

Business Taxes

Corporation Income Tax
Driver's License Fees
Estate Tax
Individual Income Tax
Insurance Tax & License Fees
Investment License Fees
Lodging Taxes

Motor Vehicle Fees
Public Contractors Tax
Railroad Car Tax
Rental Car Sales Tax
Telecommunications Excise Tax
Vehicle Tax



Legislative Fiscal Division



www.leg.state.mt.us/css/fiscal/

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. 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: Beginning fiscal 2004 through fiscal 2011, the Department of Revenue may distribute up to 0.45% of this general fund revenue source as an administrative assessment to a state special revenue account to pay debt service on the loan used to fund a POINTS replacement computer system (enacted in Senate Bill 271 by the 2003 legislature). In fiscal 2005 only, \$375,000 is distributed to the Department of Public Health and Human Services state special revenue account to match federal funds for Medicaid health services. All remaining corporation taxes are distributed to the general fund.

Collection Frequency: Monthly, Quarterly, and Annually

Major Drivers:

- Corporate Profits
- Tax rate
- Audits
- Credits

Potential Factors Influencing Change:

- Economic Factors
 - Business cycles
 - Economic climate
 - Stock market activity
 - Personal income change
 - Population change
- Social Factors
 - Government and industry announcements
 - Consumer confidence / sentiment
 - Terrorist activity in U.S. and abroad
 - War events and issues
- Legislative Factors
 - State legislative impacts
 - Changes in tax rate
 - Addition and repeal of tax credits
 - Changes in NOL carry-back / carry-forward rules
 - Federal legislative impacts
 - Alternative minimum tax rules
 - Change in depreciation accounting and taxation
 - Addition and repeal of tax credits
 - Tax shelters
 - Changes in NOL carry-back / carry-forward rules

Legislative Fiscal Division

Revenue Estimate Profile

Corporation Income Tax

Data Source(s): SABHRS, Global Insight, Department of Revenue

Contacts: Department of Revenue

Statutory Reference:

Tax Rate (MCA) – 15-31-121,

Tax Distribution (MCA) – 15-31-121, 15-1-501(1)

Date Due – by the 15th day of the fifth month following the close of the corporate fiscal year (15-31-111, 15-31-502).

Estimated taxes due April 15th, June 15th, September 15th, and December 15th (15-31-502).

% of Total FY 2004 General Fund Revenue: 4.90%

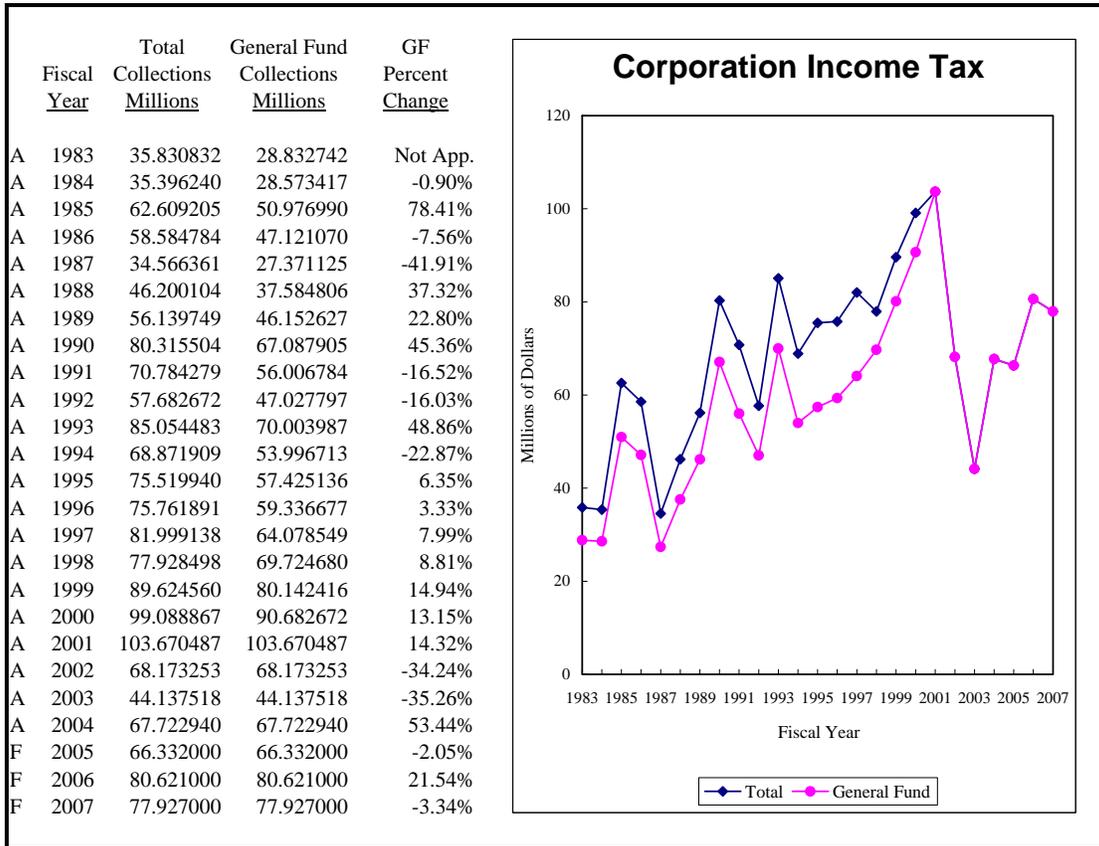
Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable assumptions used by the LFD to develop a revenue estimate for this source are provided in the “Revenue Estimate Assumptions” section of this document. The following summarizes the LFD process used to develop the revenue estimate.

To project Montana corporation license tax revenues, the LFD makes use of taxpayer return data from tax years 1996 to 2002. The data is separated into two classes of taxpayers, multi-state and Montana or domestic taxpayers. Each class of taxpayer is analyzed and projected separately, after which the projections are combined, lagged one year, and adjusted for audits, credits, federal bonus depreciation, and known unusual refunds/collections to produce the final fiscal year estimate.

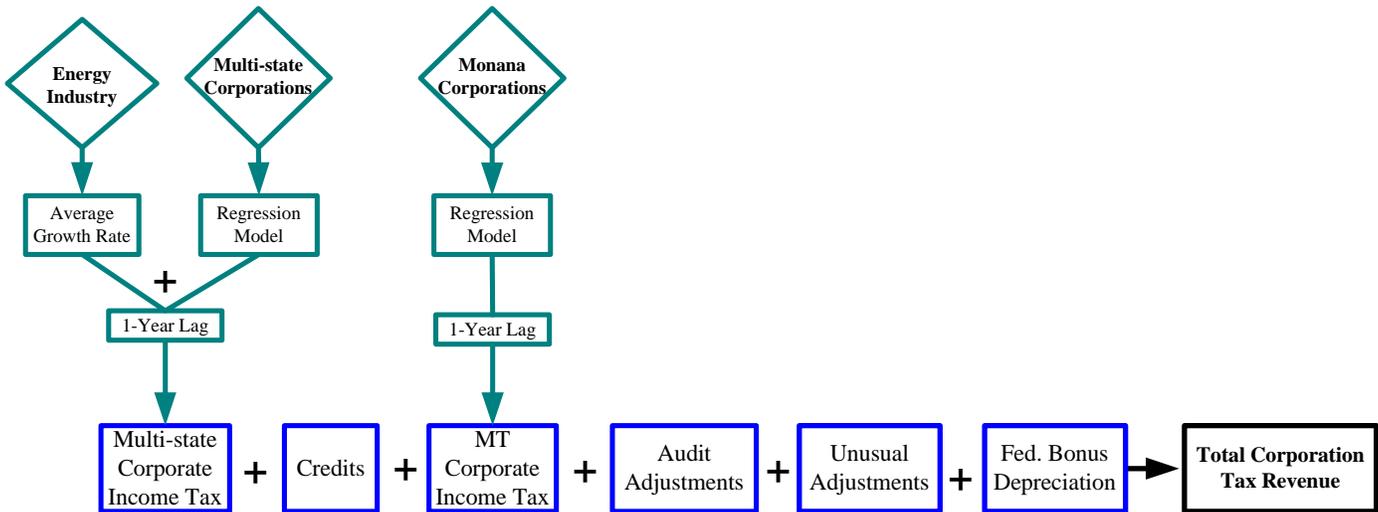
Legislative Fiscal Division

Revenue Estimate Profile Corporation Income Tax

Revenue Projection:



