>	\$ -4.1 M
<b>Other Sources</b>	<u>\$ -2.6 M</u>
<b>Total Below Estimate:</b>	<b>\$ - 27.7 M</b>



## Net GF Revenue Change: \$ 85.3M

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<b>Total Above Estimate</b>	\$ 113.0 M
<b>Total Below Estimate</b>	<u>\$ - 27.7 M</u>
<b>Total Net Change:</b>	<b>\$ 85.3 M</b>

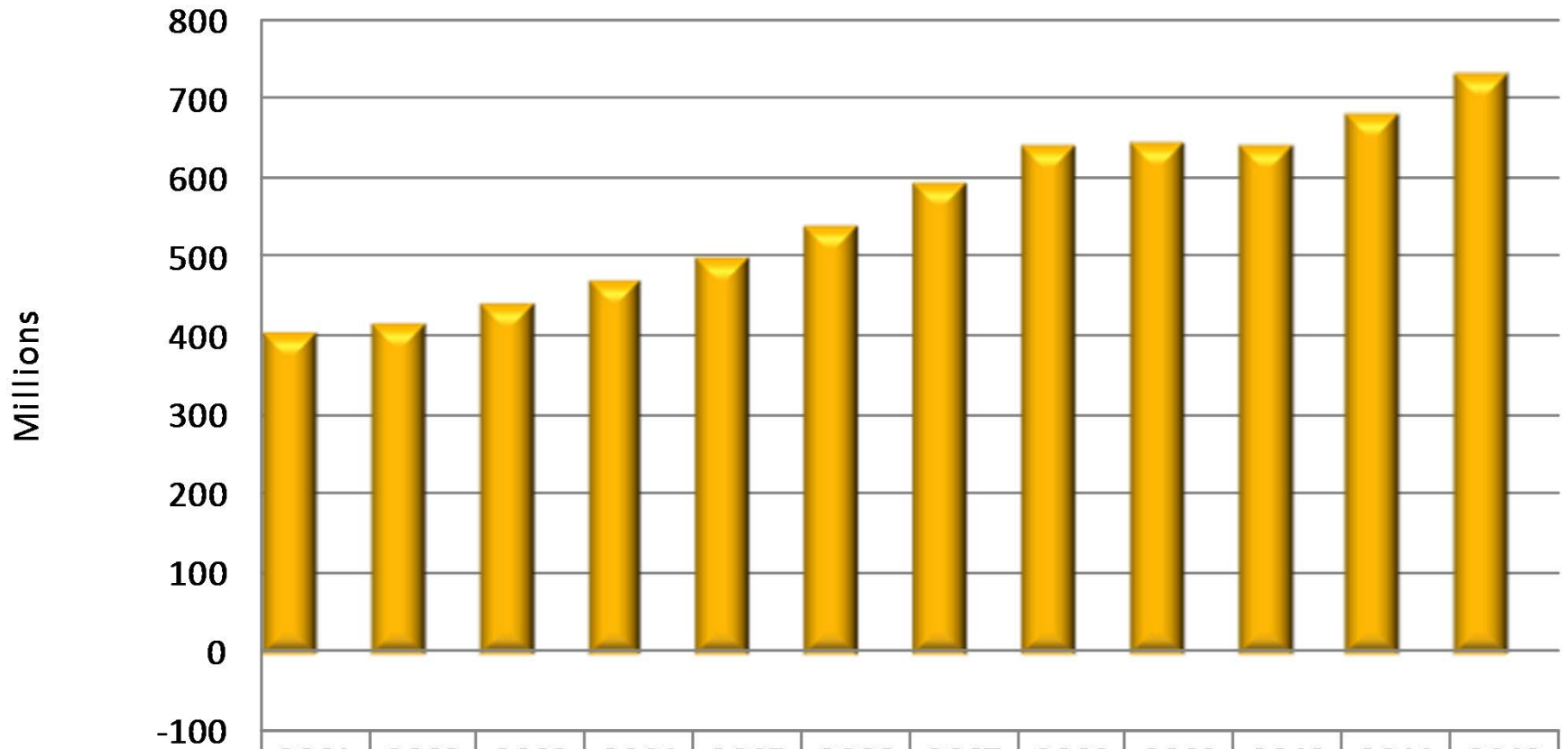


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### Individual Income Tax Withholding



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
■ Withholding	407.67	419.22	444.34	474.85	501.23	542.6	596.4	645.53	646.91	644.99	685.19	734.24
%Change		2.8%	6.0%	6.9%	5.6%	8.3%	9.9%	8.2%	0.2%	-0.3%	6.2%	7.2%



