Legislative Fiscal Division

Revenue Estimate Profile

Capital Land Grant Interest and Income

Revenue Description: Lands granted by the federal government to the state generate income from a variety of sources. Section 12 of the *Enabling Act* requires that income generated on certain sections of federally granted land be used for public buildings at the state capital for construction, repair, renovation, and other permanent improvements of state buildings. Capital land grant funds can also be used for the acquisition of land for such buildings, as well as the payment of principal and interest on bonds issued for any of these purposes.

Non-permanent sources of revenue generated from capital land grant lands include: grazing fees, agricultural fees, miscellaneous fees and rentals, and oil and natural gas leases and penalties. Senate Bill 65, enacted by the 2009 Legislature, allows an amount up to 25% of distributable revenue to be diverted to the trust land administration account to fund DNRC administrative costs. Permanent sources of revenue generated from capital land grant lands include timber sales and oil and natural gas royalties. All sources of revenue are subject for diversion to DNRC for administration.

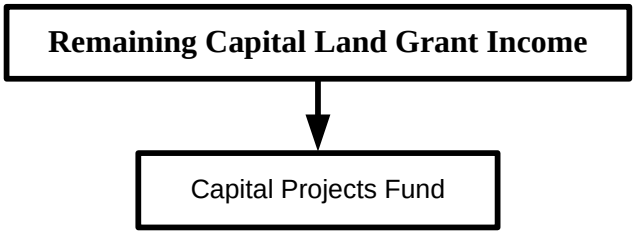
Statutory Reference:

Tax Rate – NA
Tax Distribution (MCA) – 18-2-107
Enabling Act, Sections 10, 12 & 17
Other (MCA) – DNRC trust land administration diversion (77-1-108 & 109)
DNRC land bank administration diversion (77-2-362)

Applicable Tax Rate(s): N/A

Distribution: After diversions for DNRC administration, all remaining capital land grant income is deposited into a capital projects fund to be used for projects on the state capital complex in accordance with the provisions of Section 12 of the *Enabling Act*.

Distribution Chart:



Collection Frequency: Monthly

% of Total General Fund Revenue: N/A

Revenue Estimate Methodology:

The estimate for interest and income from the capital land grant trust determines the net amount of revenue that will be distributed to the trust beneficiary. This means that in addition to estimating the various revenues from the capital land grant trust, estimates of the diversion for DNRC administration costs that reduce the amount of revenue deposited to the capital program fund must also be estimated. Therefore, the estimated amounts shown for this revenue source are not total revenues, but are net of diversions. Since all of the trust income is distributed, the trust has no monetary corpus.

Data

Data from SABHRS provide a history of each individual interest and income revenue component. Department of Natural Resources and Conservation (DNRC) annual reports and other data provide additional information such as mineral prices and production. Budget submissions on the state budgeting system (MBARS) provide anticipated diversions.

