

Business Taxes

Corporation Income Tax
Estate Tax
Foreign Capital Depository Tax
Individual Income Tax

Insurance Tax & License Fees
Railroad Car Tax
Telecommunications Excise Tax
Telephone License Tax



Legislative Fiscal Division



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Legislative Fiscal Division

Revenue Estimate Profile

Corporation Income Tax

Revenue Description: The corporation income tax is a license fee levied against a corporation's net income earned in Montana. The corporation income tax is imposed on corporations that, for reasons of jurisdiction, are not taxable under a license tax. The revenue from Montana's corporation license tax is closely correlated with profits from corporations in the rest of the country. Additional factors that affect corporation license tax receipts include tax credits and the audit efforts by the Department of Revenue. As with individual income tax, all forecasts are adjusted for allowable credits.

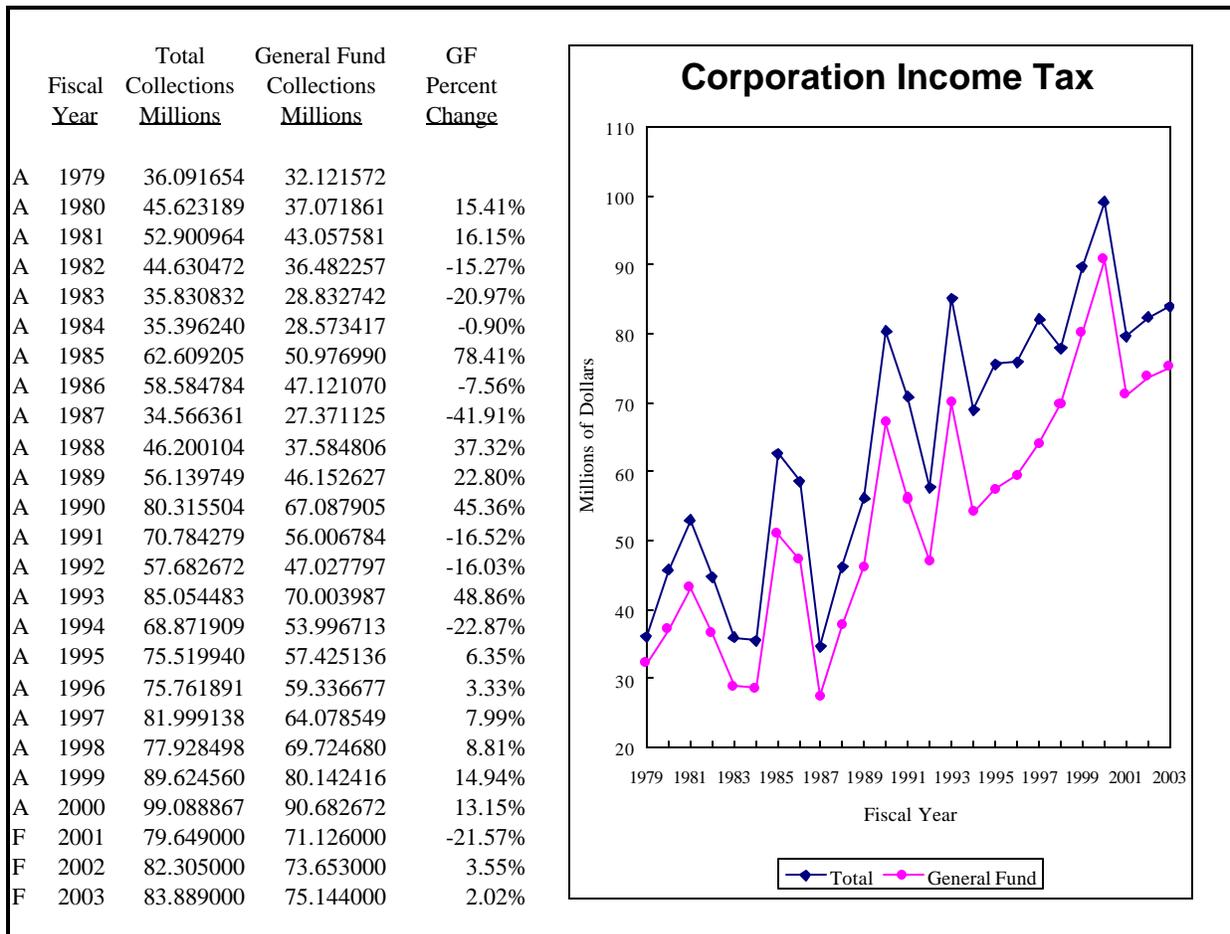
Applicable Tax Rate(s): The tax rate is 6.75%, except for corporations making a "water's edge" election (see 15-31-322, MCA), who pay a 7.0% tax on their net income.

Distribution: All corporation taxes are distributed to the general fund except for the tax levied on financial institutions. Eighty percent of the corporation taxes collected from financial institutions (excluding collections from the surtax imposed for tax years 1992 and 1993) is distributed to local governments in the county in which the financial institution is located. The remaining twenty percent of collections is allocated to the general fund.

Statute: Title 15, Chapter 31, MCA

% of Total FY 2000 General Fund Revenue: 7.79%

Revenue Projection:



Legislative Fiscal Division

Revenue Estimate Profile

Corporation Income Tax

NOTE:

Due to the transition to a new state accounting system and other factors, an unusually large number of accounting errors occurred in fiscal 2000. The errors not only impact the general fund, but other funds as well.

To correct these errors and ensure an accurate Comprehensive Annual Financial Report for the state, adjustments must be made in fiscal 2001 as prior year adjustments. All of these necessary adjustments may not be known at this time. The actual fiscal 2000 revenue shown in the table above was adjusted for these accounting errors, but has not been audited by the Legislative Auditor.

The general fund adjustment to this general fund revenue source that was known as of November 10, 2000 is -\$683,283.

Revenue Estimate Assumptions:

	t Fiscal	Total Millions	GF Tax Millions	US Profits Billions	MT Taxable Millions	Tax Rate
Actual	2000	99.088867	90.682672	943.900000	1146.150119	0.067500
Forecast	2001	79.649000	71.126000	998.100000	1135.534790	0.067500
Forecast	2002	82.305000	73.653000	1048.400000	1152.673147	0.067500
Forecast	2003	83.889000	75.144000	1085.700000	1165.015884	0.067500

	t Fiscal	Total Millions	Total Financials Millions	P&I Millions	Audit Millions	Legislation Millions	Tax Millions
Actual	2000	99.088867	10.507744	0.661232	0.546296	0.000000	97.881339
Forecast	2001	79.649000	10.654234	1.000000	2.000000	0.000000	76.648598
Forecast	2002	82.305000	10.815036	1.500000	3.000000	0.000000	77.805437
Forecast	2003	83.889000	10.930843	1.750000	3.500000	0.000000	78.638572

Legislative Fiscal Division

Revenue Estimate Profile

Estate Tax

Revenue Description: An inheritance tax is imposed on the transfer of any decedent's property, interest in property, or income from property within the state, to any other person or corporation except a surviving spouse, child or lineal descendant, stepchild, or governmental or charitable organization. The tax is due 18 months after the death of the decedent. In addition to the inheritance tax an estate tax is imposed on estates transferred to heirs at death. The Montana estate tax is equal to the maximum estate tax credit allowed under federal estate tax law.

Due to passage of Legislative Referendum 116 by the electorate in November 2000, the state inheritance tax was repealed. Although the act was effective immediately, it applies to deaths occurring after December 31, 2000. Thus inheritance tax revenue will continue to produce revenue during the 2003 biennium but the amount of revenue will decrease each year. The estate tax remains in existence.

