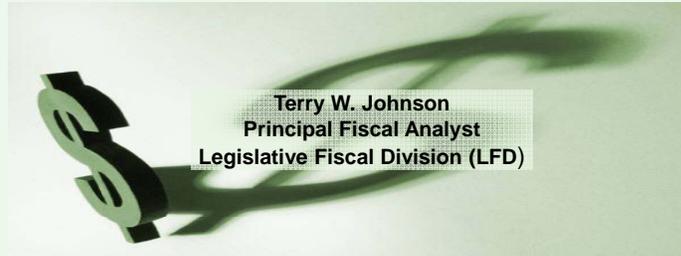




## General Fund Budget Outlook 2011 and 2013 Biennium

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Montana Legislative Forum

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Legislative Fiscal Division



### Presentation Outline

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- Revised 2011 Biennium Ending Fund Balance
- Where Does General Fund Revenue Come From?
- Economic Drivers
- Revenue Trends
  - Actual Fiscal Year 2010
  - To Date Fiscal Year 2011
- 2013 Biennium Risk Assessment





## Fiscal 2011 Biennium Budgeted General Fund Balance



**Legislative Adopted Balance:** \$ 282.4 M  
**Projected Balance Today:** \$ 205.9 M  
**Potential Balance:** \$ 235.6 M

### Why?



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## What Happened During the 2011 Biennium



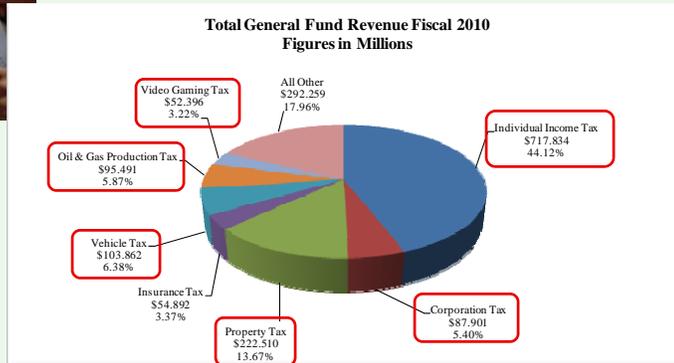
Post Session Projected General Fund Balance		\$282.4
1	Reduced Revenue Collections/Estimates	(309.0)
2	Prior Year & Fund Balance Adjustments	16.9
3	Federal Tier 3 FMAP Change	19.3
4	Federal Clawback	8.4
5	Governors Spending Reductions	39.8
6	Legislative/Judicial Spending Reductions	1.2
7	Otter Creek Bonus Payment	81.5
8	FMAP Extension	25.0
9	Federal Education Funding	30.7
		<b>\$205.9</b>
10	PPL Rent Payments	18.4
11	Governor's Spending - Legislation Required	21.0
	<b>Total Changes</b>	<b>(\$46.8)</b>
Revised 2011 Biennium General Fund Balance (rounded)		\$235.6



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## Where Does General Fund Revenue Come From



\*Revenue sources in Red are in the top 6 categories of general fund revenue



## Major Revenue Economic Drivers

- Wage Income/Unemployment
- Non-Wage Income Components
  - Capital Gains Income
  - Interest, Dividend and Other Investment Income
  - Business & Partnership Income
- Corporate Profitability
- Property Values
- Commodity Prices





## Fiscal 2010 & FY 2011 Summary Actual/Estimated Revenue Changes

Estimated Revenue Changes From HJ 2 (Millions)			
Category	Actual Dif. 2010	Est. Dif. 2011 *	Est. Dif. Biennium
Individual Income Tax	(\$122.4)	(\$95.0)	(\$217.4)
Corporation Income Tax	(27.7)	(52.7)	(\$80.4)
Oil & Gas Production Tax	28.6	12.3	\$40.9
TCA Interest	(5.3)	(6.4)	(\$11.7)
Video Gaming Tax	(16.6)	(11.1)	(\$27.7)
Vehicle Fees/Taxes	(6.4)	(4.8)	(\$11.2)
Remaining Sources	4.1	(10.1)	(\$6.0)
<b>Current Estimate</b>	<b>(\$145.8)</b>	<b>(\$167.8)</b>	<b>(\$313.6)</b>
<b>Other Revenue Adjustments</b>			<b>\$4.6</b>
<b>Revised Difference</b>			<b>(\$309.0)</b>



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\* Not Updated with Current Trends