Legislative Fiscal Division

Revenue Estimate Profile

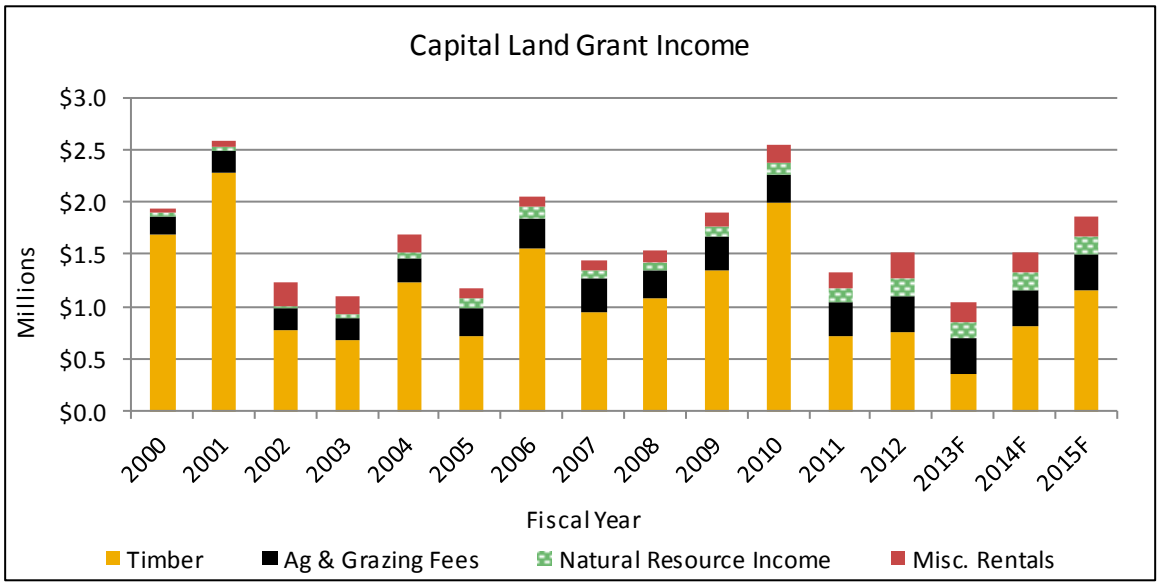
Capital Land Grant Interest and Income

Analysis

The estimate is produced by estimating the revenue components and then subtracting estimated diversion amount.

Revenue Components

1. Timber – Estimates of timber harvest from capital land grant trust lands are taken directly from DNRC estimates.
2. Grazing Fees – Rates are tied to the price of cattle. Cattle prices are expected to be close to those experienced in FY 2012, perhaps slightly less. It is anticipated the grazing fee revenue will be similar to FY 2012.



3. Miscellaneous Rentals – These are small income components that are combined and estimated together. For each fiscal year estimated, the estimate is based on the average of the previous four years.
4. Agricultural Fees – Fees are based on a crop share basis. Commodity prices are expected to be about the same as FY 2012 resulting in similar returns.
5. Oil & Gas Bonuses – Estimates continue the amount received in FY 2012.
6. Oil & Gas Leases – For each fiscal year estimated, the estimate is the average of the previous nine years with the highest and lowest years discarded.
7. Mineral Royalties – Mineral royalties are received from oil and natural gas. Royalties are estimated by increasing the previous fiscal year's production by the growth rate obtained from the average annual growth from for the previous 15 years with the highest and lowest years discarded.
8. Oil & Gas Penalties – For each fiscal year estimated, the estimate is the average of the previous two years.

