Deaf and Blind Trust Interest and Income

Revenue Description
The Deaf and Blind Trust is a fund set up for the support of the School for the Deaf and Blind using income generated from state land and the subsequent interest on the account. Lands granted by the federal government to the state for the benefit of public schools and various state institutions generate income through rents or crop shares for agricultural purposes, royalties from the sale of mineral rights, and sales of timber. Up to 25% of distributable revenue may be diverted to the trust land administration account to fund the Department of Natural Resources & Conservation (DNRC) administrative costs.

Statutory Reference
Distribution – 20-8-110, MCA
Enabling Act, Sections 11 & 17
Other – DNRC trust land administration diversion (77-1-108, MCA & 77-1-109, MCA)
DNRC land bank administration diversion (77-2-362, MCA)

Applicable Tax Rates: N/A

Collection Frequency: Monthly

Distribution
Interest and income from the trust, net of amounts to fund DNRC administration costs, are allocated to the School for the Deaf and Blind.

Summary of Legislative Action: The 65th Legislature did not enact legislation impacting this source.

Revenue Estimate Methodology
Data

SABHRS data provide a history of each individual interest and income revenue component; DNRC annual reports and other data provide additional information such as mineral production and timber estimates; and DNRC estimates for operating costs are used for the forecast diversion amounts.

Analysis

Trust and Legacy Earnings: The monetary assets of the trust are pooled with monetary assets of other land trusts in the T & L and invested by the Board of Investment in the trust funds bond pool. Based on the number of share each trust owns, a share of the earnings is deposited in each trust. The Deaf and Blind trust share is 0.8%. The total pool earnings is a sum of the following:

- Earnings from new deposits – New deposits in the pool initially earn interest at the short-term rate before it is invested in a longer term investment. IHS forecasts for short-term interest rates are used to project these interest earnings.
- Earnings from existing balance – The majority of these funds have been invested in bonds purchased over the past several years. Estimated return rates from the BOI are applied to the current and forecast trust balance to calculate the estimate.
- Non-portfolio earnings – Money not invested in the trust funds bond pool earns interest at the short-term rate.

Once the total amount of the pool earnings has been estimated by summing the above three items, it is multiplied by the Deaf and Blind trust share of 0.8%.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Earnings	0.21	0.20	0.17	0.19	0.20	0.20	0.20	0.20	0.20	0.19	0.20	0.20	0.20	0.20	0.20	0.19
Balance	411	411	423	428	439	441	445	465	498	531	578	613	635	653	671	691

Remaining revenue sources such as grazing and agricultural fees, as well as mineral royalties and oil and gas leases are typically estimated using a time series or assuming no growth from the previous fiscal year.

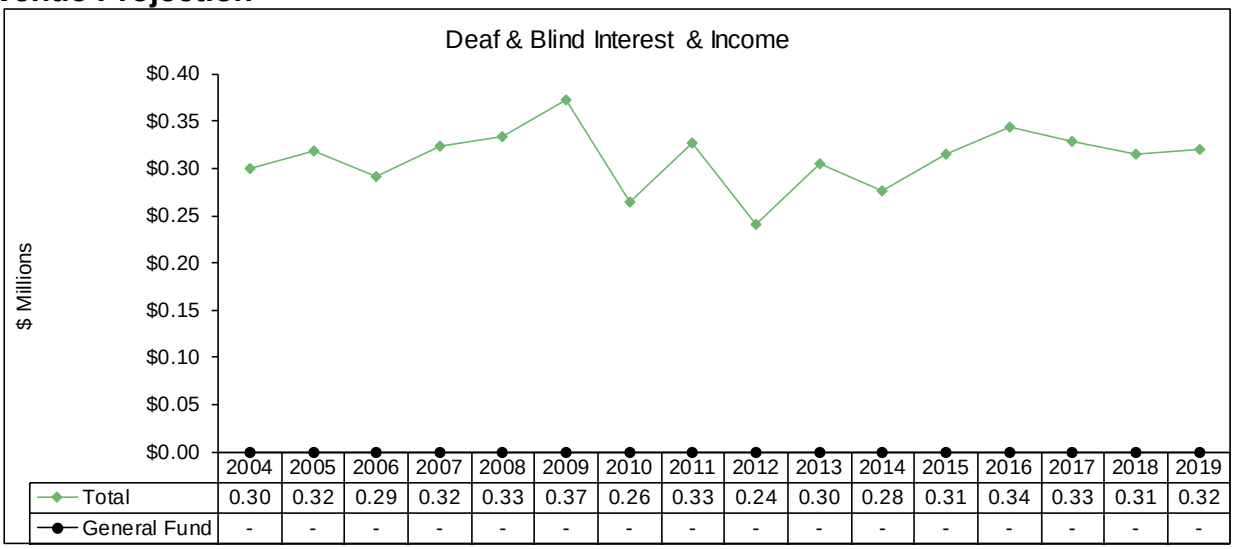
Future diversion amounts are based on estimates from the DNRC, and are assumed to be funded with distributable revenue.

