



# General Fund Finances 2011 Biennium and Beyond

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February 23, 2010

**Montana Association of Counties**



## Presentation Outline

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- **Current Revenue Trends**
- **Revised 2011 Biennium Ending Fund Balance**
- **Spending Reductions 17-7-140, MCA**
- **Structural Balance**
- **Long Term Outlook**
- **Summary**



# State Government Fund Structure

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- General Fund
- State Special Revenue
- Federal Special Revenue



## Fiscal 2010 To Date Summary General Fund Revenue Comparison

- Through January FY 2009 \$ 1,026.8 M
- Through January FY 2010 \$ 791.9 M
- Current Change and Rate (7 months) \$ -235.0 M -22.9%
- HJ 2\* Growth and Rate (Full Year) \$ -35.1 M -1.9%

\* Legislature's Revenue Estimating Resolution + Legislation

## Fiscal 2010 To Date Summary By Significant Revenue Category



General Fund Revenue Collections Change From FY 2009		
Category	Change In Millions	Percent Change
Individual Income Tax	(\$117.0)	-22.23%
Corporation Income Tax	(66.5)	-70.95%
Oil & Gas Production Tax	(23.2)	-52.14%
Video Gaming Tax	(19.6)	-41.59%
TCA Interest	(8.9)	-85.20%
Remaining Sources	<u>0.2</u>	
<b>Total</b>	<b>(\$235.0)</b>	<b>-22.90%</b>



## Individual Income Tax Comparison

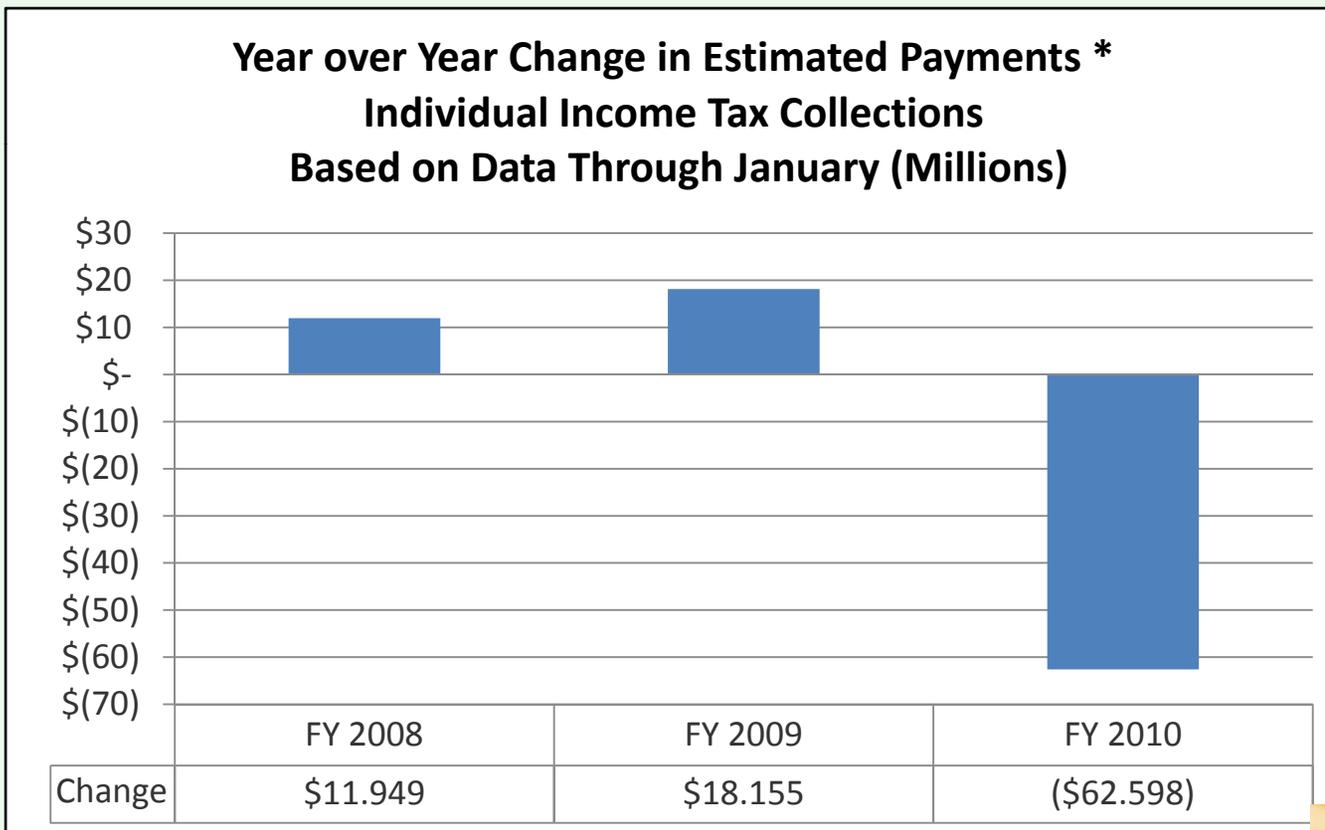
Individual Income Tax Comparison - FY 2009 to FY 2010