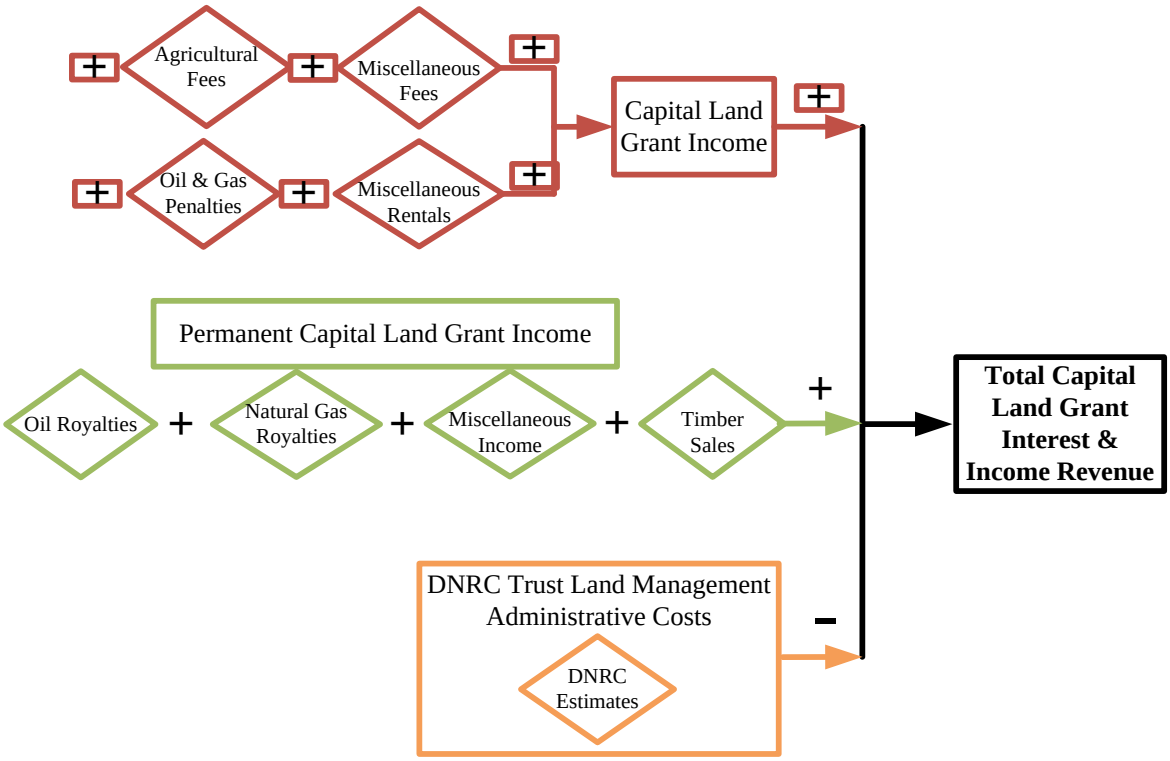
Diversion

The diversion amount funds operational costs in DNRC, but reduces the amount of revenue distributed to the trust beneficiaries (see the figure below). To determine future diversion amounts, DNRC's estimated amounts are used.

Adjustments and Distribution

Once total revenue and total diversions have been estimated, the net amounts are distributed to the capital project fund.

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

Capital Land Grant Interest and Income

Revenue Estimate Assumptions:

	t Fiscal	Total Rev. Millions	GF Rev. Millions	TFBP Interest Millions	STIP Interest Millions	Capital Land Share T&L
Actual	2000	1.921	0.000			0.000
Actual	2001	2.527	0.000			0.000
Actual	2002	1.065	0.000	29.627	0.103	0.000
Actual	2003	0.809	0.000	29.147	0.068	0.000
Actual	2004	1.977	0.000	30.087	0.054	0.000
Actual	2005	0.853	0.000	28.106	0.270	0.000
Actual	2006	1.590	0.000	24.428	0.408	0.000
Actual	2007	0.871	0.000	26.207	0.268	0.000
Actual	2008	0.983	0.000	25.160	0.129	0.000
Actual	2009	1.078	0.000	22.711	0.066	0.000
Actual	2010	1.635	0.000	22.916	0.018	0.000
Actual	2011	0.581	0.000	23.194	0.033	0.000
Actual	2012	0.610	0.000	24.175	0.028	0.000
Forecast	2013	0.232	0.000	23.209	0.411	0.000
Forecast	2014	0.664	0.000	24.111	0.512	0.000
Forecast	2015	1.022	0.000	25.245	0.641	0.000

	t Fiscal	Trust Income New Deposit Millions	Trust Land Admin. Millions	New Deposit Long Term Rate	Non Pool STIP Rate	Non Pool STIP Bal Millions
Actual	2000	10.969		6.8%	5.4%	11.676
Actual	2001	12.668	-0.048	6.7%	4.7%	6.985
Actual	2002	2.348	-0.151	6.2%	2.6%	7.334
Actual	2003	2.363	-0.305	5.7%	1.4%	6.242
Actual	2004	2.972	-0.099	5.4%	1.3%	7.050
Actual	2005	1.458	-0.173	5.2%	2.4%	12.107
Actual	2006	1.425	-0.063	5.2%	4.1%	3.863
Actual	2007	7.174	-0.115	5.4%	4.7%	14.954
Actual	2008	3.102	-0.085	5.3%	3.1%	2.461
Actual	2009	4.126	-0.104	5.1%	1.0%	4.161
Actual	2010	10.710	0.000	4.8%	0.2%	11.340
Actual	2011	22.233	0.000	4.4%	0.1%	15.565
Actual	2012	31.517	0.000	3.8%	0.1%	11.492
Forecast	2013	25.974	0.000	3.5%	0.1%	11.492
Forecast	2014	29.101	0.000	3.9%	0.2%	11.492
Forecast	2015	27.623	0.000	4.5%	0.5%	11.492