## FY 2010 General Fund Revenue Trends Major Sources Above HJ 2 Estimate

<b>Oil &amp; Natural Gas Tax*</b>	<b>\$ 28.6 M</b>
<b>Institution Reimbursements</b>	<b>\$ 6.0 M</b>
<b>Remaining Sources</b>	<b>\$ 8.4 M</b>
<b>Total Above Estimate:</b>	<b>\$ 43.0 M</b>



\*This source is in the top 6 categories of general fund revenue

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**FY 2010 General Fund Revenue Trends**  
**Major Sources Above HJ 2 Estimate**

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<b>Insurance Tax</b>	\$ -3.9 M
<b>Treasury Cash Account Interest</b>	\$ -5.3 M
<b>Property Tax*</b>	\$ -6.3 M
<b>Vehicle Fee/Tax*</b>	\$ -6.4 M
<b>Video Gaming Tax*</b>	\$ -16.6 M
<b>Corporation Income Tax*</b>	\$ -27.7 M
<b>Individual Income Tax*</b>	<u>\$ -122.4 M</u>
<b>Total Below Estimate:</b>	<b>\$-188.6 M</b>



\*This source is in the top 6 categories of general fund revenue

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

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**FY 2010 General Fund Revenue Trends**  
**Summary of Changes**

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<b>Total Above Estimate</b>	\$ 43.0 M
<b>Total Below Estimate</b>	<u>\$-188.6 M</u>
<b>Total Net Change:</b>	<b>\$-145.6 M</b>



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

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## FY 2010 Individual Income Tax Comparison



Individual Income Tax Comparison - FY 2009 to FY 2010				
Revenue Description	Actual FY 2009	Actual FY 2010	Dollar Change	Percent Change
Withholding	646,910,709	644,991,064	(1,919,645)	-0.30%
Mineral Withholding	17,574,261	15,703,393	(1,870,868)	-10.65%
Estimated Payments	247,228,513	180,497,517	(66,730,996)	-26.99%
Current Year Payments	131,893,651	112,312,664	(19,580,987)	-14.85%
Audit Revenue	34,743,381	35,293,432	550,051	1.58%
Refunds	<u>(263,212,323)</u>	<u>(270,963,699)</u>	<u>(7,751,376)</u>	<u>2.94%</u>
<b>Total</b>	<b>\$815,138,192</b>	<b>\$717,834,371</b>	<b>(\$97,303,821)</b>	<b>-11.94%</b>

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



## FY 2010 Corporation Income Tax Comparison



Corporation Income Tax Comparison - FY 2009 to FY 2010				
Revenue Description	Actual FY 2009	Actual FY 2010	Change	Change
Current Year Payments	45,608,755	36,909,143	(8,699,612)	-19.07%
Estimated Payments	109,585,667	72,732,614	(36,853,053)	-33.63%
Audit Revenue	31,041,454	15,380,337	(15,661,117)	-50.45%
Refunds	<u>(19,881,362)</u>	<u>(37,121,182)</u>	<u>(17,239,820)</u>	<u>86.71%</u>
<b>Total</b>	<b>\$166,354,514</b>	<b>\$87,900,912</b>	<b>(\$78,453,602)</b>	<b>-47.16%</b>





## Fiscal 2011 To Date Summary General Fund Revenue Comparison

- Through Sept 30th FY 2010                   \$ 300.3 M
- Through Sept 30th FY 2011               \$ 334.4 M
  
- Current Change and Rate (3 months)   \$ 34.1 M   11.3%
- HJ 2\* Growth and Rate (Full Year)     \$ 202.2 M   12.4%

\* Legislature's Revenue Estimating Resolution + Legislation



## Fiscal 2011 General Fund Comparison Adjustments

	FY 2010	FY 2011	\$ Change	% Change
<b>Total General Fund Through September</b>	<b>\$300.3</b>	<b>\$334.4</b>	<b>\$34.1</b>	<b>11.4%</b>
Adjustments				
Vehicle Fees/Taxes	5.3	19.2	13.9	
Liquor Excise Tax	0.0	3.0	3.0	
<b>Adjusted Change</b>	<b>\$295.0</b>	<b>\$312.2</b>	<b>\$17.2</b>	<b>5.8%</b>





