Other General Fund Revenue

All Other Revenue
Highway Patrol Fines
Nursing Facilities Fee
Public Institution Reimbursements
Tobacco Settlement

www.leg.mt.gov/css/fiscal

Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

Revenue Description: There are a number of other taxes, fees, and fines that historically have generated less than $2.5 million each in annual general fund revenue. In addition, the statutes governing these miscellaneous taxes, fees, and fines are frequently changed, making meaningful comparison between tax years impractical and accurate estimation of the revenue difficult.

"All Other Revenue" sources are estimated in aggregate except for the following: court automation surcharge (enacted by the 2005 legislature in House Bill 536), investment license transfers, liquor license fee transfers, civil fines, lodging facility use tax, Montana University System debt service deposits, deposits by state agencies for SWCAP/ SFCAP, district court fees, BOI reimbursement of State Street Banking fees, transfers of excess coal tax revenue in the shared account, bentonite tax enacted in SB 276 by the 2005 legislature, excess balances in the captive insurance and the procurement accounts, and transfers of the excess over $2.0 million from the veterans' cigarette tax account administered by DPHHS. In the past, general fund wildfire costs incurred on federal jurisdiction fires and reimbursed by the federal government had been included in this revenue source, but beginning in fiscal 2003 they are deposited to the federal special revenue fund.

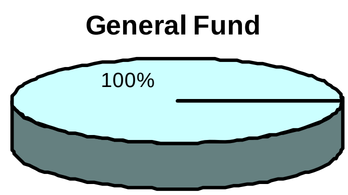
A one-time revenue adjustment of $4.0 million was added in fiscal 2009 for State Auditor security fines. Montana was part of the investigation of 15 large broker-dealer firms for fraudulent and unsuitable recommendation of auction rate securities. Ten of these firms have agreed to settlements in principal. The State Auditor's Offices expects the fines to be paid by the end of FY 2009.

Statutory Reference: Various

Applicable Tax Rate(s): Various

Distribution: "All Other Revenue" is deposited in the general fund.

Distribution Chart:



Collection Frequency: The various revenue sources are generally collected on a monthly basis.

% of Total General Fund Revenue:

FY 2004 - 2.19%
FY 2005 - 2.27%
FY 2006 - 1.87%
FY 2007 - 1.04%
FY 2008 - 1.96%

Revenue Estimate Methodology:

There are numerous smaller sources of revenue deposited to the general fund that are treated as a single source termed "All Other". Fifteen of these revenue sources are estimated individually with the remainder estimated as a group.

Data

Numerous data sources are consulted for each of the applicable 15 revenue sources that are estimated individually.

Analysis

1. Largest Revenue Sources (see the figure below)

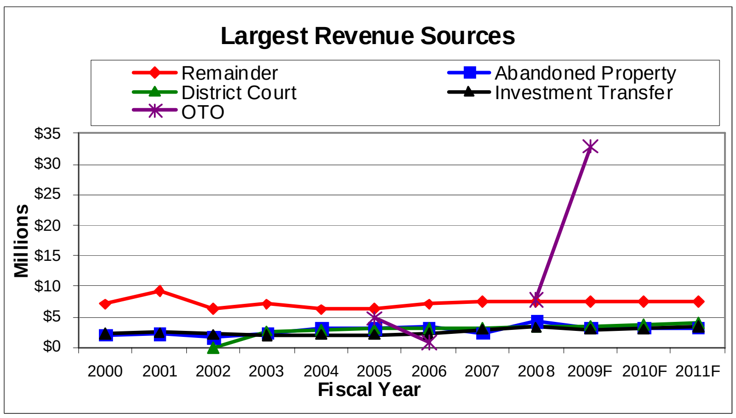
a. The remainder of "All Other" revenue, after the 15 revenue sources have been estimated individually, is estimated by continuing the amount received in FY 2008 for FY 2009-FY 2011.

b. Abandoned Property – The amount collected in FY 2008 is used for the estimates for FY 2009-FY 2011.

c. District Court Fees – The previous year's amount is increased by the growth rate between the prior two years.

d. Investment License Fee Transfer – The transfer amount is the net between non-general fund investment fee revenue collected by the State Auditor and its expenses. These amounts are determined in the "Investment License Fee" revenue source.

e. OTO - In the September 2007 special session the legislature enacted HB 3 that created a fire suppression state special revenue account and transferred $40.0 million general fund into it to pay fire suppression costs. HB 3 terminates June 30, 2009. It is estimated that there will be a balance of $32.915 million in the fund at the end of FY 2009. Section 17-1-504, MCA, requires that all assets, liabilities, and fund balance of an account terminated by the legislature accrues to the general fund. Therefore, $32.915 million is contained in this revenue source for FY 2009.

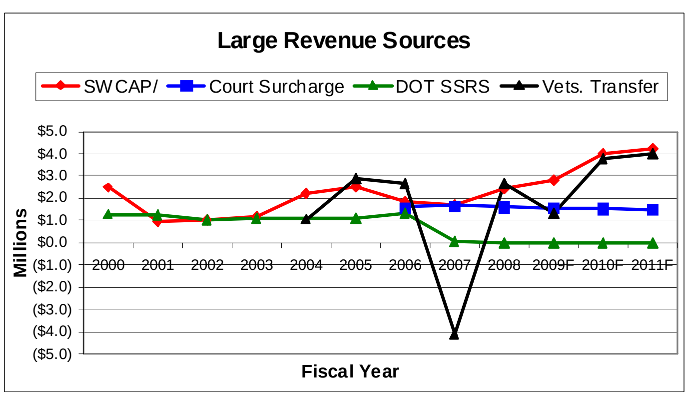


2. Large Revenue Sources (see the figure below)

   a. Statewide Cost Allocation Plan – Amounts budgeted for agencies in HB 2 for the SWCAP are used for the amounts from this source.

   b. Court Surcharge – The previous year's amount is increased by the growth rate between the prior two years.

   c. Veteran's Cigarette Account Transfer – Money in the account at the end of a fiscal year in excess of $2.0 million is transferred to the general fund. To estimate the excess amounts, distributions of cigarette tax revenue to the account (as determined in the "Cigarette Tax" revenue source) is reduced by budgeted present law amounts from the account for each fiscal year obtained from MBARS. Included are expenditure estimates from long range building appropriations. The $2.0 million limit is then subtracted from the net revenue.



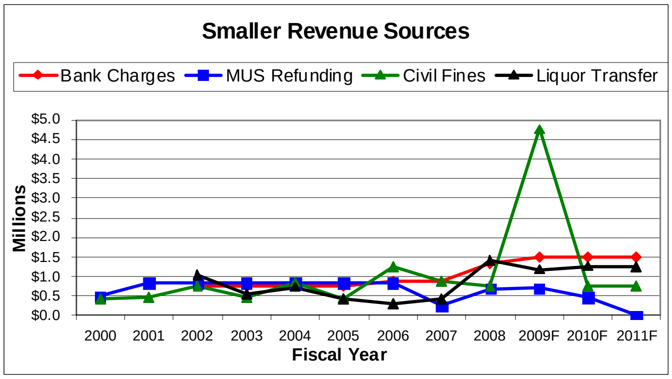
3. Smaller Revenue Sources (see the figure below)

   a. Banking Charges – The rate the Board of Investments charges funds for its services is determined by a contract with a financial institution. Board personnel state that the current contract is $1,500,000, but may be more if additional accounts are established. The current contract amount was used.

b. Montana University System Refunding – Payments are determined by a loan repayment schedule calculated by the Department of Administration. The loan will be paid off by FY 2011.

c. Civil Fines – The amount collected in FY 2008 is carried forward for FY 2009-FY2011. The FY 2009 amount is increased by $4.0 million of security settlement revenue anticipated by the State Auditor's Office.

d. Liquor License Fee Transfer – Money collected from liquor license fees, net of operating costs of the Department of Revenue and Department of Justice, is transferred to the general fund. License fee revenue and operating costs (obtained from MBARS budgets) are estimated and shown in the "Liquor Profits" revenue source.

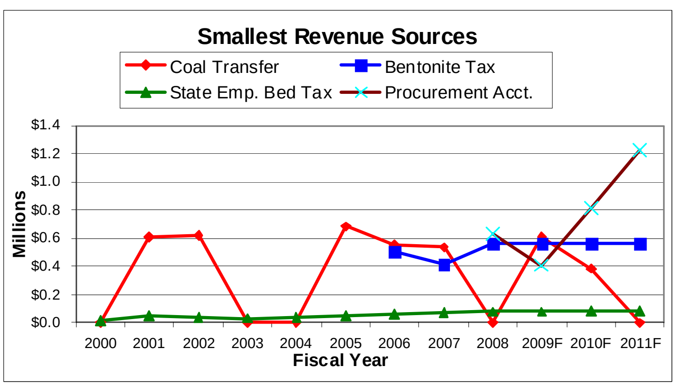


4. Smallest Revenue Sources (see the figure below)

a. Coal Shared Account, Captive Insurance Account, and Procurement Account Transfers – Any excess fund balance in the accounts are transferred to the general fund. To estimate the excess amounts, distributions of coal severance tax revenue to the account (as determined in the "Coal Severance Tax" revenue source) and revenues estimated by the Governor's budget office are reduced by budgeted present law amounts for each fiscal year from the account obtained from MBARS.

b. Bentonite Tax – The amount collected in FY 2008 is carried forward for FY 2009-FY2011.

c. State Employees Lodging Facility Use Tax – Revenue from this tax paid by state employees is returned to the funds from which they were paid, including the general fund. The general fund estimate is calculated by multiplying the estimate for non-general fund (estimated in the "Lodging Taxes" revenue source) by the ratio of the previous lodging facility use tax general fund portion to the total non-general fund portion.



