



State Finances Yesterday, Today, and Tomorrow



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Montana Taxpayer's Association



Presentation Outline

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



State Government Fund Structure

- **General Fund**
- **State Special Revenue**
- **Federal Special Revenue**





Fiscal 2009 General Fund (GF) Ending Balance



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



Why?



Net GF Revenue Change: \$ -36.6 M

Total Sources Above HJ 2* Estimate	\$ 23.9 M
Total Sources Below HJ 2* Estimate	<u>\$-60.5 M</u>
Total Net Change:	\$-36.6 M

* Legislature's Revenue Estimating Resolution





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



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



- Through November FY 2009 \$ 536.8 M
- Through November FY 2010 \$ 408.7 M

- Current Change and Rate (5 months) \$ -128.1 M -23.9%
- 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 11/30/2009 FY 2009	Through 11/30/2010 FY 2010	Dollar Change	Percent Change
Withholding	245,030,975	237,638,954	(7,392,021)	-3.02%
Mineral Withholding	7,566,051	3,487,101	(4,078,950)	-53.91%
Estimated Payments	84,898,559	66,579,711	(18,318,848)	-21.58%
Current Year Payments	12,736,065	6,575,123	(6,160,942)	-48.37%
Audit Revenue	8,404,412	11,144,501	2,740,089	32.60%
Refunds	<u>(57,428,451)</u>	<u>(77,666,324)</u>	<u>(20,237,873)</u>	<u>35.24%</u>
Total	\$301,207,611	\$247,759,066	(\$53,448,545)	-17.74%



Corporation Income Tax Comparison (Millions)

Corporation Income Tax Comparison - FY 2009 to FY 2010				
Revenue Description	Through 11/30/2009 FY 2009	Through 11/30/2010 FY 2010	Dollar Change	Percent Change
Current Year Payments	13,913,793	4,333,359	(9,580,434)	-68.86%
Estimated Payments	43,218,083	21,866,146	(21,351,937)	-49.41%
Audit Revenue	5,957,453	5,928,364	(29,089)	-0.49%
Refunds	<u>(5,093,691)</u>	<u>(6,615,309)</u>	<u>(1,521,618)</u>	<u>29.87%</u>
Total	\$57,995,638	\$25,512,560	(\$32,483,078)	-56.01%