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 2017 Legislature.

FY	Total Rev. $ Millions	GF Rev. $ Millions	TFBP Interest $ Millions	STIP Interest $ Millions	Deaf & Blind Share T&L	D&B T&L Interest $ Millions
A 2004	$0.299	-	$30.087	$0.054	0.7%	$0.212
A 2005	0.319	-	28.106	0.270	0.7%	0.201
A 2006	0.291	-	24.428	0.408	0.7%	0.175
A 2007	0.323	-	26.207	0.268	0.7%	0.193
A 2008	0.334	-	25.160	0.129	0.8%	0.199
A 2009	0.373	-	22.711	0.066	0.9%	0.197
A 2010	0.265	-	22.916	0.018	0.9%	0.198
A 2011	0.327	-	23.194	0.033	0.9%	0.198
A 2012	0.242	-	24.175	0.028	0.8%	0.201
A 2013	0.304	-	23.189	0.022	0.8%	0.192
A 2014	0.275	-	23.042	0.007	0.8%	0.196
A 2015	0.315	-	24.044	0.003	0.8%	0.199
A 2016	0.344	-	23.894	0.004	0.8%	0.201
F 2017	0.328	-	23.273	0.019	0.8%	0.200
F 2018	0.315	-	22.864	0.037	0.8%	0.197
F 2019	0.321	-	22.426	0.059	0.8%	0.193

	FY	Trust Income New Deposit $ Millions	TFBP Long Term Rate	Non Pool STIP Rate	Non Pool STIP Bal $ Millions	T&L Balance $ Millions
A	2004	$2.972	7.3%	1.3%	$7.050	$410.654
A	2005	1.458	6.8%	2.4%	12.107	410.654
A	2006	1.425	5.9%	4.1%	3.863	423.154
A	2007	7.174	6.2%	4.7%	14.954	428.154
A	2008	3.102	5.8%	3.1%	2.461	439.153
A	2009	4.126	5.2%	1.0%	4.161	441.153
A	2010	10.710	5.2%	0.2%	11.340	444.653
A	2011	22.233	5.1%	0.1%	15.565	464.553
A	2012	31.633	5.0%	0.1%	11.492	498.053
A	2013	35.482	4.5%	0.1%	13.436	531.053
A	2014	35.440	4.2%	0.1%	2.546	578.053
A	2015	26.197	4.0%	0.1%	2.927	612.524
A	2016	20.343	3.8%	0.3%	2.585	634.528
F	2017	21.173	3.6%	0.7%	2.585	652.648
F	2018	22.131	3.4%	1.4%	2.585	671.498
F	2019	22.974	3.2%	2.3%	2.585	691.306

	FY	Grazing $ Millions	Agriculture $ Millions	Oil & Gas Lease $ Millions	Oil & Gas Bonus $ Millions	Oil & Gas Penalty $ Millions	Misc. $ Millions	TLMD Adm. $ Millions
A	2004	$0.039	$0.016	$0.002	-	-	$0.033	-
A	2005	0.048	0.039	0.002	-	-	0.033	-
A	2006	0.051	0.030	0.002	-	-	0.037	-
A	2007	0.061	0.029	0.002	-	$0.003	0.040	-
A	2008	0.056	0.036	0.002	-	0.003	0.043	-
A	2009	0.062	0.042	0.009	$0.008	0.003	0.060	-
A	2010	0.056	0.027	0.009	-	0.003	0.057	($0.085)
A	2011	0.057	0.042	0.008	-	0.001	0.091	(0.207)
A	2012	0.066	0.043	0.010	0.042	-	0.092	(0.142)
A	2013	0.078	0.042	0.010	-	-	0.100	(0.118)
A	2014	0.088	0.027	0.006	-	0.003	0.106	(0.143)
A	2015	0.108	0.055	0.005	-	0.003	0.110	(0.150)
A	2016	0.146	0.048	-	-	-	0.105	(0.134)
F	2017	0.108	0.048	0.003	-	-	0.111	(0.142)
F	2018	0.092	0.048	0.003	-	-	0.118	(0.142)
F	2019	0.092	0.048	0.002	-	-	0.125	(0.139)

Revenue Projection