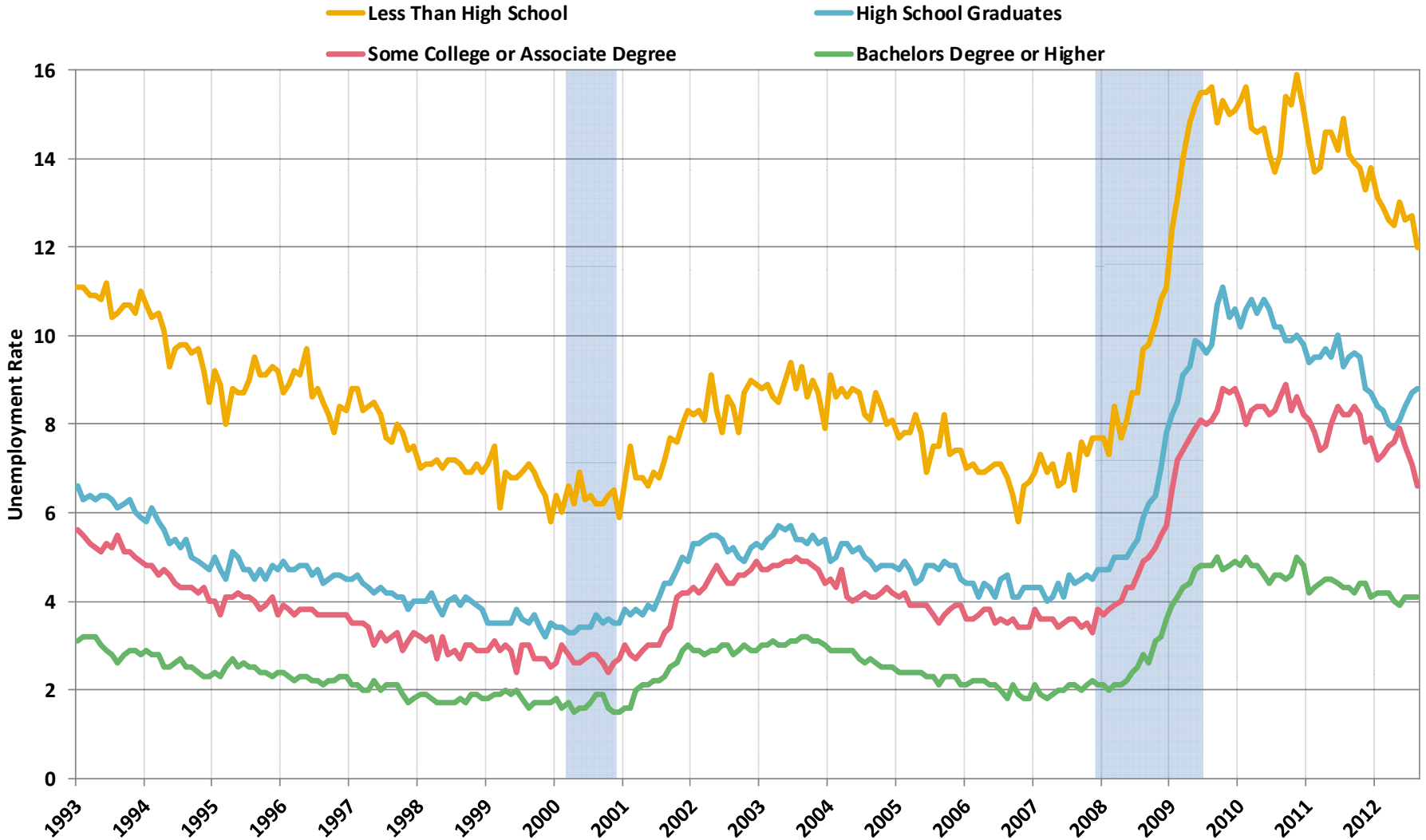


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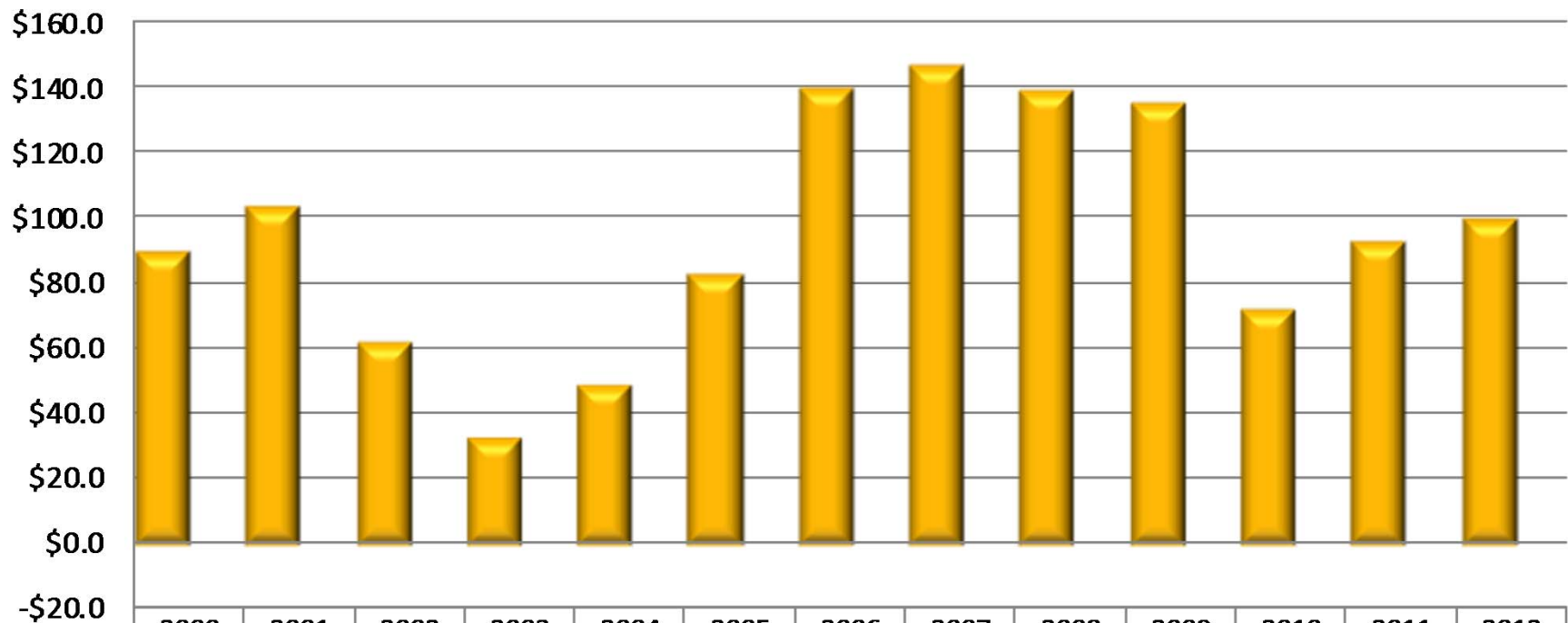
### Unemployment by Level of Education, U.S. (Age 25 and Over)



Source: U.S. Department of Labor



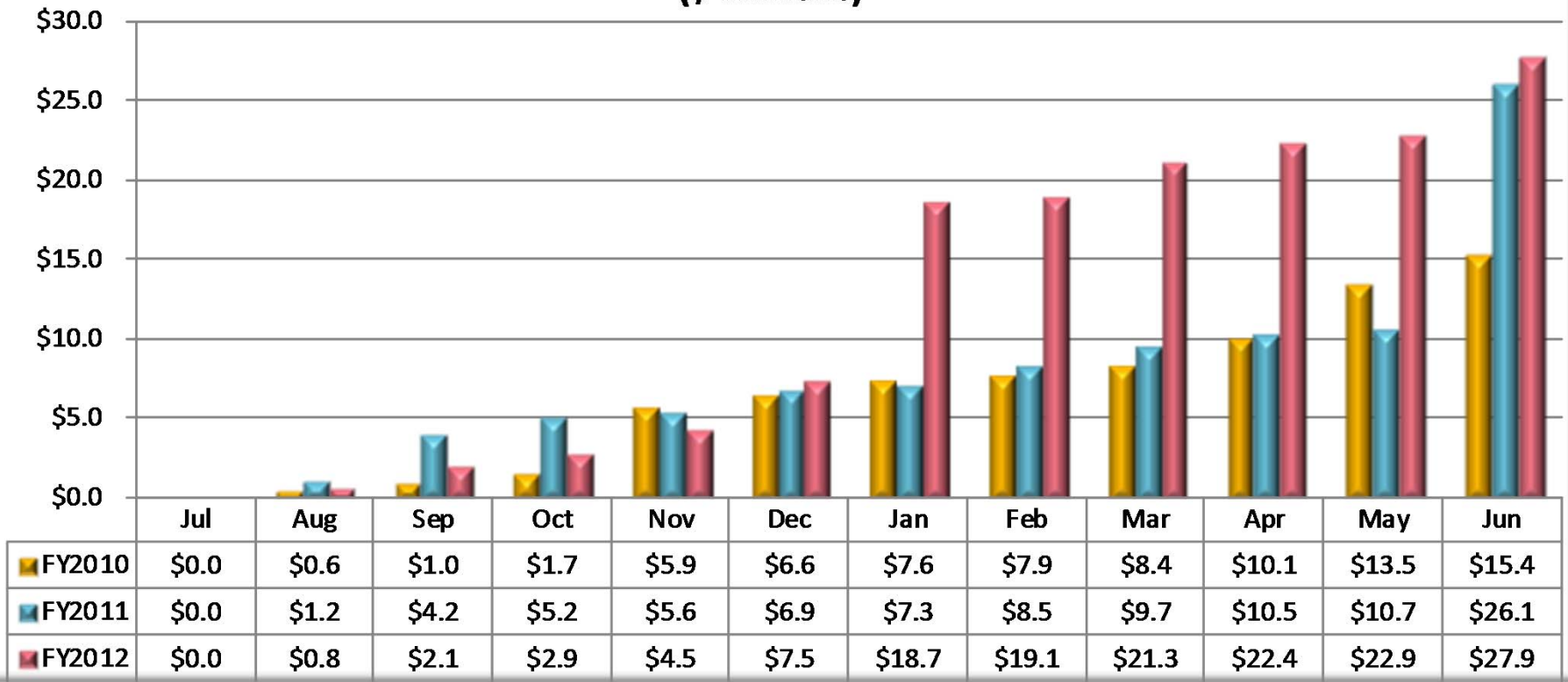
### Corporation License Tax Collections Before Audits (\$ Millions)



