

U.S. Mineral Royalties

Revenue Description

Under the federal Mineral Lands Leasing Act ([30 USC, Section 191](#)), 50% of all sales, bonuses, royalties, and rentals received from federal lands in Montana must be paid to the state; however, that rate is currently at 48%. The money is to be used as the legislature may direct, giving priority to those subdivisions of the state socially or economically impacted by development of minerals leased under the federal act. The revenue produced on federal public lands includes royalties and bonuses from oil, gas, coal, and other mineral exploration and extraction.

Statutory Reference

Distribution – [17-3-240, MCA](#)

Collection Frequency: Monthly

Distribution

Receipts are deposited 75% to the general fund and 25% to the state special revenue mineral impact account. Money in the mineral impact account is statutorily appropriated for distribution to eligible counties in which the minerals were extracted.

Comparison of Legislative and Executive Forecasts

The difference between the legislative and executive forecasts is primarily due to the same large differences in oil price that exist in the oil and natural gas estimates, as well as some oil production, which LFD has continuing its decline on federal land. Modeling differences in coal may also play a role.

U.S. Mineral Royalties (\$ Millions)				
	FY 2015	FY 2016	FY 2017	Total
Executive Forecast	\$30.770	\$31.710	\$32.860	\$95.340
Legislative Forecast	26.888	24.726	24.557	76.170
Difference	\$3.882	\$6.984	\$8.303	\$19.170
% Difference	14.4%	28.2%	33.8%	25.2%

Forecast Risks

- Coal, oil, and other mineral prices
- The amount of production on federal lands
- Federal legislative impacts

Revenue Estimate Methodology

Data

Federal fiscal year data on receipts by mineral type as well as royalty, bonus, rents, and other categories are combined with growth and distribution data from the coal and oil & natural gas analysis.

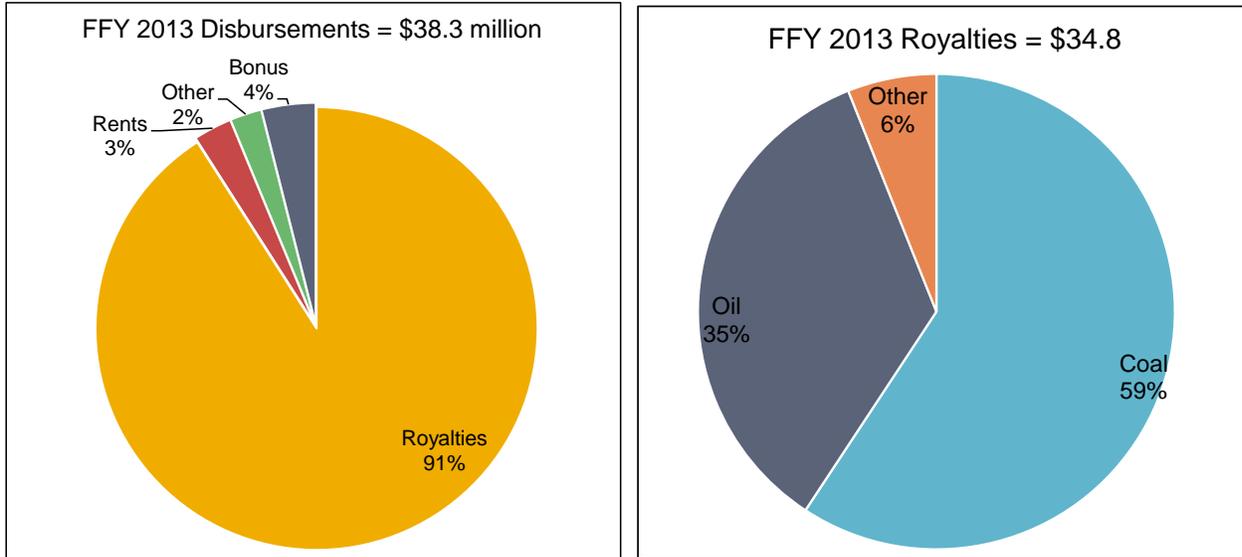
Analysis

The estimate for mineral royalties is obtained by multiplying together estimates for production & price (based on data from other natural resource analysis), the applicable royalty rate, and Montana's percentage share for coal, oil, natural gas, natural gas liquids, and methane. Rents, bonuses and other revenues are then simply trended as they are much more volatile than royalties. The estimates

Natural Resource Taxes

U.S. Mineral Royalties

are based on the federal fiscal year, so a 25/75 split is used to convert to a state fiscal year. The following charts show the revenue source by type of payment, and the royalties by source.



Revenue Estimate Assumptions

FY	Total Rev. \$ Millions	GF Rev. \$ Millions	Total Rents Millions CY	Total Bonuses Millions CY	Total Royalties Millions CY	Total Other Millions CY
A 2002	19.772	19.772	1.828	1.355	50.035	0.293
A 2003	25.990	25.990	5.263	1.843	60.692	1.572
A 2004	28.736	28.736	3.868	1.141	62.927	1.800
A 2005	36.392	27.294	3.678	1.073	70.134	0.976
A 2006	39.071	29.304	3.408	1.208	73.641	1.097
A 2007	37.628	28.221	3.568	1.516	75.914	1.877
A 2008	48.518	36.389	3.359	5.426	96.015	1.510
A 2009	42.098	31.573	3.061	5.837	64.609	14.438
A 2010	40.384	30.288	2.860	11.185	76.391	1.656
A 2011	42.564	31.923	2.699	9.255	78.732	2.036
A 2012	41.409	31.057	2.404	18.859	77.207	0.236
A 2013	38.940	29.205	2.247	3.143	72.476	1.844
A 2014	36.992	27.744	2.654	8.951	67.605	1.443
F 2015	35.850	26.888	2.654	8.951	59.651	1.443
F 2016	32.967	24.726	2.654	8.951	54.295	1.443
F 2017	32.742	24.557	2.654	8.951	55.456	1.443

Natural Resource Taxes

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CY	Oil Barrels Millions	Coal Tons Millions	Gas MCF's Millions	Oil Price	Coal Price	Gas Price
A 2002	3.863	33.491	20.392	20.66	8.79	2.42
A 2003	3.975	27.206	23.003	27.51	11.71	3.45
A 2004	4.296	29.781	24.538	31.98	10.05	4.36
A 2005	3.679	25.938	24.767	47.47	10.04	5.21
A 2006	3.845	23.192	26.324	53.70	10.12	6.09
A 2007	3.938	26.168	27.184	52.56	11.08	5.47
A 2008	3.847	25.708	29.307	92.27	10.95	6.35
A 2009	3.497	24.189	65.759	51.67	10.84	1.55
A 2010	3.325	25.087	17.207	67.21	14.31	4.39
A 2011	2.844	23.338	18.614	85.86	16.18	3.18
A 2012	2.669	22.631	15.615	86.73	16.93	2.30
A 2013	2.337	21.085	10.589	90.16	17.23	2.88
A 2014	2.212	20.090	9.793	93.38	16.38	3.50
F 2015	1.973	20.350	7.508	74.07	16.48	2.99
F 2016	1.734	18.895	5.223	73.11	16.71	3.04
F 2017	1.495	19.097	5.223	79.62	17.39	3.30

Revenue Projection

