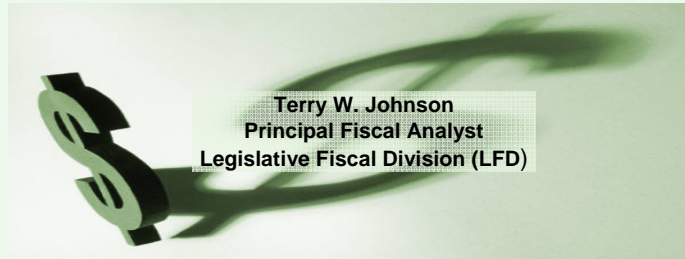




# General Fund Finances 2011 Biennium and Beyond

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Legislative Fiscal Division (LFD)

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April 7, 2010

Big Sky Economic Development

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## Presentation Outline

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- Treasury Fund Structure
- Current Revenue Trends
- Revised 2011 Biennium Ending Fund Balance
- 2013 Revenue Outlook
- General Fund Long Term Outlook
- Summary



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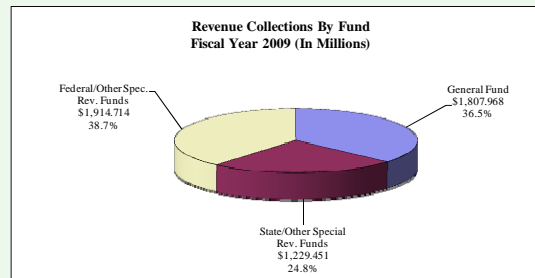
## State Government Fund Structure

- General Fund
- State Special Revenue
- Federal Special Revenue



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## Fiscal 2009 State Revenue Collections

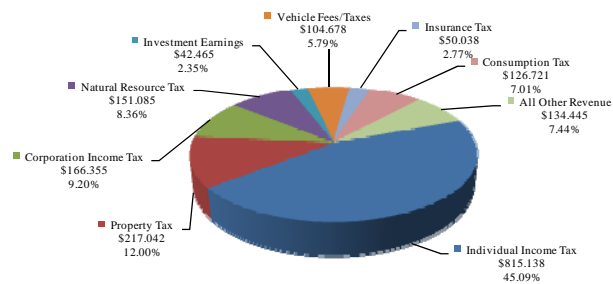


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## Where Does General Fund Revenue Come From



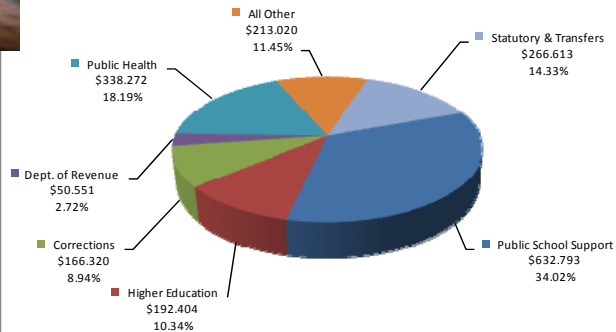
**FY 2009 General Fund Revenue By Major Category**  
**\$1,807.968 Million**



## What is the General Fund Revenue Spent On



**FY2009 General Fund Expenditure By Function**  
**\$1,859.973 Million**





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### Major Economic Drivers Relevant to General Fund Revenue

- Wage and Salary Income (**Income Tax**)
- Business/Corporation Profitability (**Corporate Tax**)
- Property Values (**Property Tax**)
- Interest Rates (**Investment Income**)
- Natural Resources (**Natural Resource Tax**)
  - Production
  - Commodity Prices





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### Fiscal 2010 To Date Summary General Fund Revenue Comparison

▪ Through March FY 2009	\$ 1,139.6 M	
▪ Through March FY 2010	\$ 918.5 M	
▪ Current Change and Rate (9 months)	\$ -221.1 M	-19.4%
▪ HJ 2* Growth and Rate (Full Year)	\$ -35.1 M	-1.9%



\* Legislature's Revenue Estimating Resolution + Legislation

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## Change From FY 2009 General Fund Revenue