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
■ Taxes	\$90.2	\$103.7	\$62.5	\$33.2	\$49.3	\$83.4	\$140.0	\$147.1	\$139.0	\$135.3	\$72.5	\$92.9	\$99.9
% Change		15.0%	-39.7%	-46.8%	48.4%	69.3%	67.8%	5.1%	-5.5%	-2.7%	-46.4%	28.1%	7.5%

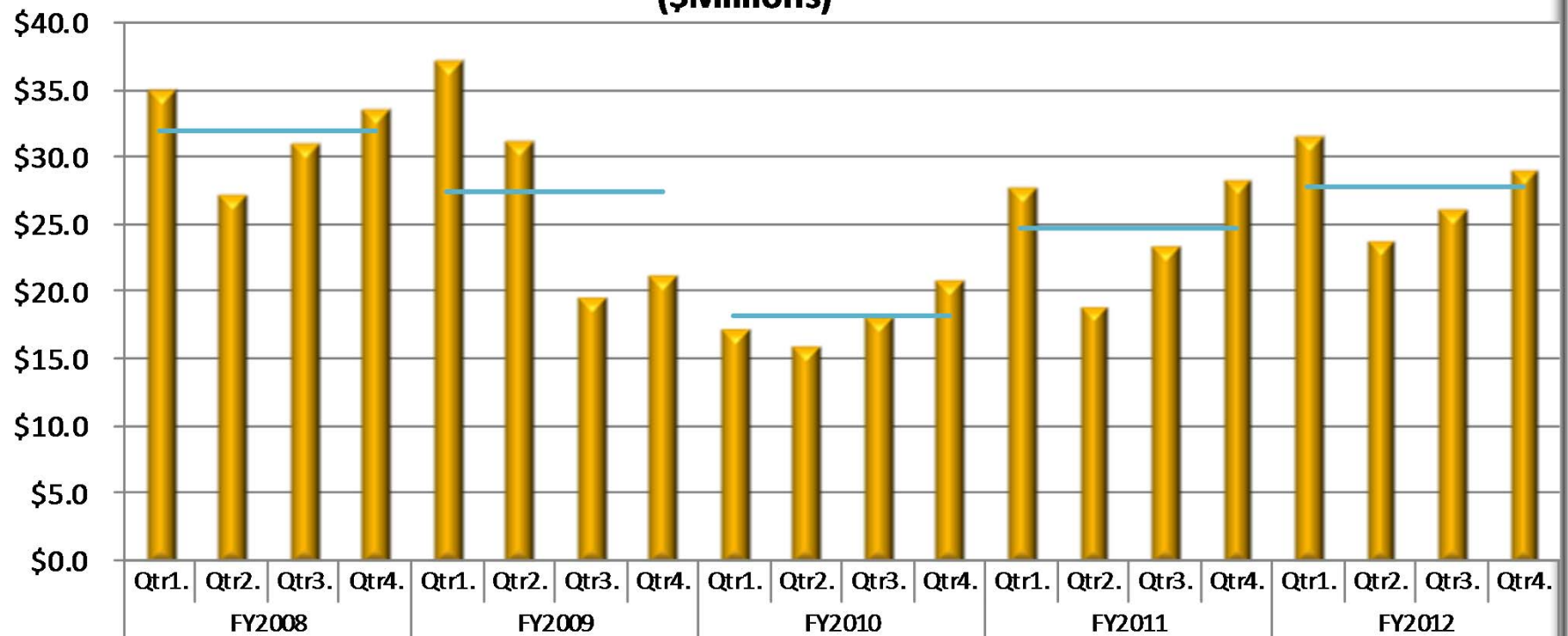


### Cummulative Corporation License Tax Audit Collections By Month (\$ Millions)



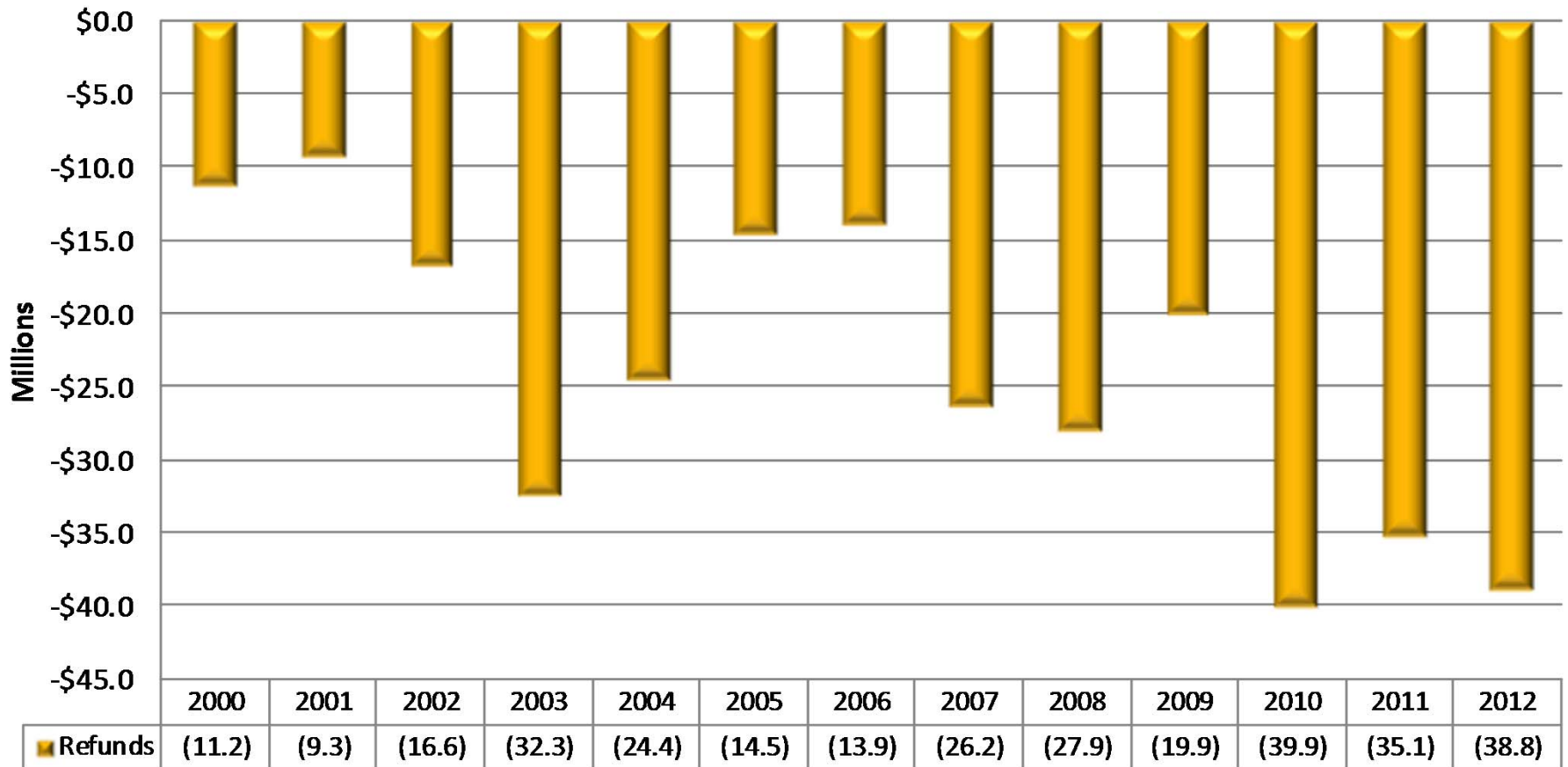


### Corporation License Tax Estimated Payments (\$Millions)





### Corporation License Tax Refunds By Fiscal Year





## General Fund Reversions: \$ 21.0 M

Budgeted Disbursements	\$1,829,435,000	
Actual Disbursements	<u>1,779,569,490</u>	
Total Unexpended Authority		\$49,865,510
Budgeted Unexpended Authority		<u>5,383,000</u>
Total Less Budgeted Unexpended Authority		\$44,482,510
Plus Fiscal Transfers (Net)		29,188,500
Anticipated Transfers *	23,344,000	
Actual Transfers	52,532,500	
Less Continuing Authority		<u>52,671,629</u>
Anticipated Continuing Authority	1,235,000	
Unanticipated Continuing Authority	51,436,629	
Total Unanticipated Reversions		\$20,999,381

\* HB2 authority for K-12 anticipated to be moved from FY 2013 to FY 2012