Since 1980, revenues from inheritance taxes have fluctuated because of federal and state law changes, changes in wealth, changes in the death rate of the population, accounting procedures, and the processing of several large estates.

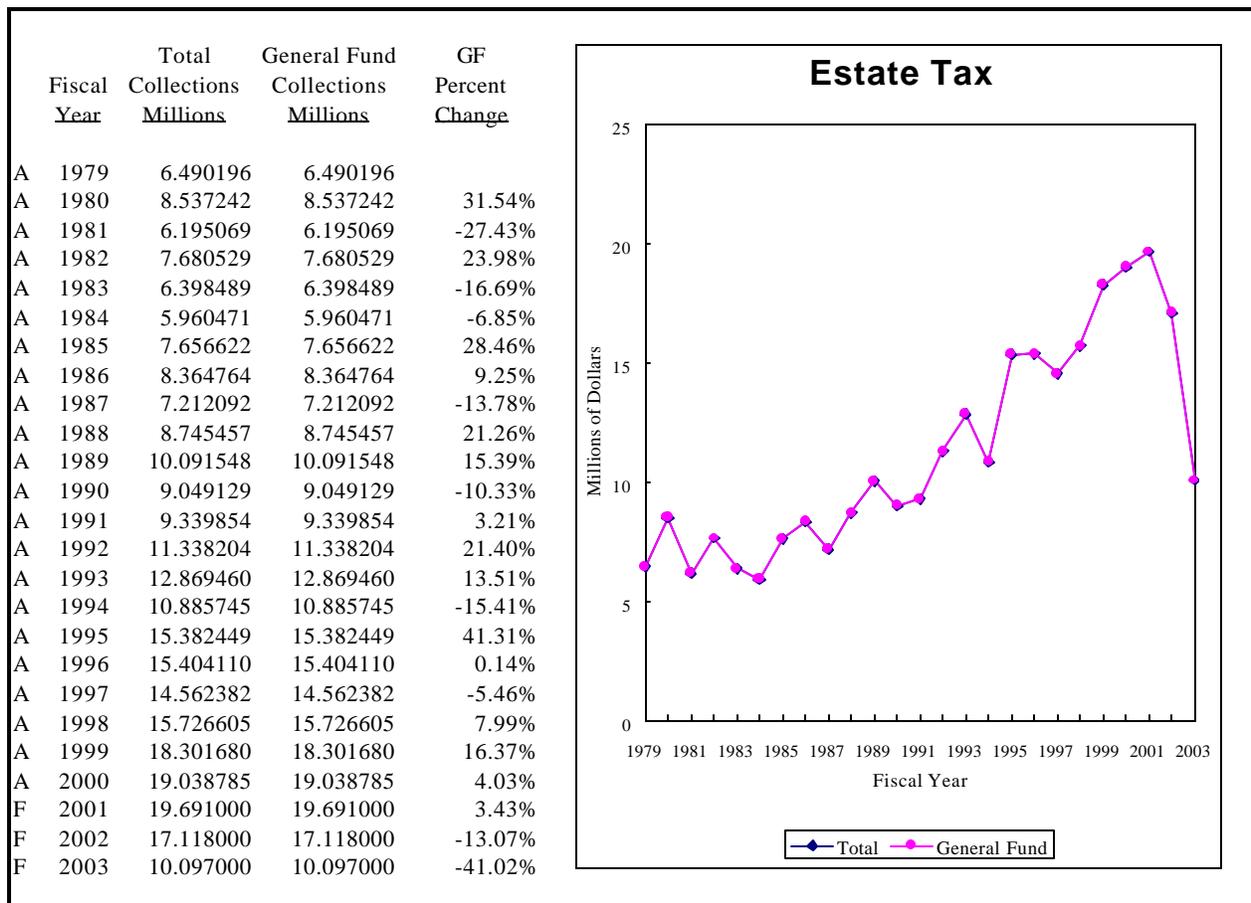
Applicable Tax Rate(s): The estate tax is equal to the maximum estate tax credit allowed under federal estate tax law.

Distribution: All proceeds are deposited into the general fund.

Statute: Title 72, Chapter 16, MCA

% of Total FY 2000 General Fund Revenue: 1.64%

Revenue Projection:



Legislative Fiscal Division

Revenue Estimate Profile

Estate Tax

Revenue Estimate Assumptions:

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Annual</u>	<u>Legislation</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Growth</u>	<u>Impacts</u>
Actual	2000	19.038785	19.038785	0.040275	
Forecast	2001	19.691000	19.691000	0.034254	-0.290649
Forecast	2002	17.118000	17.118000	-0.130691	-0.581298
Forecast	2003	10.097000	10.097000	-0.410157	-0.581298

Legislative Fiscal Division

Revenue Estimate Profile

Foreign Capital Depository Tax

Revenue Description: The legislature has authorized the chartering of foreign capital depositories in Montana. Only a person who is not a citizen or resident of the United States may use the services of the depository. There are no citizenship requirements imposed on the owner of the depository, but the depository must be chartered in Montana. The initial fee associated with a state charter is \$50,000, and the annual fee is \$10,000, both of which are deposited in a foreign capital depository special revenue account. A depository may accept a minimum of \$200,000 in currency, cash to exchange for precious metals, and tangible personal property. Other services may be provided such as foreign currency exchange, safe deposit boxes, storage of assets, bond sales, and performance of trust and related fiduciary services. The enabling legislation terminates September 30, 2012.

A foreign capital depository is exempt from the corporation license tax, but must pay a tax based on the average value of assets on deposit or in a safe deposit box. The tax is assessed on a six-month period and is due June 15 and December 15. The amount of tax collected on June 15 is divided equally among individual income tax payers as a tax credit.