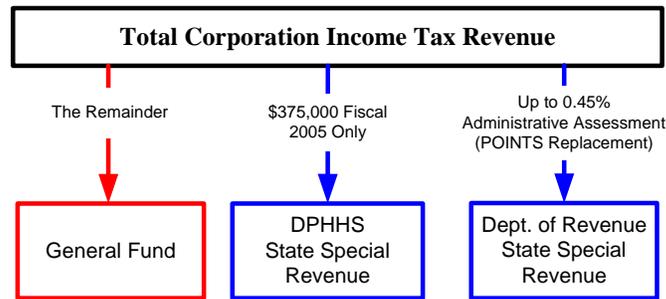
Forecast Methodology



Legislative Fiscal Division

Revenue Estimate Profile Corporation Income Tax

Distribution Methodology



Revenue Estimate Assumptions

	t	Total	GF Tax	US Profits	Tax	Montana	Multi-State
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Billions</u>	<u>Rate</u>	<u>Corporations</u>	<u>Corporations</u>
						<u>Millions</u>	<u>Millions</u>
Actual	2000	99.088867	90.682672	774.700000	0.067500		
Actual	2001	103.670487	103.670487	740.700000	0.067500		
Actual	2002	68.173253	68.173253	733.000000	0.067500		
Actual	2003	44.137518	44.137518	816.300000	0.067500	18.497919	33.957293
Actual	2004	67.722940	67.722940	933.400000	0.067500	17.908487	55.084427
Forecast	2005	66.332000	66.332000	1165.200000	0.067500	17.337837	58.490426
Forecast	2006	80.621000	80.621000	1348.500000	0.067500	16.785367	59.054412
Forecast	2007	77.927000	77.927000	1383.200000	0.067500	16.250501	58.081844

	t	Total	Total	P&I	Audit	Depreciation	Adjustments	Credits
	<u>Fiscal</u>	<u>Millions</u>	<u>Financials</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	99.088867	10.507744	0.661232	1.424267			
Actual	2001	103.670487	0.000000	0.000000	6.500000			
Actual	2002	68.173253	0.000000	1.658539	4.257364			
Actual	2003	44.137518	0.000000	2.701866	5.375895	-3.060419	-8.180807	-3.022063
Actual	2004	67.722940	0.000000	4.142745	10.031017	-8.721150	-13.194502	-3.022063
Forecast	2005	66.332000	0.000000	0.000000	3.000000	-1.074509	-8.400000	-3.022063
Forecast	2006	80.621000	0.000000	0.000000	3.500000	4.302966	0.000000	-3.022063
Forecast	2007	77.927000	0.000000	0.000000	4.000000	2.616528	0.000000	-3.022063

Legislative Fiscal Division

Revenue Estimate Profile

Driver's License Fees

Revenue Description: A resident of Montana must have a valid driver's license to operate a motor vehicle on any highway in the state. A driver's license is issued only if the applicant passes specified examinations and pays a fee. The fees are collected by Department of Justice, Motor Vehicle Division staff or county treasurers and are forwarded to the state treasurer for deposit. The fees included in this source are from regular driver's licenses, commercial driver's licenses, motorcycle endorsements, duplicate driver's licenses, and renewal notices. Between October 1, 1995 and October 1, 1999, one-half of the licenses issued for those between the ages of 21 and 67 are 4-year licenses and one-half are 8-year licenses. Drivers outside these age brackets are assigned driver's licenses with terms which depend on how many years the driver is less than 21 or less than 75 years old. Beginning October 1, 1999, all licenses for those 21-67 years of age are for 8 years.

Applicable Tax Rate(s): Driver's license fees are:

- driver's license, except a commercial driver's license - \$5.00 per year or fraction of a year
- motorcycle endorsement - \$0.50 per year or fraction of a year
- commercial driver's licenses:
 - interstate - \$5.00 per year or fraction of a year
 - intrastate - \$3.50 per year or fraction of a year
- duplicate license - \$10.00
- renewal notice - \$0.50

Distribution: The distribution of license fee revenue varies by the type of license and who collects the fee. The table below shows the current statutory distribution. Note: the portion allocated to counties applies only when the county collects the fee. Otherwise, the county allocation is added to the general fund distribution.

Allocation	Distribution of Driver's License Fees				
	Driver's License	Duplicate License	Motorcycle Endorsement	Commercial Driver's License	Renewal Notice
Montana Highway Patrol	22.30%	25.00%	0.00%	0.00%	0.00%
Counties or General Fund	2.50%	3.75%	3.34%	2.50%	0.00%
Motorcycle Safety Account	0.00%	0.00%	63.46%	0.00%	0.00%
Traffic Education Account	20.70%	8.75%	0.00%	0.00%	0.00%
General Fund	<u>54.50%</u>	<u>62.50%</u>	<u>33.20%</u>	<u>97.50%</u>	<u>100.00%</u>
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Collection Frequency: Monthly

Major Drivers:

- Number seeking new and replacement driving licenses, motorcycle endorsements and commercial licenses
- Licensing fee for new and replacement driving licenses, motorcycle endorsements and commercial licenses
- Number of renewal notices
- Renewal notice fee

Potential Factors Influencing Change:

- Economic Factors
 - Change in population 15+
 - Cost of high risk insurance
 - Availability of driving education programs
 - Number of commercial trucking operations in Montana

Legislative Fiscal Division

Revenue Estimate Profile

Driver's License Fees

- Social Factors
 - Current perspectives of youth driving
 - Current perspectives of aged driving
- Legislative Factors
 - State legislative impacts
 - Driving / licensing laws
 - Frequency of license renewal
 - Cost of licensing
 - Federal legislative impacts
 - Driving / licensing laws

Data Source(s): SABHRS, Department of Administration, County Treasurer Offices

Contacts: Department of Justice

Statutory Reference:

Tax Rates (MCA) – Duplicate license (61-5-114), all others (61-5-111(6))

Tax Distribution (MCA) – 61-5-121

Date Due – upon application

% of Total FY 2004 General Fund Revenue: 0.22%

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable assumptions used by the LFD to develop a revenue estimate for this source are provided in the “Revenue Estimate Assumptions” section of this document. The following summarizes the LFD process used to develop the revenue estimate.

