

Cultural Trust Interest

Revenue Description

The Cultural Trust is one of several trusts set up with money from the coal severance tax. The interest money from this fund is used primarily for works of art in the capitol and for other cultural and aesthetic projects. 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\(6\), MCA](#); [22-2-305, MCA](#)

Applicable Tax Rates: N/A

Collection Frequency: Monthly

Distribution

All income from the trust is deposited in a state special revenue fund to be appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.

Summary of Legislative Action: No impacting legislation was enacted in the 2015 session.

Revenue Estimate Methodology

Data

The Board of Investments (BOI) provides historic interest earnings from the trust as well as the gains and losses from the sale of investment instruments. Projections of interest rates are provided by IHS, and historic earnings are provided from SABHRS.

Analysis

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

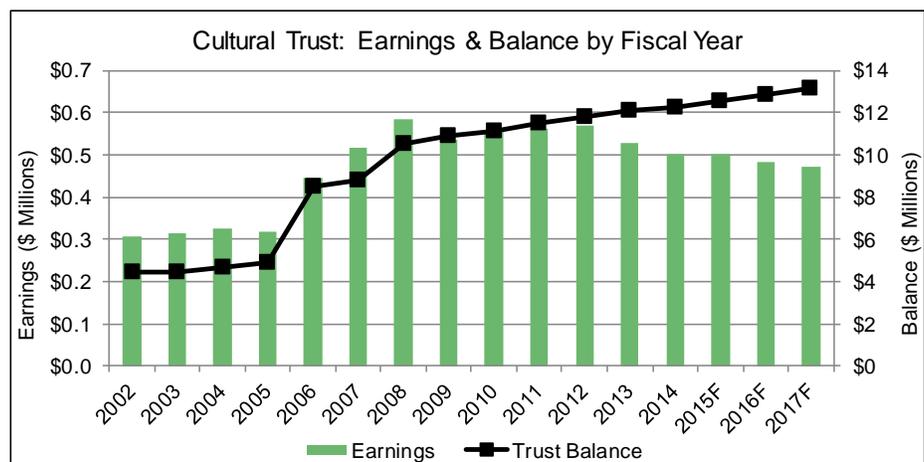
- Trust fund bond pool (TFBP)
- Short-term investment pool (STIP)
- New trust deposits

TFBP earnings are forecast by applying estimated return rates, provided by the BOI, to the current and forecast trust balance.

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 0.63% coal severance tax distribution to the cultural trust is considered new deposits. New deposits are transferred to the trust on a quarterly basis. These new trust deposits are forecast using estimates of coal severance tax collections.



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2015 Legislature.

FY	Total Rev. \$ Millions	GF Rev. \$ Millions	TFBP Interest \$ Millions	STIP Interest \$ Millions	Invested Balance \$ Millions	TFBP Long Term Rate
A 2002	\$0.305	-	\$0.304	\$0.001		
A 2003	0.314	-	0.310	0.001	\$4.408	7.2%
A 2004	0.326	-	0.325	0.001	4.455	6.7%
A 2005	0.318	-	0.316	0.002	4.605	6.4%
A 2006	0.447	-	0.421	0.026	4.840	6.0%
A 2007	0.516	-	0.513	0.003	8.415	6.0%
A 2008	0.584	-	0.573	0.011	8.725	5.1%
A 2009	0.535	-	0.534	0.001	10.404	5.1%
A 2010	0.553	-	0.553	0.000	10.724	5.0%
A 2011	0.561	-	0.559	0.000	11.024	4.9%
A 2012	0.568	-	0.567	0.001	11.430	4.5%
A 2013	0.527	-	0.527	0.001	11.710	4.2%
A 2014	0.504	-	0.504	0.000	11.930	3.9%
F 2015	0.501	-	0.501	0.001	12.230	3.7%
F 2016	0.485	-	0.482	0.003	12.575	3.4%
F 2017	0.471	-	0.464	0.006	12.882	3.6%

FY	Net Coal Tax New Deposit \$ Millions	Non Pool STIP Bal \$ Millions	Non Pool STIP Rate
A 2002	\$0.199	\$0.102	1.5%
A 2003	-	0.063	1.4%
A 2004	0.199	0.088	1.5%
A 2005	0.237	0.092	2.4%
A 2006	0.226	0.063	33.2%
A 2007	0.257	0.060	5.1%
A 2008	0.286	0.191	8.9%
A 2009	0.312	0.137	0.6%
A 2010	0.278	0.071	0.5%
A 2011	0.346	0.006	1.0%
A 2012	0.332	0.076	1.5%
A 2013	0.356	0.201	0.4%
A 2014	0.363	0.258	0.2%
F 2015	0.315	0.258	0.2%
F 2016	0.327	0.258	1.0%
F 2017	0.335	0.258	2.5%

Revenue Projection