<u>Adjustments and Distribution</u>

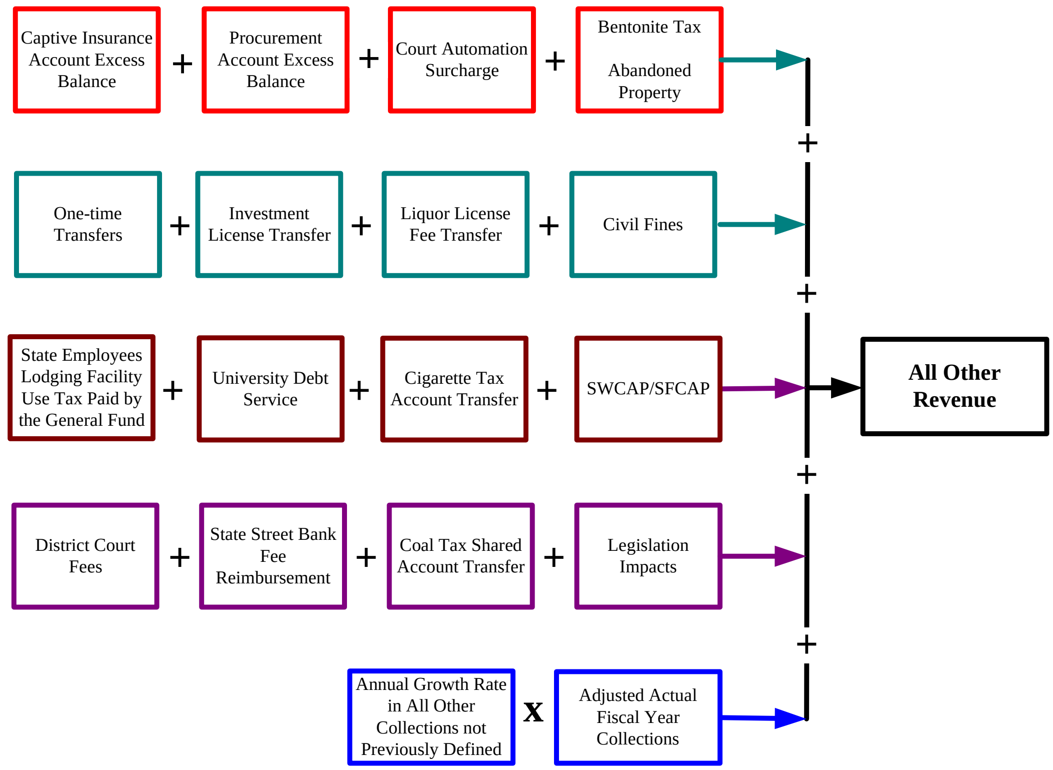
Once total revenue for each fiscal year is determined 100 percent of the revenue is distributed to the general fund.

Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

Forecast Methodology



Revenue Estimate Assumptions

	t Fiscal	Total Tax Millions	GF Tax Millions	Base Millions	Annual Growth	Adjustments Millions	Vet. Account Transfer Millions	One-Time Transfer Millions
Actual	2000	20.488330	20.488330	7.125477	-35.0763%			
Actual	2001	51.821783	51.821783	9.260235	29.9595%			
Actual	2002	43.215892	43.215892	6.401065	-30.8758%	1.162288		
Actual	2003	42.440179	42.440179	7.119579	11.2249%	21.282497		
Actual	2004	30.241562	30.241562	6.201217	-12.8991%	8.189612	1.054958	
Actual	2005	34.724084	34.724084	6.434436	3.7609%	0.000000	2.893230	4.767070
Actual	2006	31.867090	31.867090	7.114255	10.5653%	0.000000	2.652808	0.781063
Actual	2007	19.090874	19.090874	7.520019	5.7035%	0.000000	-4.115855	0.000000
Actual	2008	38.433555	38.433555	7.493960	-0.3465%	0.000000	2.636252	7.821451
Forecast	2009	65.749000	65.749000	7.493960	0.0000%	0.000000	1.323250	32.915000
Forecast	2010	32.816000	32.816000	7.493960	0.0000%	0.000000	3.754095	0.000000
Forecast	2011	33.575000	33.575000	7.493960	0.0000%	0.000000	3.995628	0.000000

Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

	t Fiscal	Investment Transfer Millions	Land Grant Millions	Civil Fines Millions	GVW Fees Millions	Accom. Tax Millions	MSU&EMC Debt Millions	SABHRS Debt Millions
Actual	2000	2.296258	0.086129	0.439498	1.275935	0.016878	0.495693	2.506520
Actual	2001	2.445000	0.091699	0.484739	1.252221	0.052215	0.837170	2.490067
Actual	2002	2.179165	0.000000	0.749382	1.044512	0.038912	0.839583	2.468857
Actual	2003	2.036200	0.000000	0.480945	1.071278	0.032547	0.838186	2.050913
Actual	2004	2.113000	0.000000	0.855870	1.067278	0.040021	0.837743	0.000000
Actual	2005	2.110000	0.000000	0.442752	1.100125	0.048903	0.833016	0.000000
Actual	2006	2.234000	0.000000	1.238230	1.304052	0.061096	0.831704	0.000000
Actual	2007	2.977013	0.000000	0.872801	0.078732	0.071144	0.251949	0.000000
Actual	2008	3.309251	0.000000	0.761666	-0.034714	0.080180	0.694164	0.000000
Forecast	2009	3.003000	0.000000	4.761666	0.000000	0.081000	0.697341	0.000000
Forecast	2010	3.011000	0.000000	0.761666	0.000000	0.084000	0.466249	0.000000
Forecast	2011	3.488000	0.000000	0.761666	0.000000	0.088000	0.000000	0.000000

	t Fiscal	FEMA Millions	Coal Transfer Millions	SFCAP SWCAP Millions	Liquor License Transfer Millions	District Court Millions	Bank Charges Millions
Actual	2000	0.000000	0.000000	2.486250	0.000000	0.000000	0.000000
Actual	2001	31.097802	0.611432	0.949777	0.000000	0.000000	0.000000
Actual	2002	23.246341	0.623227	1.023875	1.036184	0.000000	0.777640
Actual	2003	0.000000	0.000000	1.179279	0.558198	2.664891	0.771108
Actual	2004	0.145792	0.000000	2.214579	0.734102	2.839310	0.766000
Actual	2005	5.540426	0.684019	2.514237	0.431146	3.009058	0.736556
Actual	2006	3.535414	0.550453	1.844039	0.305976	3.107784	0.902735
Actual	2007	0.302060	0.536230	1.722981	0.436316	3.134942	0.866971
Actual	2008	0.088273	0.000000	2.399295	1.407218	3.349474	1.334035
Forecast	2009	0.000000	0.607935	2.785109	1.190645	3.578687	1.500000
Forecast	2010	0.000000	0.385847	4.034066	1.265316	3.823586	1.500000
Forecast	2011	0.000000	0.000000	4.235768	1.262636	4.085244	1.500000

	t Fiscal	Abandoned Property Millions	Court Surcharge Millions	Bentonite Millions	Captive Account Millions	Procurement Account Millions
Actual	2000					
Actual	2001					
Actual	2002					
Actual	2003					
Actual	2004					
Actual	2005					
Actual	2006	3.310185	1.589184	0.504112		
Actual	2007	2.358695	1.659546	0.417330		
Actual	2008	4.253455	1.615904	0.563727	0.023101	
Forecast	2009	3.256705	1.573410	0.563727	0.007833	0.409333
Forecast	2010	3.256705	1.532033	0.563727	0.071850	0.811341
Forecast	2011	3.256705	1.491744	0.563727	0.124268	1.227121

Total Rev. = Base * (1+ Annual Growth) + Vet. Account Transfer + Investment Transfer + Civil Fines + GVW Fees + Accom. Tax + MSU/EMC Debt + Coal Transfer + SFCAP/SWCAP + Liquor License Transfer + District Court + Bank Charges + Court Automation + Abandoned Property + Bentonite + Captive Account + Procurement Account

Total Rev. = GF Rev.

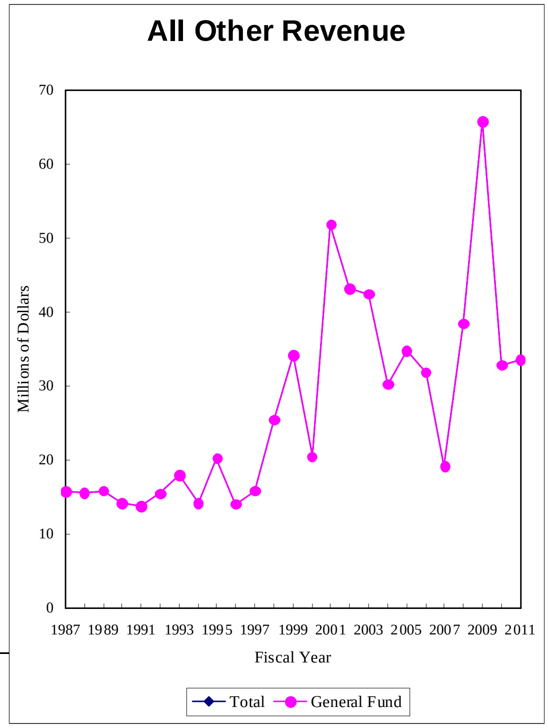
Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1987	15.768806	15.768806	Not App.
A	1988	15.558294	15.558294	-1.33%
A	1989	15.834736	15.834736	1.78%
A	1990	14.097344	14.097344	-10.97%
A	1991	13.741633	13.741633	-2.52%
A	1992	15.466237	15.466237	12.55%
A	1993	17.993470	17.993470	16.34%
A	1994	14.105385	14.105385	-21.61%
A	1995	20.217103	20.217103	43.33%
A	1996	14.000938	14.000938	-30.75%
A	1997	15.822433	15.822433	13.01%
A	1998	25.427788	25.427788	60.71%
A	1999	34.096246	34.096246	34.09%
A	2000	20.488330	20.488330	-39.91%
A	2001	51.821783	51.821783	152.93%
A	2002	43.215892	43.215892	-16.61%
A	2003	42.440179	42.440179	-1.79%
A	2004	30.241562	30.241562	-28.74%
A	2005	34.724084	34.724084	14.82%
A	2006	31.867090	31.867090	-8.23%
A	2007	19.090874	19.090874	-40.09%
A	2008	38.433555	38.433555	101.32%
F	2009	65.749000	65.749000	71.07%
F	2010	32.816000	32.816000	-50.09%
F	2011	33.575000	33.575000	2.31%



Data Source(s): SABHRS, Office of Budget and Program Planning, Department of Justice, Department of Public Health and Human Services, Department of Administration, Department of Revenue, and the State Auditor

Contacts: Multiple state agencies

Legislative Fiscal Division

Revenue Estimate Profile

Highway Patrol Fines

Revenue Description: The Montana Highway Patrol issues citations for speeding, driving under the influence of alcohol or drugs, and other misdemeanors. The fines and forfeitures associated with these citations are collected by various state and local courts.

Statutory Reference:

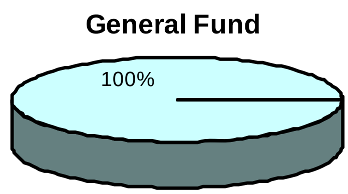
Tax Rate (MCA) – general fines (61-3-601, 61-5-307, 61-7-118, 61-8-711, 61-9-511), multiple others
Tax Distribution (MCA) – 3-10-601 (fines collected in justice court are included in "All Other General Fund"), 61-10-148 (violations of vehicle size, weight & load), 61-12-701 (fines by Highway Patrol)

Date Due – upon conviction

Applicable Tax Rate(s): Fines for citations are variable.

