

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.

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

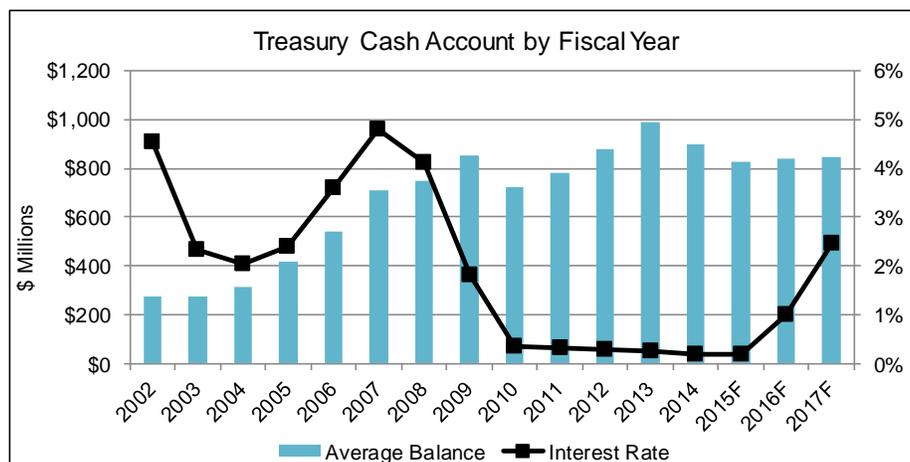
Revenue Estimate Methodology

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 treasury cash account (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.



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.

Interest Earnings

Treasury Cash Account Interest

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	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	0.2%
F 2016	8.527	8.527	837.161	1.0%
F 2017	20.786	20.786	847.952	2.5%

Revenue Projection

