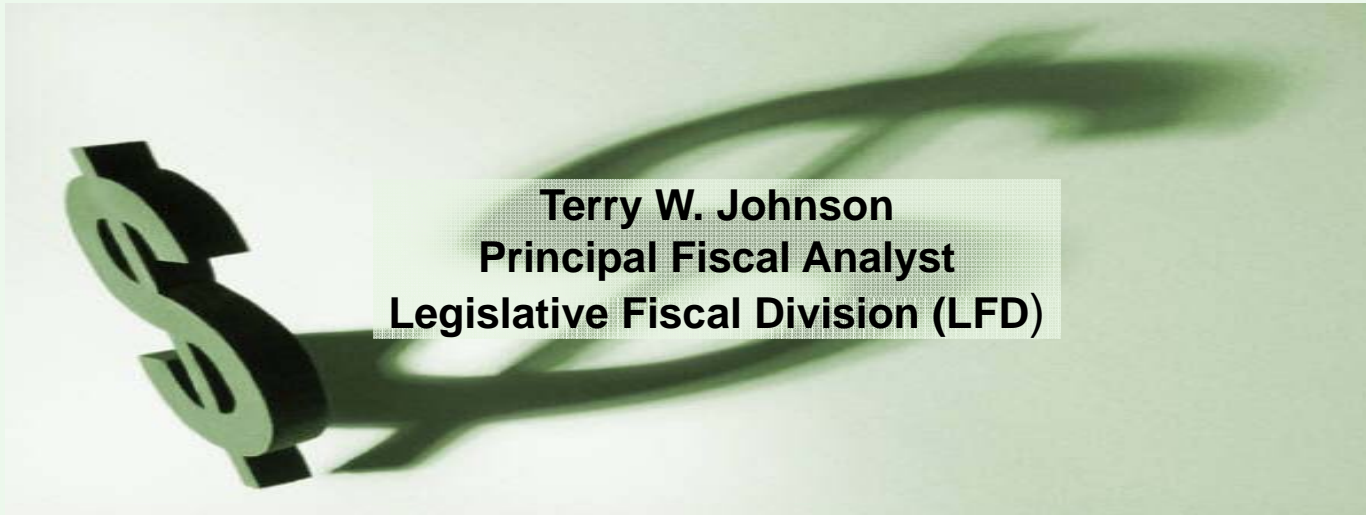




# General Fund Finances Current and Future Outlook

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**Terry W. Johnson**  
**Principal Fiscal Analyst**  
**Legislative Fiscal Division (LFD)**

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January 15, 2010

**Montana Chamber of Commerce Business Days**



## Presentation Outline

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- State Government Fund Structure
  - Yesterday - FY 2009 Summary
  - Today - FY 2010 To Date
  - Tomorrow - 2013 Biennium & Beyond
- Summary





# State Government Fund Structure

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- General Fund
- State Special Revenue
- Federal Special Revenue





## Fiscal 2009 General Fund (GF) Ending Balance

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<b>Preliminary Balance:</b>	\$ 392.0 M
<b>Expected Balance:</b>	<u>\$ 369.1 M</u>
<b>Difference:</b>	\$ 22.8 M



## Why?

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## **Net GF Revenue Change: \$ -36.6 M**

**Total Sources Above HJ 2\* Estimate**                      \$ 23.9 M

**Total Sources Below HJ 2\* Estimate**                      **\$-60.5 M**

**Total Net Change:**    **\$-36.6 M**

**\* Legislature's Revenue Estimating Resolution**





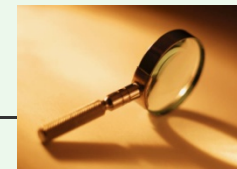
## General Fund Unanticipated Reversions after Continuing Authority: \$33.8 M

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Reversions After Budgeted Amount	\$ 51.7 M
Less Unanticipated Cont. Authority	<u>\$-17.9 M</u>