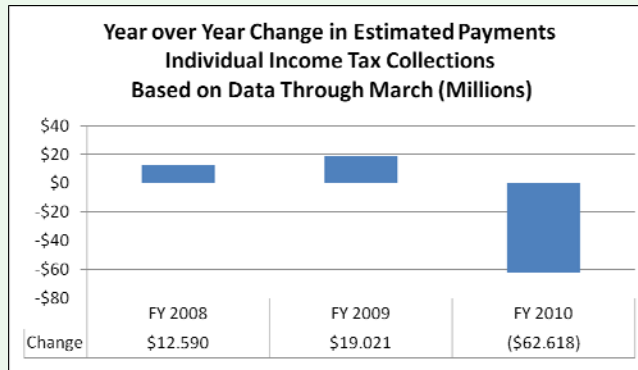
General Fund Revenue Collections Nine Month Comparison - FY 2009 to FY 2010		
Category	Change In Millions	Percent Change
Individual Income Tax	(\$114.8)	-20.56%
Corporation Income Tax	(60.6)	-58.16%
Oil & Gas Production Tax	(23.2)	-52.14%
Vehicle Fees/Taxes	(12.2)	-17.11%
TCA Interest	(11.0)	-85.21%
Video Gaming Tax	(4.0)	-12.64%
Remaining Sources	4.7	0.01%
Total	(\$221.1)	-19.40%

## Individual Income Tax Comparison (Millions)

Individual Income Tax Comparison - FY 2009 to FY 2010				
Revenue Description	Through 3/31/2009 FY 2009	Through 3/31/2010 FY 2010	Dollar Change	Percent Change
Withholding	468,262,685	461,243,387	(7,019,298)	-1.50%
Mineral Withholding	13,134,536	7,176,226	(5,958,310)	-45.36%
Estimated Payments	183,126,583	120,508,404	(62,618,179)	-34.19%
Current Year Payments	24,842,950	16,749,470	(8,093,480)	-32.58%
Audit Revenue	19,824,360	23,289,575	3,465,215	17.48%
Refunds	(150,756,653)	(185,358,819)	(34,602,166)	22.95%
Total	\$558,434,461	\$443,608,243	(\$114,826,218)	-20.56%



## Fiscal 2010 Summary Individual Income Tax Estimated Payments

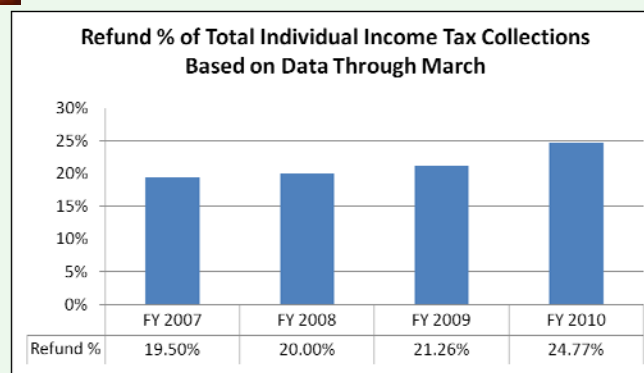


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\* FY 2009 Includes a large estimated payment received in January



## Fiscal 2010 Summary Individual Income Tax Refund %



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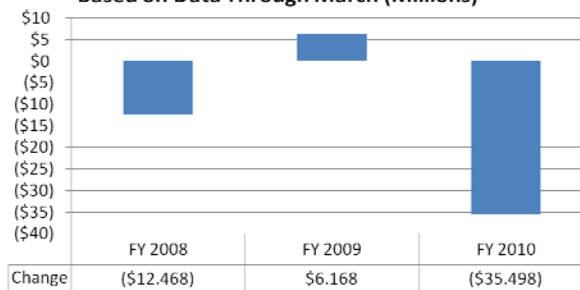
## Corporation Income Tax Comparison (Millions)