## **General Fund Balance Adjustments: \$ 21.9 M**

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<b>Prior Year Revenue</b>	<b>\$ 8.8 M</b>
<b>Prior Year Expenditures</b>	<b>\$ 5.1 M</b>
<b>Other Adjustments</b>	<b><u>\$ 8.0 M</u></b>
<b>Total Adjustments</b>	<b>\$ 21.9 M</b>

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## General Fund Balance Change Fiscal 2012 Summary

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➤ <b>Beginning Balance</b>	\$ 116.4 M
➤ <b>Revenues</b>	\$ 85.3 M
➤ <b>Disbursements</b>	\$ 44.5 M
➤ <b>Adjustments</b>	\$ 21.9 M
➤ <b>Continuing Authority</b>	<u>\$ - 51.4 M</u>
<b>Total Change</b>	\$ 216.7 M





## 2013 General Fund Biennium Outlook

**Legislative Budgeted Ending Balance \$150.4 M**

Beginning Fund Balance	\$116.4M
Additional Revenue (FY2012)	85.3M
Less Spending (FY2012)	44.5M
Adjustments (FY2012)	21.9M
Net Transfers, Continuing, Supplemental	<u>6.1M</u>
<b>Total Changes</b>	<b>\$262.0M</b>

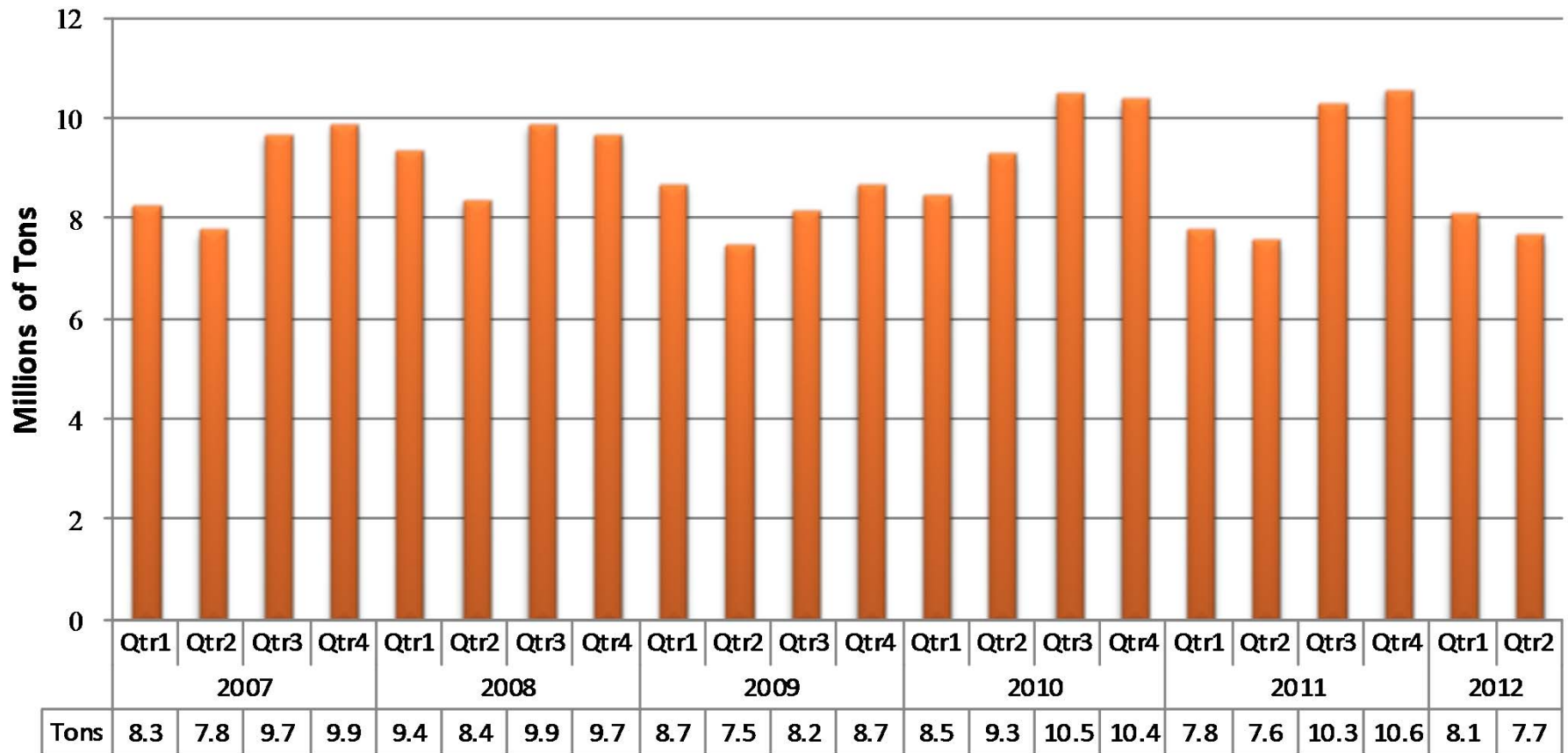
**Revised 2013 Ending Balance \$412.4M\***

\*No Adjustment to 2013 HJ 2 revenue estimate.