Distribution: All of Highway Patrol fines and forfeitures on all offenses that result from citations issued by the Highway Patrol, except those paid to a justices' court, and received by the state are deposited in the general fund.

Distribution Chart:



Collection Frequency: Monthly

% of Total General Fund Revenue:

FY 2004 – 0.30%
FY 2005 – 0.28%
FY 2006 – 0.25%
FY 2007 – 0.23%
FY 2008 – 0.21%

Revenue Estimate Methodology:

The estimate for the highway patrol fine revenue is derived by estimating a growth rate for each of the fiscal years for the 3-year period in question.

Data

Data from the statewide accounting system (SABHRS) provide a history of highway patrol fine revenue.

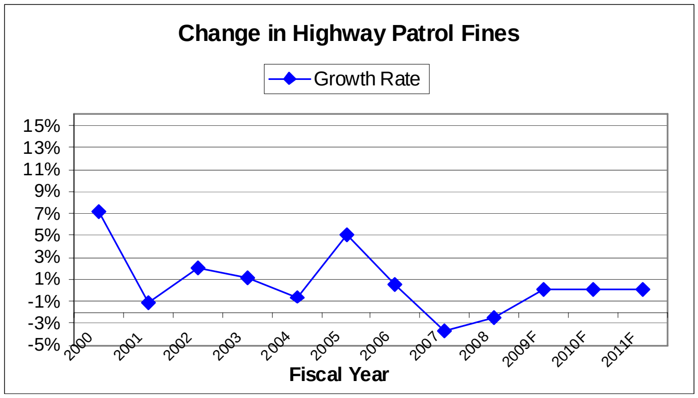
Analysis

The estimate for highway patrol fines is derived by multiplying the revenue amount from the last known fiscal year and all subsequent years by a growth factor. The growth factor is the average annual growth between FY 2000 and FY 2008. Legislation impacts, if any, are added.

Legislative Fiscal Division

Revenue Estimate Profile

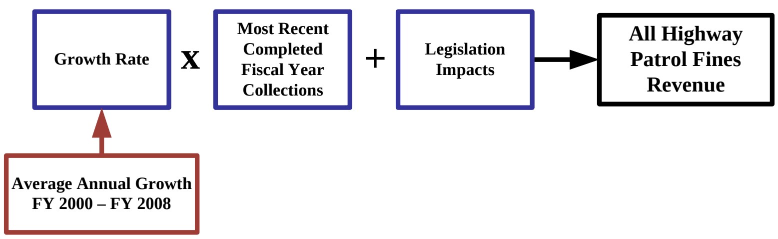
Highway Patrol Fines



<u>Adjustments and Distribution</u>

Once total tax revenue for each fiscal year is determined, the applicable distribution percentage, 100 percent to the general fund, is applied.

Forecast Methodology



Revenue Estimate Assumptions:

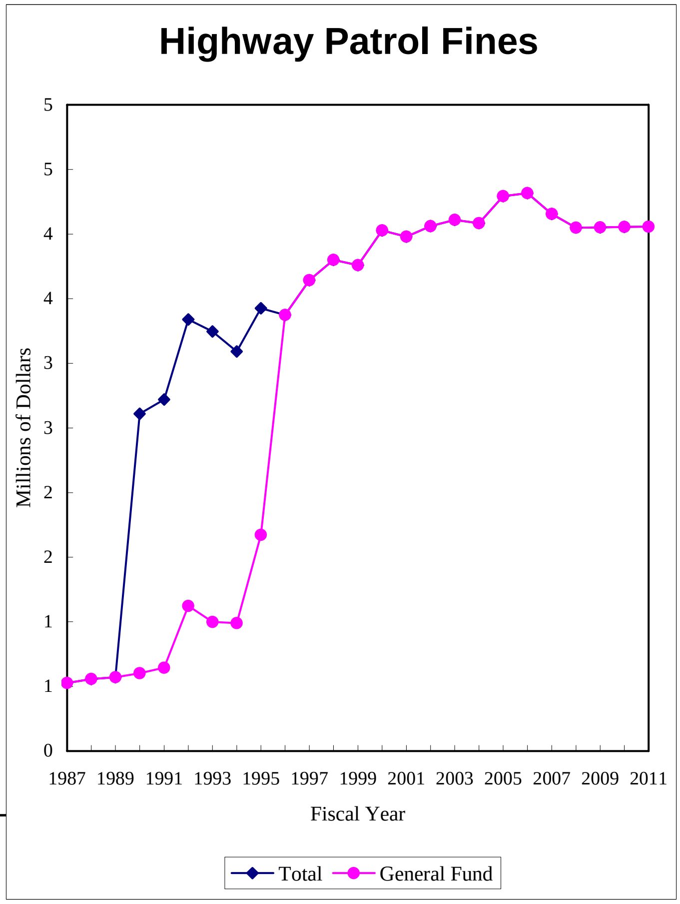
	t Fiscal	Total Tax Millions	GF Tax Millions	Fine Growth Rate
Actual	2000	4.027557	4.027557	0.071580
Actual	2001	3.980688	3.980688	-0.011637
Actual	2002	4.061733	4.061733	0.020360
Actual	2003	4.109703	4.109703	0.011810
Actual	2004	4.084340	4.084340	-0.006171
Actual	2005	4.292730	4.292730	0.051022
Actual	2006	4.316381	4.316381	0.005510
Actual	2007	4.155144	4.155144	-0.037355
Actual	2008	4.049390	4.049390	-0.025451
Forecast	2009	4.052000	4.052000	0.000676
Forecast	2010	4.055000	4.055000	0.000676
Forecast	2011	4.058000	4.058000	0.000676

Total Tax = Prevous year * (1 + Growth Rate)
GF Tax = Total Tax

Legislative Fiscal Division
Revenue Estimate Profile
Highway Patrol Fines

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1987	0.525734	0.525734	Not App.
A	1988	0.558292	0.558292	6.19%
A	1989	0.570900	0.570900	2.26%
A	1990	2.609737	0.602244	5.49%
A	1991	2.720146	0.644476	7.01%
A	1992	3.339020	1.122195	74.13%
A	1993	3.245957	0.999230	-10.96%
A	1994	3.091071	0.988376	-1.09%
A	1995	3.425943	1.672991	69.27%
A	1996	3.373631	3.373631	101.65%
A	1997	3.643555	3.643555	8.00%
A	1998	3.800656	3.800656	4.31%
A	1999	3.758521	3.758521	-1.11%
A	2000	4.027557	4.027557	7.16%
A	2001	3.980688	3.980688	-1.16%
A	2002	4.061733	4.061733	2.04%
A	2003	4.109703	4.109703	1.18%
A	2004	4.084340	4.084340	-0.62%
A	2005	4.292730	4.292730	5.10%
A	2006	4.316381	4.316381	0.55%
A	2007	4.155144	4.155144	-3.74%
A	2008	4.049390	4.049390	-2.55%
F	2009	4.052000	4.052000	0.06%
F	2010	4.055000	4.055000	0.07%
F	2011	4.058000	4.058000	0.07%



Data Source(s): Department of Justice, Highway Patrol, SABHRS

Contacts: Department of Justice, Highway Patrol

Legislative Fiscal Division

Revenue Estimate Profile

Nursing Facilities Fee

Revenue Description: This source consists of two similar utilization fees on nursing homes: 1) nursing facility utilization fee; and 2) intermediate care facility utilization fee.

With the enactment of House Bill 749 by the 2005 legislature, qualified nursing facilities are required to pay a nursing facility utilization fee of $8.30 for each bed day in the facility. Nursing facilities are health care facilities licensed by the Department of Public Health and Human Services and include those operated for profit or non-profit, freestanding or part of another health facility, and publicly or privately owned. Specifically included by statute is the Montana Mental Health Nursing Care Center. According to federal definitions, nursing facilities do not include adult foster homes, retirement homes, and other alternative living arrangements. Bed days are defined as a 24-hour period in which a resident of a nursing facility is present in the facility or in which a bed is held for a resident while on temporary leave.

An intermediate care facility utilization fee is imposed on resident bed days of intermediate care facilities for the mentally retarded. The only qualifying facility is the Montana Developmental Center. With the enactment of Senate Bill 82 by the 2005 legislature, the fee is six percent of a facility's quarterly revenue divided by the quarterly bed days.

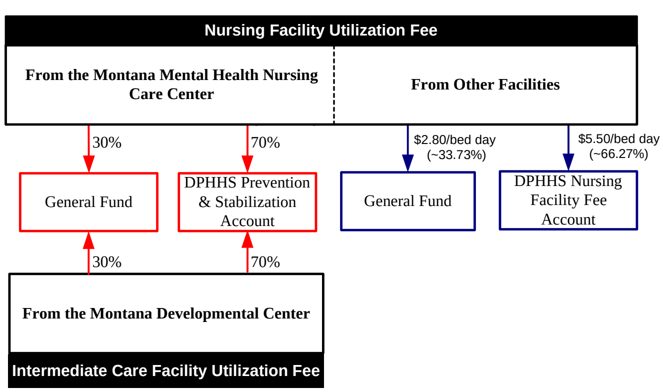
Statutory Reference:

Tax Rate (MCA) – Nursing facility utilization fee (15-60-102), intermediate care facility utilization fee (15-67-102(2))
Tax Distribution (MCA) – Nursing facility utilization fee (15-60-102 & 15-60-210), intermediate care facility utilization fee (15-67-102(3))
Date Due – Nursing facility utilization fee due the last day of the month following the close of the calendar quarter (15-60-201), intermediate care facility utilization fee due the month following the close of the calendar quarter (15-67-201(1))

Applicable Tax Rate(s): 1) Nursing facility utilization fee – $8.30 per bed day; 2) Intermediate care facility utilization fee - 6 percent of a facility's quarterly revenue divided by the quarterly bed days

Distribution: Nursing facility utilization fee: 1) for fees paid by the Montana Mental Health Nursing Care Center – 30 percent to the general fund and 70 percent to the prevention and stabilization account (for use by the Department of Public Health and Human Services to provide health and human services); 2) for all other facilities - $2.80/bed day to the general fund, and $5.50/bed day to the nursing facility fee account (for use by the Department of Public Health and Human Services to increase the average price paid for Medicaid nursing home services). Intermediate care facility utilization fee: for fees paid by the Montana Developmental Center - 30 percent to the general fund and 70 percent to the prevention and stabilization account.