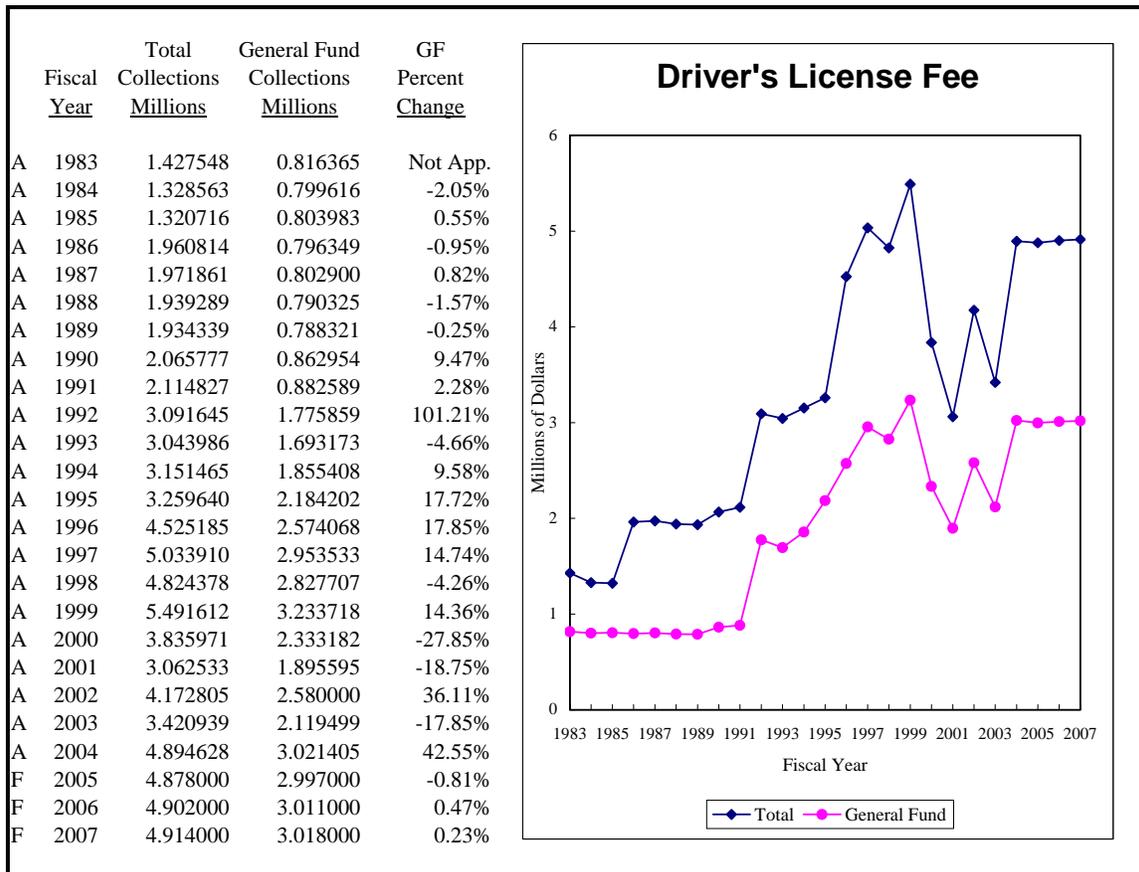
Driver's license fee revenue is calculated by taking the anticipated number of licenses to be issued by the applicable license fee. The amount of revenue for each license type is summed to determine total driver's fee revenue.

Legislative Fiscal Division

Revenue Estimate Profile

Driver's License Fees

Revenue Projection:

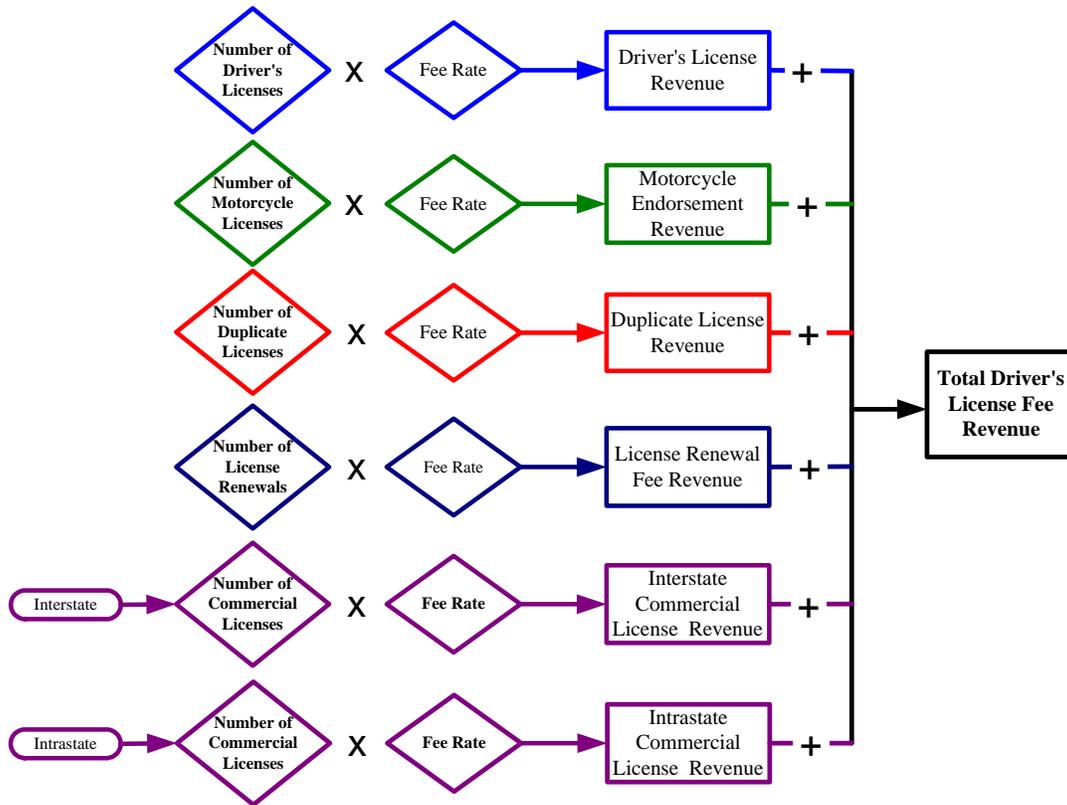


Legislative Fiscal Division

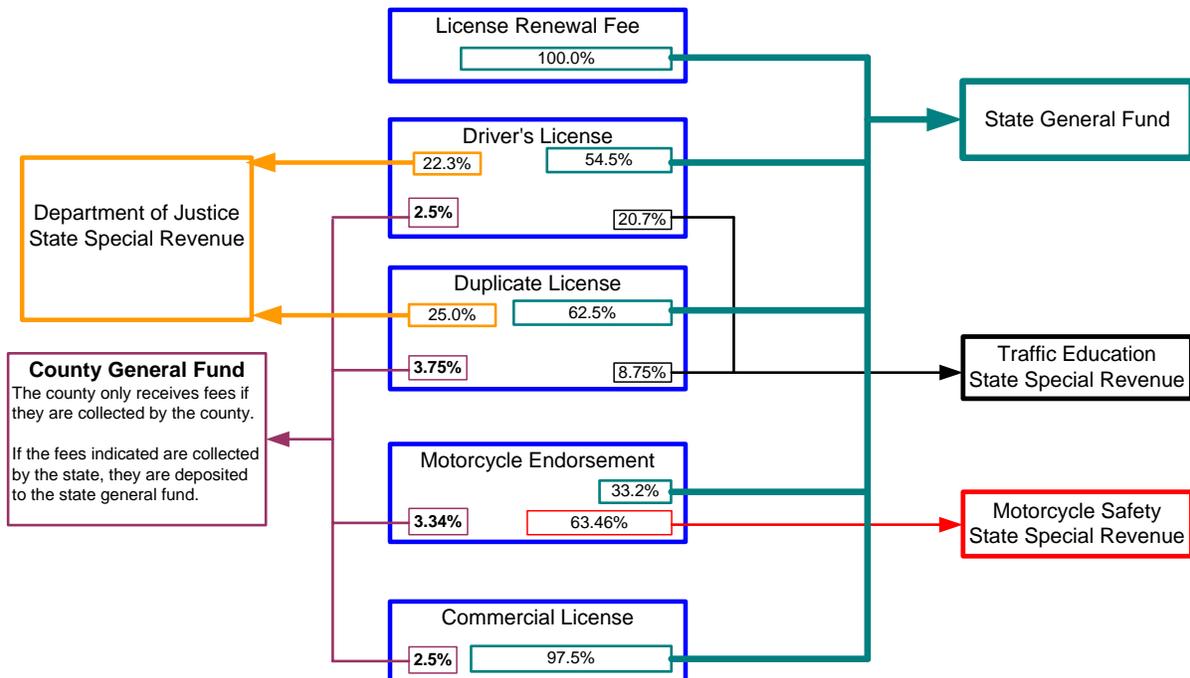
Revenue Estimate Profile

Driver's License Fees

Forecast Methodology



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Driver's License Fees

Revenue Estimate Assumptions

	Year	Total Tax	GF Fee					
	<u>Fiscal</u>	<u>Millions</u>						
Actual	2000	3.835971	2.333182	0.000000	0.000000	0.000000	0.000000	0.000000
Actual	2001	3.062533	1.895595	0.000000	0.000000	0.000000	0.000000	0.000000
Actual	2002	4.172805	2.580000	0.000000	0.000000	0.000000	0.000000	0.000000
Actual	2003	3.420939	2.119499	0.000000	0.000000	0.000000	0.000000	0.000000
Actual	2004	4.894628	3.021405	2.291490	0.185541	0.014382	0.420772	0.074051
Forecast	2005	4.878000	2.997000	2.300873	0.186303	0.014440	0.420772	0.074351
Forecast	2006	4.902000	3.011000	2.313360	0.187313	0.014518	0.420772	0.074753
Forecast	2007	4.914000	3.018000	2.319615	0.187821	0.014558	0.420772	0.074958

License	Year	Proxy	Proxy	Proxy	Proxy	Proxy	Proxy
Count	<u>Fiscal</u>	<u>Licenses</u>	<u>Duplicates</u>	<u>Cycle</u>	<u>Interstate</u>	<u>Intrastate</u>	<u>Renewal</u>
<u>Millions</u>							
Actual	2000	0.110658	0.025272	0.010240	0.007801	0.002477	0.000000
Actual	2001	0.080396	0.024359	0.006932	0.006961	0.002210	0.000000
Actual	2002	0.108432	0.028832	0.010405	0.010579	0.003359	0.000000
Actual	2003	0.089124	0.034501	0.007652	0.008641	0.012344	0.000000
Actual	2004	0.101844	0.028490	0.010117	0.009812	0.001124	0.148101
Forecast	2005	0.102261	0.028607	0.010158	0.009812	0.001124	0.148701
Forecast	2006	0.102816	0.028762	0.010213	0.009812	0.001124	0.149506
Forecast	2007	0.103094	0.028840	0.010241	0.009812	0.001124	0.149916

Legislative Fiscal Division

Revenue Estimate Profile

Driver's License Fees

<u>GF Fee</u> <u>Rate in \$</u>	<u>t</u> <u>Fiscal</u>	<u>Proxy</u> <u>Licenses</u>	<u>Proxy</u> <u>Duplicates</u>	<u>Proxy</u> <u>Cycle</u>	<u>Proxy</u> <u>Interstate</u>	<u>Proxy</u> <u>Intrastate</u>	<u>Proxy</u> <u>Renewal</u>
Actual	2000						
Actual	2001						
Actual	2002						
Actual	2003						
Actual	2004	22.500000	6.512500	1.421520	39.700000	27.790000	0.500000
Forecast	2005	22.500000	6.512500	1.421520	39.700000	27.790000	0.500000
Forecast	2006	22.500000	6.512500	1.421520	39.700000	27.790000	0.500000
Forecast	2007	22.500000	6.512500	1.421520	39.700000	27.790000	0.500000

<u>Total Fee</u> <u>Rate in \$</u>	<u>t</u> <u>Fiscal</u>	<u>Proxy</u> <u>Licenses</u>	<u>Proxy</u> <u>Duplicates</u>	<u>Proxy</u> <u>Cycle</u>	<u>Proxy</u> <u>Interstate</u>	<u>Proxy</u> <u>Intrastate</u>	<u>Proxy</u> <u>Renewal</u>
Actual	2000	30.0000	5.0000	3.7500	37.5000	26.2500	0.0000
Actual	2001	32.0000	5.0000	4.0000	40.0000	28.0000	0.0000
Actual	2002	32.0000	5.0000	4.0000	40.0000	28.0000	0.0000
Actual	2003	32.0000	5.0000	4.0000	40.0000	28.0000	0.0000
Actual	2004	40.0000	10.0000	4.0000	40.0000	28.0000	0.5000
Forecast	2005	40.0000	10.0000	4.0000	40.0000	28.0000	0.5000
Forecast	2006	40.0000	10.0000	4.0000	40.0000	28.0000	0.5000
Forecast	2007	40.0000	10.0000	4.0000	40.0000	28.0000	0.5000

Legislative Fiscal Division

Revenue Estimate Profile

Estate Tax

Revenue Description: Due to passage of Legislative Referendum 116 by the electorate in November 2000, the state inheritance tax was repealed. The tax had been 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. Although the referendum was effective immediately, it applied 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. 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.

Congress passed the "Economic Growth and Tax Relief Reconciliation Act of 2001" which scheduled a step down approach to the repeal of the federal estate tax. Provisions of the act included the elimination of the state estate tax credit, the source of Montana's estate tax revenue. The estate credit of those who died in 2002, 2003, and 2004 are reduced by 25 percent per each year until 2005 when the credit will equal zero. Many years may pass before the time that estates are finally settled and the taxes of the estates are paid, and estate tax revenues are expected to become insignificant by the end of the decade. Federal estate tax laws will return to a pre-2002 level if Congress does not take further action to make the repeal of the tax permanent.

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.

Collection Frequency: Monthly

Major Drivers:

- Montana deaths
- Estate values
- Federal estate tax state credit

Potential Factors Influencing Change:

- Economic Factors
 - Montana Population
 - Montana deaths
 - CPI
 - Capitol Appreciation
 - Accumulation of Wealth
- Social Factors
 - Public perception of death taxes
- Legislative Factors
 - State legislative impacts
 - Reduction of state death tax credit
 - Repeal of inheritance tax
 - Federal legislative impacts
 - Change tax
 - Repeal of estate tax

Legislative Fiscal Division

Revenue Estimate Profile

Estate Tax

Data Source(s): SABHRS

Contacts: Department of Revenue

Statutory Reference:

Tax Rate (MCA) – 72-16-905

Tax Distribution (MCA) – 72-16-912

Date Due – 18 months after death (72-16-909)

% of Total FY 2004 General Fund Revenue: 0.83%

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable assumptions used by the LFD to develop a revenue estimate for this source are provided in the “Revenue Estimate Assumptions” section of this document. The following summarizes the LFD process used to develop the revenue estimate.