## FY 2011 Individual Income Tax Comparison

Individual Income Tax Comparison - FY 2010 to FY 2011				
Revenue Description	Through 9/30/2009 FY 2010	Through 9/30/2010 FY 2011	Dollar Change	Percent Change
Withholding	154,089,315	162,503,721	8,414,406	5.46%
Mineral Withholding	2,274,040	3,988,863	1,714,823	75.41%
Estimated Payments	39,400,964	39,253,409	(147,555)	-0.37%
Current Year Payments	(962,165)	2,130,651	3,092,816	-321.44%
Audit Revenue	12,187,561	7,123,790	(5,063,771)	-41.55%
Refunds	<u>(21,538,843)</u>	<u>(21,710,910)</u>	<u>(172,067)</u>	<u>0.80%</u>
<b>Total</b>	<b>\$185,450,872</b>	<b>\$193,289,524</b>	<b>\$7,838,652</b>	<b>4.23%</b>

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



## FY 2011 Corporation Income Tax Comparison

Corporation Income Tax Comparison - FY 2010 to FY 2011				
Revenue Description	Through 9/30/2009 FY 2010	Through 9/30/2010 FY 2011	Dollar Change	Percent Change
Current Year Payments	3,460,269	2,412,563	(1,047,706)	-30.28%
Estimated Payments	17,306,258	27,910,182	10,603,924	61.27%
Audit Revenue	968,299	4,214,759	3,246,460	335.27%
Refunds	<u>(4,100,231)</u>	<u>(6,622,609)</u>	<u>(2,522,378)</u>	<u>61.52%</u>
<b>Total</b>	<b>\$17,634,595</b>	<b>\$27,914,895</b>	<b>\$10,280,300</b>	<b>58.30%</b>

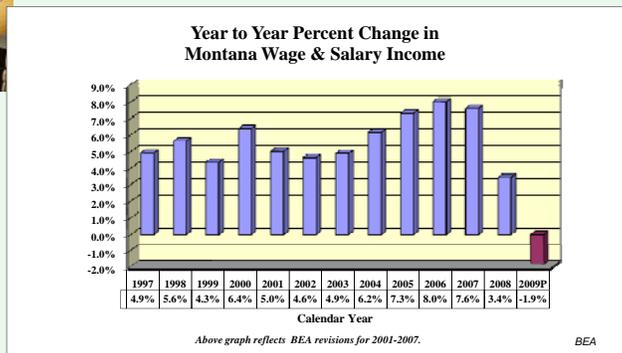




## Economic Indicators



## Economic Indicators





### Economic Indicators



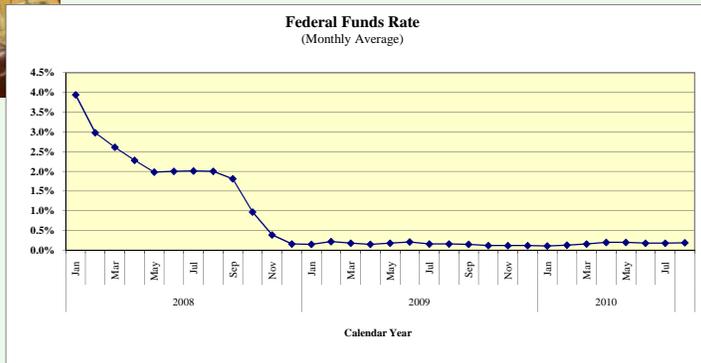
Quarterly Change in U.S. Corporate Profits



### Economic Indicators



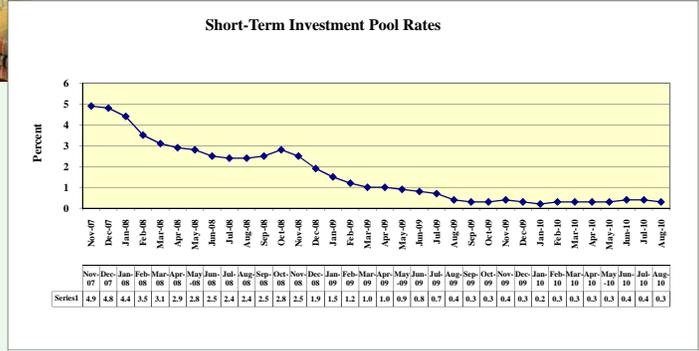
Federal Funds Rate (Monthly Average)