Unanticipated Reversions	\$33.8 M
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## Fiscal 2009 Impact On General Fund 2011 Biennium Budget



➤ Projected Biennium Balance (Revised)	\$ 287.4 M
➤ Projected Balance Post Session	<u>\$ 282.4 M</u>
Total Fund Balance Change (Rounded)	\$ 5.0 M

### Why?

➤ Revenue Collections	\$ - 36.6 M
➤ Disbursements	\$ 33.8 M
➤ Fund Balance Adjustments	<u>\$ 7.7 M</u>
Total Change	\$ 4.9 M





## Fiscal 2010 To Date Summary General Fund Revenue Comparison

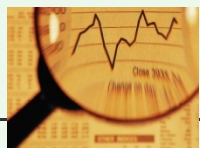
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- Through December FY 2009 \$ 715.9 M
- Through December FY 2010 \$ 600.8 M
  
- Current Change and Rate (6 months) \$ -115.1 M -16.1%
- HJ 2\* Growth and Rate (Full Year) \$ -35.1 M -1.9%

\* Legislature's Revenue Estimating Resolution







## Individual Income Tax Comparison (Millions)

Individual Income Tax Comparison - FY 2009 to FY 2010				
Revenue Description	Through 12/31/2008 FY 2009	Through 12/31/2009 FY 2010	Dollar Change	Percent Change
Withholding	304,899,845	295,610,667	(9,289,178)	-3.05%
Mineral Withholding	7,609,987	3,495,115	(4,114,872)	-54.07%
Estimated Payments	102,446,077	82,229,592	(20,216,485)	-19.73%
Current Year Payments	13,317,911	6,338,585	(6,979,326)	-52.41%
Audit Revenue	11,396,567	14,311,552	2,914,985	25.58%
Refunds	<u>(61,083,529)</u>	<u>(80,423,538)</u>	<u>(19,340,009)</u>	<u>31.66%</u>
Total	\$378,586,858	\$321,561,973	(\$57,024,885)	-15.06%





## Legislative Fiscal Division



### Corporation Income Tax Comparison (Millions)

Corporation Income Tax Comparison - FY 2009 to FY 2010				
Revenue Description	Through 12/31/2008 FY 2009	Through 12/31/2009 FY 2010	Dollar Change	Percent Change
Current Year Payments	26,792,036	5,614,602	(21,177,434)	-79.04%
Estimated Payments	68,610,381	33,555,709	(35,054,672)	-51.09%
Audit Revenue	6,155,737	6,607,367	451,630	7.34%
Refunds	<u>(8,969,379)</u>	<u>(12,732,335)</u>	<u>(3,762,956)</u>	<u>41.95%</u>
Total	\$92,588,775	\$33,045,343	(\$59,543,432)	-64.31%