Distribution Chart:



Legislative Fiscal Division

Revenue Estimate Profile

Nursing Facilities Fee

Collection Frequency: Quarterly

% of Total General Fund Revenue:

FY 2004 – 0.43%
FY 2005 – 0.39%
FY 2006 – 0.33%
FY 2007 – 0.31%
FY 2008 – 0.29%

Revenue Estimate Methodology:

Data

To create the nursing facility fees projection, data are obtained from the Department of Revenue (DOR), the Department of Public Health and Human Services (DPHHS), and the state accounting system (SABHRS). DOR provides the number of taxable bed days occupied by clientele of private and state run nursing homes. DPHHS provides counts on the bed days at the Montana Developmental Center (MDC) and total revenues collected, which are used in the calculation of the intermediate care facility fee. SABHRS data provides aggregate historic collections of the nursing facility fees. No adjustments to the raw data are required in the data step for the nursing facility fee analysis.

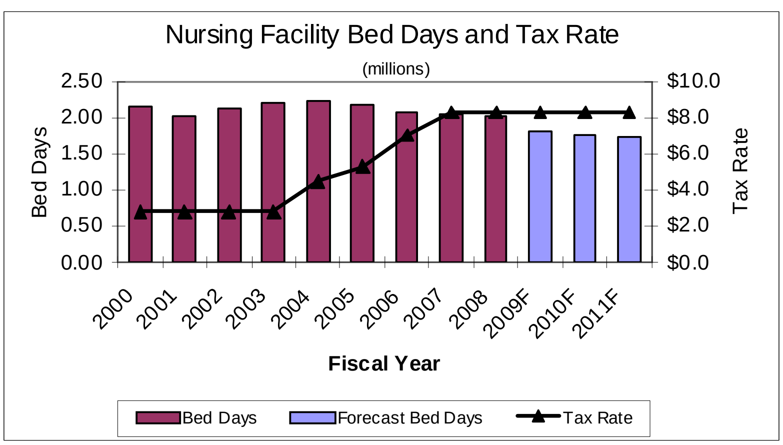
Analysis

Nursing facility fees consist of two distinct fees, the nursing facility fee and the intermediate care facility fee. Consequently, two techniques are required to estimate the collection of these fees. The nursing facility fees are estimated using a log model to project future bed days at nursing care facilities. MDC is the only intermediate care facility in Montana and the only facility subject to the intermediate care facility fee. The intermediate facility fee is projected by applying a growth rate to the last year of actual revenue collections at MDC, fiscal 2008.

Total nursing fee revenue has increased since fiscal 2003, as a result of fee increases and new fees, but as seen in the figure below the number of taxable bed days at nursing care facilities has declined at the same time. Overall, taxable bed days have been in decline since the fee was imposed in the mid 1990's. Consequently, taxable nursing facility bed days are projected with a log model which smoothes the excessive variability in the data for the purpose of measurement. To obtain the projection for nursing facility fees, the following equation is employed:

$$\textbf{Projected Nursing Facility Fees} = TBD_{NCF} * NFFR$$

Where:
TBD_{NCF} = Taxable Bed Days, Nursing Care Facilities
NFFR = Nursing Facility Fee Rate



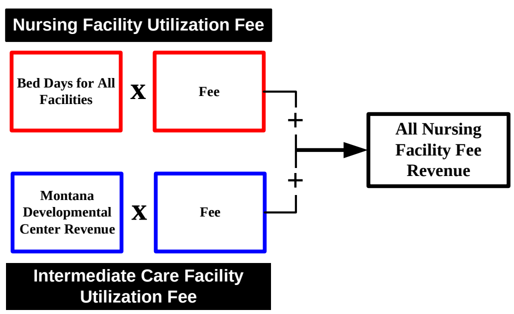
The statistics of fit show that a logarithmic curve accurately measures the rate of growth in the number of taxable nursing facility bed days in Montana. The model has an R^2 rating of 0.957. This means that the linear trend explains 95.7 percent of the variability of the number of taxable nursing facility bed days in Montana, when all other impacts are held constant.* The model projects compound growth of approximately -5.1 percent per fiscal year resulting in bed day projections of 1.81 million, 1.77 million, and 1.73 million in fiscal 2009 through fiscal 2011, respectively. By applying the current fee of $8.30 to the projected taxable bed days, the resulting projections are $15.0 million, $14.7 million, and $14.3 million in fiscal 2009 through fiscal 2011, respectively.

The intermediate care facility fee is assessed against the per-bed day receipts of the facility. Because the intermediate care facility fee is a relatively new fee, there is only a limited amount of data to use in the projection of future fee collections. As a result, the fee is projected by applying the rate of growth in the revenues previous year of actual collection. The rate of revenue growth at MDC between fiscal year 2008 was 1.5 percent. In applying that rate of growth to the fiscal 2008 base, projections equal $15.1 million in fiscal 2009, $15.3 million in fiscal 2010, and $15.5 million in fiscal 2011. Next, the tax is applied to the estimate of total intermediate care facility bed day receipts.

Finally, the fiscal year projections then are summed to provide the total nursing facility fees estimates. The resulting estimates are $15.9 million in fiscal 2009, $15.6 million in fiscal 2010, and $15.3 million in fiscal 2011.

*For additional information concerning the statistics of fit for the model used for this projection, contact the Legislative Fiscal Division.

Forecast Methodology:



Revenue Estimate Assumptions:

	t Fiscal	Total Tax Millions	GF Tax Millions	Nursing Facilities Fee	Bed Days	Intermediate Care Rate	Intermediate Care Revenue	MMHNCC Tax Millions
Actual	2000	6.054947	6.054947	2.800000	2.113805			
Actual	2001	5.655978	5.655978	2.800000	2.083501			
Actual	2002	5.918173	5.918173	2.800000	2.072696			
Actual	2003	6.178135	5.859870	2.800000	2.052202	5.0000%	11.131460	
Actual	2004	10.021866	5.915841	4.500000	2.043377	5.0000%	17.260720	
Actual	2005	11.602112	5.911586	5.300000	1.979893	5.0000%	16.438460	
Actual	2006	14.649976	5.711693	7.050000	1.924611	6.0000%	14.953783	
Actual	2007	17.073592	5.716794	8.300000	1.901236	6.0000%	14.624700	
Actual	2008	16.758718	5.610098	8.300000	1.803945	6.0000%	14.844850	0.251864
Forecast	2009	15.891000	5.318000	8.300000	1.805700	6.0000%	15.068073	0.250204
Forecast	2010	15.583000	5.213000	8.300000	1.767000	6.0000%	15.294766	0.250204
Forecast	2011	15.276000	5.109000	8.300000	1.728300	6.0000%	15.524870	0.250204

Total Tax = Nursing Facilities * Bed + Intermediate Care Rate * Intermediate Care Revenue
GF Tax = MMHNCC * 30% + (Nursing Fee * Bed Days - MMHNCC) * $2.80/$8.30 +
Care Revenue * Care Rate * 30%

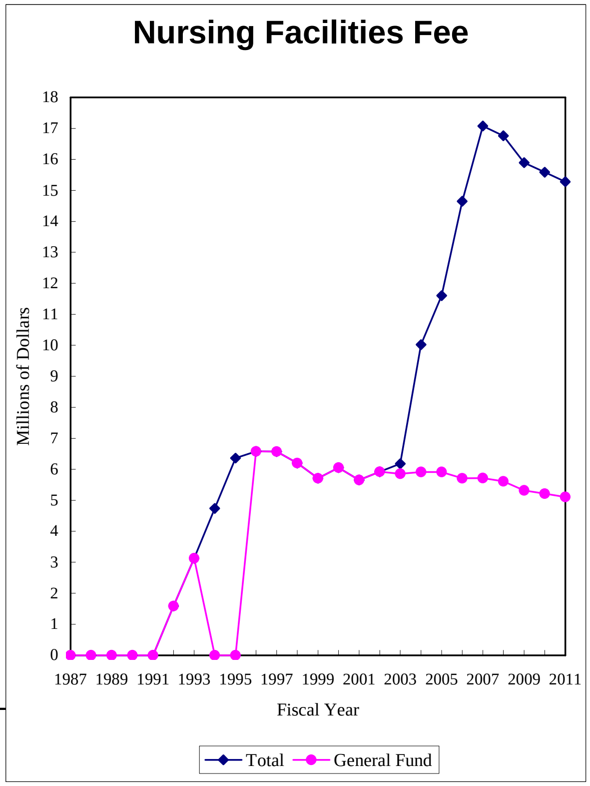
Legislative Fiscal Division

Revenue Estimate Profile

Nursing Facilities Fee

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1987	0.000000	0.000000	Not App.
A	1988	0.000000	0.000000	Not App.
A	1989	0.000000	0.000000	Not App.
A	1990	0.000000	0.000000	Not App.
A	1991	0.000000	0.000000	Not App.
A	1992	1.587432	1.587432	Not App.
A	1993	3.131331	3.131331	97.26%
A	1994	4.739832	0.000000	-100.00%
A	1995	6.364377	0.000000	Not App.
A	1996	6.579620	6.579620	Not App.
A	1997	6.572123	6.572123	-0.11%
A	1998	6.200413	6.200413	-5.66%
A	1999	5.713357	5.713357	-7.86%
A	2000	6.054947	6.054947	5.98%
A	2001	5.655978	5.655978	-6.59%
A	2002	5.918173	5.918173	4.64%
A	2003	6.178135	5.859870	-0.99%
A	2004	10.021866	5.915841	0.96%
A	2005	11.602112	5.911586	-0.07%
A	2006	14.649976	5.711693	-3.38%
A	2007	17.073592	5.716794	0.09%
A	2008	16.758718	5.610098	-1.87%
F	2009	15.891000	5.318000	-5.21%
F	2010	15.583000	5.213000	-1.97%
F	2011	15.276000	5.109000	-2.00%



Data Source(s): Department of Public Health and Human Services, Nursing Facilities

Contacts: Department of Public Health and Human Services

Legislative Fiscal Division

Revenue Estimate Profile

Public Institution Reimbursements

Revenue Description: The Department of Public Health and Human Services receives reimbursement for the cost of sheltering and treating residents at the Montana Developmental Center (MDC), the Montana Mental Health Nursing Care Center (MMHNCC), Montana State Hospital (MSH), Montana Chemical Dependency Treatment Center (MCDC), and the Montana Veterans' Home (MVH). There are four sources of reimbursement income: 1) state and federally matched Medicaid monies; 2) insurance proceeds from companies with whom the resident is insured; 3) payments by residents or persons legally responsible for them; and 4) federal Medicare funds. Most of the reimbursements come from federal Medicaid payments.

Three variables determine the level of Medicaid nursing home payments: 1) the number of patient days eligible for Medicaid reimbursement; 2) the reimbursement rate per patient day; and 3) the private resources of Medicaid patients.