Revenue Description	Through 1/31/2009 FY 2009	Through 1/31/2010 FY 2010	Dollar Change	Percent Change
Withholding	365,400,636	354,017,686	(11,382,950)	-3.12%
Mineral Withholding	11,284,045	5,999,135	(5,284,910)	-46.84%
Estimated Payments *	177,402,744	114,804,809	(62,597,935)	-35.29%
Current Year Payments	13,404,496	5,985,445	(7,419,051)	-55.35%
Audit Revenue	14,697,649	17,231,166	2,533,517	17.24%
Refunds	<u>(55,928,705)</u>	<u>(88,779,599)</u>	<u>(32,850,894)</u>	<u>58.74%</u>
<b>Total</b>	<b>\$526,260,865</b>	<b>\$409,258,642</b>	<b>(\$117,002,223)</b>	<b>-22.23%</b>

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



# Fiscal 2010 Summary Individual Income Tax Estimated Payments



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

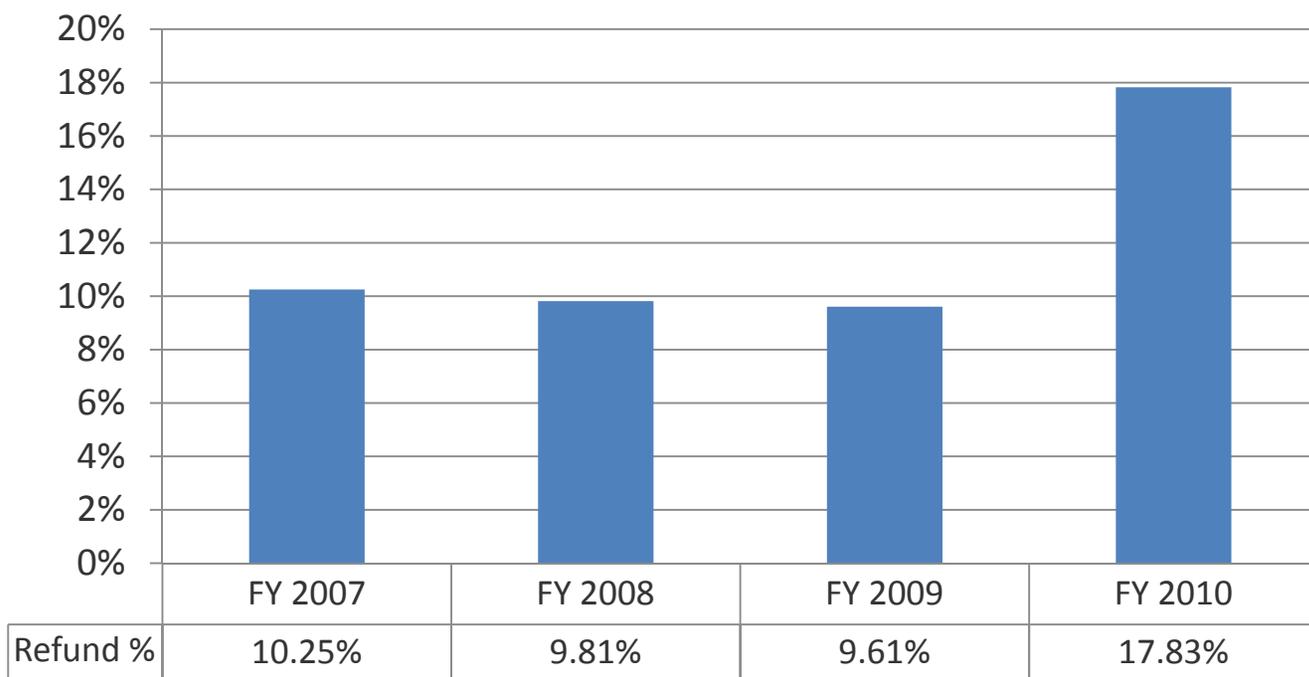




## Fiscal 2010 Summary Individual Income Tax Refund %



**Refund % of Total Individual Income Tax Collections  
Based on Data Through January**



## Corporation Income Tax Comparison

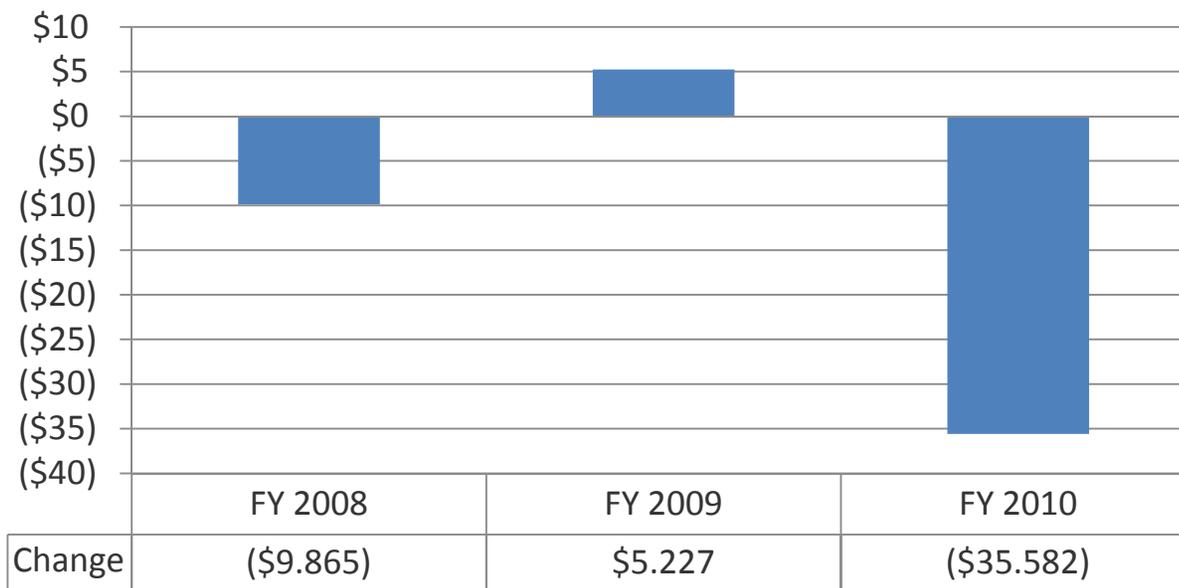
### Corporation Income Tax Comparison - FY 2009 to FY 2010

Revenue Description	Through 1/31/2009 FY 2009	Through 1/31/2010 FY 2010	Dollar Change	Percent Change
Current Year Payments	19,543,431	5,803,322	(13,740,109)	-70.31%
Estimated Payments	71,730,544	36,148,399	(35,582,145)	-49.61%
Audit Revenue	14,246,582	7,628,790	(6,617,792)	-46.45%
Refunds	<u>(11,734,806)</u>	<u>(22,337,178)</u>	<u>(10,602,372)</u>	<u>90.35%</u>
<b>Total</b>	<b>\$93,785,751</b>	<b>\$27,243,333</b>	<b>(\$66,542,418)</b>	<b>-70.95%</b>