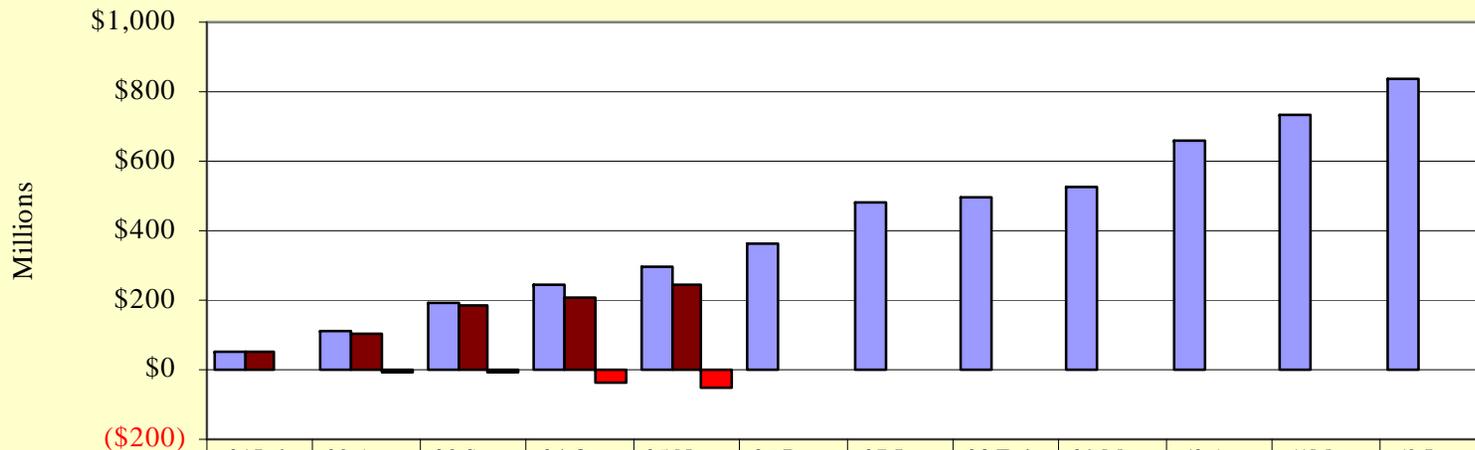


Fiscal 2010 Summary

Individual Income Tax Monthly Flow



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



	01 Jul.	02 Aug.	03 Sep.	04 Oct.	05 Nov.	06 Dec.	07 Jan.	08 Feb.	09 Mar.	10 Apr.	11 May	12 Jun.
Expected	52.871	107.861	195.320	243.670	299.187	365.083	481.146	499.579	529.424	656.400	734.928	840.263
Actual	53.646	103.783	185.451	204.037	247.759	-	-	-	-	-	-	-
Difference	0.775	(4.078)	(9.869)	(39.633)	(51.428)	-	-	-	-	-	-	-



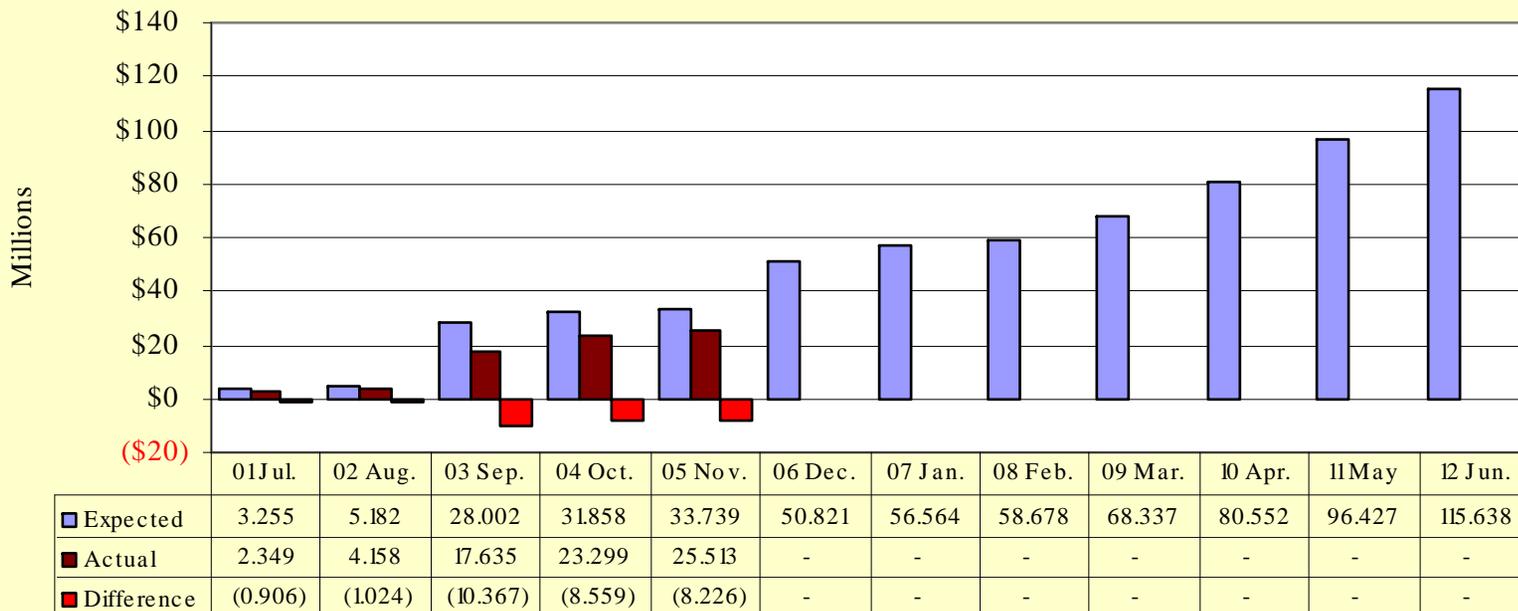


Fiscal 2010 Summary

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)	(\$105)	(\$213)
Corporation Income Tax	(\$29)	(\$28)	(\$57)
Oil & Gas Production Tax	\$14	\$14	\$28
Other Sources	\$1	(\$2)	(\$1)
Total	(\$122)	(\$121)	(\$243)



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	(243.0)
Supplementals	?
New Projected Balance	\$44.4



