

Legislative Fiscal Division

Revenue Estimate Profile

Federal Forest Receipts

Revenue Description: The federal government authorizes logging operations on forest lands located within the borders of Montana. The sale of timber generates revenue that the federal government shares with the state in the following year. The state sends the money to the county treasurer of the county in which the receipts were generated. Within thirty days, the county treasurer distributes the money to various county and state accounts.

The previous formula for distributing federal forest payments terminated in FY 2008. In the federal Emergency Economic Stabilization Act of 2008, a new formula for the distribution of forest receipts was enacted. The new formula for FY 2009 through FY 2012 considers acres of federal land within an eligible county, the average three highest 25% payments made to each eligible state for each eligible county under the previous formula, and an income adjustment based on the per capita personal income for each county. As before, not more than 20% but at least 15% must be used by county governments for projects on federal lands. Beginning in FY 2013, because the federal law will sunset, it is assumed that the old method of distributing these monies will prevail – 25% of the value of timber sold averaged over the prior 3 years. As a result, the state share of federal forest receipts distributed to the 55 mills is expected to decline around \$4 million per year.

Statutory Reference:

- Tax Rate – NA
- Tax Distribution MCA) – 17-3-211, 17-3-212
- Date Due – the state treasurer distributes the funds within 30 days after receiving full payment

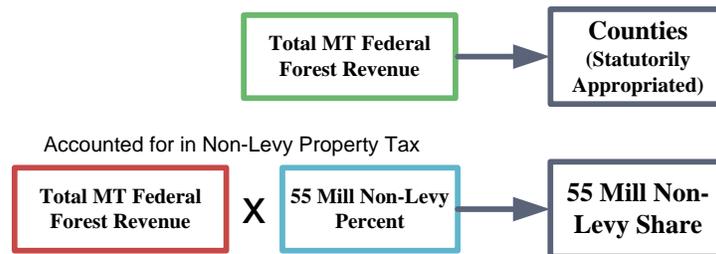
Applicable Tax Rate(s): N/A

Distribution: The county treasurer apportions federal forest receipts in the following manner:

- 66 2/3% to the general fund of the county
- 33 1/3% to the following county wide accounts, based on the mill ratios of each to total mills in the current year:
 - the county equalization accounts (55 mills)
 - the county transportation account
 - the county retirement accounts

This revenue source represents one component of total non-levy property tax revenue.

Distribution Chart:



Collection Frequency: Twice annually (usually October and December)

% of Total General Fund Revenue: Non-levy is included in “Property Tax: 55 mills”

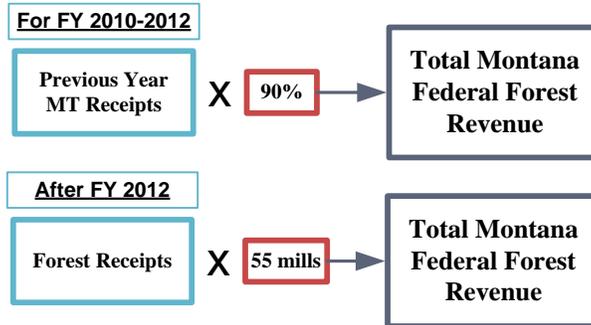
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Revenue Estimate Methodology: With the passage of the federal Emergency Economic Stabilization Act of 2008, the amount available to each county declines 10% per year until FY 2012, after which the act sunsets. The general fund share will vary because of this and as a result of changes in the 55 mill share as a percent of the total countywide school mills. Beginning in FY 2013, because the federal law will sunset, it is assumed that the old method of distributing these monies will prevail – 25% of the value of timber sold averaged over the prior 3 years. As a result, the state share of federal forest receipts distributed to the 55 mills is expected to decline around \$4 million per year.

Forecast Methodology:



Revenue Estimate Assumptions:

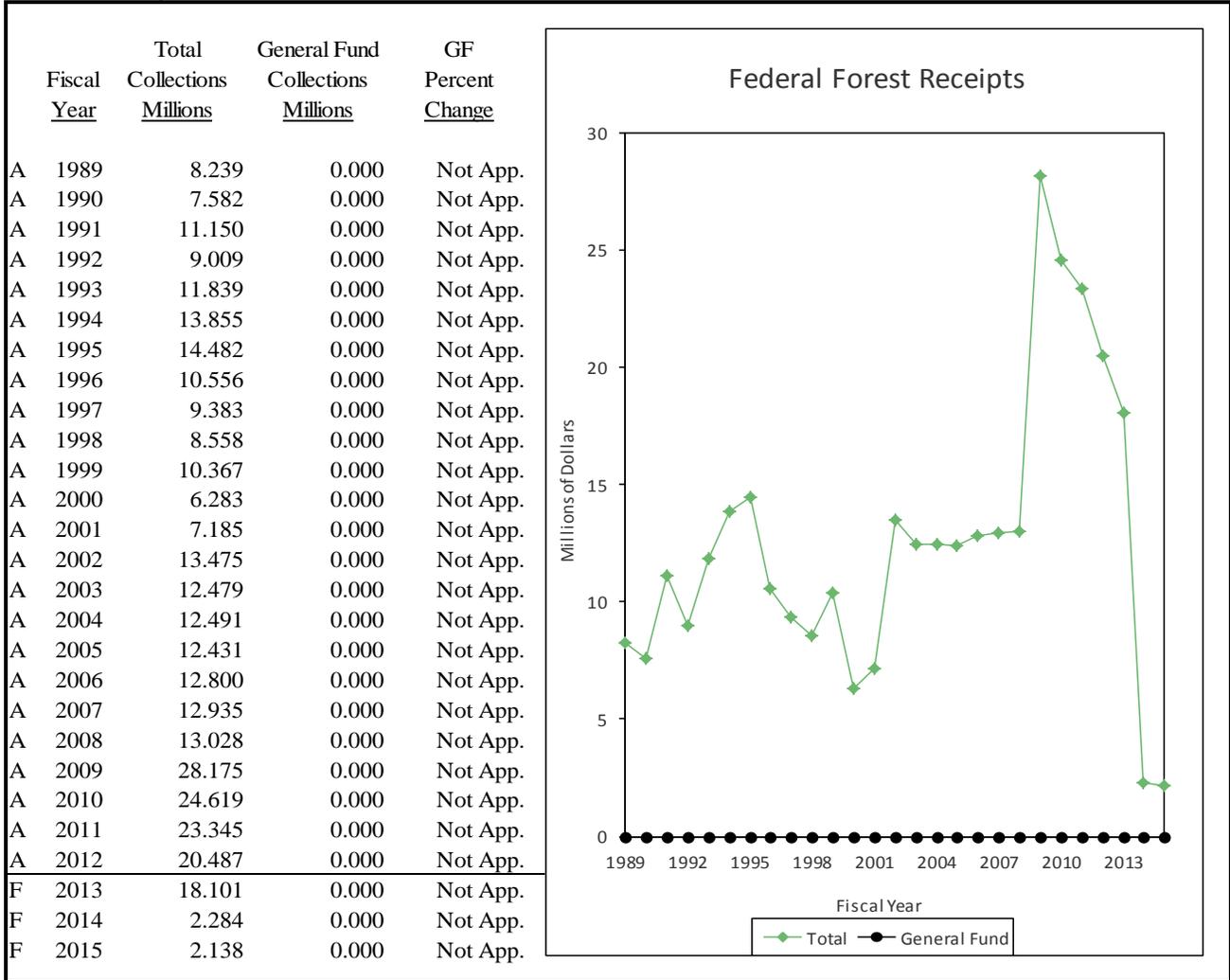
	t	Total Tax	GF Tax	CPI Percent	50% CPI %	Secure			
	Fiscal	Millions	Millions	Change	Change	Rural Schools			
						Millions			
Actual	2002	13.475	0.000	1.6%					
Actual	2003	12.479	0.000	2.3%	0.8%				
Actual	2004	12.491	0.000	2.7%	1.1%				
Actual	2005	12.431	0.000	3.4%	1.3%				
Actual	2006	12.800	0.000	3.2%	1.7%				
Actual	2007	12.935	0.000	2.8%	1.6%				
Actual	2008	13.028	0.000	3.9%	1.4%				
Actual	2009	28.175	0.000	-0.3%	1.9%				
Actual	2010	24.619	0.000	1.6%	-0.2%				
Forecast	2011	23.345	0.000	3.1%	0.8%				
Forecast	2012	20.487	0.000	2.1%	1.6%				
Forecast	2013	18.101	0.000	1.3%	1.0%				
Forecast	2014	2.284	0.000	1.8%	0.7%				
Forecast	2015	2.138	0.000	1.7%	0.9%				
Total Tax = Secure Rural Schools Act - Federal Legislation									
Total Tax = Total Tax Previous Year × (1+50% CPI %)									

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Revenue Projection:



Data Source(s): SABHRS, Department of Labor

Contacts: Montana Department of Labor, Montana Association of Counties