Statutory Reference:

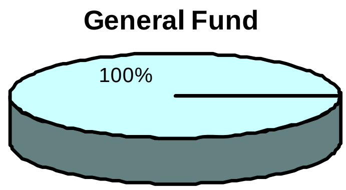
Tax Rate (MCA) – 53-1-402 (requirement to pay)
Tax Distribution (MCA) – 53-1-413
Date Due – monthly (53-1-405(3)

Applicable Tax Rate(s): N/A

Distribution: Revenue collected from the above sources is deposited in the general fund with the following exceptions:

1. Reimbursements from MDC and MSH are first used to pay debt service on bonds issued to fund construction at these facilities. The remainder is deposited into the general fund.
2. Reimbursements received for the Veterans' Home and Montana Chemical Dependency Treatment Center are deposited into a state special revenue account and appropriated to the institutions.

Distribution Chart:



Collection Frequency: Monthly

% of Total General Fund Revenue:

FY 2004 – 1.31%
FY 2005 – 0.82%
FY 2006 – 0.75%
FY 2007 – 0.58%
FY 2008 – 0.78%

Revenue Estimate Methodology:

Data

Data are collected from the Department of Public Health and Human Services (DPHHS) and the state accounting system (SABHRS) to develop the estimate for the public institution reimbursements. In addition to residency data, DPHHS provides the data used to develop relationships of payment patterns of individuals and insurance companies to the federal government reimbursements (Medicaid and Medicare). DPHHS also provides estimates on future Federal Medical Assistance Percentage (FMAP) rates. SABHRS provides historical data used to assess the accuracy of the estimates.

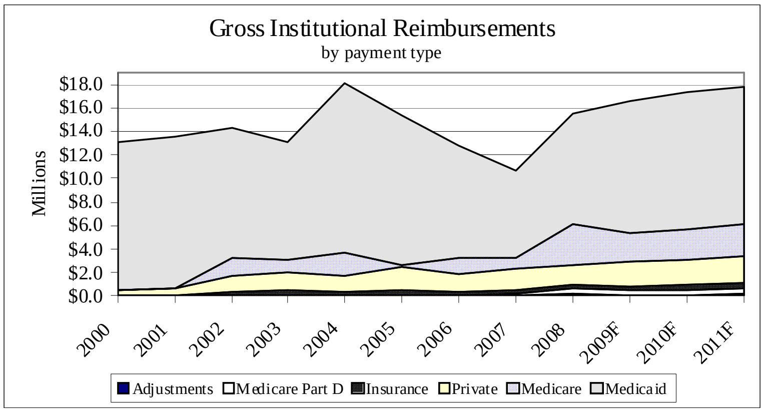
Legislative Fiscal Division

Revenue Estimate Profile

Public Institution Reimbursements

Analysis

The largest component of Montana's institutional reimbursements is Medicaid, as seen in the figure below. Medicaid and Medicare payments are responsible for most of the variability in reimbursement collections. Consequently, the variability can in large part be attributed to the changes in the FMAP rates for the state. The FMAP rates are set annually based on the state's relative per capita income. States like Montana, with a relatively low per capita income and a higher FMAP rate, receive more federal assistance than states with a higher per capita income. If the state per capita income rises in relation to other states, the FMAP rate and federal reimbursements will decline. In the 2011 biennium, the FMAP is expected to decline from approximately 68.6 percent in fiscal 2008 to 67.1 percent in fiscal 2011. Most of the Medicare payments result from billings at Montana State Hospital (MSH), while most Medicaid payments are generated through care at the Montana Mental Health Care Center (MMHCC).



Estimates for institutional reimbursements are derived using average daily population (ADP) estimates and reimbursement rates provided by DPHHS for three state hospitals: the Montana Dependency Center (MDC), MMHCC, and MSH. Both the ADP and the facility rates are estimated with expected growth percentages. The ADP is adjusted by Medicare and Medicaid eligibility rates, as determined by DPHHS. The FMAP rate, provided to DPHHS in terms of federal fiscal year, is adjusted for the state fiscal year. The equation for calculating the reimbursements for each facility follows:

$$\textbf{Reimbursements}=(ADP_I*Rate_I)+(ADP_P*Rate_P)+(ADP_{MR}*Elig_{MR}*Rate_{MR}*FMAP)+(ADP_{MD}*Elig_{MD}*Rate_{MD}*FMAP_{MD})$$

Where:
ADP = Average Daily Population
I = Insurance
P = Private
MR = Medicare
MD = Medicaid
ELIG = Eligibility Rate
FMAP = Federal Medical Percentage

According to DPHHS, bed days are expected to remain relatively constant at MDC and MMHNCC. Bed days at MSH are expected to decline from the "over capacity" number of bed days charged in fiscal 2008. The state fiscal year FMAP rates are expected to be 68.2 percent, 67.4 percent, and 67.0 percent in fiscal years 2009 through 2011, respectively. Private rates and insurance rates are expected to grow slowly over the biennium at all three facilities. The estimates for total private payments are estimated to be $2.0 million, $2.1 million, and $2.2 million for fiscal years 2009 through 2011, respectively. The estimates for insurance payments are $379,187; $386,450; and $393,819 for fiscal 2009 through fiscal 2011. Medicaid payments are expected to be $11.2 million, $11.7 million, and $11.7 million through the three years of this analysis. Medicare payments are estimated to average $2.6 million per year over the three-year period. New since FY 2006 are Medicare Part D reimbursements to MMHCC. Medicare Part D is reimbursed at an average rate of $45.00/eligible bed day, and the reimbursements are estimated to be approximately $518,000 annually. The final step in creating the reimbursement estimate is to combine the estimates by payment type estimates. When combined, the estimate for gross reimbursements is $16.6 million in fiscal 2009, $17.3 million in fiscal 2010, and $17.6 million in fiscal 2011.

Legislative Fiscal Division

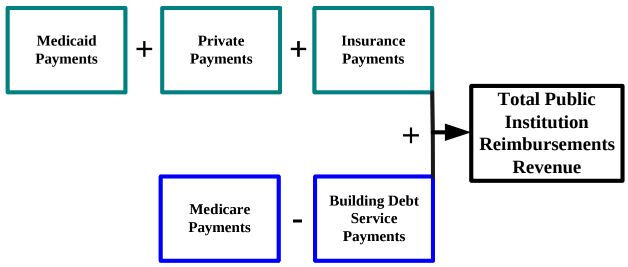
Revenue Estimate Profile

Public Institution Reimbursements

Adjustment and Distribution

Two adjustments are required to complete the estimates for institutional reimbursements. Gross reimbursements must be reduced by two debt service payments in each fiscal year. The debt service is the result of bonds issued for the purpose of facility upgrades. After subtracting the debt service reimbursement collections are $13.7 million in fiscal 2009, $14.4 million in fiscal 2010, and $14.7 million in fiscal 2011.

Forecast Methodology



Revenue Estimate Assumptions:

	t Fiscal	Total Rev. Millions	GF Rev. Millions	Private Millions	Insurance Millions	Medicaid Millions	Medicare Millions
Actual	2000	11.345440	11.345440	0.512403	0.000257	12.490967	0.003044
Actual	2001	13.553585	13.553585	0.649965	0.000498	12.887899	0.015223
Actual	2002	14.282894	14.282894	1.483431	0.317047	10.994744	1.487671
Actual	2003	13.042526	13.042526	1.564208	0.451974	9.900342	1.126001
Actual	2004	18.110443	18.110443	1.424453	0.311203	14.336601	2.038187
Actual	2005	12.508688	12.508688	1.887627	0.556631	12.631385	0.210973
Actual	2006	12.727569	12.727569	1.534775	0.283624	9.531139	1.273948
Actual	2007	10.669017	10.669017	1.850027	0.187443	7.472999	0.867377
Actual	2008	15.334683	15.334683	1.646587	0.345821	9.391640	3.455721
Forecast	2009	13.658000	13.658000	2.047661	0.379187	11.201955	2.459248
Forecast	2010	14.412000	14.412000	2.132988	0.386450	11.690758	2.612300
Forecast	2011	14.675000	14.675000	2.217876	0.393819	11.671082	2.781055

	t Fiscal	MDC Debt Millions	MSH Debt Millions	Adjustments Millions	Medicare Part D Millions
Actual	2000	0.965496	0.000000		
Actual	2001	1.079220	1.909252	0.000000	
Actual	2002	1.075405	1.911032	0.000000	
Actual	2003	1.045873	1.776461	-1.572893	
Actual	2004	0.868888	1.752261	-3.180119	
Actual	2005	1.005833	1.785072	0.012977	
Actual	2006	0.950665	1.775375	0.000000	0.104083
Actual	2007	0.958509	1.792631	0.000000	0.291171
Actual	2008	0.982030	1.796631	0.000000	0.494915
Forecast	2009	1.016810	1.909688	0.000000	0.496479
Forecast	2010	1.015060	1.912885	0.000000	0.517828
Forecast	2011	1.015788	1.912643	0.000000	0.540094

Total Rev. = Private = Insurance + Medicaid + Medicare - MDC Debt - MSH Debt + Adjustments + Medicare Part D
GF Rev. = Total Rev.