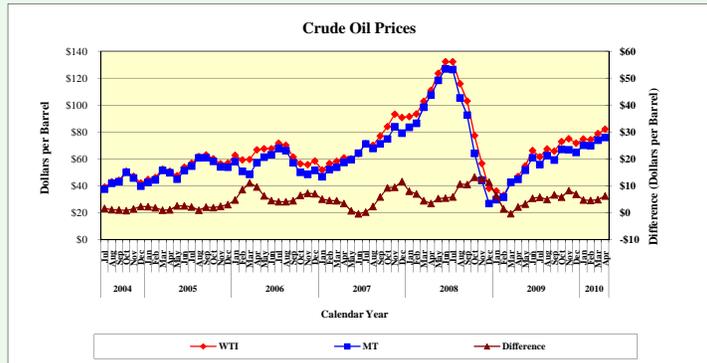
## Economic Indicators

Short-Term Investment Pool Rates



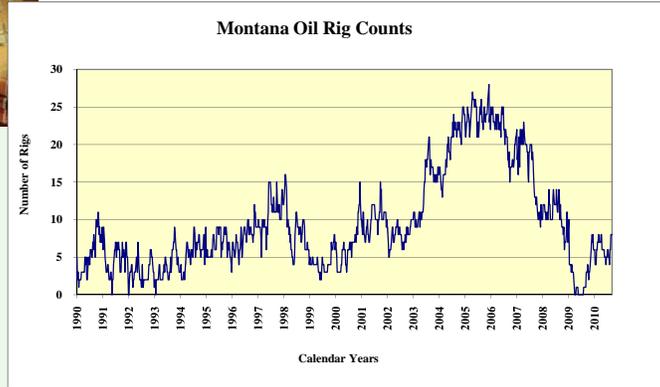
## Economic Indicators

Crude Oil Prices

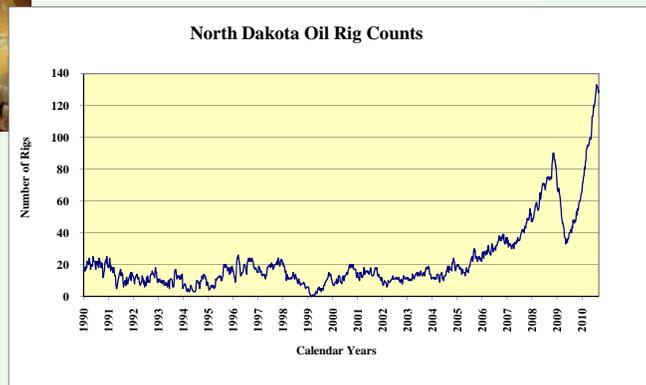




### Economic Indicators

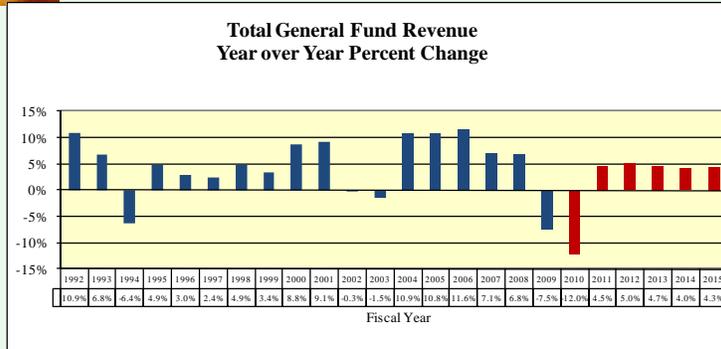


### Economic Indicators





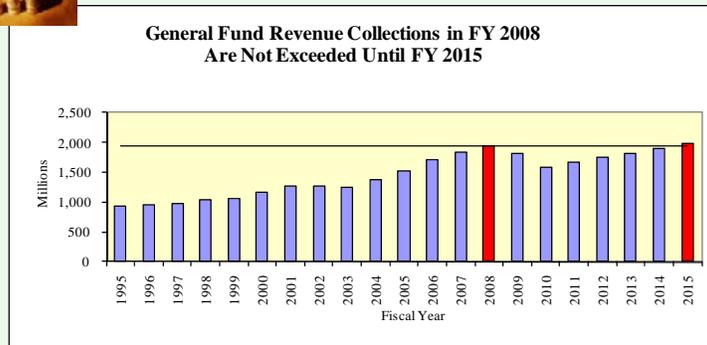
## General Fund Revenue Year over Year Percent Change (March Estimates)



25



## General Fund Revenue Collections by Year (March Estimates)



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## 2013 Biennium General Fund Risk Assessment