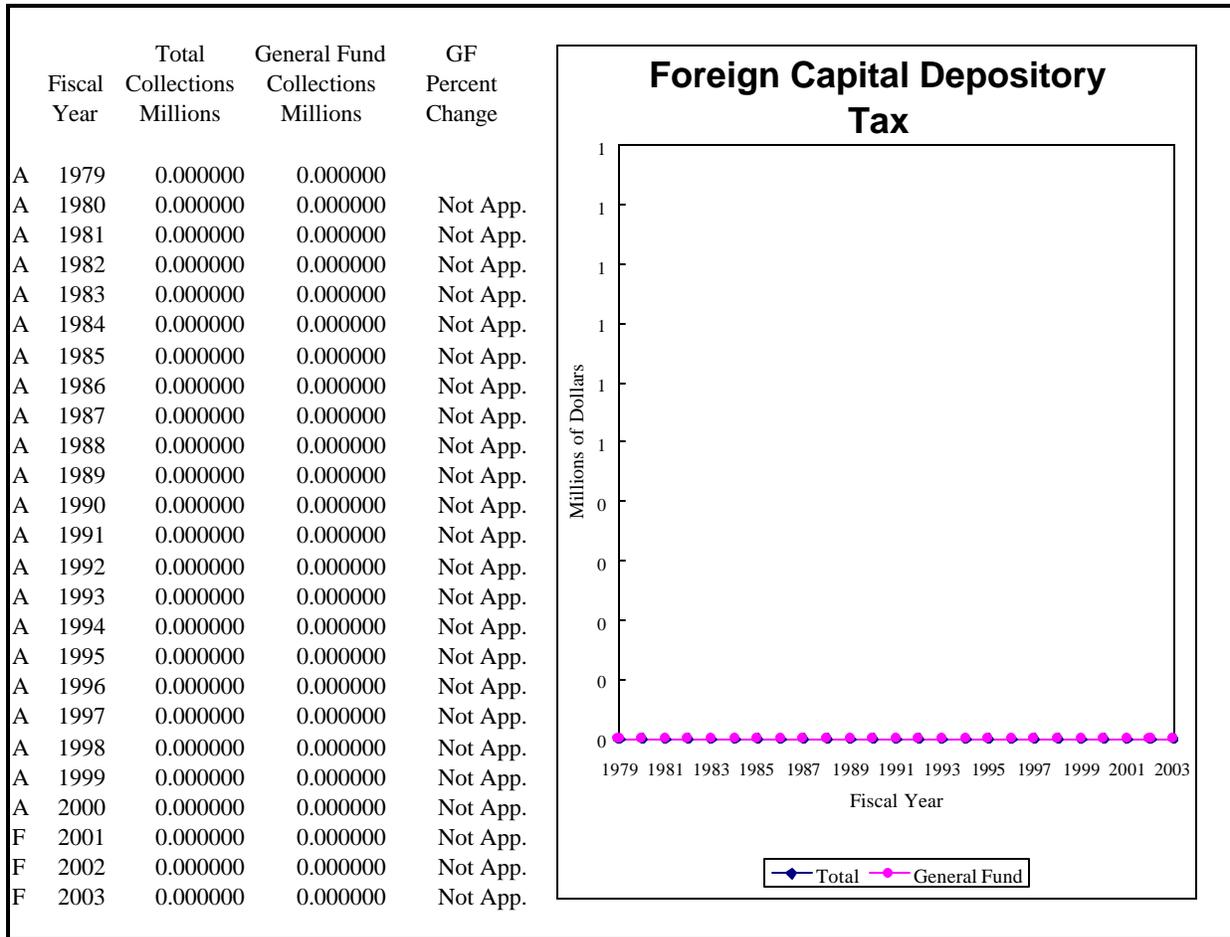
Applicable Tax Rate(s): The tax is 0.375 percent of the average balance of assets over a six-month period. The total annual tax is 0.75 percent.

Distribution: Tax proceeds are deposited into the general fund.

Statute: Title 15, Chapters 30 and 31; Title 32, Chapters 1 and 8, MCA

% of Total FY 2000 General Fund Revenue: 0.00%

Revenue Projection:



Legislative Fiscal Division
Revenue Estimate Profile
Foreign Capital Depository Tax

Revenue Estimate Assumptions:

	t	Total Tax	GF Tax	November	May	Tax	Six Month
	Fiscal	Millions	Millions	Avg. Balance	Avg. Balance	Rate	Rate
				Millions	Millions		
Actual	2000						
Forecast	2001	0.000000	0.000000	0.000000	0.000000	0.007500	0.003750
Forecast	2002	0.000000	0.000000	0.000000	0.000000	0.007500	0.003750
Forecast	2003	0.000000	0.000000	0.000000	0.000000	0.007500	0.003750

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

Revenue Description: The tax is levied against taxable income, which is defined as Montana personal income adjusted for exemptions and deductions. Once tax liability is determined, the amount of tax due is computed by subtracting allowable credits.

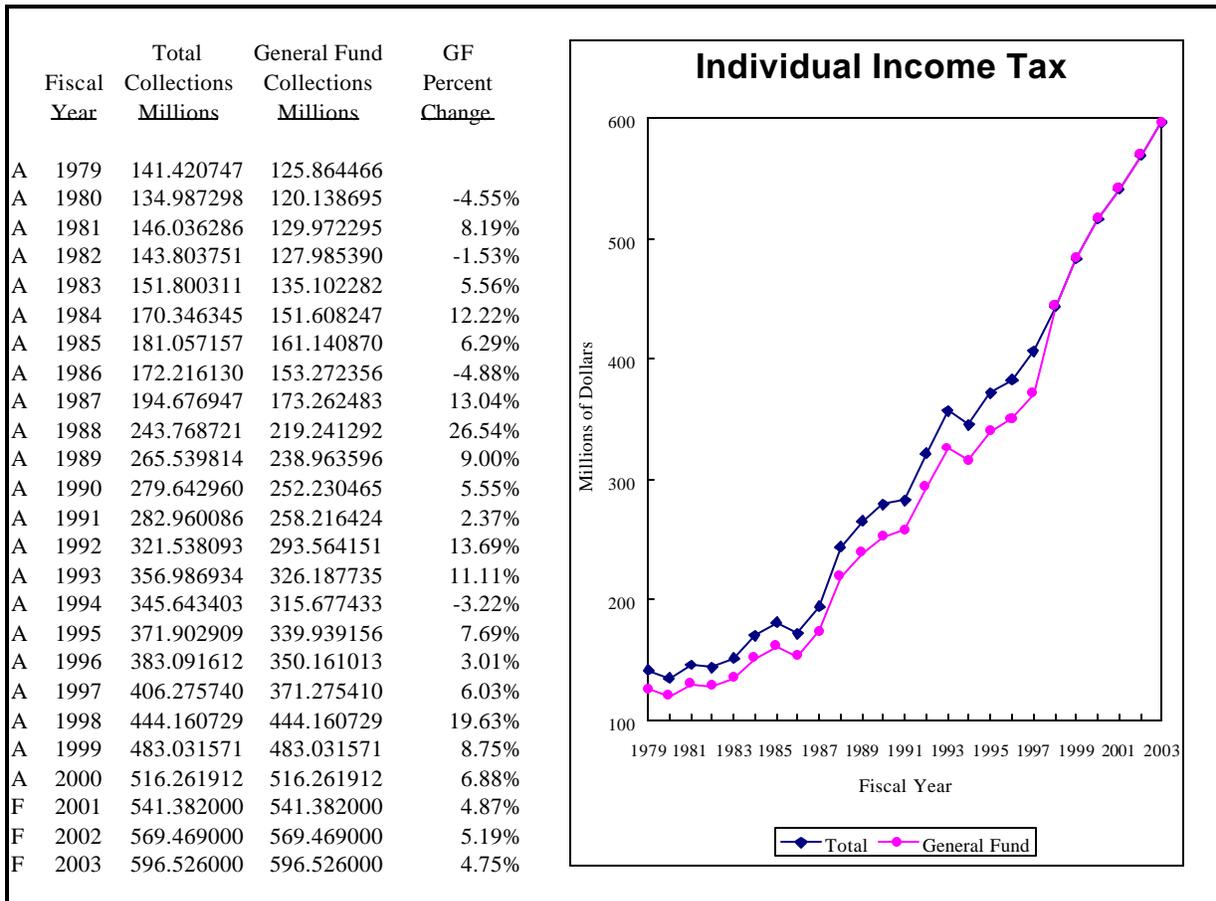
Applicable Tax Rate(s): Tax rates vary from 2.0% to 11.0%, depending on the level of taxable income. Tax brackets, personal exemption amounts, and the standard deduction are adjusted by the rate of inflation in each year.

Distribution: All proceeds are deposited into the general fund.

Statute: Title 15, Chapter 31, MCA

% of Total FY 2000 General Fund Revenue: 44.37%

Revenue Projection:



NOTE: Due to the transition to a new state accounting system and other factors, an unusually large number of accounting errors occurred in fiscal 2000. The errors not only impact the general fund, but other funds as well. To correct these errors and ensure an accurate Comprehensive Annual Financial Report for the state, adjustments must be made in fiscal 2001 as prior year adjustments. All of these necessary adjustments may not be known at this time. The actual fiscal 2000 revenue shown in the table above was adjusted for these accounting errors, but has not been audited by the Legislative Auditor.