Legislative Fiscal Division

Revenue Estimate Profile

Capital Land Grant Interest and Income

	t	Grazing	Agriculture	Misc.	O&G Lease	O&G Bonus	O&G Penalty	Misc.
	Fiscal	Millions	Millions	Millions	Millions	Millions	Millions	Millions
Actual	2000	0.133	0.044	0.000	0.019	0.009	0.002	0.048
Actual	2001	0.160	0.043	0.000	0.014	0.003	0.003	0.057
Actual	2002	0.174	0.031	0.000	0.018	0.002	0.004	0.215
Actual	2003	0.170	0.043	0.000	0.018	0.001	0.004	0.174
Actual	2004	0.132	0.088	0.000	0.018	0.000	0.005	0.183
Actual	2005	0.197	0.074	0.000	0.019	0.019	0.009	0.110
Actual	2006	0.210	0.063	0.000	0.019	0.051	0.010	0.092
Actual	2007	0.239	0.093	0.000	0.024	0.004	0.016	0.101
Actual	2008	0.206	0.067	0.000	0.021	0.000	0.018	0.115
Actual	2009	0.208	0.115	0.000	0.023	0.021	0.014	0.152
Actual	2010	0.185	0.087	0.000	0.027	0.032	0.014	0.157
Actual	2011	0.190	0.143	0.000	0.028	0.076	0.013	0.165
Actual	2012	0.240	0.103	0.000	0.032	0.109	0.011	0.258
Forecast	2013	0.240	0.103	0.000	0.023	0.109	0.012	0.183
Forecast	2014	0.240	0.103	0.000	0.024	0.109	0.011	0.191
Forecast	2015	0.240	0.103	0.000	0.024	0.109	0.012	0.199

	t	Int. Land	Int. STIP	Int. Trust	Res. Dev.	Lease Total	Timber Cost	TLMD Adm.
	Fiscal	Millions	Millions	Millions	Millions	Millions	Millions	Millions
Actual	2000	0.000	0.000	0.000	-0.008	0.248		
Actual	2001	0.000	0.000	0.000	-0.008	0.272		
Actual	2002	0.000	0.000	0.000	-0.009	0.436		
Actual	2003	0.000	0.000	0.000	-0.009	0.401	0.000	
Actual	2004	0.000	0.000	0.000	-0.013	0.414	-0.448	
Actual	2005	0.000	0.000	0.000	-0.009	0.419	-0.169	
Actual	2006	0.000	0.000	0.000	-0.013	0.432	-0.412	
Actual	2007	0.000	0.000	0.000	-0.014	0.464	-0.445	
Actual	2008	0.000	0.000	0.000	-0.013	0.415	-0.457	
Actual	2009	0.000	0.000	0.000	-0.015	0.518	-0.709	
Actual	2010	0.000	0.000	0.000	0.000	0.502	0.000	-0.915
Actual	2011	0.000	0.000	0.000	0.000	0.615	0.000	-0.769
Actual	2012	0.000	0.000	0.000	0.000	0.752	0.000	-0.905
Forecast	2013	0.000	0.000	0.000	0.000	0.669	0.000	-0.815
Forecast	2014	0.000	0.000	0.000	0.000	0.677	0.000	-0.854
Forecast	2015	0.000	0.000	0.000	0.000	0.686	0.000	-0.845

Legislative Fiscal Division

Revenue Estimate Profile

Capital Land Grant Interest and Income

	t	Oil Roy.	Gas Roy.	Timber	Misc.	Perm. Total
	Fiscal	Millions	Millions	Millions	Millions	Millions
Actual	2000	0.004	0.004	1.676	0.028	1.713
Actual	2001	0.006	0.008	2.278	0.011	2.303
Actual	2002	0.003	0.002	0.769	0.006	0.781
Actual	2003	0.004	0.013	0.672	0.023	0.713
Actual	2004	0.003	0.028	1.231	0.847	1.661
Actual	2005	0.005	0.028	0.712	0.030	0.607
Actual	2006	0.005	0.033	1.558	0.036	1.220
Actual	2007	0.007	0.018	0.934	0.008	0.522
Actual	2008	0.008	0.023	1.072	0.006	0.652
Actual	2009	0.007	0.030	1.333	0.007	0.667
Actual	2010	0.017	0.024	1.990	0.017	2.048
Actual	2011	0.006	0.006	0.701	0.009	0.722
Actual	2012	0.016	0.005	0.742	0.016	0.778
Forecast	2013	0.007	0.017	0.342	0.012	0.378
Forecast	2014	0.007	0.018	0.803	0.013	0.841
Forecast	2015	0.007	0.019	1.143	0.013	1.181

Total Rev. = Grazing + Agriculture + O&G Lease + O&G Bonus + O&G Penalty + Misc. + Int. Land + Int. Stip + Int. Trust + Timber + Res. Dev. + Oil Roy. + Gas Roy. + Timber + Misc. + Timber Cost + Trust Land Admin. + TLMD Adm.