# Fiscal 2010 Summary Corporation Income Tax Estimated Payments

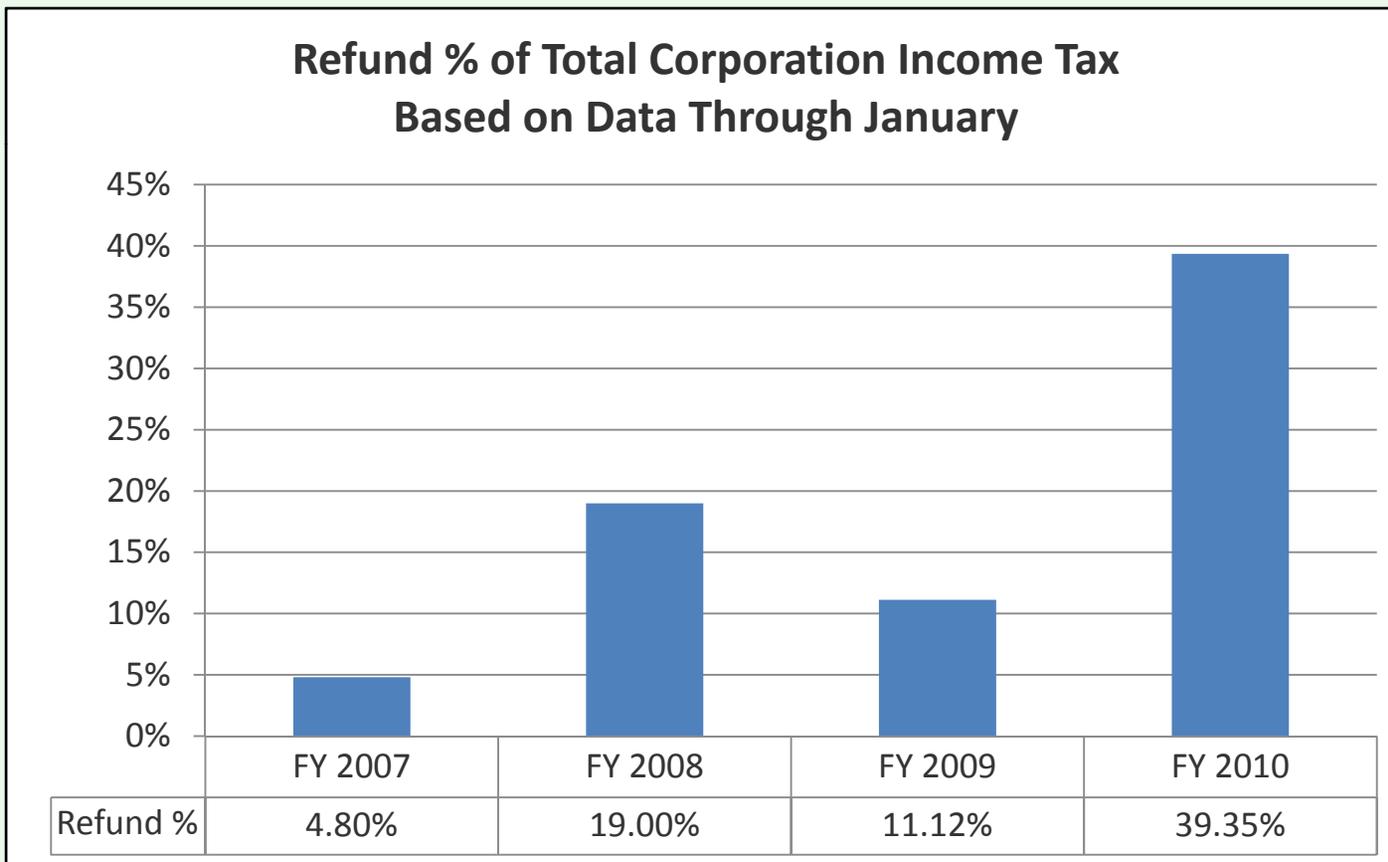


**Year over Year Change in Estimated Payments  
Corporation Income Tax Collections  
Based on Data Through January (Millions)**