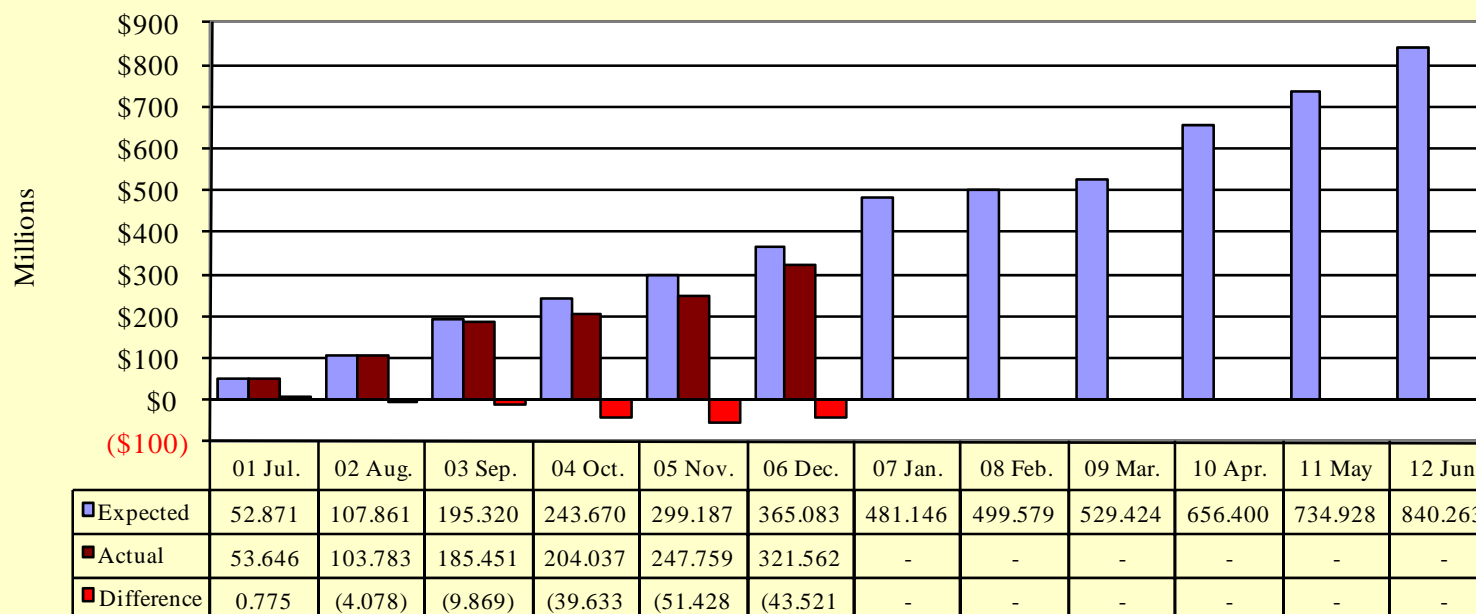




# Fiscal 2010 Summary

## Individual Income Tax Monthly Flow

Individual Income Tax - Expected vs. Actual Collections (Cumulative)



