

COAL SEVERANCE TAX: SUMMARY OF DIFFERENCES & ADJUSTMENTS

The table below shows the estimate contained in HJ 2, the January estimate updates provided by the executive and LFD, and the adjustments, if applicable, made since the initial presentation to the Joint Subcommittee on Revenue Estimates.

Coal Severance Tax Revenue Estimate Differences (\$ Millions)								
FY	HJ 2	January Executive	January LFD	January \$ Diff.	Adjusted Executive	Adjusted LFD	Adjusted \$ Diff.	Comments
2015	\$15.4	\$16.5	\$15.4	\$1.1		\$15.7		
2016	16.1	16.8	16.0	0.8		16.3		
2017	16.6	16.6	16.6	(0.0)		16.8		
Total	\$48.2	\$49.9	\$48.0	\$1.8	\$0.0	\$48.8		

ADJUSTMENTS TO JANUARY UPDATES

- The adjustment comes in one area, how LFD and OBPP brought in production from the survey of a mine which gave a range of possible values. In talking with OBPP it seemed the starting point for LFD phasing in the production estimate was possibly low for FY 2015, this adjustment cut the difference between the estimates by close to half.

COMMITTEE COMMENTS, CONCERNS OR SUGGESTIONS

ELECTRICAL ENERGY TAX: SUMMARY OF DIFFERENCES & ADJUSTMENTS

The table below shows the estimate contained in HJ 2, the January estimate updates provided by the executive and LFD, and the adjustments, if applicable, made since the initial presentation to the Joint Subcommittee on Revenue Estimates.

Electrical Energy Tax Estimate Differences (\$ Millions)								
FY	HJ 2	January Executive	January LFD	January \$ Diff.	Adjusted Executive	Adjusted LFD	Adjusted \$ Diff.	Comments
2015	\$4.7	\$4.7	\$4.7	(\$0.1)		\$4.7		
2016	4.7	4.5	4.7	(0.2)		4.6		
2017	4.7	4.5	4.7	(0.2)		4.6		
Total	\$14.1	\$13.7	\$14.1	(\$0.5)	\$0.0	\$13.9		

ADJUSTMENTS TO JANUARY UPDATES

- There are differences in the way electrical energy is modeled between LFD and OBPP. One difference that was noted was the starting year of actual data for trend purposes. LFD had been using 2005 while OBPP was using 2009. While this causes only slight changes, the adjustment of the LFD model to use 2009 as the starting year produced an estimate that is in between the January LFD and OBPP estimates. Due to how close these two estimates are, and there being no clear reason for a specific starting year, LFD sees this adjustment as perfectly reasonable.

COMMITTEE COMMENTS, CONCERNS OR SUGGESTIONS

METAL MINES TAX: SUMMARY OF DIFFERENCES & ADJUSTMENTS

The table below shows the estimate contained in HJ 2, the January estimate updates provided by the executive and LFD, and the adjustments, if applicable, made since the initial presentation to the Joint Subcommittee on Revenue Estimates.

Metal Mines Tax Revenue Estimate Differences								
(\$ Millions)								
FY	HJ 2	January Executive	January LFD	January \$ Diff.	Adjusted Executive	Adjusted LFD	Adjusted \$ Diff.	Comments
2015	\$8.0	\$8.1	\$8.0	\$0.1	\$7.8	\$8.2	(\$0.4)	
2016	8.0	8.5	8.0	0.5	8.0	8.3	(0.3)	
2017	7.5	8.6	7.5	1.1	8.2	7.9	0.3	
Total	\$23.5	\$25.2	\$23.5	\$1.7	\$24.1	\$24.5	(\$0.4)	

ADJUSTMENTS TO JANUARY UPDATES

- LFD estimate incorporated source of commodity price forecasts used by executive
- Executive & LFD adjusted for closure of Troy Mine

COMMITTEE COMMENTS, CONCERNS OR SUGGESTIONS

OIL & NATURAL GAS TAXES: SUMMARY OF DIFFERENCES & ADJUSTMENTS

The table below shows the estimate contained in HJ 2, the January estimate updates provided by the executive and LFD, and the adjustments, if applicable, made since the initial presentation to the Joint Subcommittee on Revenue Estimates.

Oil Production Tax Revenue Estimate Differences								
(\$ Millions)								
FY	HJ 2	January Executive	January LFD	January \$ Diff.	Adjusted Executive	Adjusted LFD	Adjusted \$ Diff.	Comments
2015	\$95.2	\$73.4	\$81.9	(\$8.6)			\$0.0	
2016	90.6	71.2	71.0	0.2			-	
2017	92.7	80.8	79.2	1.6			-	
Total	\$278.5	\$225.4	\$232.1	(\$6.7)	\$0.0	\$0.0	\$0.0	

ADJUSTMENTS TO JANUARY UPDATES

- While there is still some uncertainty in the difference, it seems the difference in FY 2015 arises from how the price decline is brought into the models. As the decline occurred at the beginning of FY 2015, the LFD model may currently have too much emphasis on CY 2014 data. This as well as bringing in new Board of Oil and Gas data that came out on the 2nd is something we'd like to adjust within the model.