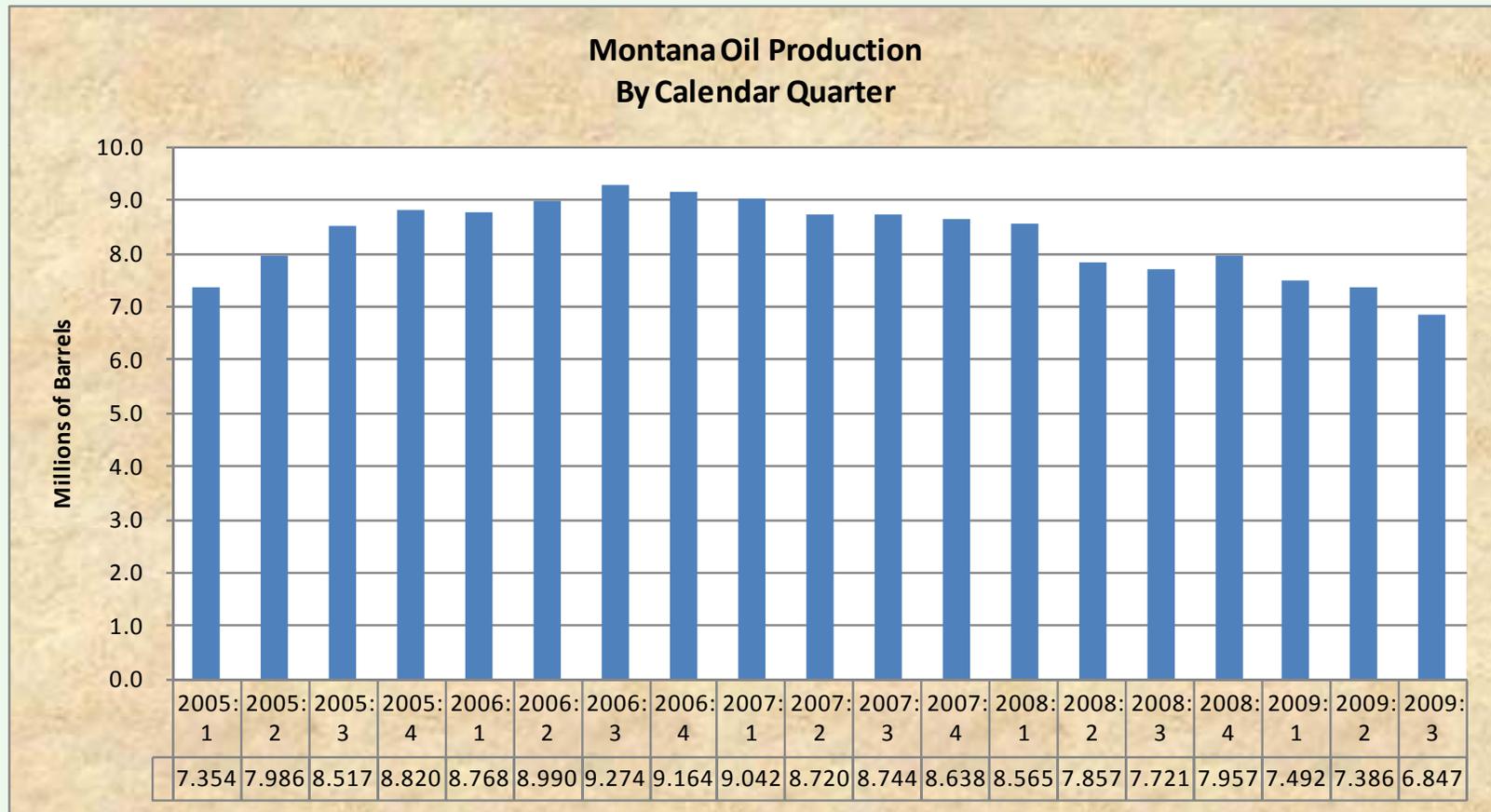
# Fiscal 2010 Summary

## Corporation Income Tax Refund %



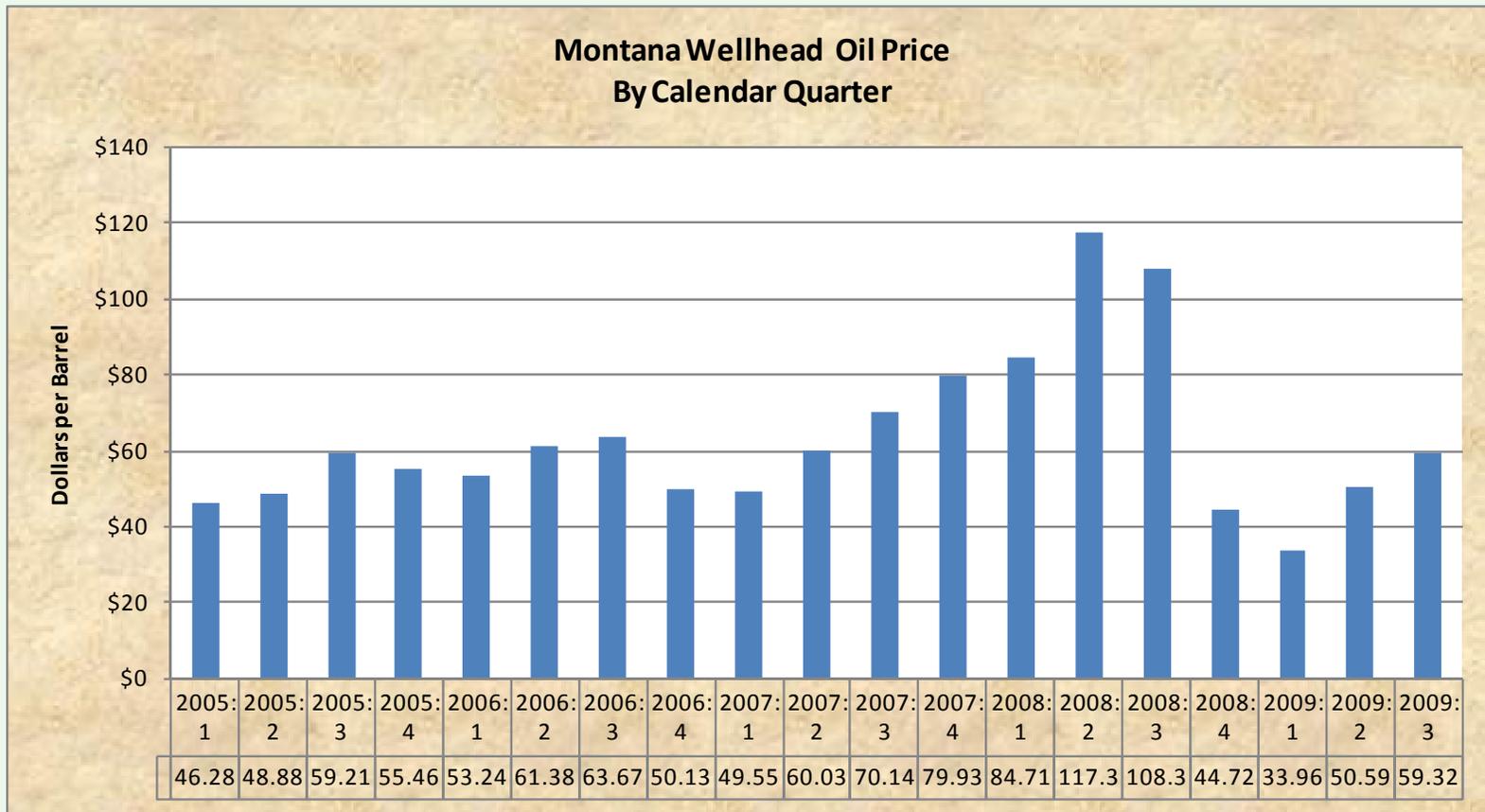


# Fiscal 2010 Summary Oil Production Tax - Production





# Fiscal 2010 Summary Oil Production Tax – Wellhead Price



# 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	<u>(4.1)</u>	<u>(10.1)</u>	<u>(14.2)</u>
<b>Current