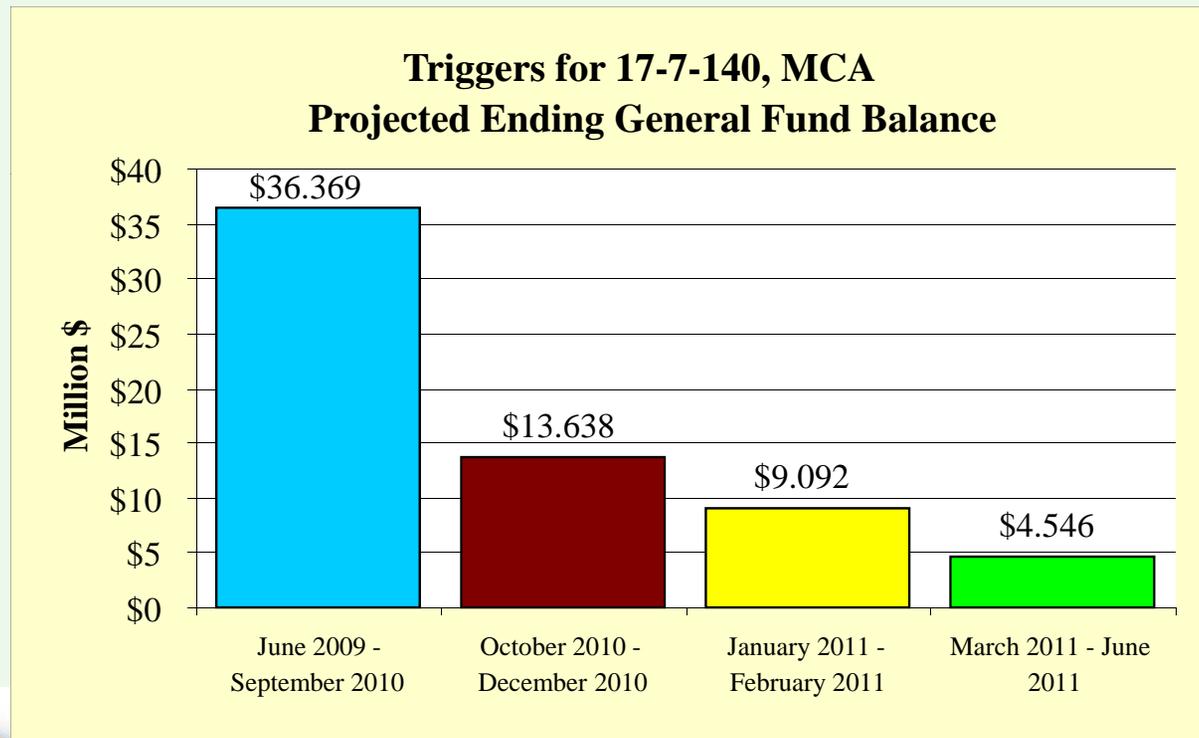
MCA 17-7-140, Reduction in Spending

- **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

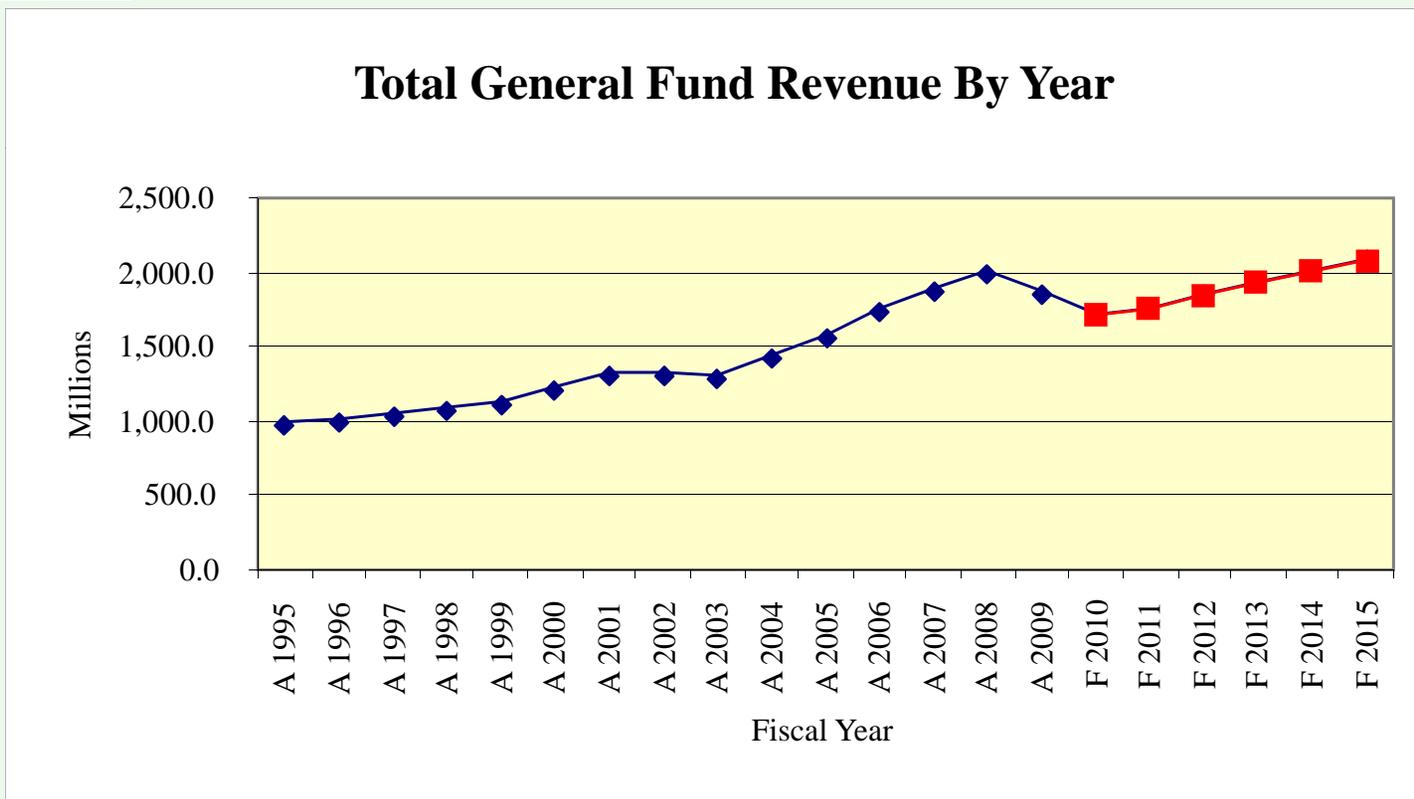


Fiscal 2011 General Fund Structural Balance Calculation In Millions		
	Legislature Millions	Rev. Est. Millions
Estimated On-Going Revenue	\$1,826.3	\$1,708.7
Estimated On-Going Disbursements	<u>1,830.7</u>	<u>1,830.7</u>
Structural Balance	(\$4.4)	(\$122.0)