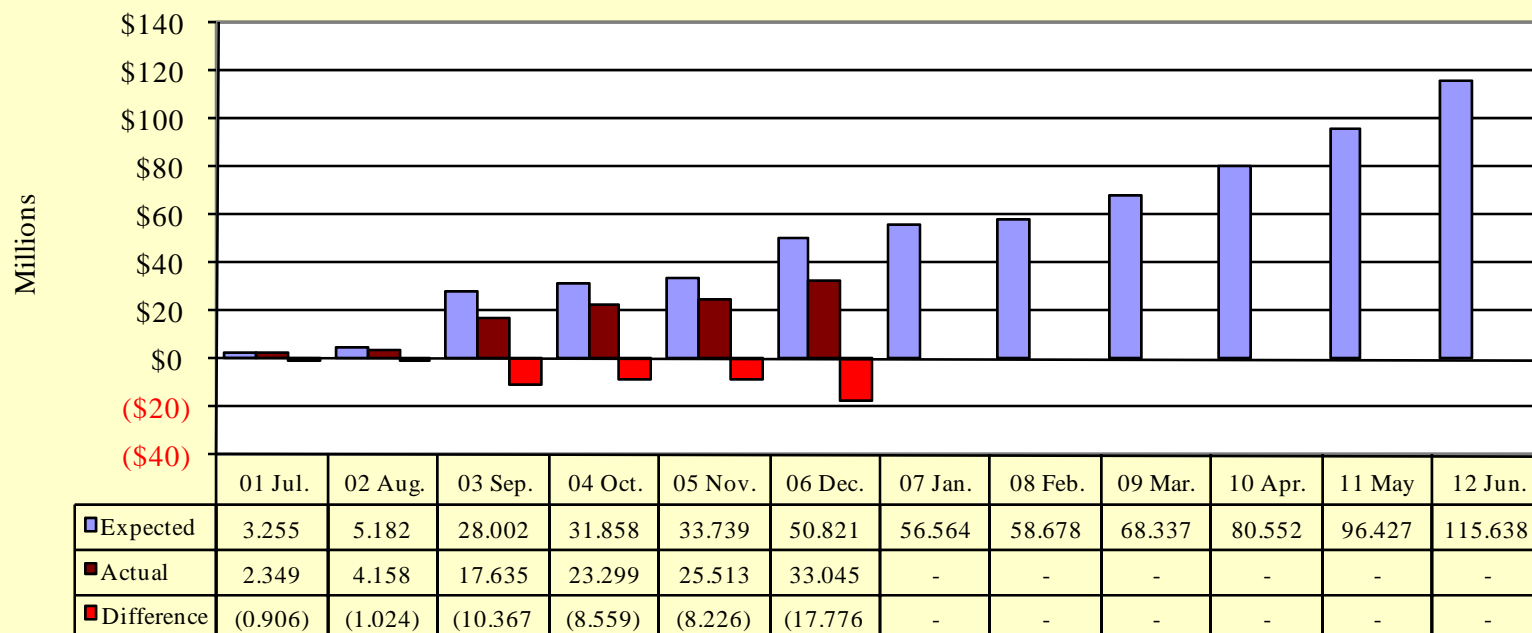


# Fiscal 2010 Summary

## Corporation Income Tax Monthly Flow



Corporation Tax - Expected vs. Actual Collections (Cumulative)



# Fiscal 2010 & FY 2011 Summary

## Estimated Revenue Changes



Estimated Revenue Changes From HJ 2 (Millions)			
Category	FY 2010	FY 2011	Biennium
Individual Income Tax	(\$108.0)	(\$105.0)	(\$213.0)
Corporation Income Tax	(\$33.0)	(\$35.0)	(\$68.0)
Oil & Gas Production Tax	\$16.0	\$16.0	\$32.0
TCA Interest	(\$4.5)	\$0.0	(\$4.5)
Video Gaming Tax	(\$8.3)	(\$8.7)	(\$17.0)
Vehicle Fees/Taxes	?	?	?
Total	(\$137.8)	(\$132.7)	(\$270.5)

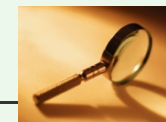




## 2011 Biennium General Fund Revenue Impact on Legislative Projected Balance



2011 Biennium General Fund Outlook	
In Millions	
	Biennium
Legislative Projected Balance	\$282.4
FY 2009 Balance Change	5.0
Net Revenue Changes	(270.5)
Supplementals	?
New Projected Balance	\$16.9