Estimate</b>	<b>(\$182.1)</b>	<b>(\$167.8)</b>	<b>(\$349.9)</b>
January Estimate	<u>(\$137.8)</u>	<u>(\$132.7)</u>	<u>(\$270.5)</u>
<b>Change From January Estimate</b>	<b>(\$44.3)</b>	<b>(\$35.1)</b>	<b>(\$79.4)</b>



# 2011 Biennium General Fund Revenue Impact on Legislative Projected Balance



<b>2011 Biennium General Fund Outlook</b>	
In Millions	
	Biennium
Legislative Projected Balance	\$282.4
FY 2009 Balance Change	5.0
Net Revenue Changes	(349.9)
Supplementals	?
<b>New Projected Balance *</b>	<b>(62.5)</b>

\* Before executive spending reduction recommendations





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

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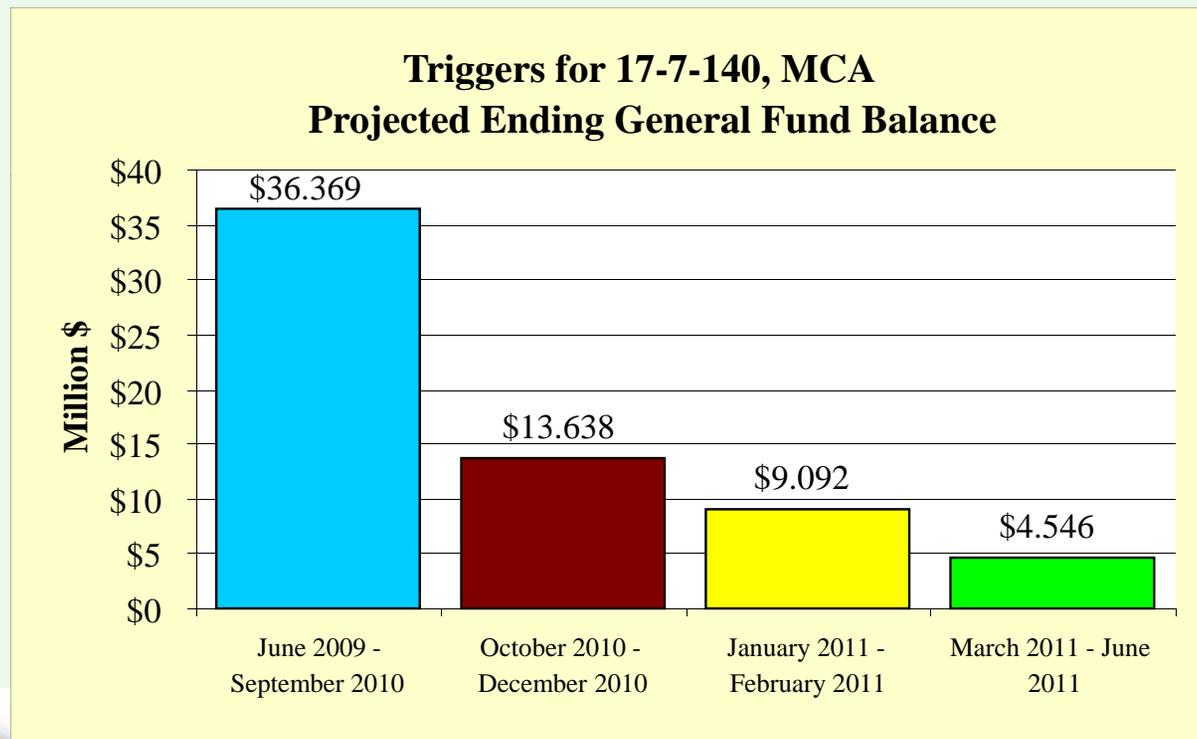