COMMITTEE COMMENTS, CONCERNS OR SUGGESTIONS

U.S. MINERAL ROYALTIES: SUMMARY OF DIFFERENCES & ADJUSTMENTS

The table below shows the estimate contained in HJ 2, the January estimate updates provided by the executive and LFD, and the adjustments made since the initial presentation to the Joint Subcommittee on Revenue Estimates.

U.S. Mineral Royalties Revenue Estimate Differences (\$ Millions)								
FY	HJ 2	January Executive	January LFD	January \$ Diff.	Adjusted Executive	Adjusted LFD	Adjusted \$ Diff.	Comments
2015	\$26.9	\$27.1	\$26.3	\$0.8		\$27.0		
2016	24.7	28.7	24.5	4.1		25.4		
2017	24.6	29.2	24.9	4.3		25.9		
Total	\$76.2	\$85.0	\$75.8	\$9.2	\$0.0	\$78.3		

ADJUSTMENTS TO JANUARY UPDATES

- There are two areas that primarily drive U.S. mineral royalty collections, one of which is oil. After discussions with OBPP it seemed that an area of possible improvement to the LFD model was oil production from federal land. LFD's production numbers were perhaps too low, these have been adjusted which accounts for the change in the LFD number above, although OBPP still remains slightly higher in production estimates.
- The second area that causes differences in the estimates is coal royalties, this is where the vast remainder of the difference arises. Here it is the view of LFD that production of coal from federal land is still in line with our previous estimate.

COMMITTEE COMMENTS, CONCERNS OR SUGGESTIONS

WHOLESALE ENERGY TRANSACTION TAX: SUMMARY OF DIFFERENCES & ADJUSTMENTS

The table below shows the estimate contained in HJ 2, the January estimate updates provided by the executive and LFD, and the adjustments, if applicable, made since the initial presentation to the Joint Subcommittee on Revenue Estimates.

Wholesale Energy Transaction Tax Revenue Estimate Differences (\$ Millions)								
FY	HJ 2	January Executive	January LFD	January \$ Diff.	Adjusted Executive	Adjusted LFD	Adjusted \$ Diff.	Comments
2015	\$3.7	\$3.7	\$3.7	(\$0.0)		\$3.6		
2016	3.6	3.5	3.6	(0.1)		3.6		
2017	3.6	3.5	3.6	(0.1)		3.6		
Total	\$10.9	\$10.7	\$10.9	(\$0.2)	\$0.0	\$10.8		

ADJUSTMENTS TO JANUARY UPDATES

- Similar to electrical energy tax, wholesale energy transaction tax had very similar estimates between LFD and OBPP over the three year period. There are modeling differences, but one of the input differences was one again the start year, LFD used 2008 while OBPP used 2009 for the starting trend data year. LFD has adjusted to 2009, which caused a small change that made the estimates closer.

COMMITTEE COMMENTS, CONCERNS OR SUGGESTIONS

COAL TRUST INTEREST EARNINGS: SUMMARY OF DIFFERENCES & ADJUSTMENTS

The table below shows the estimate contained in HJ 2, the January estimate updates provided by the executive and LFD, and the adjustments, if applicable, made since the initial presentation to the Joint Subcommittee on Revenue Estimates.

Coal Trust Interest Earnings Revenue Estimate Differences (\$ Millions)								
FY	HJ 2	January Executive	January LFD	January \$ Diff.	Adjusted Executive	Adjusted LFD	Adjusted \$ Diff.	Comments
2015	\$20.5	\$20.6	\$20.5	\$0.1	\$20.6	\$20.5	\$0.1	
2016	19.8	19.9	19.8	0.0	19.9	19.9	-	
2017	22.5	20.0	22.5	(2.5)	20.0	22.5	(2.5)	
Total	\$62.8	\$60.5	\$62.8	(\$2.3)	\$60.5	\$62.9	(\$2.4)	

ADJUSTMENTS TO JANUARY UPDATES

- Took the average of the OBPP and LFD estimates in the first two years.
- No adjustments were made to the third year as the two agencies have different assumptions on the future of the Regional Water trust balance.

COMMITTEE COMMENTS, CONCERNS OR SUGGESTIONS

TCA INTEREST EARNINGS: SUMMARY OF DIFFERENCES & ADJUSTMENTS

The table below shows the estimate contained in HJ 2, the January estimate updates provided by the executive and LFD, and the adjustments, if applicable, made since the initial presentation to the Joint Subcommittee on Revenue Estimates.

Treasury Cash Account Interest Earnings Revenue Estimate Differences (\$ Millions)								
FY	HJ 2	January Executive	January LFD	January \$ Diff.	Adjusted Executive	Adjusted LFD	Adjusted \$ Diff.	Comments
2015	\$1.6	\$1.7	\$1.6	\$0.1	\$1.7	\$1.7	\$0.0	
2016	9.2	9.3	9.0	0.3	9.3	9.2	0.1	
2017	21.4	22.0	21.3	0.7	22.0	21.9	0.1	
Total	\$32.2	\$33.0	\$31.9	\$1.1	\$33.0	\$32.8	\$0.2	

ADJUSTMENTS TO JANUARY UPDATES

- Used the average of the OBPP and LFD estimated TCA balance
- Used the average of the OBPP and LFD estimated interest rates

COMMITTEE COMMENTS, CONCERNS OR SUGGESTIONS