Corporation Income Tax Comparison - FY 2009 to FY 2010				
Revenue Description	Through 3/31/2009 FY 2009	Through 3/31/2010 FY 2010	Dollar Change	Percent Change
Current Year Payments	24,843,892	21,533,975	(3,309,917)	-13.32%
Estimated Payments	76,777,748	41,280,006	(35,497,742)	-46.23%
Audit Revenue	18,270,847	8,414,678	(9,856,169)	-53.94%
Refunds	(15,686,193)	(27,633,289)	(11,947,096)	76.16%
<b>Total</b>	<b>\$104,206,294</b>	<b>\$43,595,370</b>	<b>(\$60,610,924)</b>	<b>-58.16%</b>



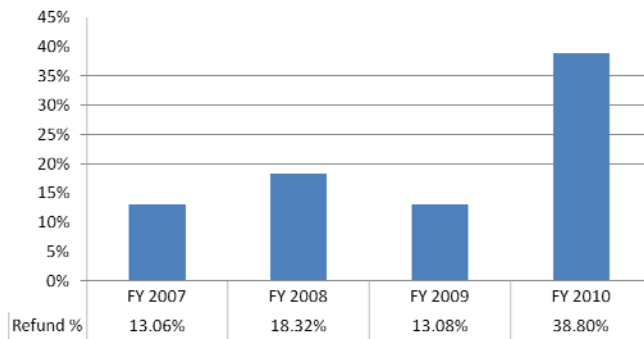
## Fiscal 2010 Summary Corporation Income Tax Estimated Payments

Year over Year Change in Estimated Payments  
Corporation Income Tax Collections  
Based on Data Through March (Millions)



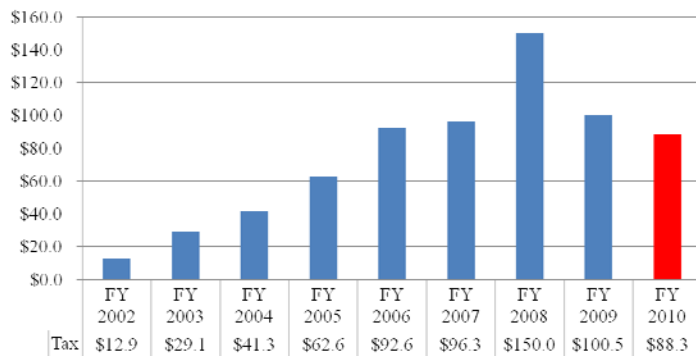
## Fiscal 2010 Summary Corporation Income Tax Refund %