## MCA 17-7-140, Reduction in Spending

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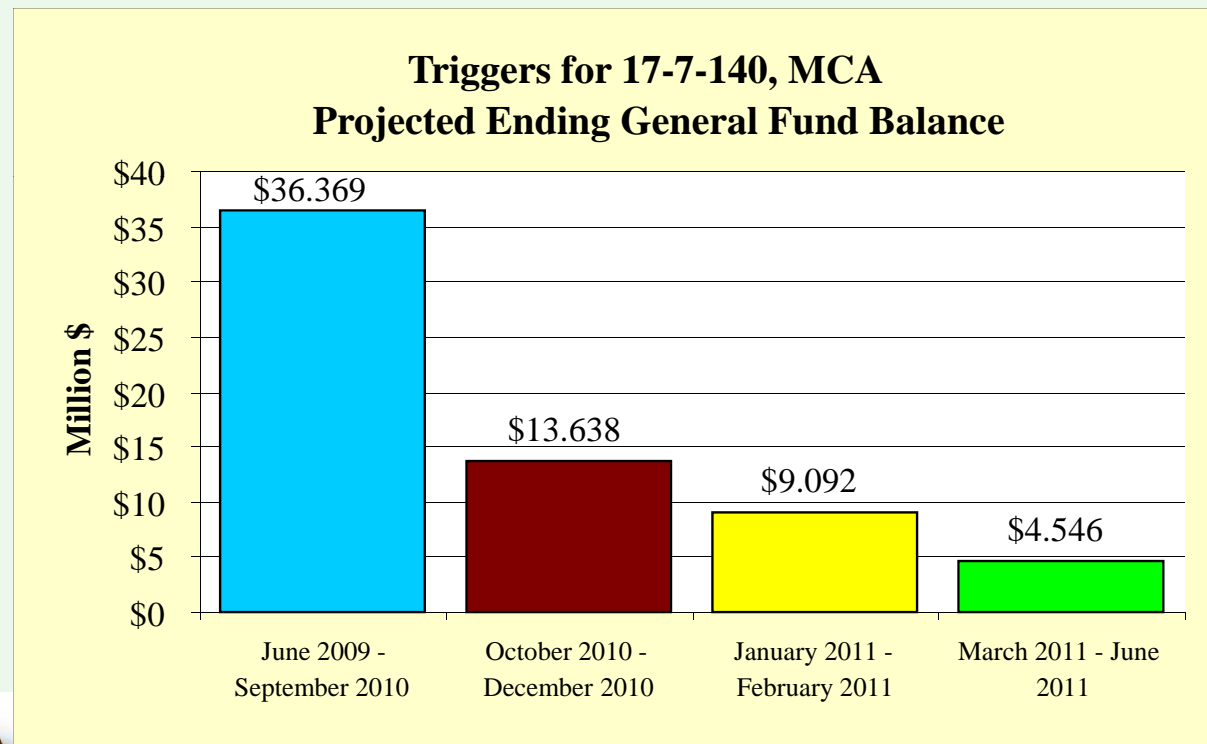


- **Trigger Point \$36.4 million**
- **Executive Calculates Projected Deficit**
- **RTIC Reviews Estimated Revenue Shortfall**
- **LFC Reviews Executive Spending Reductions**
- **Governor Reviews all Recommendations and Determines Final Spending Reductions**