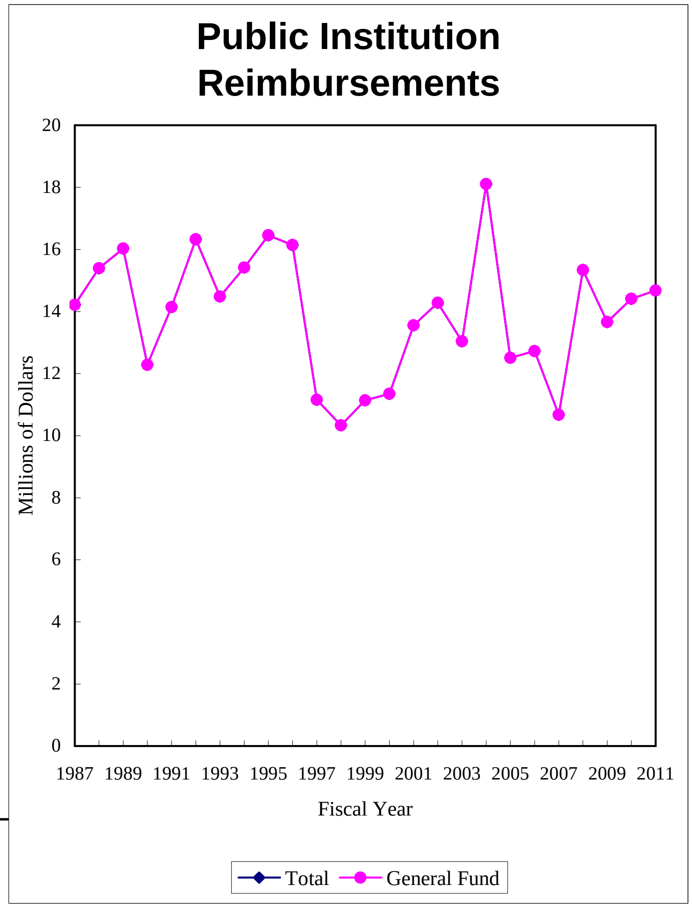
Legislative Fiscal Division

Revenue Estimate Profile

Public Institution Reimbursements

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1987	14.215767	14.215767	Not App.
A	1988	15.395310	15.395310	8.30%
A	1989	16.031423	16.031423	4.13%
A	1990	12.284668	12.284668	-23.37%
A	1991	14.140931	14.140931	15.11%
A	1992	16.329459	16.329459	15.48%
A	1993	14.486422	14.486422	-11.29%
A	1994	15.414542	15.414542	6.41%
A	1995	16.455809	16.455809	6.76%
A	1996	16.141901	16.141901	-1.91%
A	1997	11.158482	11.158482	-30.87%
A	1998	10.335336	10.335336	-7.38%
A	1999	11.135977	11.135977	7.75%
A	2000	11.345440	11.345440	1.88%
A	2001	13.553585	13.553585	19.46%
A	2002	14.282894	14.282894	5.38%
A	2003	13.042526	13.042526	-8.68%
A	2004	18.110443	18.110443	38.86%
A	2005	12.508688	12.508688	-30.93%
A	2006	12.727569	12.727569	1.75%
A	2007	10.669017	10.669017	-16.17%
A	2008	15.334683	15.334683	43.73%
F	2009	13.658000	13.658000	-10.93%
F	2010	14.412000	14.412000	5.52%
F	2011	14.675000	14.675000	1.82%



Data Source(s): SABHRS, Department of Public Health and Human Services

Contacts: Department of Public Health and Human Services

Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Settlement

Revenue Description: Montana receives revenue as a settling party to a Master Settlement Agreement (MSA) with four original tobacco companies and 56 subsequent companies to end a four-year legal battle with 46 states, Puerto Rico, American Samoa, the U.S. Virgin Islands, the North Mariana Island, Guam and the District of Columbia (52 total settling entities).

Montana is eligible for four types of payments: 1) reimbursement for legal costs (received December 1999); 2) five initial payments (Two were received in fiscal 2000 and one each year was received in fiscal years 2001, 2002, and 2003); 3) on-going, perpetual annual payments; and 4) strategic contribution payments (from fiscal years 2008 through 2017). The MSA places no restrictions on how the settling parties spend the money.

The total amount of tobacco settlement funds available to Montana is affected by a number of adjustments. These may include inflation, sales volume changes, non-participating manufacturers (NPM) adjustment for the loss of market shares, operating income of the original four tobacco companies, number and operating income of subsequent participating manufactures, number of states reaching state specific finality, settlements reached by the four states not party to the agreement (Florida, Texas, Minnesota, and Mississippi), litigation offsets, disputed payments, and federal tobacco legislation offsets among others.

The reduction for the NPM adjustment was first included in the revenue estimates beginning fiscal 2006. Amounts paid by manufacturers who participate in the MSA may decrease if they have lost market shares and it is proven that a significant portion of the loss (to companies not participating in the MSA) is due to the disadvantages caused by the MSA. An economics firm must determine if this is the case. The adjustment does not apply if a state has enacted "model statutes" and enforced them. Although it has not yet been determined if all these conditions have been met, it is expected that participating manufactures will withhold a portion of their payments in disputed escrow accounts until the matter is resolved, thus reducing payments to the settling entities.

Statutory Reference:

Tax Rate – NA
Tax Distribution (MCA) – Montana Constitution, Article X11, Section 4; 17-6-606; 53-4-1011
Date Due – annual payments from settling entities due April 15th (Master Settlement Agreement, Chapter IX(c)), General Tobacco annual payments through calendar 2016 due August 30th (General Tobacco Adherence Agreement)

Applicable Tax Rate(s): NA

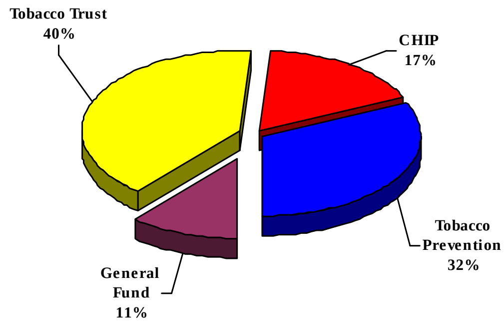
Distribution: Due to passage of Constitutional Amendment 35 by the electorate in November 2000, the legislature is required to dedicate no less than 40 percent of tobacco settlement money to a permanent trust fund. Since the legislature has not yet determined the exact percentage to be deposited to the trust fund, the revenue estimate assumes 40 percent. For fiscal 2003, the remaining 60 percent of the money was deposited to the general fund. Due to passage of Initiative 146 by the electorate in November 2002, beginning fiscal 2004, 32 percent of the tobacco settlement money funds tobacco prevention programs and 17 percent of the funds is used for the Children's Health Insurance Program. In HB 743, the 2007 Legislature added chronic disease programs to the allowable uses of the 32 percent distribution. The remaining 11 percent of the money is deposited to the general fund.

Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Settlement

Distribution Chart:



Collection Frequency: For fiscal 2003: The last initial payment is expected January 10, 2003 and the annual payment is expected April 15th 2003. Beginning fiscal 2004: Annual payments are expected each April 15th into perpetuity. General Tobacco, a new subsequent participating manufacturer, is required to make annual payments every August 30th through calendar 2016 for obligations incurred from 2000 to 2003.

% of Total General Fund Revenue:

FY 2004 - 0.21%	FY 2007 - 0.16%
FY 2005 - 0.19%	FY 2008 - 0.19%
FY 2006 - 0.16%	

Revenue Estimate Methodology:

The derivation of the tobacco settlement revenue estimate involves many factors. The Master Settlement Agreement specifies base amounts to be paid by all participating manufacturers, but also allows various adjustments to be made to these payments.

Data

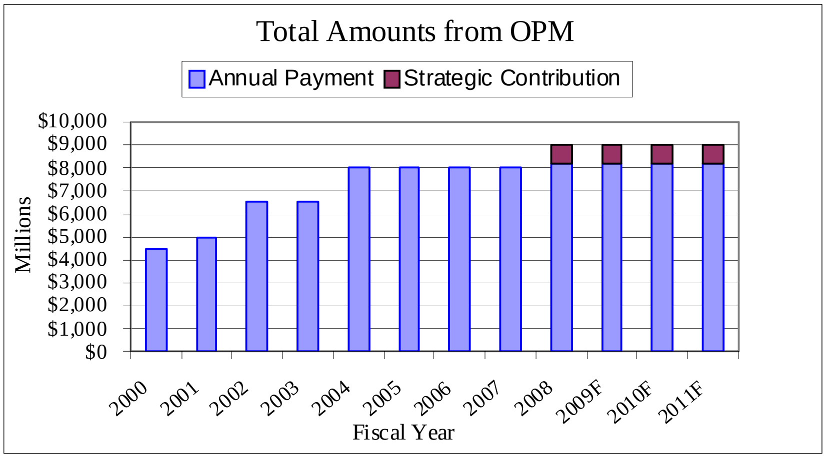
The Master Settlement Agreement, signed by the settling entities and participating tobacco manufacturers (PM), is the driving document for the procedure to use in determining how much the original participating manufacturers (OPM) to the agreement and the subsequent participating manufacturers (SPM) have to pay to the settling entities. PriceWaterhouseCoopers, the independent auditor to the agreement, gathers all the data and makes all the calculations required by the Master Settlement Agreement for determining what the PM owe. Documents produced by PriceWaterhouseCoopers provide the historic data needed to project future payments. Staff at the Montana Attorney General's office and sometimes the National Association of Attorneys General are also consulted. Since an adjustment for a change in volume of cigarettes shipped is necessary, various knowledgeable sources are consulted as to expected changes in smoking or the sale of cigarettes.

Payments

Currently, there are two types of payments from OPM:

1. On-going annual payments to be received April 15th each year of which Montana receives 0.4247591 percent. These payments are to be made in perpetuity and increased in FY 2008; and
2. Strategic contribution payments are to be made from FY 2008 through FY 2017 of which Montana receives 1.0447501 percent.

The table below shows the total of these payments available to all settling entities before any adjustments.

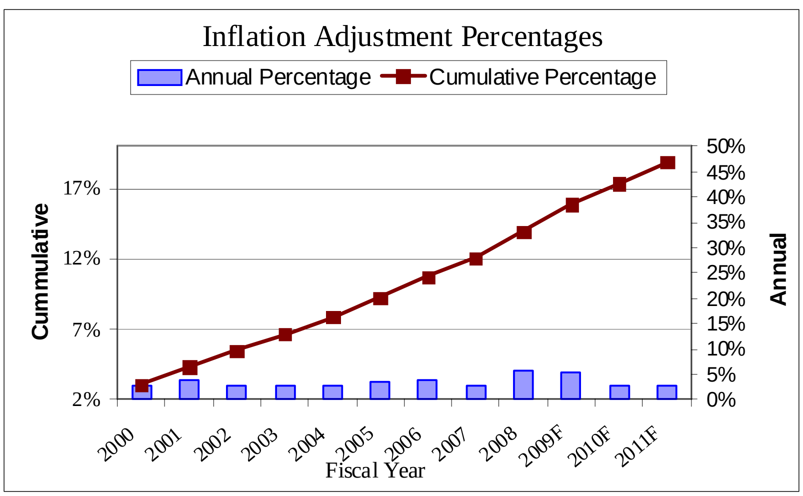


Manufacturers who subsequently participate in the agreement also make payments based on the total annual and strategic contribution payments required by the OPM. The amount of these payments is also subject to various adjustments.