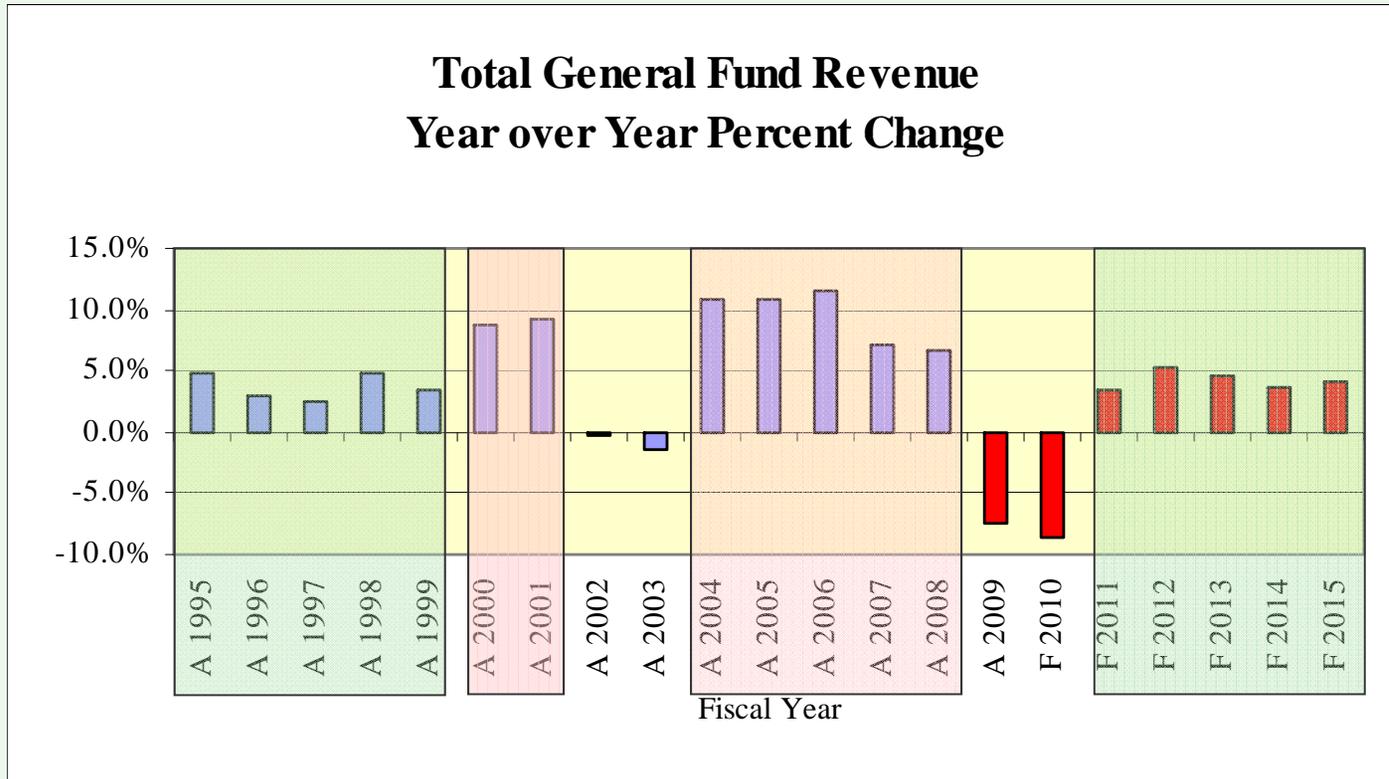
Long-Term Revenue Outlook

Total General Fund





Long-Term Revenue Outlook Total General Fund

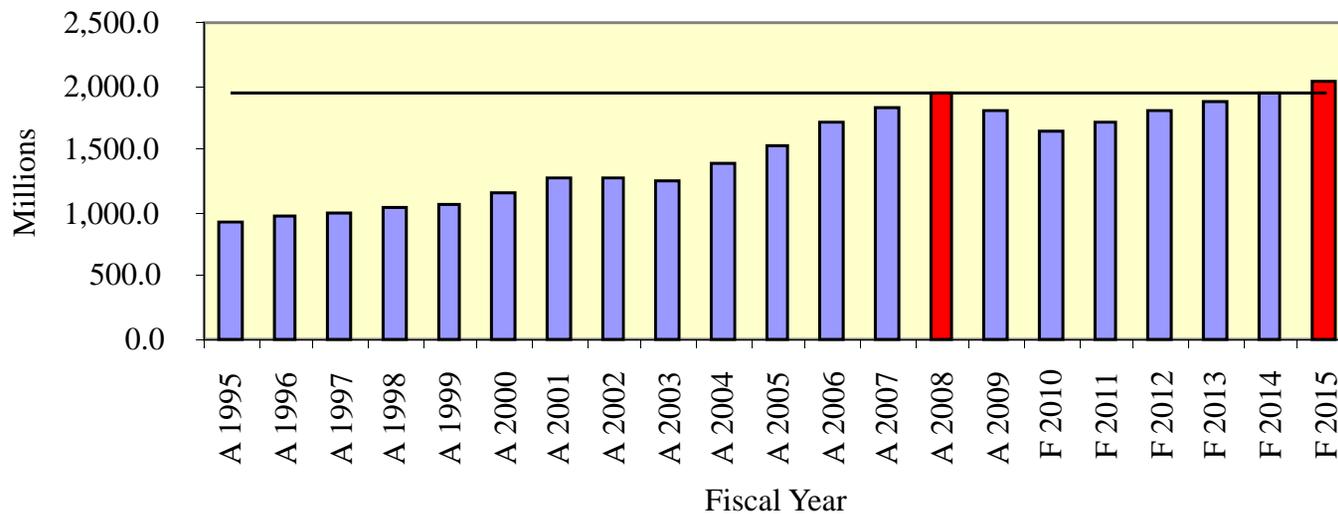




Long-Term Revenue Outlook Total General Fund



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



Long-Term General Fund Outlook Considerations

- **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



- **FY 2009 Balance Up : \$5 M**
- **2011 Biennium Estimated Revenue Down : \$243 M**
- **2011 Biennium Balance - New Projection : \$44 M**
- **2011 Biennium Statutory Trigger : \$36 M**
- **Long-Term Revenue Growth Slow
with Significant Fiscal Issues**



Questions ?

Legislative Fiscal Division



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