Refund % of Total Corporation Income Tax Based on  
Data Through March

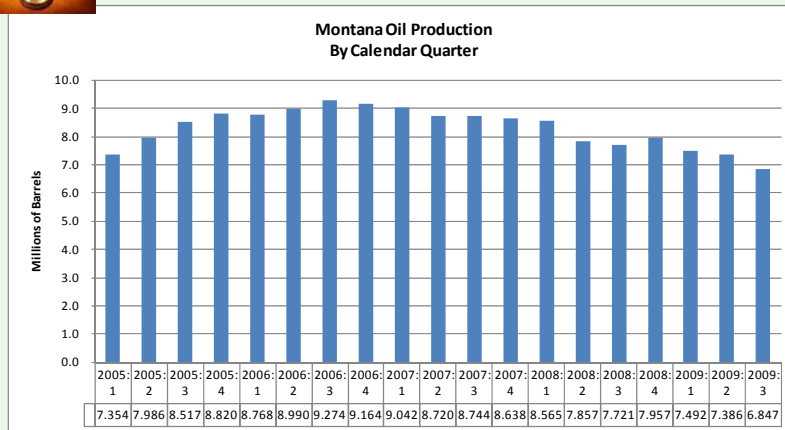


## Oil and Gas Production Tax Trends

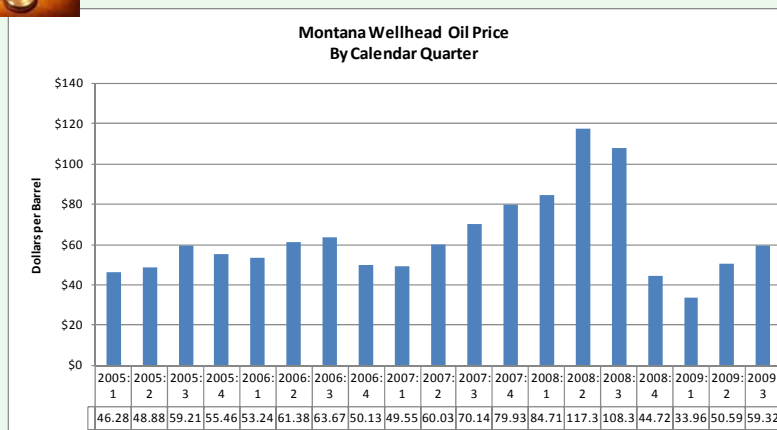
Oil and Gas Production Tax  
In Millions