## MCA 17-7-140, Trigger Points







## 2011 Biennium General Fund Revenue Impact on Structural Balance

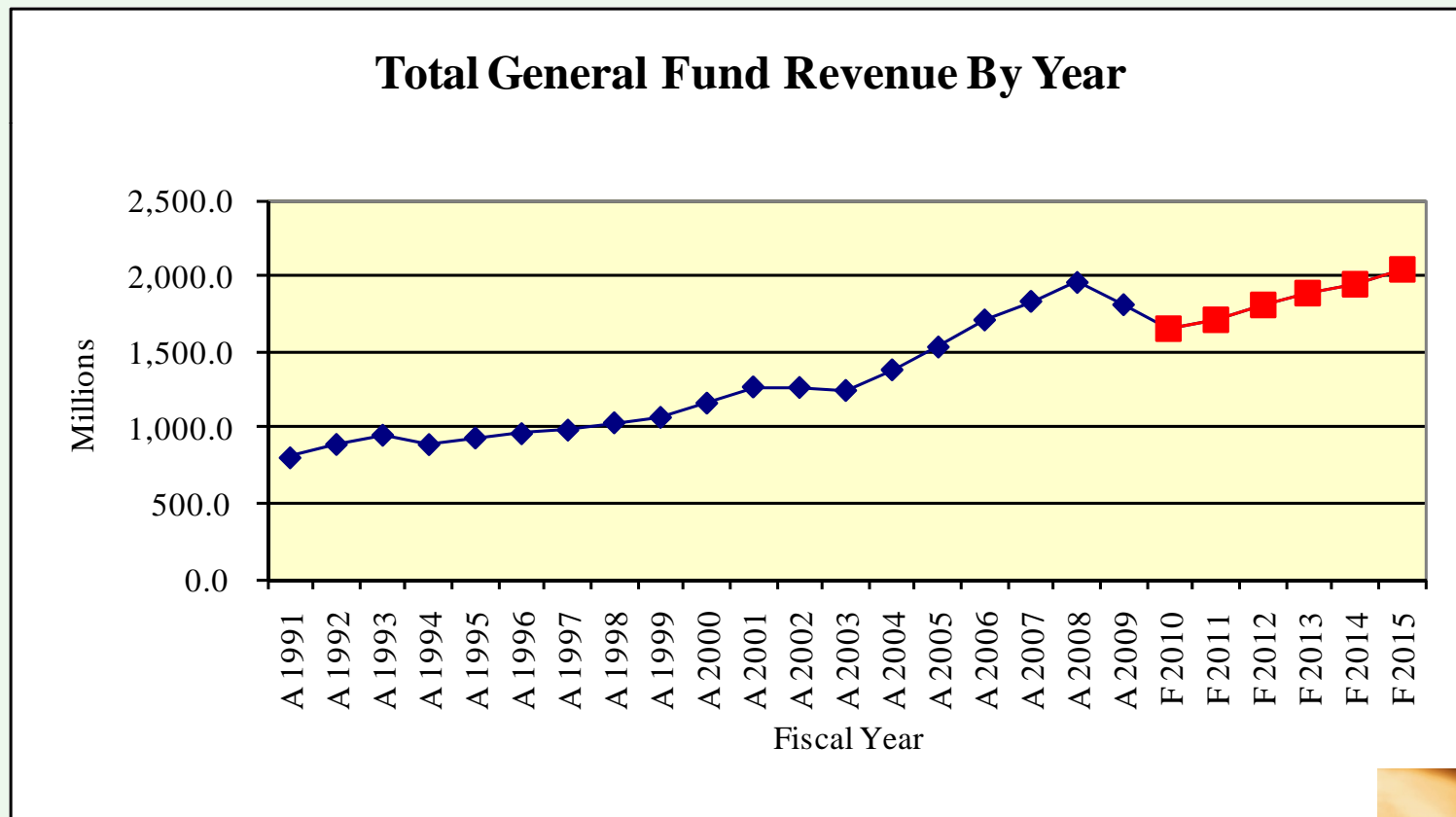


Fiscal 2011 General Fund Structural Balance Calculation		
	Legislature Millions	Rev. Est. Millions
Estimated On-Going Revenue	\$1,826.3	\$1,708.7
Estimated On-Going Disbursements	<u>1,830.7</u>	<u>1,830.7</u>
Structural Balance	(\$4.4)	(\$122.0)



