

## Parks Trust Interest

### Revenue Description

The Parks Trust is one of several trusts set up with money from the coal severance tax. Income from the parks trust must be appropriated for the acquisition, development, operation, and maintenance of state parks, state recreational areas, state monuments, and state historical sites under control of the Department of Fish, Wildlife and Parks (FWP). For more information on the coal permanent trust earnings and distributions, see the chart in the [Coal Severance Tax](#) section.

### Statutory Reference

Distribution – [15-35-108\(4\), MCA](#)

**Applicable Tax Rates:** N/A

**Collection Frequency:** Monthly

### Distribution

Interest earnings on the parks trust are allocated to FWP and deposited to a state special revenue fund.

### Forecast Risks

- Short and long term interest rates
- Bond rates
- Coal price and production

### Revenue Estimate Methodology

#### Data

The Board of Investments (BOI) provides information on historic interest rates as well as the gains and losses from the sale of securities. Projections of future interest rates are provided by IHS and historic interest collections are obtained from SABHRS.

#### Analysis

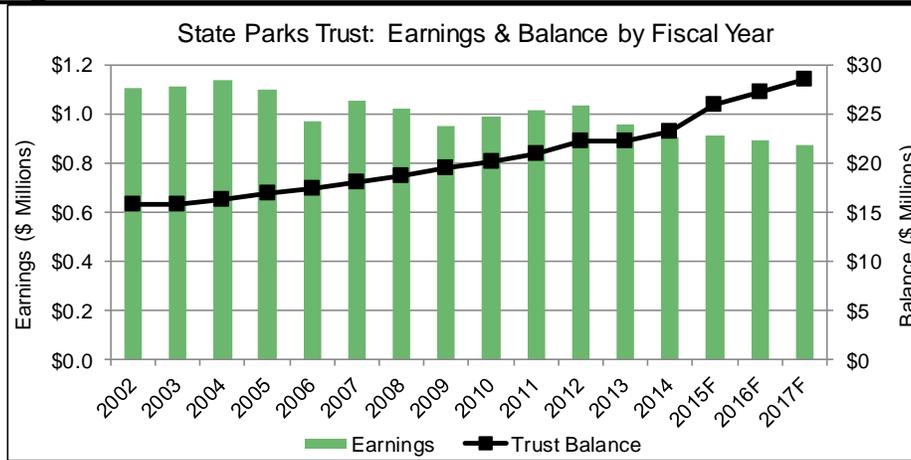
Each of the following interest or income components are estimated independently and combined to produce the overall estimate:

- Trust funds bond pool (TFBP)
- Short-term investment pool (STIP)
- New trust deposits

The TFBP was formed in 1995 to manage the fixed investments held in the state's major trust funds. Each trust owns "shares" of the pool and interest earnings are paid to each trust on a per-share basis. TFBP earnings are the largest source of earnings for the trust, as shown in the figure below. TFBP earnings are forecast by applying estimated return rates, provided by the BOI, to the current and forecast trust balance.

**Interest Earnings**

**Parks Trust Interest**



STIP interest is earned on the temporary investment of trust funds. Funds are acquired from activities such as new deposits and investment sales. Funds are held in STIP until the BOI determines that conditions are favorable for deposit in the TFBP. Short-term interest forecasts from IHS are applied to money not invested in the TFBP to calculate future STIP earnings.

The 1.27% coal severance tax distribution to the parks trust is considered new deposits. New deposits are transferred to the trust on a quarterly basis. When the BOI receives the coal tax transfer, the funds are immediately invested in STIP. These new trust deposits are based on estimates of coal severance tax collections.

**Revenue Estimate Assumptions**

FY	Total Rev. \$ Millions	GF Rev. \$ Millions	TFBP Interest \$ Millions	STIP Interest \$ Millions	Invested Balance \$ Millions	TFBP Long Term Rate
A 2002	\$1.106	\$0.000	\$1.100	\$0.006	\$15.650	
A 2003	1.115	-	1.101	0.003	15.761	
A 2004	1.140	-	1.138	0.002	15.861	7.0%
A 2005	1.100	-	1.095	0.005	16.536	7.2%
A 2006	0.972	-	0.957	0.015	16.836	6.8%
A 2007	1.055	-	1.034	0.021	17.436	5.7%
A 2008	1.025	-	1.008	0.017	18.436	6.0%
A 2009	0.954	-	0.951	0.003	19.146	5.6%
A 2010	0.989	-	0.989	0.001	19.711	5.1%
A 2011	1.014	-	1.013	0.001	20.551	5.1%
A 2012	1.034	-	1.033	0.001	21.301	5.0%
A 2013	0.959	-	0.958	0.001	22.001	4.9%
A 2014	0.906	-	0.905	0.001	22.159	4.4%
F 2015	0.911	-	0.908	0.003	22.857	4.1%
F 2016	0.892	-	0.880	0.012	23.470	3.9%
F 2017	0.876	-	0.849	0.026	24.082	3.6%

**Interest Earnings**

**Parks Trust Interest**

FY	Net Coal Tax New Deposit \$ Millions	STIP Balance \$ Millions	Non Pool STIP Rate
A 2002	\$0.401	\$0.309	2.3%
A 2003	-	0.140	1.2%
A 2004	0.401	0.328	0.9%
A 2005	0.478	0.236	1.7%
A 2006	0.455	0.469	4.1%
A 2007	0.518	0.514	4.3%
A 2008	0.576	0.133	5.3%
A 2009	0.629	0.138	2.0%
A 2010	0.561	0.242	0.3%
A 2011	0.698	0.252	0.3%
A 2012	0.670	0.289	0.3%
A 2013	0.718	0.551	0.3%
A 2014	0.732	0.994	0.2%
F 2015	0.626	0.994	0.3%
F 2016	0.658	0.994	1.1%
F 2017	0.674	0.994	2.5%

**Revenue Projection**