# Natural Resource Spotlight

**Montana Coal Production By Quarter**





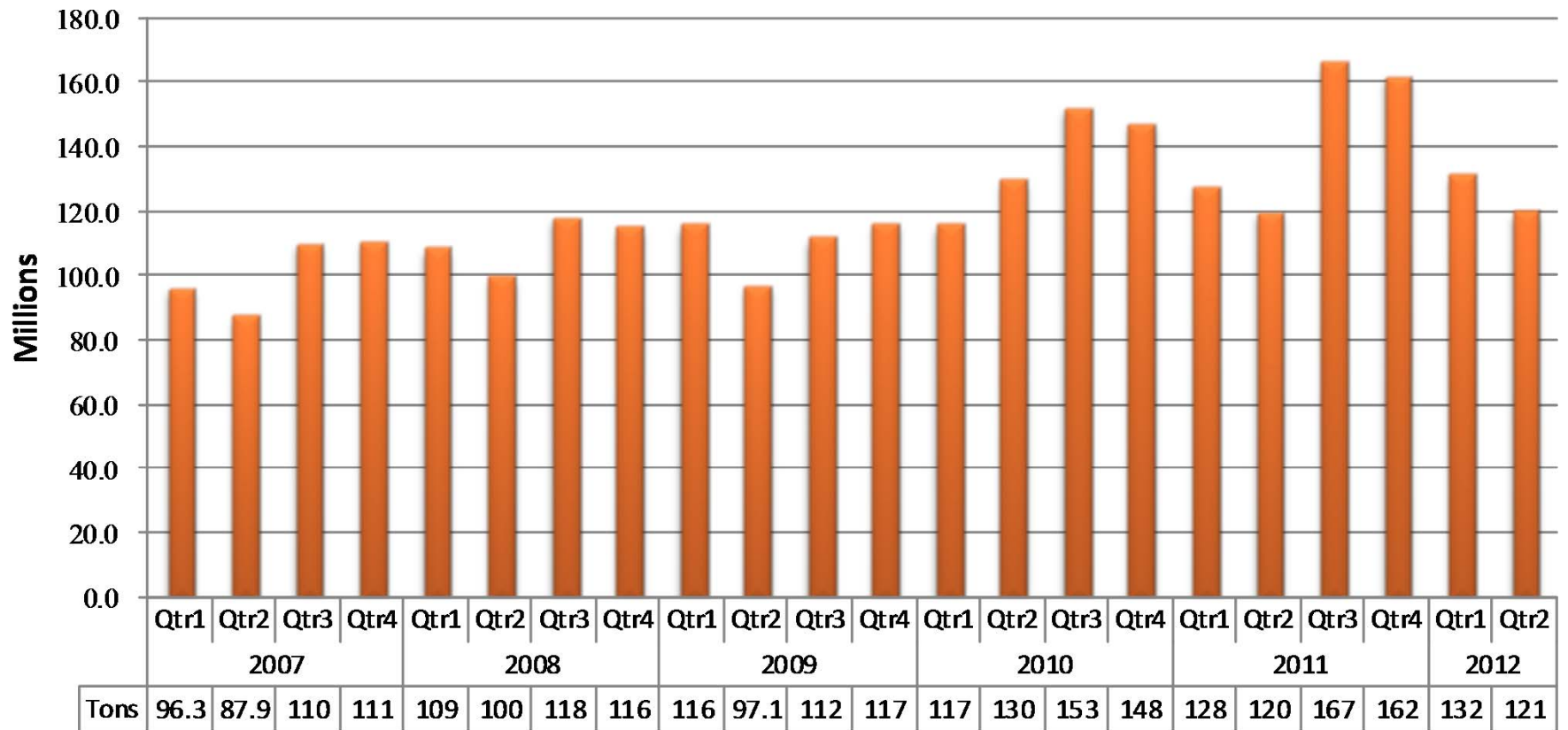
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# Natural Resource Spotlight