- **Trigger Point \$36.4 million**
- **Executive Calculates Projected Deficit**
- **RTIC Reviews Estimated Revenue Shortfall**
- **LFC Reviews Executive Spending Reductions**
- **Governor Reviews all Recommendations and Determines Final Spending Reductions**





## MCA 17-7-140, Trigger Points





## 2011 Biennium General Fund Revenue Impact on Structural Balance



<b>Fiscal 2011 General Fund Structural Balance Calculation</b>		
	Legislature Millions	Revised Estimate Millions
Estimated On-Going Revenue	\$1,826.3	\$1,661.6
Estimated On-Going Disbursements	<u>1,830.7</u>	<u>1,830.7</u>
Structural Balance	(\$4.4)	(\$169.1)





## General Fund Summary

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- **FY 2009 Balance Up : \$5 M**
- **2011 Biennium Estimated Revenue Down : \$349.9 M**
- **2011 Biennium Balance - New Projection : -\$62.5 M**
- **2011 Biennium Statutory Trigger : \$36.4 M**
- **Long-Term Revenue Growth Slow  
with Significant Fiscal Issues**

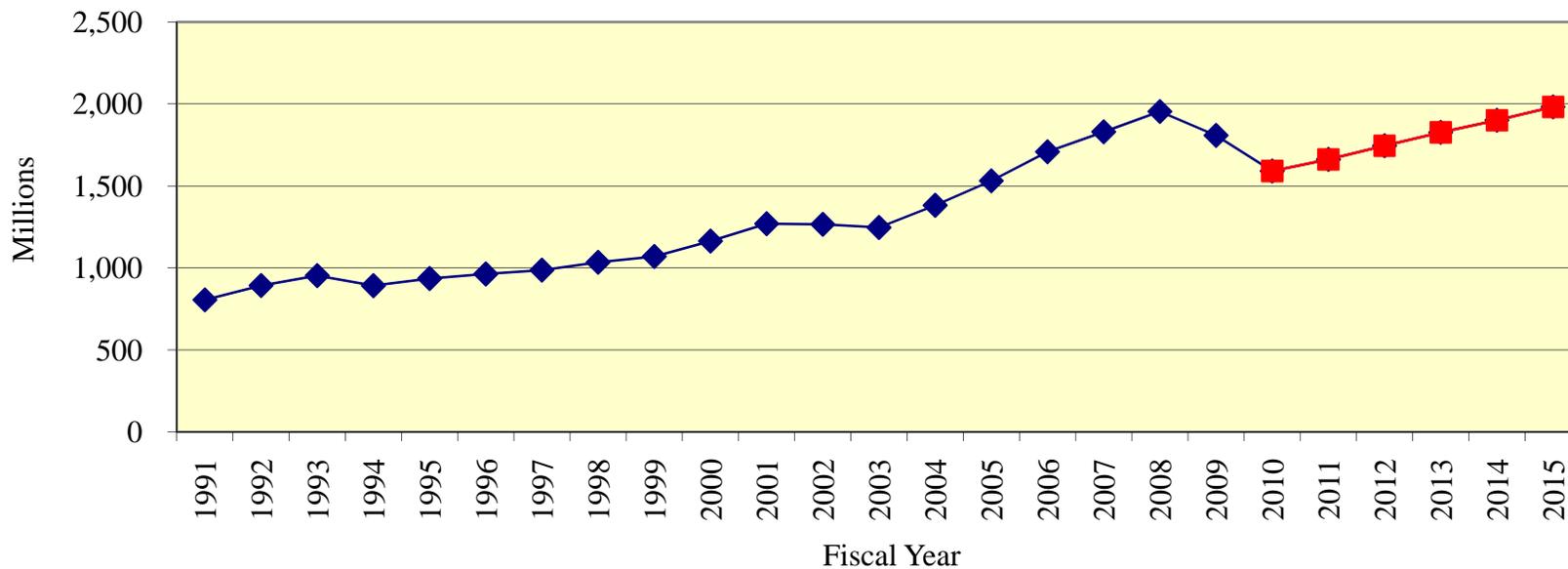


# Long-Term Revenue Outlook

## Total General Fund



Total General Fund Revenue By Year

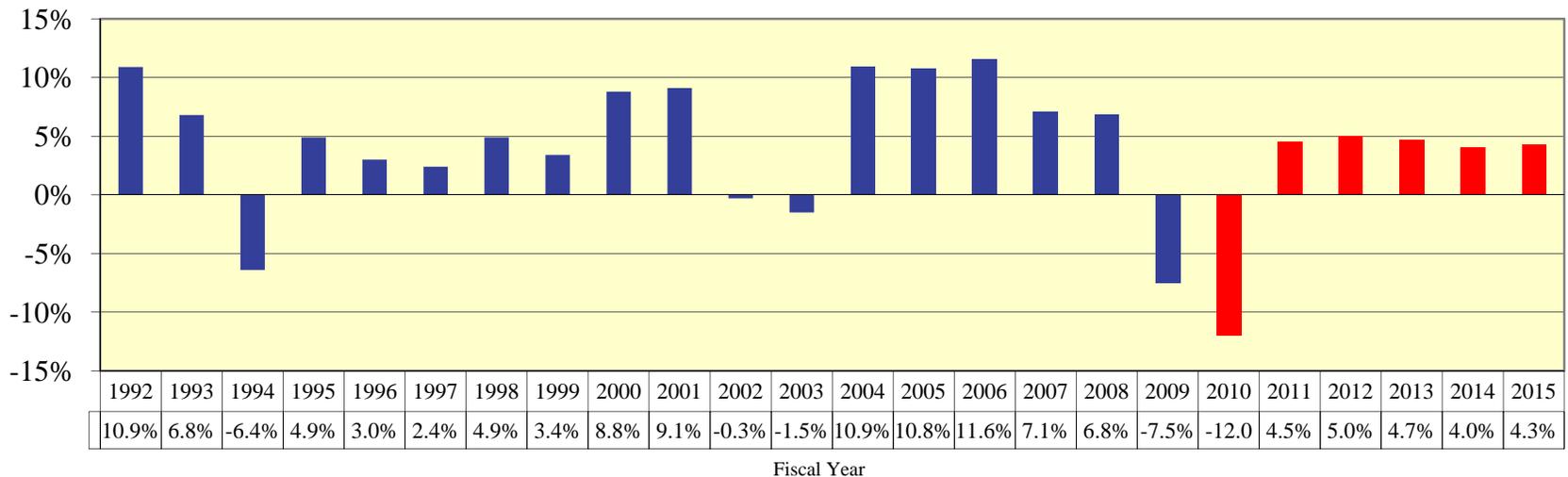




# Long-Term Revenue Outlook Total General Fund



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



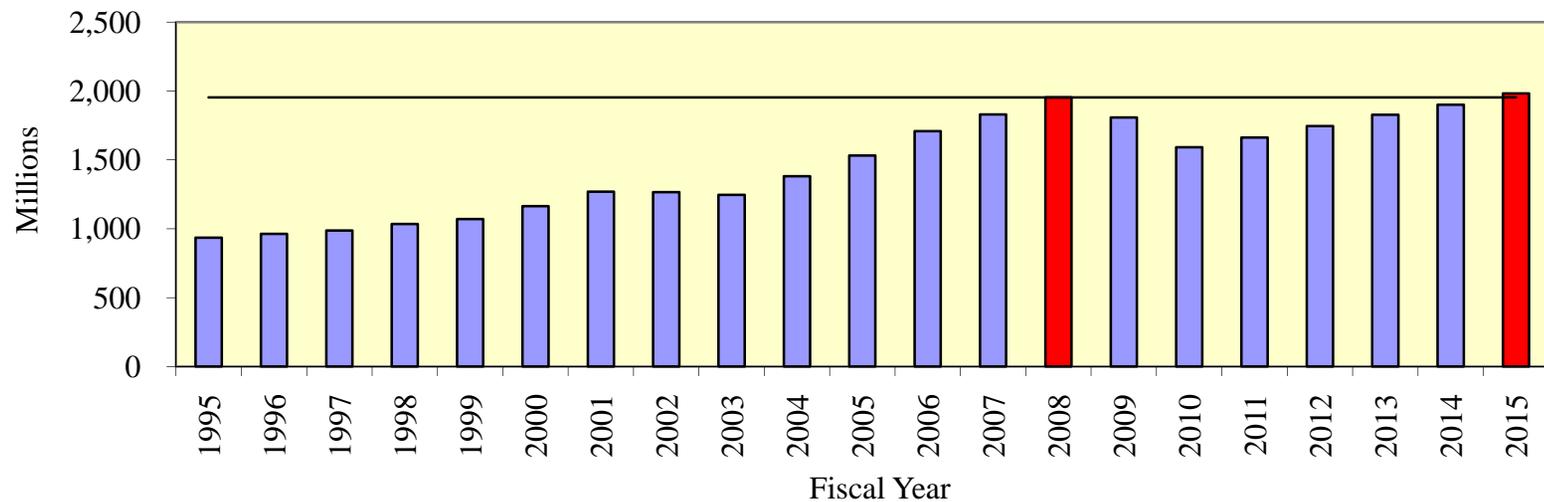


# Long-Term Revenue Outlook

## Total General Fund



**General Fund Revenue Collections in FY 2008  
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**



# Questions ?

**Legislative Fiscal Division**



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