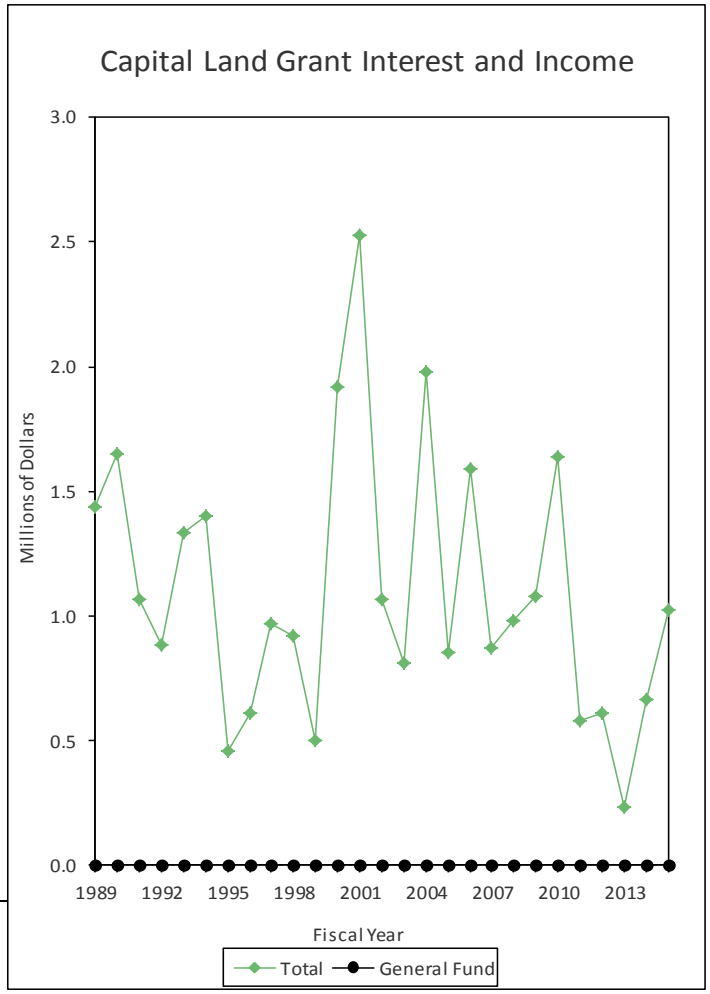
Legislative Fiscal Division

Revenue Estimate Profile

Capital Land Grant Interest and Income

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1989	1.440	0.000	Not App.
A	1990	1.649	0.000	Not App.
A	1991	1.066	0.000	Not App.
A	1992	0.887	0.000	Not App.
A	1993	1.335	0.000	Not App.
A	1994	1.403	0.000	Not App.
A	1995	0.456	0.000	Not App.
A	1996	0.611	0.000	Not App.
A	1997	0.972	0.000	Not App.
A	1998	0.923	0.000	Not App.
A	1999	0.500	0.000	Not App.
A	2000	1.921	0.000	Not App.
A	2001	2.527	0.000	Not App.
A	2002	1.065	0.000	Not App.
A	2003	0.809	0.000	Not App.
A	2004	1.977	0.000	Not App.
A	2005	0.853	0.000	Not App.
A	2006	1.590	0.000	Not App.
A	2007	0.871	0.000	Not App.
A	2008	0.983	0.000	Not App.
A	2009	1.078	0.000	Not App.
A	2010	1.635	0.000	Not App.
A	2011	0.581	0.000	Not App.
A	2012	0.610	0.000	Not App.
F	2013	0.232	0.000	Not App.
F	2014	0.664	0.000	Not App.
F	2015	1.022	0.000	Not App.



Data Source(s): SABHRS, *Wall Street Journal*, Department of Natural Resources and Conservation

Contacts: Department of Administration, Department of Natural Resources and Conservation