The LFD follows a number of steps to calculate the estate tax estimate. With data provided by the Department of Revenue, counts and averages of historic taxpayers and average taxpayer payments are calculated. Using historic Montana deaths,¹ future deaths are calculated by applying a growth rate based on a five-year moving average to prior year deaths. A ratio to determine future taxpayers is developed with the average of historic taxpayers divided by historic total deaths. Adjustments for federal law changes are made to both the number of yearly taxpayers and the average tax owed. With this information, the total amount of taxes owed on a historic basis is determined. Next, using the ratio of taxpayers to deaths, future taxpayers are calculated. The adjusted average tax, based on average tax owed by taxpayers in calendar 2001², is then applied to the number of future taxpayers. Then, historic and future taxpayer tax are distributed over a seven-year period using a schedule of taxpayer payments.³ Finally, the tax schedule is summed and converted from calendar to fiscal year to determine the estate tax estimate.

¹ Historic death records provided by the Montana Bureau of Vital Statistics.

² The estates of those who died on or after 1/1/2001 were not subject to the Montana inheritance tax.

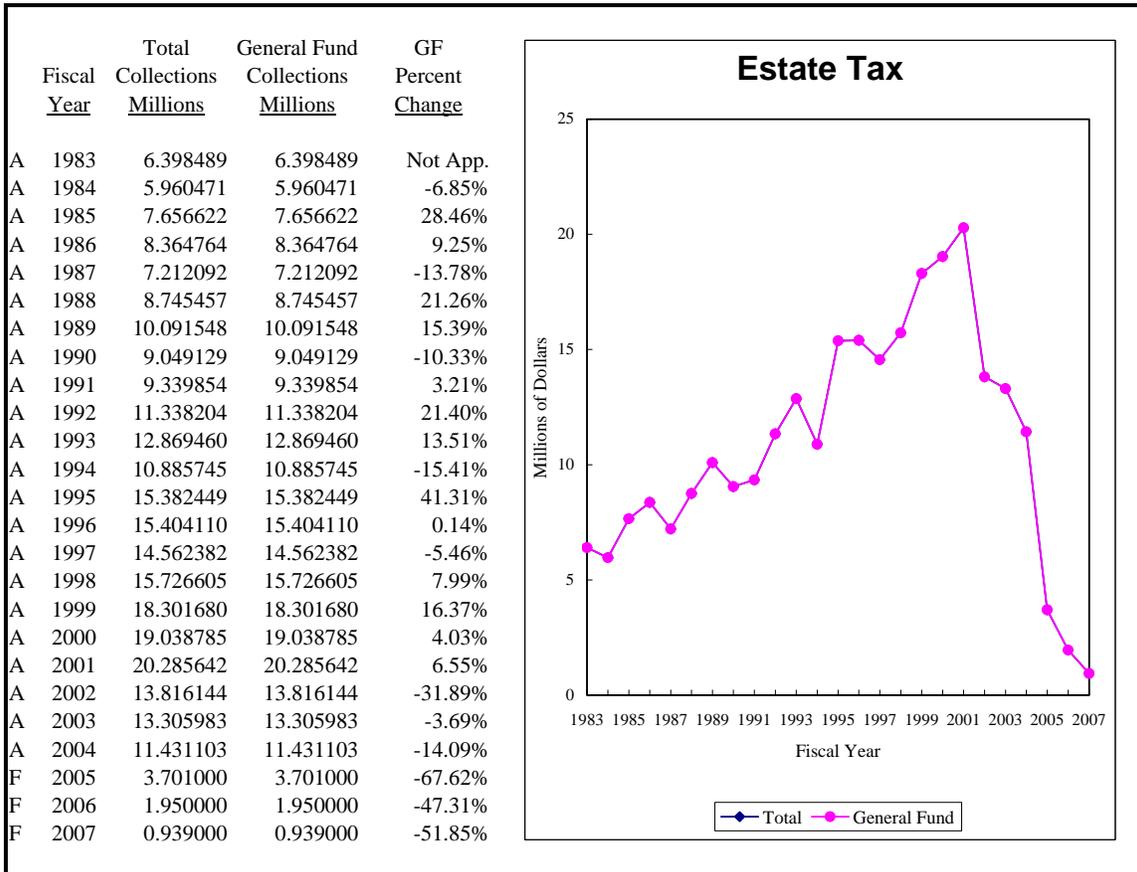
³ Department of Revenue, Tax Policy and Research Division. *Estate Tax, General Fund Revenue Estimate*. Special Legislative Session, August 2002.

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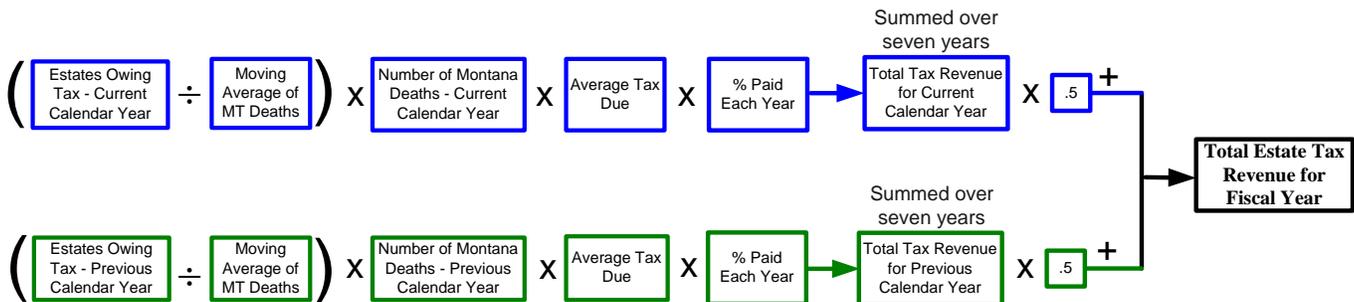
Revenue Estimate Profile

Estate Tax

Revenue Projection:



Forecast Methodology



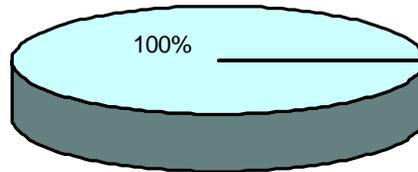
Legislative Fiscal Division

Revenue Estimate Profile

Estate Tax

Distribution Methodology

General Fund



Revenue Estimate Assumptions

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Annual</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Growth</u>
Actual	2000	19.038785	19.038785	0.040275
Actual	2001	20.285642	20.285642	0.065490
Actual	2002	13.816144	13.816144	-0.318920
Actual	2003	13.305983	13.305983	-0.036925
Actual	2004	11.431103	11.431103	-0.140905
Forecast	2005	3.701000	3.701000	-0.676247
Forecast	2006	1.950000	1.950000	-0.473205
Forecast	2007	0.939000	0.939000	-0.518495

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 1.0% to 6.9%, 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. SB 407, enacted by the 2003 legislature, created a new capital gains income tax credit. As a result the tax rate on capital gains income is less than the tax rate on ordinary income by 1 percent in tax years 2005 and 2006, and by 2 percent in tax year 2007 and beyond.

Distribution: Beginning fiscal 2004 through fiscal 2011, the Department of Revenue may distribute up to 0.45% of this general fund revenue source as an administrative assessment to a state special revenue account to pay debt service on the loan used to fund a POINTS replacement computer system (enacted in Senate Bill 271 by the 2003 legislature). All other proceeds are deposited into the general fund.