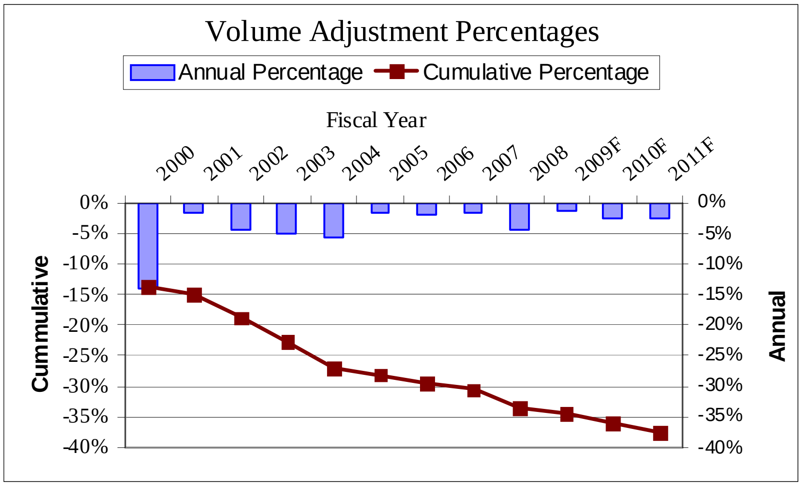
<u>Adjustments</u>

There are five potential adjustments to the payments.

1. Inflation – This adjustment increases the amount owed by PM. The set amounts of the annual and the strategic contribution payments are increased by the greater of 3.0 percent or the amount of the Consumer Price Index for Urban Consumers. The effect is cumulative so that the previous year's inflation percentage is increased by the current year's amount plus the amount of the current year's percentage. The chart shows the annual and cumulative inflation factors.



2. Volume – As the number of cigarettes shipped nationally decreases, payments by PM are reduced. The current number of cigarettes is compared to the 1997 base number of 475.656 billion cigarettes. A proxy for the estimated annual change in the number of cigarettes shipped is determined by developing an estimate for the percentage change in cigarette consumption. For this analysis, the trend (downward) of the number of cigarette shipped from FY 2004 to FY 2008 was applied to the FY 2008 base year and each subsequent year. Like the inflation adjustment, the effect is cumulative so that the previous year's percentage adjustment is increased by the current year's amount plus the amount of the current year's percentage. According to the settlement agreement, the cumulative percentage is then reduced by 2 percent. The chart shows the annual and adjusted cumulative volume factors.



3. Operating income – If the aggregate operating income from the OPM sales of cigarettes exceeds the 1996 base amount of $7,060.840 million, as adjusted for inflation (see above) and by the percentage of states who have finalized acceptance of the agreement (100 percent since calendar 2001), then the dollar amount of the volume reduction is reduced and the amount of OPM payments increases. This adjustment has not been applied since calendar 2000.
4. Previous settling states – Previous to the Master Settlement Agreement, four states had settled lawsuits with certain cigarette manufacturers. The agreement recognized this by allowing reductions to the OPM annual payments (as adjusted for inflation and volume) of 12.45 percent through the FY 2007 payment, 12.24 percent through the FY 2017 payment, and 11.07 percent thereafter.
5. Non-participating manufacturers (NPM) – If tobacco manufacturers who participate in the Master Settlement Agreement lose market share to those manufacturers who do not, their payments may be reduced. It must be shown that there was a loss of market share to NPM and that the disadvantages caused by the agreement were a significant factor contributing to the loss. However, the NPM adjustment does not apply to a state that had a "qualifying statute" in effect for the full year in question and had diligently enforced it. The "qualifying statute" requires a manufacturer who is not a PM to pay into a state-specific escrow account $0.0167539 per cigarette sold in that state in CY 2006 and $0.0188482 thereafter. Money in the account may be used to pay a judgment or settlement against the manufacturer. The Montana legislature enacted SB 359 (1999 session) and HB 663 (2003 session) in response to the agreement (see Title 15, Chapter 11, Parts 4 and 5). Although the agreement's independent auditor calculates the NPM adjustment, it has never applied it to required payments.

   The NPM adjustment is three times the market share loss of PM. Market share loss is determined by subtracting the current year market share of PM from the 1997 base market share of 99.5835 percent less 2.0 percentage points or 97.5835 percent. This percentage difference is multiplied by the annual payment amount adjusted for inflation, volume, and previous settling states. If the computed market share loss exceeds 16-2/3 percent, the formula changes to reduce the percentage adjustment. For this to occur, the change in market share for all PM would have to fall to 80 percent. It is unlikely that this will occur. Based on this formula, the NPM adjustment could reduce Montana's payments by a maximum of $3.7 million in FY 2009, $3.8 million in FY 2010 and $3.9 million in FY 2011, if all the conditions were met. The estimates include a portion of these reductions; not because all the conditions have been met, but because the PM may dispute a portion of a payment. Many PM feel the adjustment should be applied and have subsequently deposited disputed amounts into special escrow accounts until the issue is resolved. However, not all companies dispute the full amount, so the revenue estimate reduces the maximum amount that could be disputed by the same percentage that occurred in the previous year. The end result for the settling entities is that some portion of the money is unavailable even though the adjustment was not applied to the payments. This occurred in the FY 2006 payment when $3.5 million was withheld from Montana's payment. In FY 2007, $3.0 million was withheld and $2.3 million was withheld in FY 2008. It is anticipated that PM will continue to dispute a portion of future payments.

Analysis

Once adjustments amounts have been calculated, the applicable adjustments to the OPM and SMP payments can be applied and other revenue components calculated.

OPM Annual Payment - The estimate for tobacco settlement revenue from OPM is derived by first multiplying the payment amount by 1 plus the cumulative percentages for the inflation and volume adjustments and the previous settled states' percentage then adding the dollar amount of the operating income adjustment (zero) and the NPM adjustment. To this total amount, Montana's allocation of 0.4247591 percent is applied.

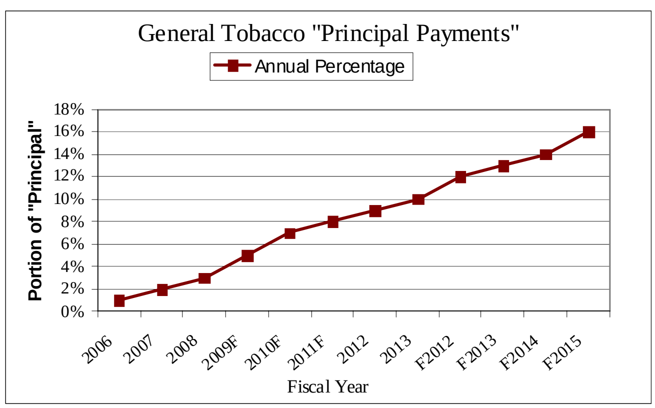
SPM Annual Payment - The estimate for tobacco settlement revenue from SPM is derived by a five-step process:

1. The volume adjustment (a reduction) is calculated by multiplying the annual OPM amount by the cumulative volume percentage.
2. A market share adjustment (a reduction to the amount owed) is calculated by: a) subtracting the volume adjustment, derived above, from the OPM amount; b) multiplying the result by a market share proxy to derive the base amount owed; c) the inflation adjustment is applied by multiplying the annual OPM amount by the cumulative inflation percentage; and d) the inflation adjustment is added to the base amount owed.
3. The proxy is calculated in the last completed year by dividing the SPM adjusted base payment (adjust for volume) by the total known amount due after adjustments for market share changes. The proxy from the last known fiscal year is used in all subsequent years.
4. The NPM maximum adjustment (a possible reduction), as determined above, is calculated. Since not all companies will dispute the entire amount, a percentage is applied to reduce the reduction. For FY 2008, this percentage was 61.6 percent and is used in all subsequent years.
5. The total SPM amount is adjusted by the above three adjustments and multiplied by 0.4247591 percent to obtain Montana's share.

OPM Strategic Contribution Payment – From FY 2008 through FY 2017, the OPM owe yearly strategic contribution payments to the settling entities in the amount of $861,000,000. This amount is increased by the inflation adjustment and decreased by the volume adjustment, both described above. The result is multiplied by Montana's share of 1.0447501 percent.

SPM Strategic Contribution Payment – From FY 2008 through FY 2017, the SPM owe yearly strategic contribution payments to the settling entities based on the OPM amount of $861,000,000. This amount is increased by the inflation adjustment, decreased by the market share adjustment, and decreased by the volume adjustment, all described above. The result is multiplied by Montana's share of 1.0447501 percent.

General Tobacco – The General Tobacco Company joined the Master Settlement Agreement in August 2004 and will make future payments the same as the other SPM. However, the company entered into a separate agreement with the settling entities for making the required payments owed retroactively from the date of its joining to the date the Master Settlement Agreement was signed. These obligations total $272.3 million. This "principal" amount will be paid yearly over a 12-year period based on a percentage schedule based on the year.