## Fiscal 2010 Summary Oil Production Tax - Production

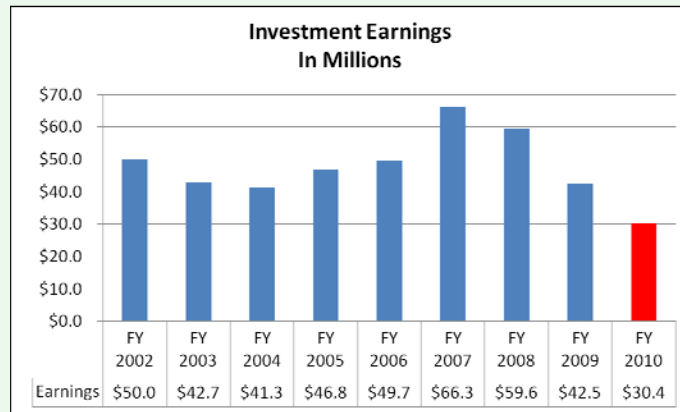


## Fiscal 2010 Summary Oil Production Tax – Wellhead Price

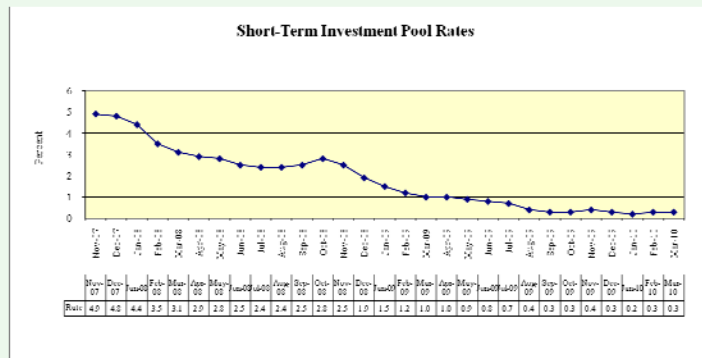




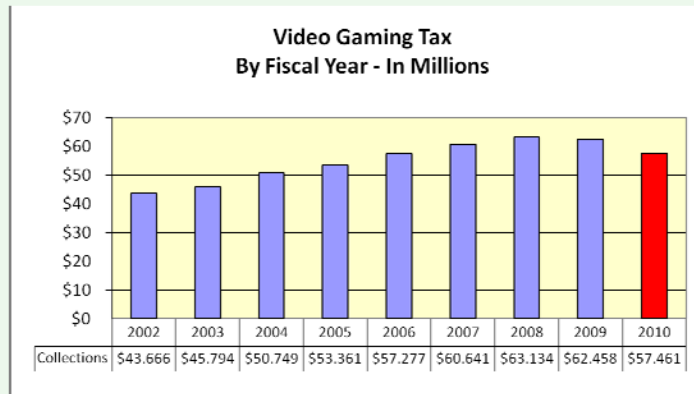
## Investment Earning Trends



## Fiscal 2010 Summary Short-Term Investment Pool Rates



## Video Gaming Tax Trends



## Fiscal 2010 & FY 2011 Summary Estimated Revenue Changes



Estimated Revenue Changes From HJ 2 (Millions)			
Category	FY 2010	FY 2011	Biennium
Individual Income Tax	(\$118.1)	(\$95.0)	(\$213.1)
Corporation Income Tax	(58.2)	(52.7)	(110.9)
Oil & Gas Production Tax	21.3	12.3	33.6
TCA Interest	(4.5)	(6.4)	(10.9)
Video Gaming Tax	(11.5)	(11.1)	(22.6)
Vehicle Fees/Taxes	(7.0)	(4.8)	(11.8)
Remaining Sources	(4.1)	(10.1)	(14.2)
<b>Current Estimate</b>	<b>(\$182.1)</b>	<b>(\$167.8)</b>	<b>(\$349.9)</b>
February Estimate	(\$182.1)	(\$167.8)	(\$349.9)
<b>Change From February Estimate</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>

## 2011 Biennium General Fund Revenue Impact on Legislative Projected Balance

### 2011 Biennium General Fund Outlook

In Millions

Biennium

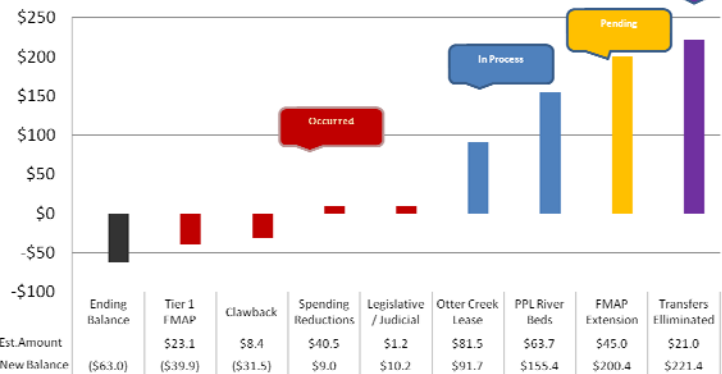
Legislative Projected Balance	\$282.4
FY 2009 Balance Change	5.0
Net Revenue Changes	(349.9)
Fund Balance Adjustments	(0.5)
Supplementals	?
<b>New Projected Balance *</b>	<b>(\$63.0)</b>

\*Excludes Otter Creek, PPL and spending reductions as proposed by the Governor.

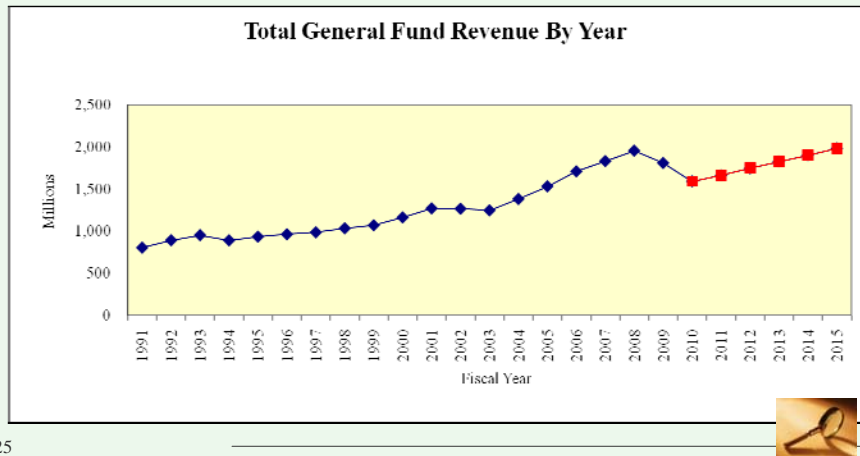
\*Also excludes FMAP Extension and Transfers.