Collection Frequency: Withholding and estimated taxes are collected monthly, bi-weekly, and weekly.

Major Drivers:

- Income components
- Deductions and credits
- Number of taxpayers
- Audit collections

Potential Factors Influencing Change:

- Economic Factors
 - Personal income change
 - Population change
 - Economic climate
 - Employment
 - Asset sales
 - Inflation
- Legislative Factors
 - State legislative impacts
 - Federal legislative impacts

Data Source(s): SABHRS, Income Tax Returns, Labor Statistics - Departments of Commerce, Labor & Industry and Revenue; Bureau of Economic Analysis, Bureau of Labor Statistics, Global Insight, Congressional Budget Office, Industry

Contacts: Department of Revenue, Census and Economic Information

Statutory Reference:

Tax Rate (MCA) – 15-30-103

Tax Distribution (MCA) – 15-1-501(1)

Date Due – 15th day of the fourth month of the filer's fiscal year (15-30-144). Withholding taxes due monthly, quarterly, or on an accelerated schedule depending on income (15-30-204). Estimated taxes due on the 15th day of the 4th, 6th, and 9th month and the month following the close of the tax year.

Legislative Fiscal Division

Revenue Estimate Profile

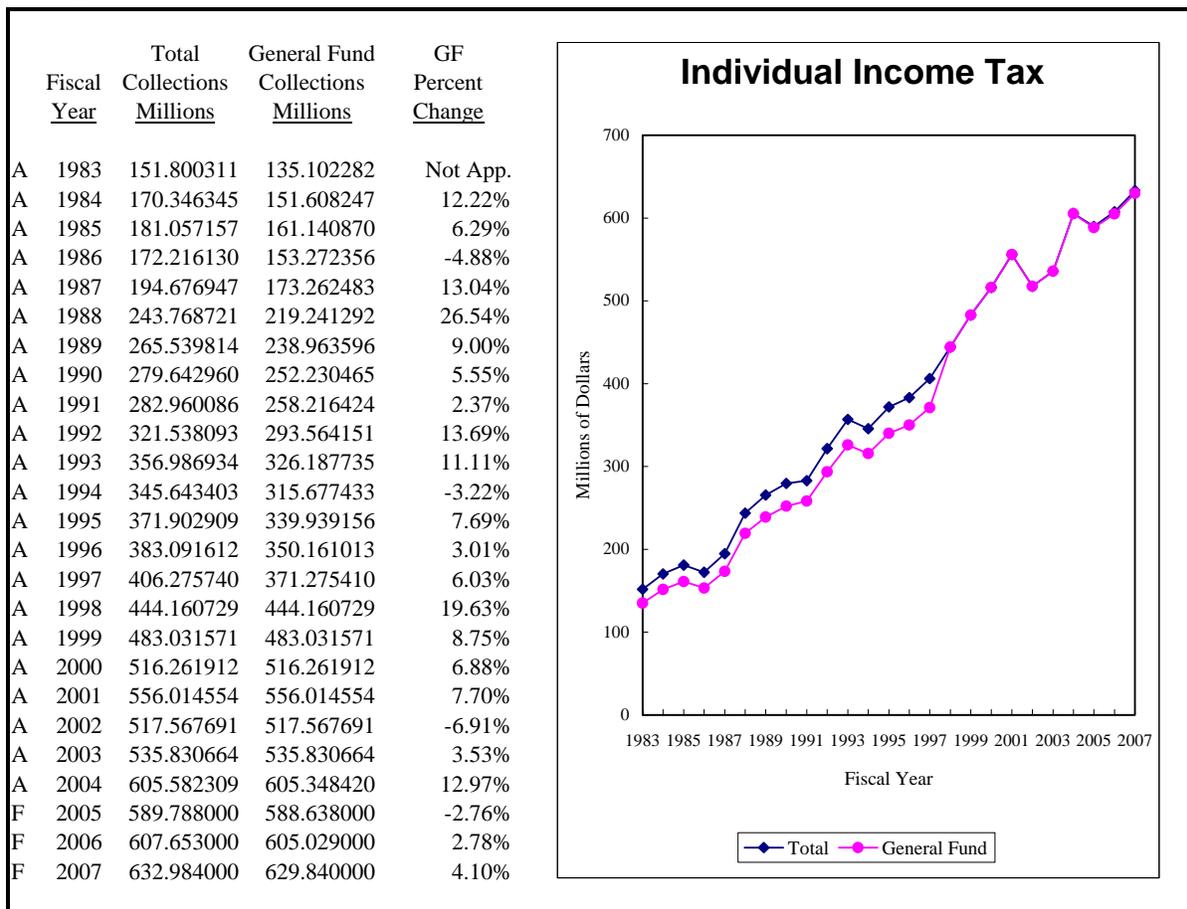
Individual Income Tax

% of Total FY 2004 General Fund Revenue: 43.82%

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable assumptions used by the LFD to develop a revenue estimate for this source are provided in the “Revenue Estimate Assumptions” section of this document. The following summarizes the LFD process used to develop the revenue estimate.

An income tax simulation model is used to predict calendar year income tax liability for each resident taxpayer. The model predicts forward from a base tax year by specifying growth rates for each component of income, deductions and credits. To this is added a forecast of nonresident liability. The resulting calendar year liability for all taxpayers is converted to a fiscal year basis. Growth in fiscal year liabilities are measured and applied to the last know fiscal year collections less audits. Future estimated collections are then increased by audits, penalties and interest, foreign capital depository credits, and amended and back year amounts. Any federal and/or state legislative impacts not already reflected in the assumed growth rates are used to adjust the fiscal year estimates.