# Long-Term Revenue Outlook

## Total General Fund

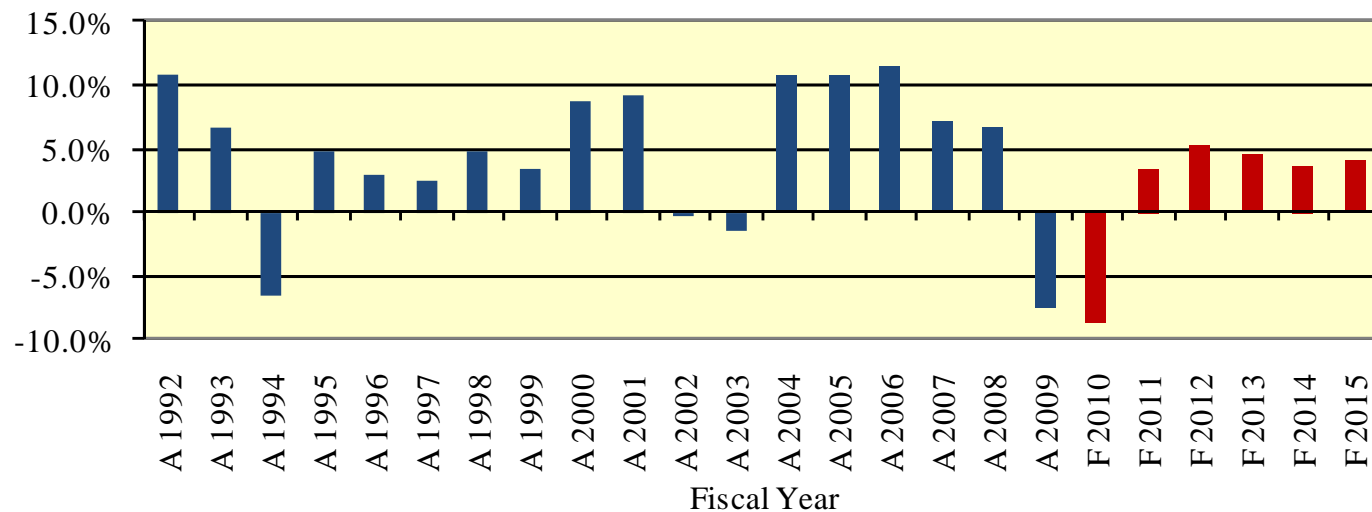




## Long-Term Revenue Outlook Total General Fund



**Total General Fund Revenue  
Year over Year Percent Change**



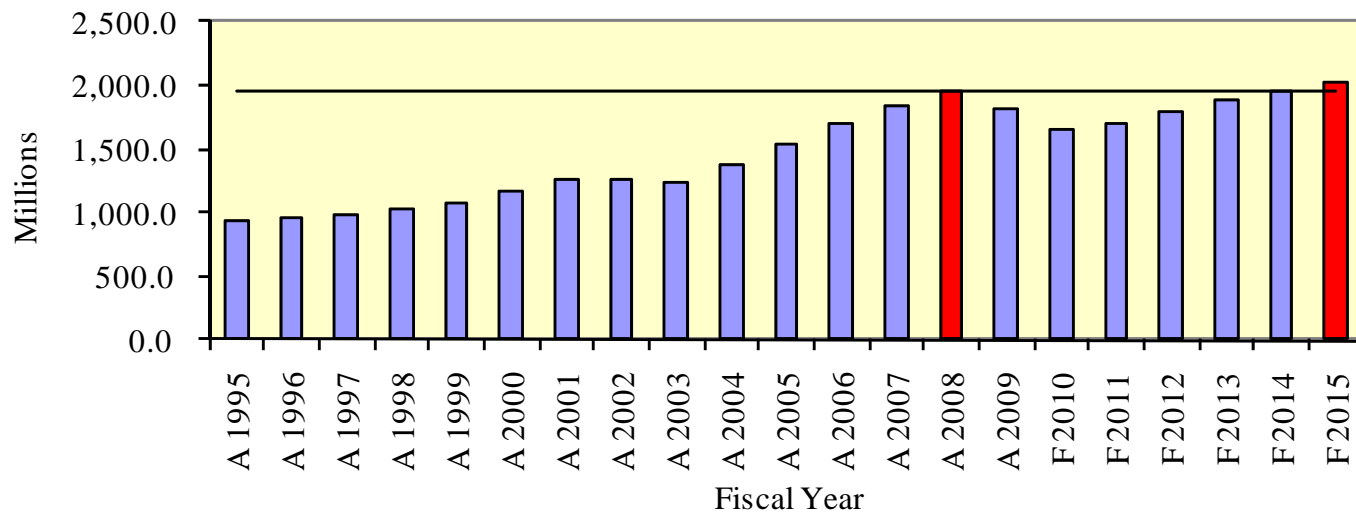


# Long-Term Revenue Outlook

## Total General Fund



**FY 2008 General Fund Revenue Collections  
Are Not Exceeded Until FY 2015**





## Long-Term General Fund Outlook Considerations

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





## Yesterday, Today, & Tomorrow Summary

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- **FY 2009 Balance Up : \$5 M**
- **2011 Biennium Estimated Revenue Down : \$270.5 M**
- **2011 Biennium Balance - New Projection : \$16.9 M**
- **2011 Biennium Statutory Trigger : \$36.4 M**
- **Long-Term Revenue Growth Slow  
with Significant Fiscal Issues**



# Questions ?

**Legislative Fiscal Division**



**[www.leg.mt.gov/css/fiscal](http://www.leg.mt.gov/css/fiscal)**