## 2011 Biennium General Fund Revenue Impact on Legislative Projected Balance

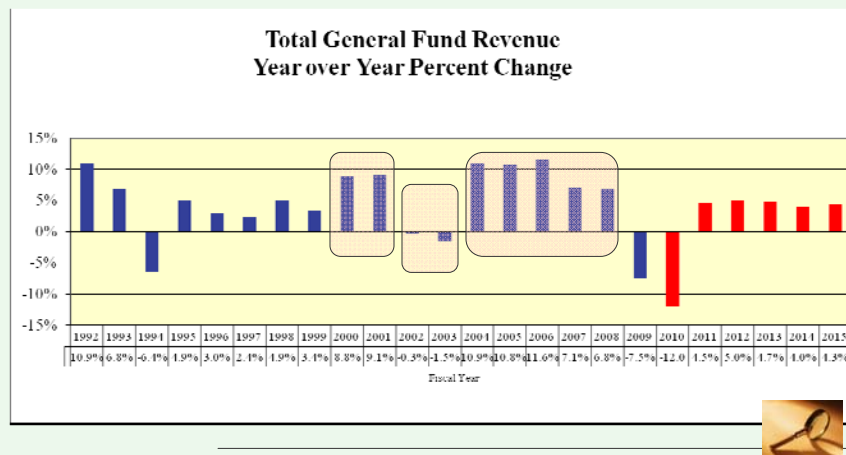
### 2011 Biennium General Fund Balance Progression As Issues Change



## Long-Term Revenue Outlook Total General Fund

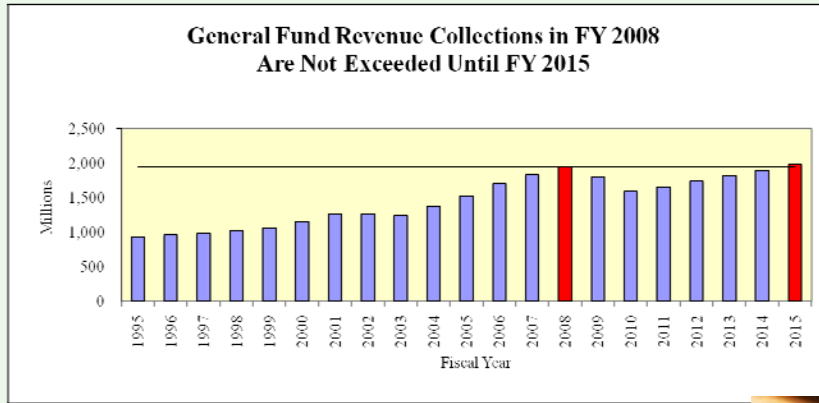


## Long-Term Revenue Outlook Total General Fund





## Long-Term Revenue Outlook Total General Fund



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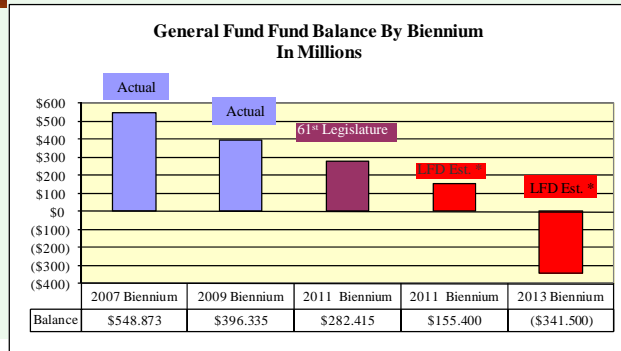
## 2011 Biennium General Fund Revenue Impact on Legislative Projected Balance

2013 Biennium General Fund Outlook	
In Millions	
	Biennium
Beginning Balance *	\$155.4
LFD Revenue Estimates	3,571.5
Present Law Services	(3,968.4)
Supplementals	?
Fund Balance Reserve	(\$100)
Potential Deficit	(\$341.5)
Budget Gap	(\$396.9)

\*Includes Otter Creek, PPL and spending reductions as proposed by the Governor.  
\*Excludes FMAP Extension and Transfers.

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## General Fund Balance Position



\*LFD estimates for the 2011 biennium include the Governor's spending reductions, Otter Creek, and PPL.

\*Excludes FMAP extension and transfers.

## Long-Term General Fund Outlook Considerations

- Maintaining Structural Balance
- Maintaining An Adequate Ending Fund Balance
- Retirement System Funding
- Health Care Reform Impacts
- Loss of Federal Funds
- Aging Population Impacts



Questions ?