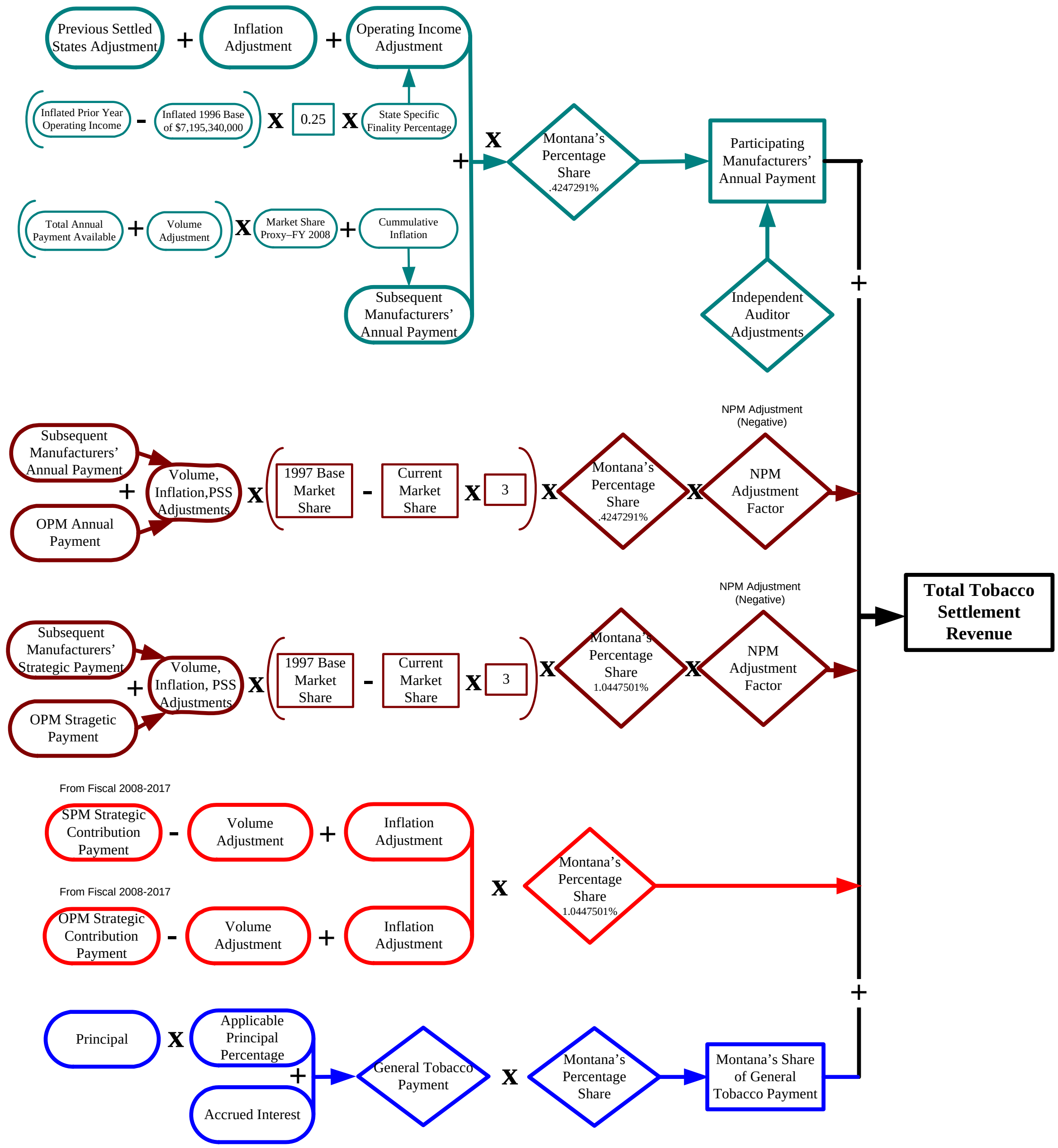


For fiscal years 2008 and 2009, the percentage of the "principal" to be paid is three percent and five percent, respectively. Interest on unpaid balances at five percent is then added to the "principal" payment. Once the total annual payment is calculated, it is multiplied by 0.4247591 percent to obtain Montana's share.

Adjustments and Distribution

Once total tax revenue for each fiscal year is determined, the applicable distribution percentages are applied.

Forecast Methodology



Legislative Fiscal Division
Revenue Estimate Profile
Tobacco Settlement

Revenue Estimate Assumptions:

	t Fiscal	Total Settle Millions	GF Settle Millions	Initial Payment Millions	Annual Payment Millions	Annual Share Percent	PSS Reduction Percent	GF Allocation Percent
Actual	2000	34.804411	34.804411	4872.000000	4500.000000	0.004247591	-0.124500000	1.000000
Actual	2001	26.639851	15.989101	2546.160000	5000.000000	0.004247591	-0.124500000	0.600195
Actual	2002	31.079018	18.647411	2622.544800	6500.000000	0.004247591	-0.124500000	0.600000
Actual	2003	31.166018	18.699611	2701.221144	6500.000000	0.004247591	-0.124500000	0.600000
Actual	2004	26.672072	2.933928	0.000000	8000.000000	0.004247591	-0.124500000	0.110000
Actual	2005	27.070703	2.977777	0.000000	8000.000000	0.004247591	-0.124500000	0.110000
Actual	2006	24.851033	2.733614	0.000000	8000.000000	0.004247591	-0.124500000	0.110000
Actual	2007	25.931124	2.861266	0.000000	8000.000000	0.004247591	-0.124500000	0.110341
Actual	2008	34.614275	3.807570	0.000000	8139.000000	0.004247591	-0.122373756	0.110000
Forecast	2009	35.982000	3.958000	0.000000	8139.000000	0.004247591	-0.122373756	0.110000
Forecast	2010	36.449000	4.009000	0.000000	8139.000000	0.004247591	-0.122373756	0.110000
Forecast	2011	37.032000	4.074000	0.000000	8139.000000	0.004247591	-0.122373756	0.110000

	t Fiscal	Annual Vol. Change Percent	Cummulative Vol. Change Percent	Adjustment Factor Percent	Adjusted Vol. Change Percent	Annual CPI Change Percent	Cummulative CPI Change Percent	NPM Adj. Factor Percent
Actual	2000	-0.140094943	-0.140094943	0.980000000	-0.137293044	0.030000000	0.030000000	
Actual	2001	-0.015542065	-0.153459643	0.980000000	-0.150390450	0.033868093	0.064884100	
Actual	2002	-0.045780332	-0.192214542	0.980000000	-0.188370251	0.030000000	0.096830600	
Actual	2003	-0.049400356	-0.232119431	0.980000000	-0.227477042	0.030000000	0.129735500	
Actual	2004	-0.056361859	-0.275398607	0.980000000	-0.269890635	0.030000000	0.163627600	
Actual	2005	-0.016096976	-0.287062498	0.980000000	-0.281321248	0.032555600	0.201510200	
Actual	2006	-0.020662729	-0.301793732	0.980000000	-0.295757857	0.034156600	0.242549700	
Actual	2007	-0.015004246	-0.312269791	0.980000000	-0.306024395	0.030000000	0.279826200	
Actual	2008	-0.044973909	-0.343199707	0.980000000	-0.336335713	0.040812700	0.332059400	0.616260
Forecast	2009	-0.013684537	-0.352187715	0.980000000	-0.345143961	0.038591000	0.383464900	0.616260
Forecast	2010	-0.024823471	-0.368268664	0.980000000	-0.360903291	0.030000000	0.424968800	0.616260
Forecast	2011	-0.025455361	-0.384349613	0.980000000	-0.376662621	0.030000000	0.467717900	0.616260

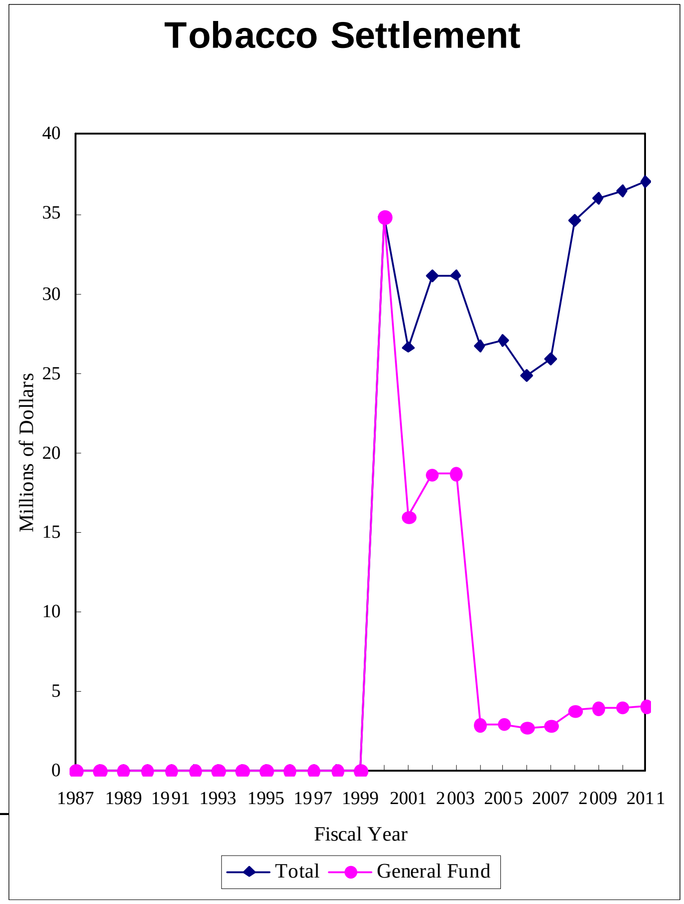
	t Fiscal	Op. Income Adjustment Millions	SPM Payment Millions	General Tobacco Millions	NPM Adjustment Millions	Strategic Payment Millions	Strategic Share Percent	SPM Strat. Pay. Millions
Actual	2000	40.787986	45.670546			0.000000	0.000000000	
Actual	2001	64.221594	82.400165			0.000000	0.000000000	
Actual	2002	0.000000	144.417782			0.000000	0.000000000	
Actual	2003	0.000000	240.733198			0.000000	0.000000000	
Actual	2004	0.000000	293.806967			0.000000	0.000000000	
Actual	2005	0.000000	433.300079			0.000000	0.000000000	
Actual	2006	0.000000	441.940333	0.072141	-3.006038	0.000000	0.000000000	
Actual	2007	0.000000	531.992827	0.080386	-2.596975	0.000000	0.000000000	34.165664
Actual	2008	0.000000	430.210578	0.090796	-3.622289	861.000000	0.010447501	45.510694
Forecast	2009	0.000000	440.882669	0.112194	-3.728806	861.000000	0.010447501	62.962448
Forecast	2010	0.000000	443.180845	0.132435	-3.775218	861.000000	0.010447501	89.719524
Forecast	2011	0.000000	445.220144	0.139953	-3.835000	861.000000	0.010447501	131.682951

Total Settle = (Annual Payment * ((1+ Cumulative CPI Change) * (1+ Adjusted Vol. Change) * (1+ PSS Reduction))
+ Op. Income Adjustment) * Annual Share + General Tobacco + (SPM Payment * Annual Share)
+ (NPM Adjustment * NPM Adjustment Factor)
+ Strategic Payment * ((1+ Cumulative CPI Change) * (1+ Adjusted Vol. Change) + SPM Strategic Payment)

Legislative Fiscal Division
Revenue Estimate Profile
Tobacco Settlement

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1987	0.000000	0.000000	Not App.
A	1988	0.000000	0.000000	Not App.
A	1989	0.000000	0.000000	Not App.
A	1990	0.000000	0.000000	Not App.
A	1991	0.000000	0.000000	Not App.
A	1992	0.000000	0.000000	Not App.
A	1993	0.000000	0.000000	Not App.
A	1994	0.000000	0.000000	Not App.
A	1995	0.000000	0.000000	Not App.
A	1996	0.000000	0.000000	Not App.
A	1997	0.000000	0.000000	Not App.
A	1998	0.000000	0.000000	Not App.
A	1999	0.000000	0.000000	Not App.
A	2000	34.804411	34.804411	Not App.
A	2001	26.639851	15.989101	-54.06%
A	2002	31.079018	18.647411	16.63%
A	2003	31.166018	18.699611	0.28%
A	2004	26.672072	2.933928	-84.31%
A	2005	27.070703	2.977777	1.49%
A	2006	24.851033	2.733614	-8.20%
A	2007	25.931124	2.861266	4.67%
A	2008	34.614275	3.807570	33.07%
F	2009	35.982000	3.958000	3.95%
F	2010	36.449000	4.009000	1.29%
F	2011	37.032000	4.074000	1.62%



Data Source(s):

Master Settlement Agreement (as amended), Center for Disease Control and Prevention, National Council of State Legislatures, National Association of Attorneys General, Tobacco companies' 10Q report

Contacts: Department of Justice