The general fund adjustments to this general fund revenue source that were known as of November 10, 2000 are: 1) -\$11,703,926; and 2) \$683,283.

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

Revenue Estimate Assumptions:

	t	Total Tax	GF Tax	Resident	Non-Resident	H/Rent	Tax Liability	Tax Liability
	Fiscal	Millions	Millions	Liability	Liability	Credit	Calendar	Fiscal
				Millions	Millions	Millions	Millions	Millions
Actual	2000	516.261912	516.261912	482.839516	32.381306	8.935578	515.220822	495.784271
Forecast	2001	541.382000	541.382000	505.881139	33.926577	8.995800	539.807716	519.034794
Forecast	2002	569.469000	569.469000	534.199877	35.825754	9.056427	570.025631	546.494823
Forecast	2003	596.526000	596.526000	554.186482	37.166142	9.117463	591.352624	572.019531

	t	Audits	Back Year	Legislation	Interest	Foreign
	Fiscal	Millions	Amended	Special Adj.	& Penalty	Dep. Credit
			Millions	Millions	Millions	Millions
Actual	2000	5.759692	-0.014353	0.000000	3.415304	0.000000
Forecast	2001	6.000000	1.000000	0.000000	3.500000	0.000000
Forecast	2002	6.000000	1.000000	0.000000	3.500000	0.000000
Forecast	2003	6.600000	1.000000	0.000000	3.850000	0.000000

	t	Total Tax	GF Tax	Penalty &	Audits	Amd/Back	Depository	Tax Base
	Fiscal	Millions	Millions	Interest	Millions	Tax	Tax Credit	Growth
				Millions		Millions	Millions	Rate
Actual	1999	483.031571	483.031571	4.018518	9.419237	0.122978	0.000000	7.4825%
Actual	2000	516.261912	516.261912	3.415304	5.759692	-0.014353	0.000000	5.7245%
Forecast	2001	541.382000	541.382000	3.500000	6.000000	1.000000	0.000000	4.6896%
Forecast	2002	569.469000	569.469000	3.500000	6.000000	1.000000	0.000000	5.2906%
Forecast	2003	596.526000	596.526000	3.850000	6.600000	1.000000	0.000000	4.6706%

	t	Total Tax	GF Tax	Pen & Int	Audits	Amd/Back	Depository
	Fiscal	Annual	Annual	Annual	Annual	Annual	Annual
		Change	Change	Change	Change	Change	Change
Actual	1999						
Actual	2000	6.8795%	6.8795%	-15.0109%	-38.8518%	-111.6712%	
Forecast	2001	4.8658%	4.8658%	2.4799%	4.1722%	-7067.1846%	
Forecast	2002	5.1880%	5.1880%	0.0000%	0.0000%	0.0000%	
Forecast	2003	4.7513%	4.7513%	10.0000%	10.0000%	0.0000%	

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

	t	Resident Liability	Non-Resident Liability	Home/Rent Credits	Total Liability	Taxable Income	CY to FY Conversion	CY to FY Conversion
	Cal.	Millions	Millions	Millions	Millions	Millions	Percent	Percent
Actual	1999	462.294644	31.003478	8.875760	493.298122	7,658.519166	47.9%*CY t-1	52.1%*CY t
Forecast	2000	482.839516	32.381306	8.935578	515.220822	8,069.121703	47.9%*CY t-1	52.1%*CY t
Forecast	2001	505.881139	33.926577	8.995800	539.807716	8,466.252017	47.9%*CY t-1	52.1%*CY t
Forecast	2002	534.199877	35.825754	9.056427	570.025631	8,826.124182	47.9%*CY t-1	52.1%*CY t
Forecast	2003	554.186482	37.166142	9.117463	591.352624	9,183.415515	47.9%*CY t-1	52.1%*CY t

	t	Resident Liab Annual Growth	NonRes Liab Annual Growth	Home/Rent Annual Growth	Total Liab Annual Growth	Taxable Income Annual Growth	Taxpayer Pop Annual Growth
	Cal.						
Actual	1999						1.9500%
Forecast	2000	4.4441%	4.4441%	0.6739%	4.4441%	5.3614%	1.8500%
Forecast	2001	4.7721%	4.7721%	0.6740%	4.7721%	4.9216%	1.8500%
Forecast	2002	5.5979%	5.5979%	0.6739%	5.5979%	4.2507%	1.8500%
Forecast	2003	3.7414%	3.7414%	0.6740%	3.7414%	4.0481%	1.8500%

	t	Wages Millions	Annual Growth	Interest Millions	Annual Growth	Dividends Millions	Annual Growth
	Cal.						
Actual	1999	8,026.893371		602.599181		340.080522	
Forecast	2000	8,473.991332	5.5700%	598.983586	-0.6000%	361.845675	6.4000%
Forecast	2001	8,861.252736	4.5700%	666.069748	11.2000%	376.681348	4.1000%
Forecast	2002	9,260.895234	4.5100%	694.710747	4.3000%	384.968338	2.2000%
Forecast	2003	9,704.492116	4.7900%	682.900664	-1.7000%	389.972926	1.3000%

	t	Business Income Millions	Annual Growth	Capital Gains Millions	Annual Growth	Supplemental Gains Millions	Annual Growth
	Cal.						
Actual	1999	599.188613		1,115.780493		44.390511	
Forecast	2000	595.593481	-0.6000%	1,203.927152	7.9000%	51.537383	16.1000%
Forecast	2001	603.931790	1.4000%	1,224.393914	1.7000%	53.650416	4.1000%
Forecast	2002	612.386835	1.4000%	1,240.311034	1.3000%	55.742782	3.9000%
Forecast	2003	620.960251	1.4000%	1,239.070723	-0.1000%	57.861008	3.8000%

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

	t	Rents, Royalties S-Corps Cal. Millions	Annual Growth	Farm Income Gains Millions	Annual Growth	Social Security Millions	Annual Growth
Actual	1999	813.249932		-75.241136		219.827699	
Forecast	2000	827.075181	1.7000%	-75.241136	0.0000%	241.810469	10.0000%
Forecast	2001	869.917675	5.1800%	-75.241136	0.0000%	261.880738	8.3000%
Forecast	2002	912.717625	4.9200%	-75.241136	0.0000%	282.045555	7.7000%
Forecast	2003	955.524081	4.6900%	-75.241136	0.0000%	302.070789	7.1000%

	t	IRA Income Cal. Millions	Annual Growth	Pension Income Millions	Annual Growth	Other Income Millions	Annual Growth
Actual	1999	231.811599		875.669155		-56.774241	
Forecast	2000	257.079063	10.9000%	971.117093	10.9000%	-56.774241	0.0000%
Forecast	2001	282.529891	9.9000%	1,067.257685	9.9000%	-56.774241	0.0000%
Forecast	2002	310.500350	9.9000%	1,172.916196	9.9000%	-56.774241	0.0000%
Forecast	2003	341.239884	9.9000%	1,289.034899	9.9000%	-56.774241	0.0000%

	t	Total Income Cal. Millions	Annual Growth	IRA Deductions Millions	Annual Growth	Fed Adjusted Gross Income Millions	Annual Growth
Actual	1999	12,737.475699		194.438545		12,543.037154	
Forecast	2000	13,450.945039	5.6013%	207.675338	6.8077%	13,243.269701	5.5826%
Forecast	2001	14,135.550563	5.0896%	221.813252	6.8077%	13,913.737311	5.0627%
Forecast	2002	14,795.179318	4.6665%	236.913633	6.8077%	14,558.265685	4.6323%
Forecast	2003	15,451.111965	4.4334%	253.042002	6.8077%	15,198.069963	4.3948%

	t	Bond Interest Cal. Millions	Annual Growth	FIT Refunds Millions	Annual Growth	Other Additions Millions	Annual Growth
Actual	1999	43.585248		178.192772		166.514861	
Forecast	2000	43.323737	-0.6000%	186.567832	4.7000%	166.514861	0.0000%
Forecast	2001	48.174775	11.1972%	195.334917	4.6991%	166.514861	0.0000%
Forecast	2002	50.249432	4.3065%	204.529664	4.7072%	166.514861	0.0000%
Forecast	2003	49.395162	-1.7001%	214.152073	4.7047%	166.514861	0.0000%