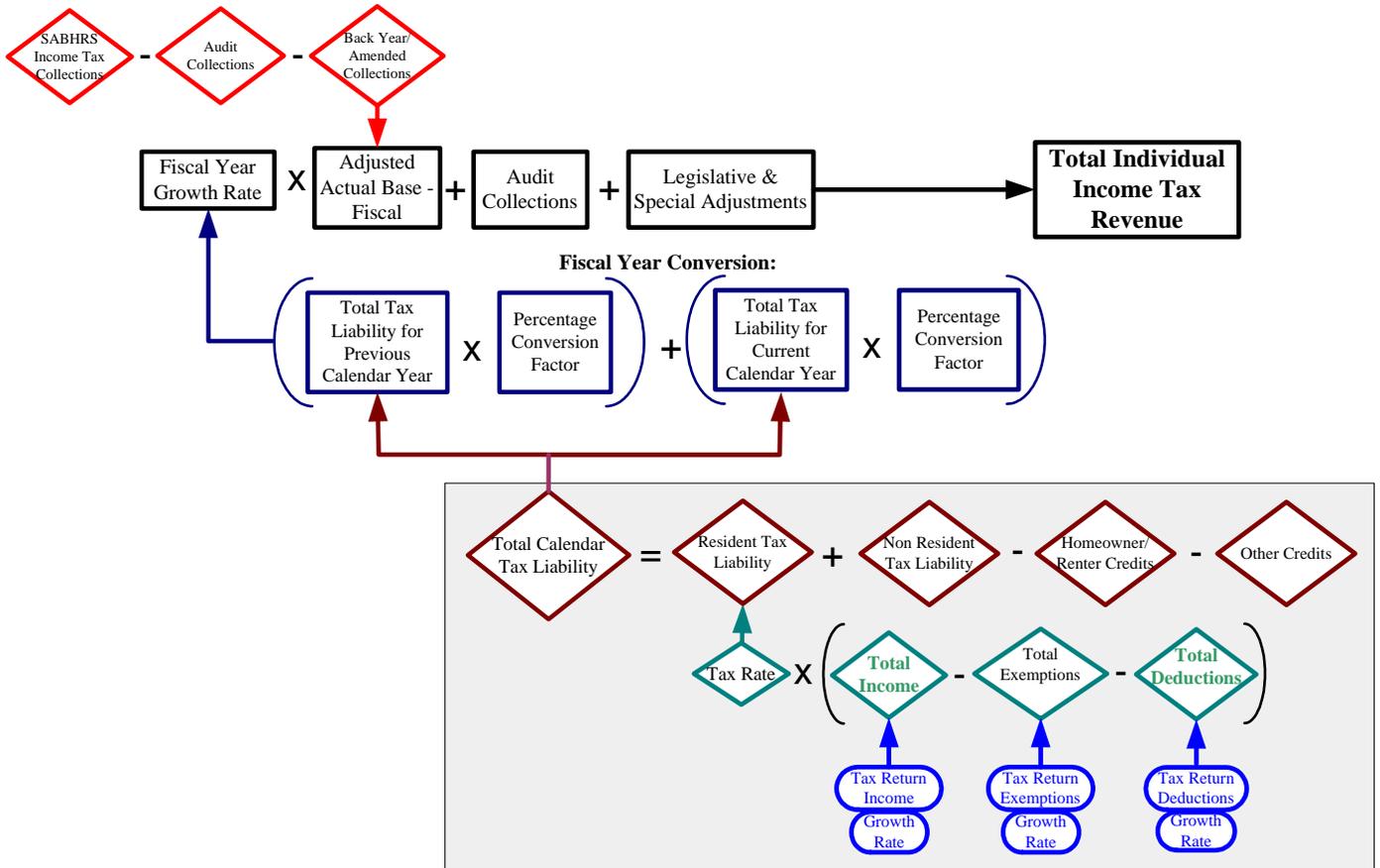
Revenue Projection:



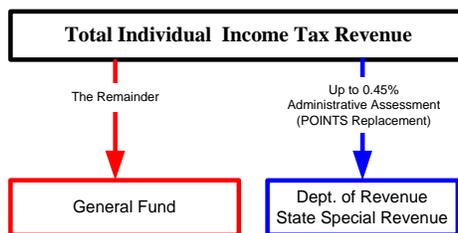
Legislative Fiscal Division

Revenue Estimate Profile Individual Income Tax

Forecast Methodology



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

Revenue Estimate Assumptions

	t	Total Tax	GF Tax	Audits	30% Bonus	Total	Fed Refund	Legislation
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Percent</u>	<u>Percent</u>
Actual	2000	516.261912	516.261912	10.500000	0.000000	505.761912	0.000000	0.000000
Actual	2001	556.014554	556.014554	14.680000	-1.500000	547.014554	0.000000	0.000000
Actual	2002	517.567691	517.567691	21.812031	-3.000000	498.755660	0.000000	0.000000
Actual	2003	535.830664	535.830664	23.626679	-2.500000	514.703985	0.000000	0.000000
Actual	2004	605.582309	605.348420	29.922459	-1.750000	577.409850	0.000000	0.000000
Forecast	2005	589.788000	588.638000	25.501460	-0.537000	564.619108	0.000000	0.200000
Forecast	2006	607.653000	605.029000	26.161691	2.151000	579.140547	0.000000	0.200000
Forecast	2007	632.983721	629.840000	27.578188	1.308000	610.497533	-6.600000	0.200000

	t	Total Tax	GF Tax	Audits	30% bonus	Total Liability	DOR Loan	
	<u>Fiscal</u>	<u>Annual</u>	<u>Annual</u>	<u>Annual</u>	<u>Annual</u>	<u>Annual</u>	<u>Payment</u>	<u>Annual</u>
		<u>Change</u>	<u>Change</u>	<u>Change</u>	<u>Change</u>	<u>Change</u>	<u>Millions</u>	<u>Growth</u>
Actual	2000						0.000000	
Actual	2001	7.7001%	7.7001%	39.8095%		8.1565%	0.000000	NA
Actual	2002	-6.9147%	-6.9147%	48.5833%	100.0000%	-8.8222%	0.000000	NA
Actual	2003	3.5286%	3.5286%	8.3195%	-16.6667%	3.1976%	0.000000	NA
Actual	2004	13.0175%	12.9738%	26.6469%	-30.0000%	12.1829%	0.233889	NA
Forecast	2005	-2.6081%	-2.7605%	-14.7749%	-69.3143%	-2.2152%	1.150199	391.7713%
Forecast	2006	3.0291%	2.7846%	2.5890%	-500.5587%	2.5719%	2.623970	128.1318%
Forecast	2007	4.1686%	4.1008%	5.4144%	-39.1911%	5.4144%	3.144202	19.8261%

	t	Resident	Population	Homeowner	All Other	All Filers	All Filers	Taxable
	<u>Cal.</u>	<u>Liability</u>	<u>Adjustment</u>	<u>Credit</u>	<u>Credits</u>	<u>Multiplier</u>	<u>Liability</u>	<u>Income</u>
		<u>Millions</u>	<u>Percent</u>	<u>Millions</u>	<u>Millions</u>	<u>Percent</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	518.279456		8.374710	21.404549	1.071158	525.379927	8,226.369886
Actual	2001	490.801668	1.000000	9.544352	24.151016	1.066141	489.568413	8,087.111270
Actual	2002	494.216195	1.000000	11.049173	19.408774	1.061617	494.210367	8,074.343167
Actual	2003	538.246242	1.000000	11.579533	21.838995	1.066718	540.738427	8,623.646928
Forecast	2004	559.304740	1.010000	12.135351	21.963743	1.069650	570.143824	8,952.510323
Forecast	2005	548.867058	1.020100	12.717848	22.842293	1.070000	563.532095	10,243.612962
Forecast	2006	575.874329	1.030300	13.328304	23.755985	1.070000	597.771665	10,596.975858
Forecast	2007	597.477557	1.040800	13.968063	24.706224	1.070000	626.710179	11,066.477366

	t	Resident	Population	Homeowner	All Other	All Filers	All Filers	Taxable
	<u>Cal.</u>	<u>Liability</u>	<u>Adjustment</u>	<u>Credit</u>	<u>Credits</u>	<u>Multiplier</u>	<u>Liability</u>	<u>Income</u>
		<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Actual	2000							
Actual	2001	-5.3017%		13.9664%	12.8312%	-0.4684%	-6.8163%	-1.692832%
Actual	2002	0.6957%	0.0000%	15.7666%	-19.6358%	-0.4243%	0.9482%	-0.157882%
Actual	2003	8.9091%	0.0000%	4.8000%	12.5212%	0.4805%	9.4146%	6.803077%
Forecast	2004	3.9124%	1.0000%	4.8000%	0.5712%	0.2749%	5.4380%	3.813507%
Forecast	2005	-1.8662%	1.0000%	4.8000%	4.0000%	0.0327%	-1.1597%	14.421683%
Forecast	2006	4.9205%	0.9999%	4.8000%	4.0000%	0.0000%	6.0759%	3.449592%
Forecast	2007	3.7514%	1.0191%	4.8000%	4.0000%	0.0000%	4.8411%	4.430524%