## Montana Coal Gross Value By Quarter



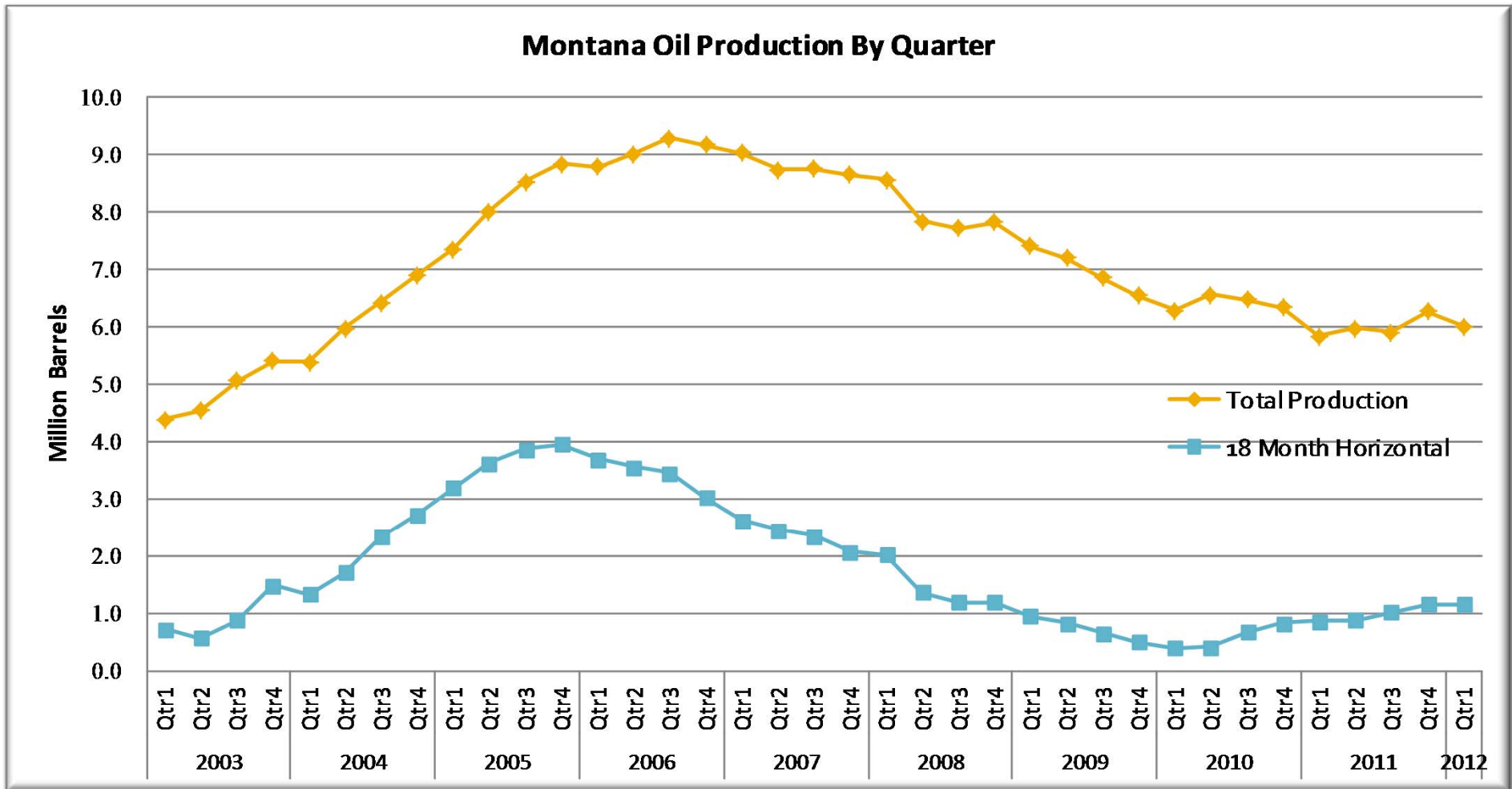


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# Natural Resource Spotlight



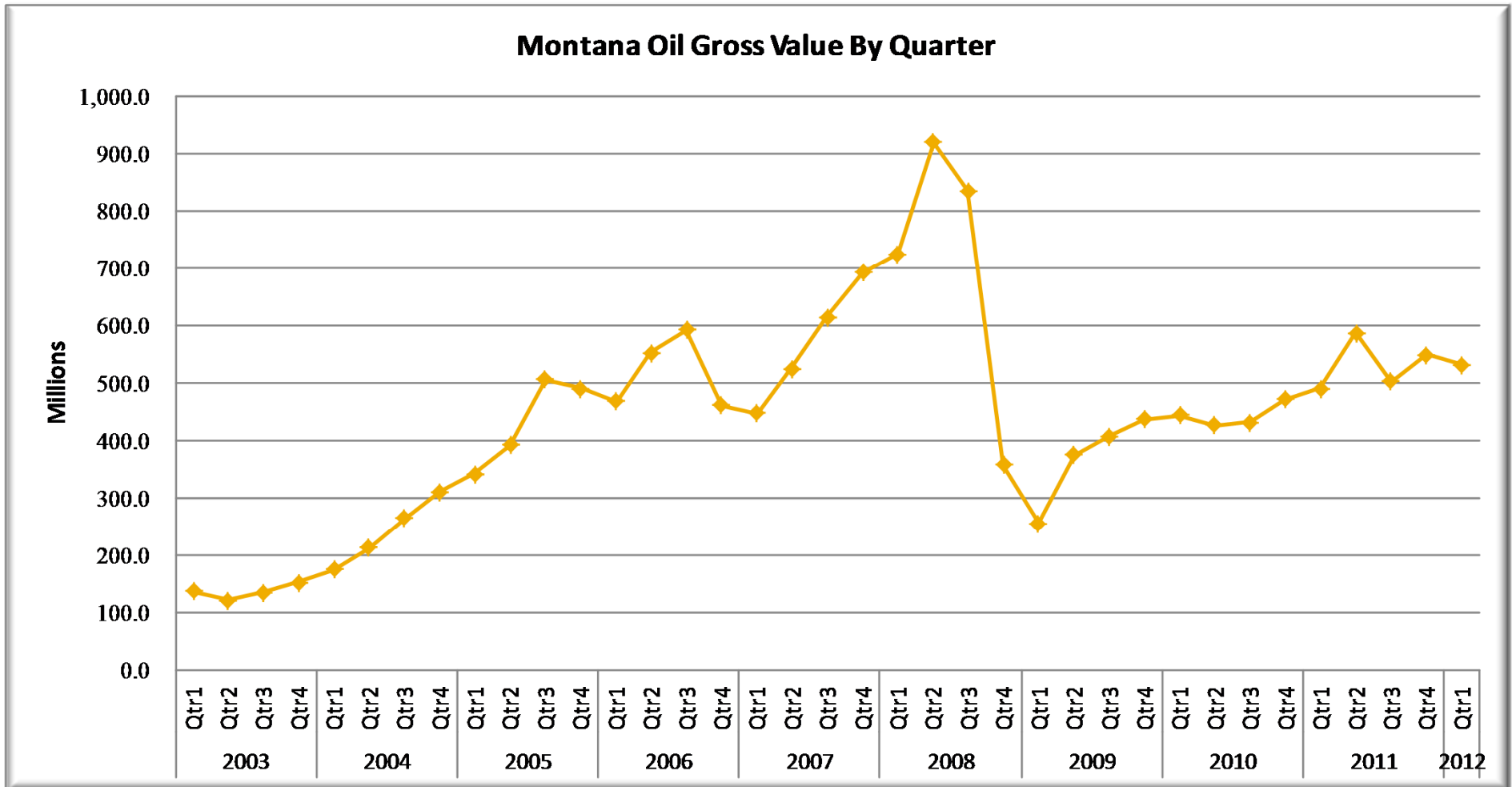


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# Natural Resource Spotlight