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

	t	Cap. Gains Exclusion	Annual	Int. Exc. Elderly	Annual	Savings Bond	Annual
	Cal.	Millions	Growth	Millions	Growth	Millions	Growth
Actual	1999	3.538351		46.033716		85.520376	
Forecast	2000	2.493306	-29.5348%	45.757514	-0.6000%	85.007254	-0.6000%
Forecast	2001	1.756913	-29.5348%	50.882355	11.2000%	94.528066	11.2000%
Forecast	2002	1.238013	-29.5348%	53.070297	4.3000%	98.592773	4.3000%
Forecast	2003	0.872368	-29.5348%	52.168101	-1.7000%	96.916696	-1.7000%

	t	Exempt Retirement	Annual	Unemployment	Annual	Med. Savings	Annual
	Cal.	Millions	Growth	Millions	Growth	Millions	Growth
Actual	1999	155.172531		48.969054		5.327000	
Forecast	2000	157.216829	1.3174%	51.696630	5.5700%	6.360518	19.4015%
Forecast	2001	159.288060	1.3174%	54.059166	4.5700%	7.183208	12.9343%
Forecast	2002	161.386577	1.3174%	56.497235	4.5100%	7.802608	8.6229%
Forecast	2003	163.512741	1.3174%	59.203452	4.7900%	8.475418	8.6229%

	t	Family Education	Annual	First Time Home	Annual	Other Reductions	Annual
	Cal.	Millions	Growth	Millions	Growth	Millions	Growth
Actual	1999	1.814909		0.791828		416.855851	
Forecast	2000	2.420430	33.3637%	0.959485	21.1734%	427.791647	2.6234%
Forecast	2001	2.958793	22.2425%	1.094922	14.1156%	439.014333	2.6234%
Forecast	2002	3.397532	14.8283%	1.197958	9.4104%	450.531435	2.6234%
Forecast	2003	3.901329	14.8283%	1.310691	9.4104%	462.350677	2.6234%

	t	Additions to Income	Additions	Reductions to Income	Reductions	MT Adjusted Gross Income	MAGI
	Cal.	Millions	Annual Growth	Millions	Annual Growth	Millions	Annual Growth
Actual	1999	388.292881		764.023616		12,167.306419	
Forecast	2000	462.563536	19.1275%	779.703613	2.0523%	12,869.912134	5.7745%
Forecast	2001	478.488457	3.4428%	810.765817	3.9838%	13,533.383026	5.1552%
Forecast	2002	492.217078	2.8692%	833.714428	2.8305%	14,174.960032	4.7407%
Forecast	2003	503.632094	2.3191%	848.711474	1.7988%	14,814.736533	4.5134%

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

	t	Medical		Medical		Long Term	
	Cal.	Premiums	Annual	Deductions	Annual	Care	Annual
		Millions	Growth	Millions	Growth	Millions	Growth
Actual	1999	183.340843		168.701852		11.943152	
Forecast	2000	193.974612	5.8000%	178.486559	5.8000%	12.635855	5.8000%
Forecast	2001	206.388987	6.4000%	189.909699	6.4000%	13.444550	6.4000%
Forecast	2002	218.772326	6.0000%	201.304281	6.0000%	14.251222	6.0000%
Forecast	2003	233.211300	6.6000%	214.590364	6.6000%	15.191803	6.6000%

	t	Federal Income		Non-current Yr		Real	
	Cal.	Tax Withheld	Annual	Fed Deduct	Annual	Estate	Annual
		Millions	Growth	Millions	Growth	Millions	Growth
Actual	1999	1,360.127314		184.705689		239.161553	
Forecast	2000	1,430.436379	5.1693%	190.246860	3.0000%	246.208613	2.9466%
Forecast	2001	1,512.425399	5.7317%	195.954265	3.0000%	258.394487	4.9494%
Forecast	2002	1,588.642700	5.0394%	201.827906	2.9975%	272.583499	5.4912%
Forecast	2003	1,653.719929	4.0964%	207.886253	3.0017%	287.551661	5.4912%

	t	Other		Home		Deductible	
	Cal.	Taxes	Annual	Mortgage	Annual	Interest	Annual
		Millions	Growth	Millions	Growth	Millions	Growth
Actual	1999	47.059216		617.656281		33.564150	
Forecast	2000	47.059216	0.0000%	669.717911	8.4289%	33.362765	-0.6000%
Forecast	2001	23.529608	-50.0000%	716.987271	7.0581%	37.099395	11.2000%
Forecast	2002	11.764804	-50.0000%	764.256808	6.5928%	38.694669	4.3000%
Forecast	2003	5.882402	-50.0000%	811.526092	6.1850%	38.036859	-1.7000%

	t	Child		Child		Casualty	
	Cal.	Contributions	Annual	Care	Annual	Millions	Annual
		Millions	Growth	Millions	Growth		Growth
Actual	1999	275.164610		1.618924		3.058367	
Forecast	2000	295.617871	7.4331%	1.618924	0.0000%	3.213426	5.0700%
Forecast	2001	317.591443	7.4331%	1.618924	0.0000%	3.376347	5.0700%
Forecast	2002	341.198332	7.4331%	1.618924	0.0000%	3.547528	5.0700%
Forecast	2003	366.559945	7.4331%	1.618924	0.0000%	3.727387	5.0700%

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

	t	Miscellaneous Expense 1	Annual Growth	Miscellaneous Expense 2	Annual Growth	Gambling Losses	Annual Growth
	Cal.	Millions		Millions		Millions	
Actual	1999	115.728674		3.053592		4.557932	
Forecast	2000	125.849725	8.7455%	3.053592	0.0000%	4.785829	5.0000%
Forecast	2001	136.855913	8.7455%	3.053592	0.0000%	5.025120	5.0000%
Forecast	2002	148.824647	8.7455%	3.053592	0.0000%	5.276376	5.0000%
Forecast	2003	161.840106	8.7455%	3.053592	0.0000%	5.540195	5.0000%

	t	Itemized Deductions	Annual Growth	Standard Deductions	Annual Growth	Exemptions	Annual Growth
	Cal.	Millions		Millions		Millions	
Actual	1999	3,249.442149		478.083016		1,370.824840	
Forecast	2000	3,433.572935	5.6665%	522.198738	9.2276%	1,448.216842	5.6457%
Forecast	2001	3,607.973183	5.0793%	545.157852	4.3966%	1,510.276893	4.2853%
Forecast	2002	3,800.284096	5.3302%	568.316038	4.2480%	1,574.213526	4.2334%
Forecast	2003	4,007.819676	5.4611%	592.906032	4.3268%	1,649.229999	4.7653%

	t	Planned Gifts Credit	Annual Growth	Other States Credits	Annual Growth	All Other Credits	Annual Growth
	Cal.	Millions		Millions		Millions	
Actual	1999	5.547290		10.159095		1.613795	
Forecast	2000	7.594574	36.9060%	9.741140	-4.1141%	1.613795	0.0000%
Forecast	2001	8.996002	18.4530%	10.333771	6.0838%	1.613795	0.0000%
Forecast	2002	0.000000		10.926403	5.7349%	1.613795	0.0000%
Forecast	2003	0.000000		11.519029	5.4238%	1.613795	0.0000%

Legislative Fiscal Division

Revenue Estimate Profile

Insurance Tax & License Fees

Revenue Description: The insurance premiums tax is levied on the net premiums or gross underwriting profit for each insurance company operating in Montana. Gross underwriting profit is essentially insurance premium income. In addition, various insurance fees and licenses are collected under this service.

