

OFFICE OF THE GOVERNOR
BUDGET AND PROGRAM PLANNING
STATE OF MONTANA

BRIAN SCHWEITZER
GOVERNOR



PO Box 200802
HELENA, MONTANA 59620-0802

January 29, 2010

Hon. Kim Gillan, Chair
Revenue and Transportation Committee
750 Judicial Avenue
Billings, MT 59105

Dear Senator Gillan:

My staff has advised me that at this time projected general fund revenue , when compared to the appropriations for the biennium passed by the 2009 Legislature, will result in an ending fund balance that is below statutory limits. I have attached a revised copy of the revenue estimates prepared by my staff. In accordance with § 17-7-140, MCA, it is my intention to certify to Governor Schweitzer that the general fund balance has fallen below the level required by the statute. I look forward to any comments your committee may have regarding the estimates. My staff and I will be available at your February 18 meeting to answer any questions that you may have.

Governor Schweitzer has already begun implementing the expenditure reduction process outlined in the statute, and anticipates implementing spending reductions following the March Legislative Finance Committee.

If you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "D. Ewer".

David Ewer
Budget Director

Attachment

cc: Susan Fox, Executive Director, Legislative Services Division
Amy Carlson, Legislative Fiscal Analyst

January 29, 2010

General Fund Revenue Forecast Relative to HJR 2 (adjusted for Legislation)



Revenue Category	FY 2010			FY 2011			Biennium
	Forecast	HJR 2	Difference	Forecast	HJR 2	Difference	Difference
Individual Income Tax	750.73	840.26	(89.53)	758.75	852.75	(93.99)	(183.53)
Property Tax	222.87	228.85	(5.98)	231.11	232.25	(1.14)	(7.11)
Vehicle Taxes and Fees	109.14	110.22	(1.08)	110.34	107.31	3.04	1.96
Corporation License Tax	93.00	115.64	(22.64)	79.20	121.37	(42.17)	(64.81)
Insurance Premiums Tax	59.20	58.76	0.44	60.83	61.80	(0.96)	(0.53)
Video Gambling License Tax	55.04	69.00	(13.96)	65.43	71.97	(6.54)	(20.50)
Oil and Gas Production Taxes	82.92	66.93	15.99	85.27	82.42	2.85	18.83
U.S. Mineral Royalties	20.80	27.80	(7.00)	20.83	30.42	(9.58)	(16.58)
Coal Severance Tax	11.29	10.85	0.45	11.23	11.56	(0.33)	0.12
Metalliferous Mines Tax	7.02	3.25	3.78	6.60	3.28	3.32	7.09
Electrical Energy Tax	4.58	4.72	(0.14)	4.67	4.73	(0.06)	(0.19)
Wholesale Energy Transactions Tax	3.74	3.93	(0.19)	3.82	3.99	(0.17)	(0.36)
Coal Trust Interest Earnings	27.71	28.57	(0.86)	27.93	28.29	(0.36)	(1.22)
Treasury Cash Account Interest	4.43	7.97	(3.53)	6.11	15.91	(9.79)	(13.33)
Liquor Excise and License Taxes	16.46	16.58	(0.12)	17.52	17.64	(0.12)	(0.24)
Liquor Profits	9.10	7.04	2.06	9.30	9.15	0.15	2.21
Beer Tax	3.19	3.22	(0.03)	3.26	3.28	(0.02)	(0.05)
Wine Tax	2.04	2.04	(0.00)	2.15	2.15	0.00	(0.00)
Cigarette Tax	33.30	32.01	1.29	33.21	32.07	1.14	2.43
Tobacco Products Tax	4.69	4.74	(0.05)	4.72	4.80	(0.07)	(0.12)
Tobacco Settlement Funds	4.01	4.01	0.00	4.07	4.07	0.00	0.00
Telecommunications Excise Tax	22.04	21.67	0.37	22.23	21.76	0.47	0.84
Institutional Reimbursements	16.05	16.05	0.00	15.03	15.28	(0.25)	(0.25)
Accommodations Tax	13.43	13.38	0.05	14.27	13.93	0.34	0.39
Health Care Facility Utilization Fees	5.49	5.21	0.27	5.41	5.11	0.30	0.57
Rental Car Sales Tax	2.99	3.18	(0.19)	3.18	3.31	(0.14)	(0.33)
Lottery	11.52	10.97	0.56	12.29	11.52	0.77	1.32
Highway Patrol Fines	4.23	4.06	0.17	4.26	4.06	0.20	0.37
Investment Licenses and Permits	6.17	6.21	(0.04)	6.40	6.83	(0.43)	(0.47)
Contractors' Gross Receipts Tax	4.66	4.32	0.34	3.93	4.36	(0.43)	(0.09)
Driver's License Fee	4.78	3.92	0.86	3.59	4.74	(1.15)	(0.30)
Rail Car Tax	2.61	2.30	0.31	2.59	2.34	0.25	0.56
Other Revenue	32.57	35.28	(2.71)	36.05	34.95	1.10	(1.61)
TOTAL GENERAL FUND REVENUE	\$1,651.79	\$1,772.92	(\$121.13)	\$1,675.56	\$1,829.35	(\$153.78)	(\$274.91)

2011 Biennium General Fund Balance Sheet



	<u>FY 2010</u>	<u>FY 2011</u>
Beginning Fund Balance	392.53	186.99
OBPP Revenue Estimate	1651.79	1675.56
Total Funds Available	2044.31	1862.55
<hr/>		
Disbursements - Ongoing		
HB 2	1475.72	1546.07
Statutory Appropriations	179.14	181.01
Non-Budgeted Transfers	8.68	12.88
Feed Bill	1.83	7.63
Reversions	(5.27)	(5.27)
Other Appropriations	0.06	0.08
Subtotal	1660.15	1742.40
<hr/>		
Disbursements - One-Time-Only		
HB 2	23.21	19.25
Non-Budgeted Transfers	79.25	38.21
HB 645	75.31	57.05
Other Appropriations	19.40	0.05
Subtotal	197.17	114.56
<hr/>		
Total Disbursements	1857.33	1856.96
<hr/>		
Ending Fund Balance	186.99	5.59