

## Treasury Cash Account Interest

### Revenue Description

Interest is generated by excess treasury cash being invested in short and medium-term investments. The Board of Investments (BOI) is responsible for investing all state funds. [Title 17, Chapter 6, MCA](#), provides guidelines under which the funds must be invested. Unless specifically stated by statute, all interest earned on these investments is deposited in the general fund.

### Statutory Reference

Distribution – [17-6-202\(2\), MCA](#)

Date Due – Interest deposits are mostly made monthly, with two in June and none in July

**Applicable Tax Rates:** N/A

**Collection Frequency:** Ongoing

**Distribution:** All proceeds are deposited into the general fund.

### Comparison of Legislative and Executive Forecasts

The difference between the legislative and executive forecasts is primarily due to differences in the estimated average daily balance of the treasury cash account.

Treasury Cash Account Interest (\$ Millions)				
	FY 2015	FY 2016	FY 2017	Total
Executive Forecast	\$1.700	\$9.880	\$25.790	\$37.370
Legislative Forecast	1.605	9.196	21.378	32.179
Difference	\$0.095	\$0.684	\$4.412	\$5.191
% Difference	5.9%	7.4%	20.6%	16.1%

### Forecast Risks

- Short-term interest rates
- Average daily balance

### Revenue Estimate Methodology

#### Data

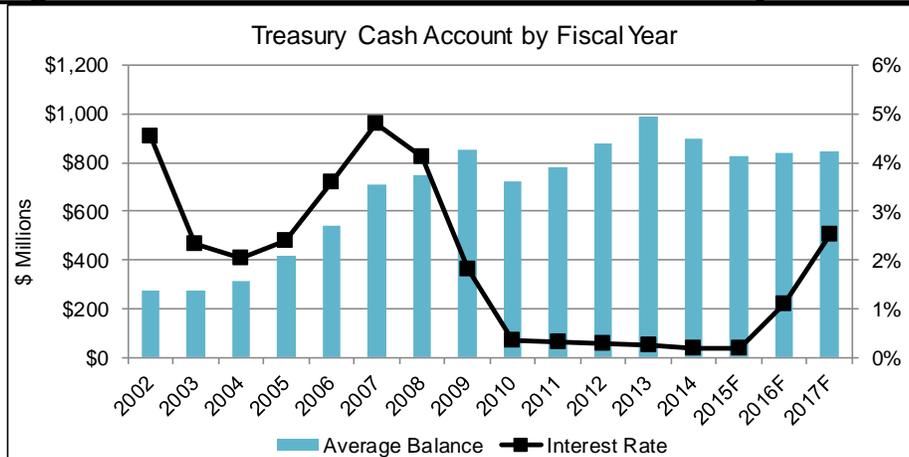
The BOI provides monthly reports on the treasury cash account balance. Projections of future interest rates are provided by IHS and historic interest collections are obtained from SABHRS.

#### Analysis

The average balance of the TCA is estimated using an eight-year moving average. When cash flow is insufficient, tax revenue anticipation notes (TRANS) are issued to meet short-term cash flow needs. The term of the loan and amount borrowed are used to determine the amount to be added to the average balance calculations.

## Interest Earnings

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Short-term interest rates are estimated by based on a composite rate of IHS forecasts for the 3-month commercial paper, 3-month treasury bill, and 6-month treasury bill rates. The average TCA balance multiplied by the composite interest rate produces total fiscal year revenue.

## Revenue Estimate Assumptions

FY	Total Rev. \$ Millions	GF Rev. \$ Millions	Avg. Bal. Millions	Short-Term Interest Rate
A 2002	\$12.414	\$12.414	\$273.343	4.5%
A 2003	6.366	6.366	273.929	2.3%
A 2004	6.393	6.393	311.478	2.1%
A 2005	10.047	10.047	419.349	2.4%
A 2006	18.631	18.631	542.420	3.6%
A 2007	33.951	33.951	710.102	4.8%
A 2008	30.783	30.783	750.831	4.1%
A 2009	15.507	15.507	849.208	1.8%
A 2010	2.692	2.692	725.341	0.4%
A 2011	2.519	2.519	781.879	0.3%
A 2012	2.654	2.654	880.340	0.3%
A 2013	2.465	2.465	986.184	0.2%
A 2014	1.756	1.756	900.464	0.3%
F 2015	1.605	1.605	823.043	0.3%
F 2016	9.196	9.196	837.161	1.1%
F 2017	21.378	21.378	847.952	2.5%