Applicable Tax Rate(s): The current tax rate is 2.75% of net premiums on policies sold in Montana. In addition, for each Montana resident insured under any individual or group disability or health insurance policy, all insurers are required to pay \$0.70 to the State's Insurance Commissioner. This fee is used to fund the voluntary statewide genetics program established in statute (50-19-211, MCA).

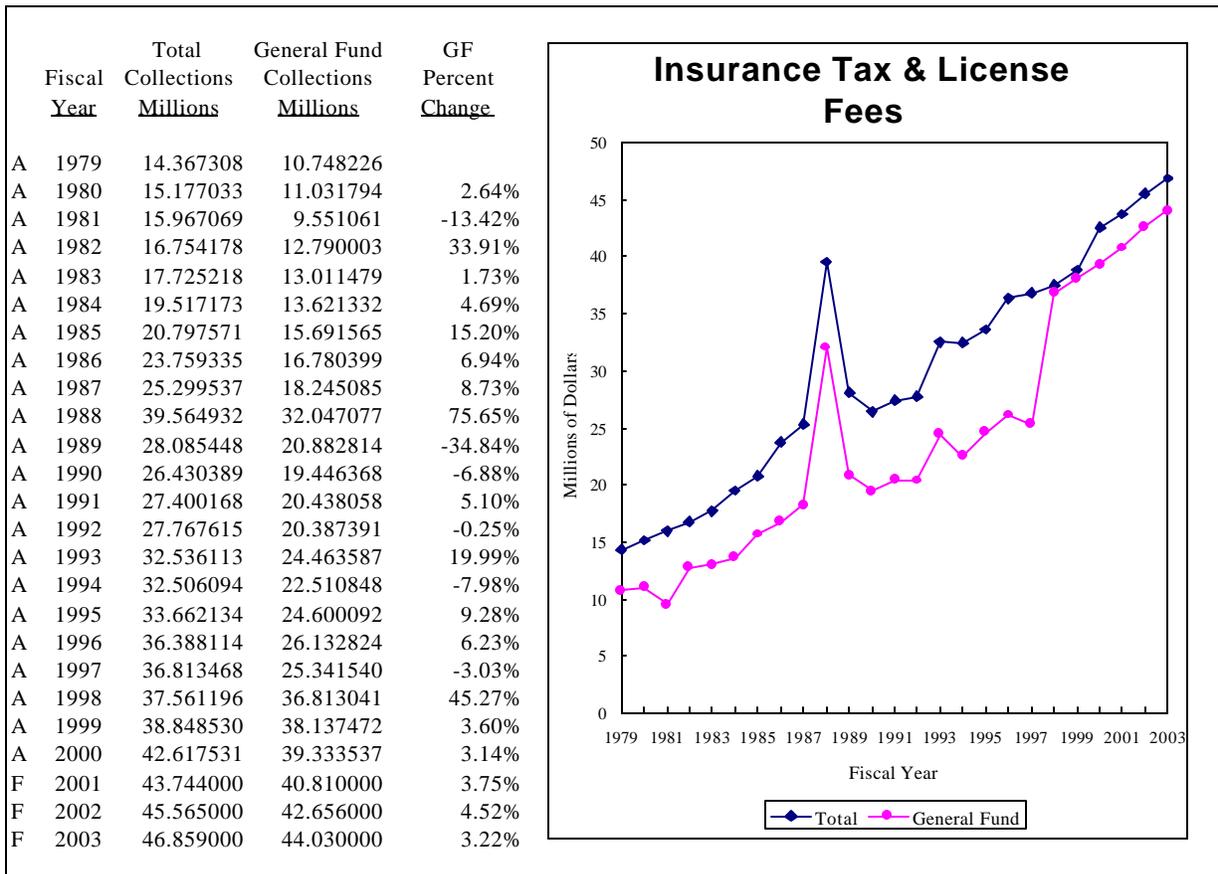
Senate Bill 132 (passed by the 1999 legislature) eliminated many disparate fees on insurance companies, which had partially been deposited into the general fund, and replaced them with a single company annual fee of \$1,900. Revenue from this fee is deposited to the state special revenue fund for administration of insurance activities.

Distribution: The majority of insurance tax and license fee proceeds are deposited into the general fund.

Statute: Title 33, Chapter 2 and Chapter 14, MCA

% of Total FY 2000 General Fund Revenue: 3.38%

Revenue Projection:



Legislative Fiscal Division

Revenue Estimate Profile

Insurance Tax & License Fees

Revenue Estimate Assumptions:

	t Fiscal	Total Tax Millions	GF Tax Millions	Non-GF Fees Millions	GF Fees Millions	Unexplained Millions
Actual	2000	42.617531	39.333537	3.283994	1.028229	1.605734
Forecast	2001	43.744000	40.810000	2.934490	0.000000	0.000000
Forecast	2002	45.565000	42.656000	2.908990	0.000000	0.000000
Forecast	2003	46.859000	44.030000	2.828990	0.000000	0.000000

	t Fiscal	Genetics Millions	Premium Tax Millions	Offsets Millions	Refunds Millions
Actual	2000	0.542398	40.121480	2.082935	1.881369
Forecast	2001	0.550000	41.397945	0.908000	0.230000
Forecast	2002	0.555000	42.715021	0.384000	0.230000
Forecast	2003	0.560000	44.073999	0.374000	0.230000

Legislative Fiscal Division

Revenue Estimate Profile

Railroad Car Tax

Revenue Description: All railroad property subject to taxation as defined in the Railroad Revitalization and Regulatory Reform Act of 1976. The tax rate for class twelve property is the lesser of 12.0% or the average statutory tax rate for commercial and industrial property. Railroad car companies, which operate in several states, pay taxes on the portion of the property value allocated to Montana, based on the ratio of the car miles traveled within Montana to the total number of car miles traveled in all states, as well as time spent in the state relative to time spent in other states.