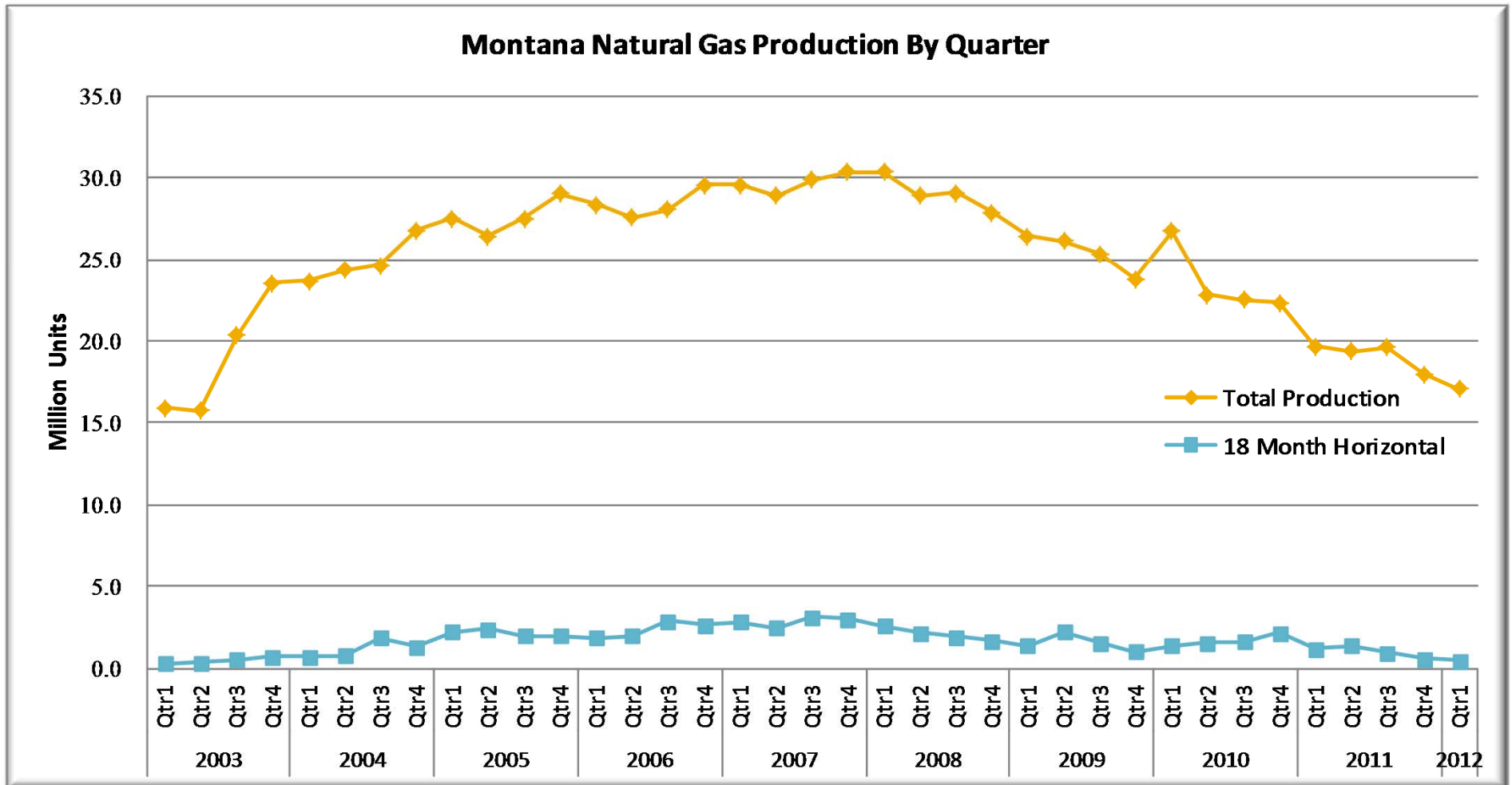


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# Natural Resource Spotlight



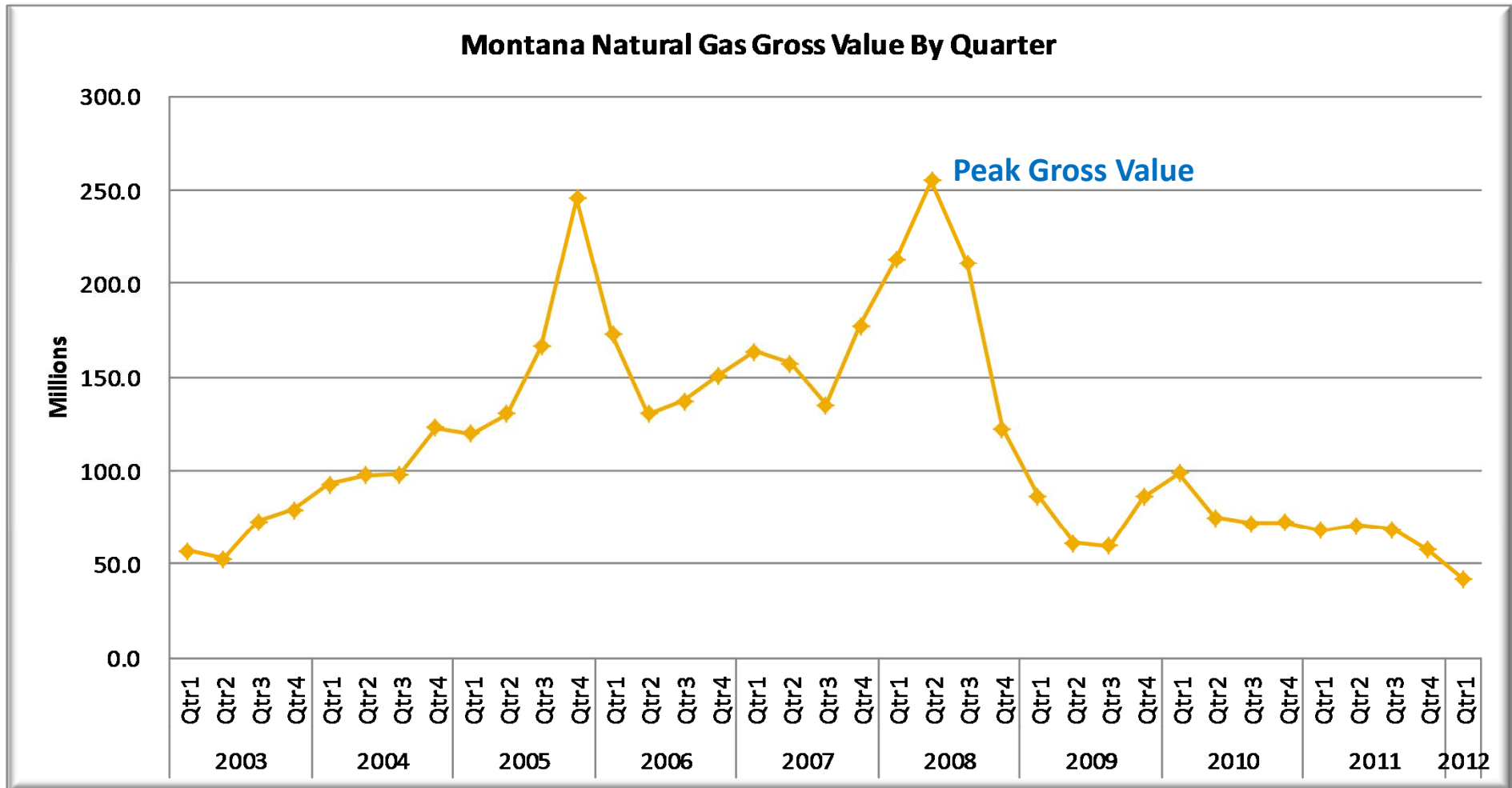


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# Natural Resource Spotlight





## Comparison of Budgeted to Actuals General Fund Items

<b>Summary of General Fund Balance Changes FY 2011 and FY 2012 (In Millions)</b>				
Fund Balance Item	FY 2011	FY 2012	2-Year Total	Percent of Total
Revenue Collections	\$75.9	\$85.3	\$161.2	60.1%
Unexpended Appropriations	46.4	44.5	90.9	33.9%
Balance Adjustments	<u>(5.9)</u>	<u>21.9</u>	<u>16.0</u>	6.0%
<b>Total Change</b>	<b>\$116.4</b>	<b>\$151.7</b>	<b>\$268.1</b>	





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## General Fund Revenue Changes