Applicable Tax Rate(s): The tax rate is equal to the previous year's average statewide tax rate for commercial and industrial property. This is multiplied by 95.0 percent of the average statewide mill levy for commercial and industrial property. The most current tax rates are:

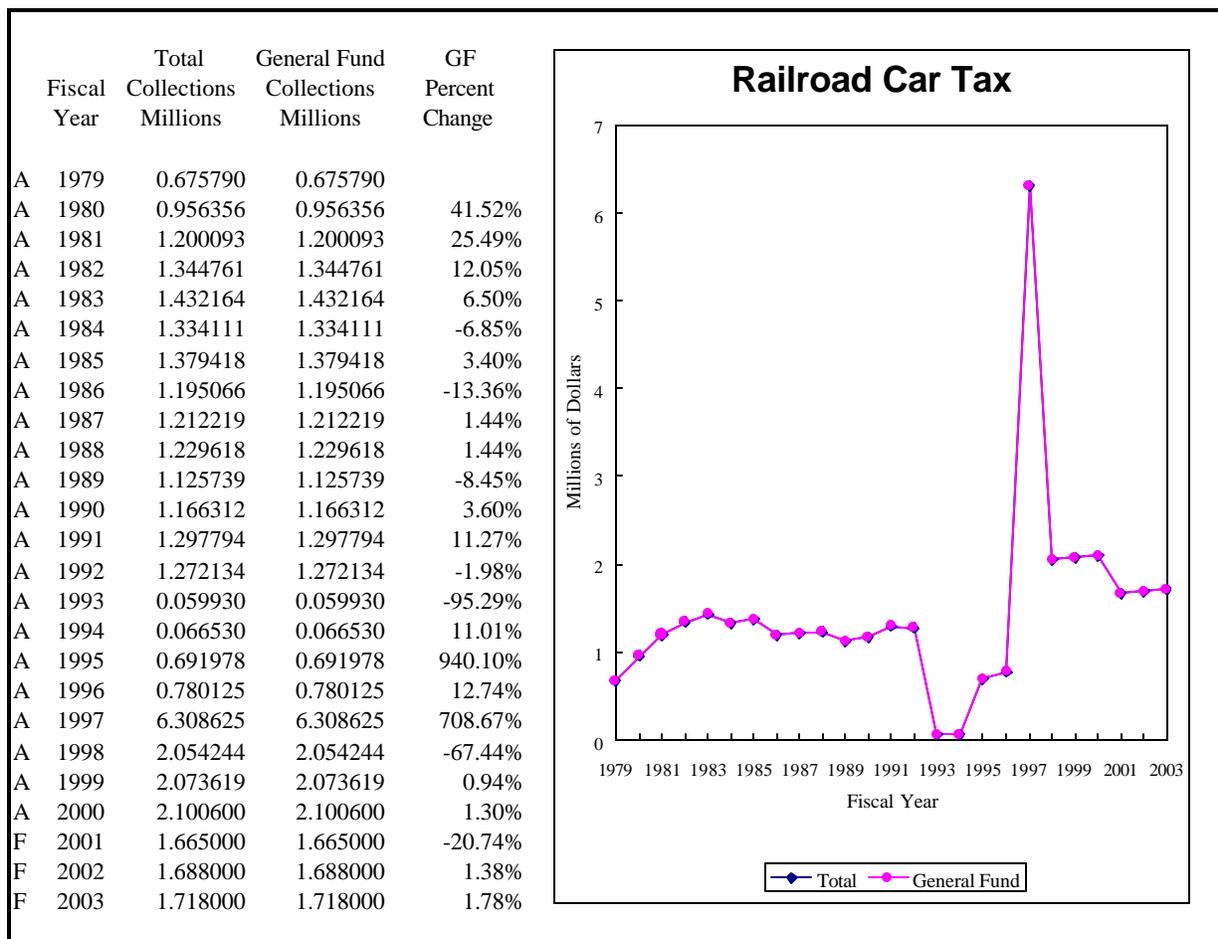
- ?? 2000 – 4.27%
- ?? 2001 – 4.16%
- ?? 2002 – 4.07%.

Distribution: All revenue from this tax is deposited into the general fund.

Statute: Title 15, Chapter 23, MCA

% of Total FY 2000 General Fund Revenue: 0.18%

Revenue Projection:



Legislative Fiscal Division

Revenue Estimate Profile

Railroad Car Tax

Revenue Estimate Assumptions:

	t	Total Tax	GF Tax	Total MV (CY)	Allocation	MT MV (CY)	Tax	Mills
	Fiscal	Millions	Millions	of Fleet	Percent	of Fleet	Rate	95 Percent
				Millions		Millions		
Actual	2000	2.100600	2.100600	17582.615541	0.005439	95.626964	0.060800	0.380057
Forecast	2001	1.665000	1.665000	19335.425780	0.005021	97.074849	0.042700	0.401720
Forecast	2002	1.688000	1.688000	21161.598739	0.004680	99.036282	0.041600	0.409755
Forecast	2003	1.718000	1.718000	23160.248255	0.004362	101.025003	0.040700	0.417950

Legislative Fiscal Division

Revenue Estimate Profile

Telecommunications Excise Tax

Revenue Description: The retail telecommunications excise tax is levied on the sales price of retail telecommunications services originating or terminating in the state. It is paid by the retail purchaser and collected by the provider.

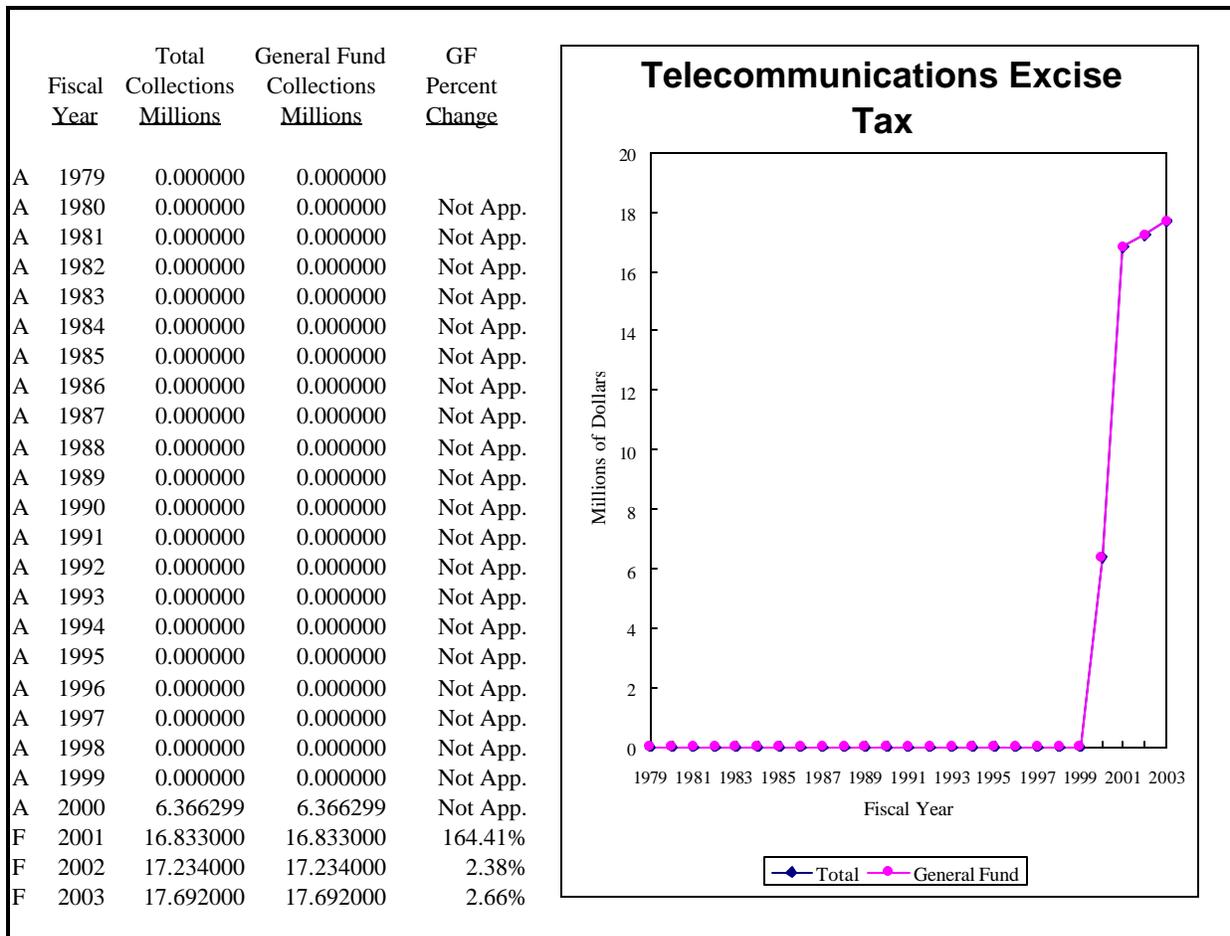
Applicable Tax Rate(s): The current tax rate of 3.75% is applied to the sales price of retail telecommunications services. Sales price includes payment for services such as distribution, supply, transmission, and delivery, but excludes federal taxes, relocation of service, equipment repair, prepaid calling cards, and other items. A credit is allowed for 20 percent of the costs of advanced telecommunications infrastructure improvements in the state up to a yearly maximum credit of \$2.0 million for all providers.

Distribution: All proceeds are deposited into the general fund.

Statute: Title 15, Chapter 53, MCA

% of Total FY 2000 General Fund Revenue: 0.55%

Revenue Projection:



Legislative Fiscal Division
Revenue Estimate Profile
Telecommunications Excise Tax

NOTE:

Due to the transition to a new state accounting system and other factors, an unusually large number of accounting errors occurred in fiscal 2000. The errors not only impact the general fund, but other funds as well. To correct these errors and ensure an accurate Comprehensive Annual Financial Report for the state, adjustments must be made in fiscal 2001 as prior year adjustments. All of these necessary adjustments may not be known at this time. The actual fiscal 2000 revenue shown in the table above was adjusted for these accounting errors, but has not been audited by the Legislative Auditor.

The general fund adjustments to this general fund revenue source that were known as of November 10, 2000 are: 1) -\$1,219,535; and 2) 1,683,000.

Revenue Estimate Assumptions:

	t	Total Tax	GF Tax	Taxable	Tax
	Fiscal	Millions	Millions	Millions	Rate
Actual	2000	6.366299	6.366299	190.390198	0.037500
Forecast	2001	16.833000	16.833000	448.891307	0.037500
Forecast	2002	17.234000	17.234000	459.573125	0.037500
Forecast	2003	17.692000	17.692000	471.780766	0.037500

Legislative Fiscal Division

Revenue Estimate Profile

Telephone License Tax

Revenue Description: The telephone license tax was repealed by the 1999 legislature (HB 128) and replaced by a new retail telecommunications excise tax effective January 1, 2000. This new tax is estimated as a separate general fund revenue source.

For the first half of fiscal 2000 (July 1999 through December 1999), the telephone license tax was levied on the gross income earned by any telephone business within the state, including the transmission of telephone messages by line or by microwave equipment.

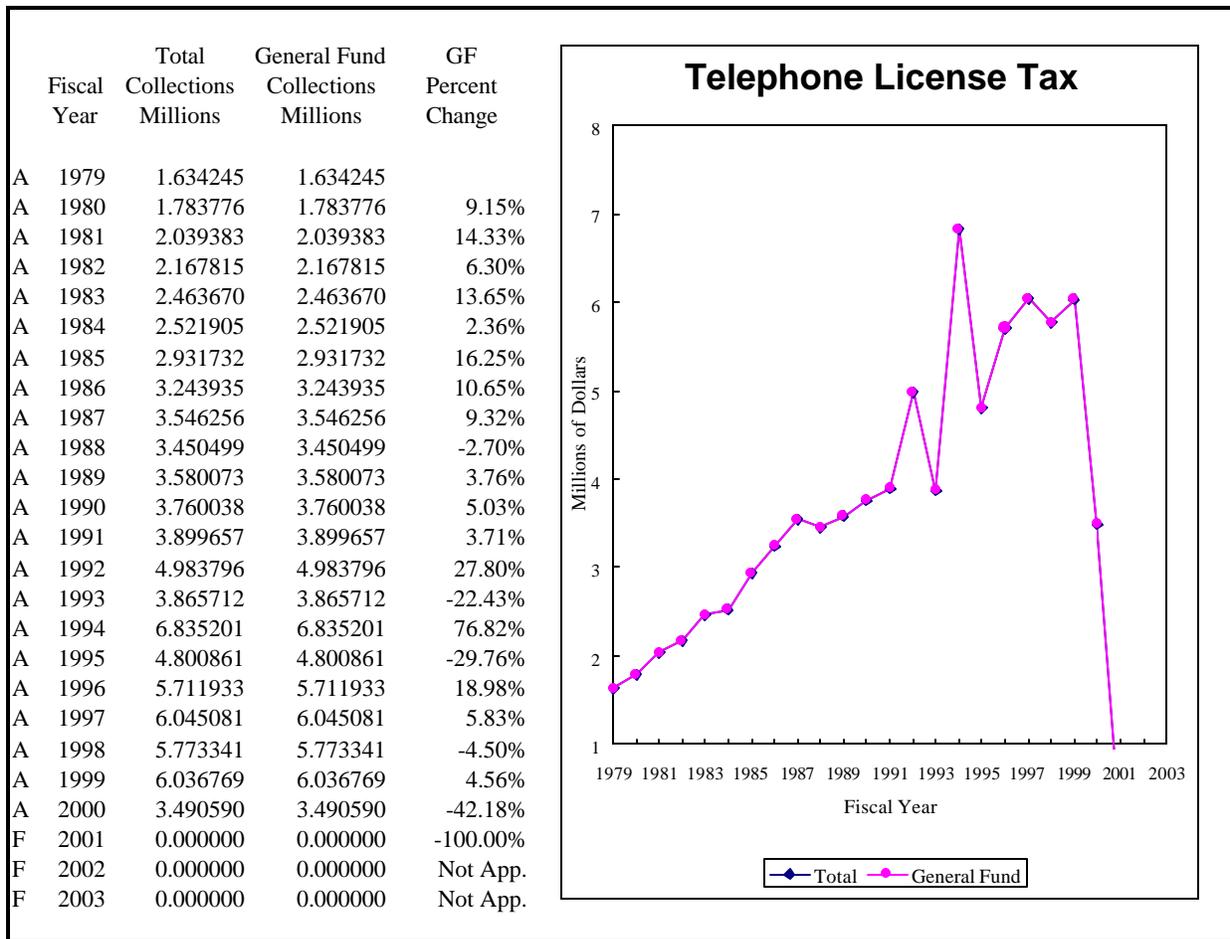
Applicable Tax Rate(s): An exemption was allowed for the first \$250 of gross income earned each quarter. The tax rate of 1.8% was applied to the adjusted gross income level. Gross income was dependent on the quantity of services provided and the price of the services offered.

Distribution: All proceeds were deposited into the general fund.

Statute: Title 15, Chapter 53, MCA (repealed)

% of Total FY 2000 General Fund Revenue: 0.30%

Revenue Projection:



Legislative Fiscal Division

Revenue Estimate Profile

Telephone License Tax

Revenue Estimate Assumptions:

	t	Total Tax	GF Tax	Taxable	Tax
	Fiscal	Millions	Millions	Millions	Rate
Actual	2000	3.490590	3.490590	193.921667	0.018000
Forecast	2001	0.000000	0.000000	0.000000	0.000000
Forecast	2002	0.000000	0.000000	0.000000	0.000000
Forecast	2003	0.000000	0.000000	0.000000	0.000000