<b>Significant General Fund Revenue Sources</b> <b>Comparison To HJ 2 for FY 2011 and FY 2012 (In Millions)</b>					
Revenue Source	FY 2011		FY 2012		2-Year Total
	% of Tot. Revenue	Over/Under HJ2 Est.	% of Tot. Revenue	Over/Under HJ2 Est.	
Individual Income Tax	45.8%	\$53.7	47.8%	\$89.5	\$143.2
Property Tax	12.9%	0.3	12.6%	(0.5)	(0.2)
Corporation License Tax	6.7%	21.7	6.8%	12.7	34.4
Vehicle Fee/Tax	5.7%	(6.4)	5.3%	(6.8)	(13.2)
Oil & Gas Production Tax	5.6%	(4.8)	5.2%	(5.4)	(10.2)
Insurance Premium Tax	4.5%	2.5	3.1%	1.6	4.1
Video Gaming Tax	<u>2.8%</u>	<u>0.5</u>	<u>2.9%</u>	<u>1.0</u>	<u>1.5</u>
<b>Totals</b>	<b>84.0%</b>	<b>\$67.5</b>	<b>83.7%</b>	<b>\$92.1</b>	<b>\$159.6</b>



## General Fund Revenue Changes

<b>Summary of Revenue Changes Compared to HJ 2 FY 2011 and FY 2012 (In Millions)</b>			
	FY 2011	FY 2012	2-Year Total
<b>Revenue Collections</b>			
Individual Income Tax	\$53.7	\$89.5	\$143.2
Corporation License Tax	21.7	12.8	34.5
All Other	<u>0.5</u>	<u>(17.0)</u>	<u>(16.5)</u>
<b>Total Change</b>	<b>\$75.9</b>	<b>\$85.3</b>	<b>\$161.2</b>



## Income Tax Income Assumptions

Comparison of Growth Rate Estimates with Tax Year 2010 Actual Growth (In Millions)					
Source	2009 Actual	HJ 2 Estimate	2010 Actual	Act. - Est. Difference	Act. - Est. % Diff.
Wage Income	\$13,137.0	\$13,431.1	\$13,390.0	-\$41.2	-0.3%
Interest Income	519.8	429.9	443.0	13.1	3.1%
Dividend Income	462.4	458.0	504.4	46.5	10.1%
Taxable Refunds	113.7	119.2	98.7	-20.5	-17.2%
Alimony Received	12.8	13.6	13.6	0.0	0.0%
Net Business	648.2	624.5	690.8	66.3	10.6%
Capital Gains	912.0	1,095.3	992.6	-102.7	-9.4%
Supplemental Gains	19.0	16.8	42.1	25.2	149.9%
<b>Rents &amp; Royalties</b>	<b>1,508.4</b>	<b>1,542.0</b>	<b>1,823.3</b>	<b>281.3</b>	<b>18.2%</b>
<b>IRA Income</b>	<b>396.7</b>	<b>433.2</b>	<b>548.6</b>	<b>115.4</b>	<b>26.6%</b>
Taxable Pensions	1,567.2	1,640.6	1,658.2	17.6	1.1%
Taxable Soc. Sec.	540.6	592.4	603.8	11.4	1.9%
Farm Income	-183.6	-155.6	-145.1	10.5	-6.8%
Other Income	-326.3	-326.3	-408.8	-82.5	25.3%
<b>Total Income</b>	<b>\$19,328.0</b>	<b>\$19,914.7</b>	<b>\$20,255.2</b>	<b>\$340.5</b>	<b>1.7%</b>



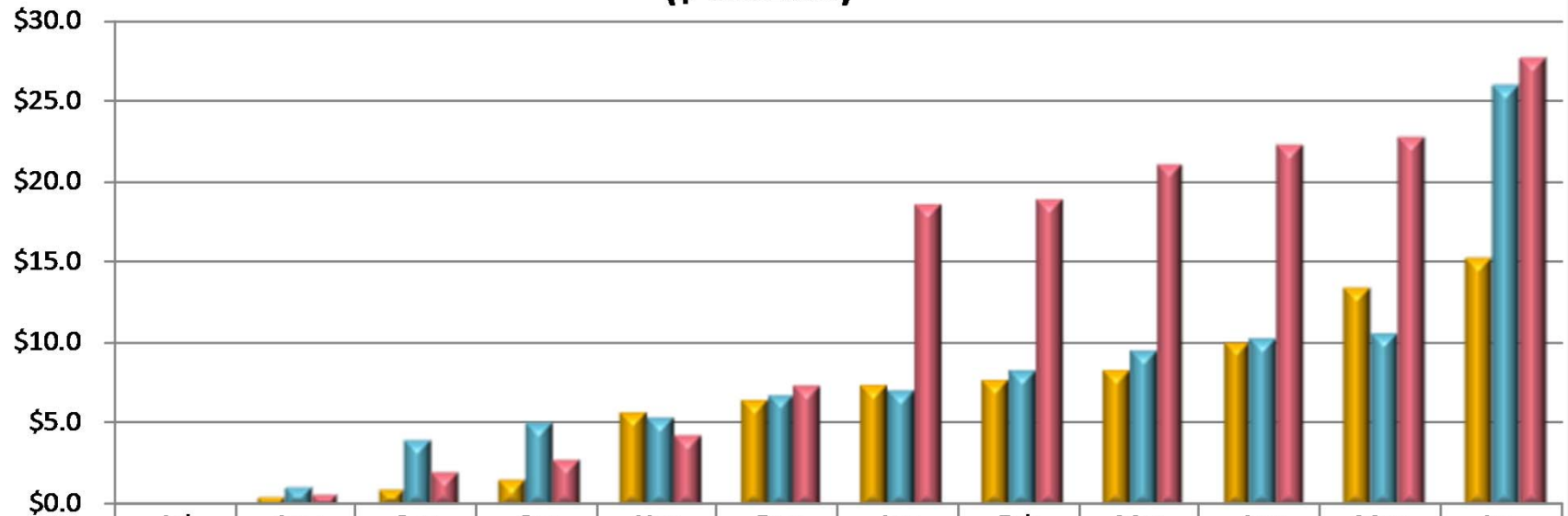
## Individual Income Tax FY 2012

Summary of Possible Error Sources (In Millions)	
Source	Amount
Underestimate of two major growth rates	\$15
Underestimate of other growth rates	15
Effect of trough base year	60
<b>Total</b>	<b>\$90</b>



# Corporation License Tax Audits

**Cummulative Corporation License Tax Audit Collections By Month  
(\$ Millions)**



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>FY2010</b>	\$0.0	\$0.6	\$1.0	\$1.7	\$5.9	\$6.6	\$7.6	\$7.9	\$8.4	\$10.1	\$13.5	\$15.4
<b>FY2011</b>	\$0.0	\$1.2	\$4.2	\$5.2	\$5.6	\$6.9	\$7.3	\$8.5	\$9.7	\$10.5	\$10.7	\$26.1
<b>FY2012</b>	\$0.0	\$0.8	\$2.1	\$2.9	\$4.5	\$7.5	\$18.7	\$19.1	\$21.3	\$22.4	\$22.9	\$27.9



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## **Summary of Budget Amounts vs Actuals**

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### **➤ Revenue Estimates**

- Individual Income Tax
- Corporation License Tax

### **➤ Unexpended Appropriations**

### **➤ Balance Adjustments**