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

	t	Wages	Annual	Interest	Annual	Dividends	Annual
	Cal.	Millions	Growth	Millions	Growth	Millions	Growth
Actual	2000	8,569.388406		652.743511		374.794193	
Actual	2001	9,013.441387	5.1819%	662.616830	1.5126%	302.464371	-19.2985%
Actual	2002	9,265.904285	2.8010%	528.958537	-20.1713%	264.875326	-12.4276%
Actual	2003	9,649.686526	4.1419%	453.025235	-14.3552%	297.422847	12.2879%
Forecast	2004	10,199.718658	5.7000%	459.714945	1.4767%	332.986590	11.9573%
Forecast	2005	10,648.506279	4.4000%	466.013416	1.3701%	337.703104	1.4164%
Forecast	2006	11,127.689061	4.5000%	470.821298	1.0317%	359.278943	6.3890%
Forecast	2007	11,628.435069	4.5000%	491.393401	4.3694%	382.065088	6.3422%

	t	Business	Annual	Capital	Annual	Supplemental	Annual
	Cal.	Income	Growth	Gains	Growth	Gains	Growth
		Millions		Millions		Millions	
Actual	2000	606.597200		1,259.719705		46.175253	
Actual	2001	617.942632	1.8703%	785.759218	-37.6243%	42.906157	-7.0798%
Actual	2002	620.571881	0.4255%	637.443506	-18.8755%	32.565301	-24.1011%
Actual	2003	629.701263	1.4711%	790.912922	24.0758%	55.546743	70.5703%
Forecast	2004	685.650249	8.8850%	790.912922	0.0000%	55.546743	0.0000%
Forecast	2005	733.769659	7.0181%	805.790039	1.8810%	56.591580	1.8810%
Forecast	2006	774.691985	5.5770%	837.356977	3.9175%	58.808564	3.9175%
Forecast	2007	820.483496	5.9109%	879.048314	4.9789%	61.736595	4.9789%

	t	Rents, Royalties	Annual	Farm Income	Annual	Social	Annual
	Cal.	S-Corps	Growth	Gains	Growth	Security	Growth
		Millions		Millions		Millions	
Actual	2000	894.050325		-77.472732		255.296811	
Actual	2001	907.393972	1.4925%	-112.632772	45.3838%	257.153132	0.7271%
Actual	2002	1,014.593070	11.8140%	-157.524702	39.8569%	254.248840	-1.1294%
Actual	2003	1,019.724460	0.5058%	-146.211074	-7.1821%	267.287155	5.1282%
Forecast	2004	1,123.657328	10.1923%	-146.211074	0.0000%	280.276008	4.8595%
Forecast	2005	1,225.865032	9.0960%	-146.211074	0.0000%	292.523208	4.3697%
Forecast	2006	1,320.074152	7.6851%	-146.211074	0.0000%	315.958898	8.0116%
Forecast	2007	1,417.444170	7.3761%	-146.211074	0.0000%	336.094757	6.3729%

	t	IRA	Annual	Pension	Annual	Other	Annual
	Cal.	Income	Growth	Income	Growth	Income	Growth
		Millions		Millions		Millions	
Actual	2000	267.961035		938.299938		-32.693707	
Actual	2001	264.672173	-1.2274%	969.018087	3.2738%	-22.436200	-31.3746%
Actual	2002	231.216869	-12.6403%	1,019.171838	5.1757%	-5.377242	-76.0332%
Actual	2003	237.257497	2.6125%	1,070.481555	5.0345%	-47.935941	791.4596%
Forecast	2004	248.787055	4.8595%	1,122.501740	4.8595%	-47.935941	0.0000%
Forecast	2005	259.658284	4.3697%	1,171.551616	4.3697%	-47.935941	0.0000%
Forecast	2006	280.460979	8.0116%	1,265.411248	8.0116%	-47.935941	0.0000%
Forecast	2007	298.334579	6.3729%	1,346.055100	6.3729%	-47.935941	0.0000%

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

	t	Total Income	Annual	IRA Deductions	Annual	Fed Adjusted Gross Income	Annual
	Cal.	Millions	Growth	Millions	Growth	Millions	Growth
Actual	2000	13,754.859938		202.442859		13,552.417079	
Actual	2001	13,688.298987	-0.4839%	205.024224	1.2751%	13,483.274763	-0.5102%
Actual	2002	13,454.034218	-1.7114%	252.613291	23.2114%	13,895.124986	3.0545%
Actual	2003	13,984.658291	3.9440%	292.240897	15.6871%	14,464.390379	4.0969%
Forecast	2004	14,809.048878	5.8950%	296.556345	1.4767%	15,303.910823	5.8040%
Forecast	2005	15,503.205792	4.6874%	300.619410	1.3701%	16,013.776292	4.6385%
Forecast	2006	16,312.684176	5.2214%	303.720914	1.0317%	16,839.461536	5.1561%
Forecast	2007	17,149.951835	5.1326%	316.991719	4.3694%	17,695.176972	5.0816%

	t	Bond Interest	Annual	FIT Refunds	Annual	Other Additions	Annual
	Cal.	Millions	Growth	Millions	Growth	Millions	Growth
Actual	2000	42.518667		184.885555		145.637746	
Actual	2001	44.552431	4.7832%	203.809786	10.2356%	146.694821	0.7258%
Actual	2002	43.230217	-2.9678%	247.312164	21.3446%	150.548387	2.6269%
Actual	2003	44.962241	4.0065%	256.907579	3.8799%	177.862268	18.1429%
Forecast	2004	45.626187	1.4767%	269.239143	4.8000%	179.996615	1.2000%
Forecast	2005	46.251303	1.3701%	282.162622	4.8000%	182.156575	1.2000%
Forecast	2006	46.728480	1.0317%	295.706427	4.8000%	184.342453	1.2000%
Forecast	2007	48.770238	4.3694%	309.900336	4.8000%	186.554563	1.2000%

	t	Farm Risk Mgmt Excl.	Annual	Int. Exc. Elderly	Annual	Savings Bond	Annual
	Cal.	Millions	Growth	Millions	Growth	Millions	Growth
Actual	2000	0.000000		46.732843		98.577472	
Actual	2001	0.000000	NA	46.773697	0.0874%	85.952848	-12.8068%
Actual	2002	0.061948	NA	43.310418	-7.4043%	59.642270	-30.6105%
Actual	2003	0.872912	1309.1044%	40.099155	-7.4145%	47.157089	-20.9334%
Forecast	2004	1.745824	100.0000%	40.691289	1.4767%	47.853446	1.4767%
Forecast	2005	1.745824	0.0000%	41.248793	1.3701%	48.509077	1.3701%
Forecast	2006	1.745824	0.0000%	41.674359	1.0317%	49.009548	1.0317%
Forecast	2007	1.745824	0.0000%	43.495282	4.3694%	51.150975	4.3694%

	t	Exempt Retirement	Annual	Unemployment	Annual	Med. Savings	Annual
	Cal.	Millions	Growth	Millions	Growth	Millions	Growth
Actual	2000	156.465588		50.685840		6.777035	
Actual	2001	161.621214	3.2951%	59.504425	17.3985%	8.242749	21.6277%
Actual	2002	166.435046	2.9785%	78.266420	31.5304%	9.937218	20.5571%
Actual	2003	168.680258	1.3490%	85.701639	9.4999%	11.398465	14.7048%
Forecast	2004	170.323005	0.9739%	88.318869	3.0539%	12.858268	12.8070%
Forecast	2005	171.981751	0.9739%	91.016027	3.0539%	14.324915	11.4063%
Forecast	2006	173.656651	0.9739%	93.795553	3.0539%	15.780139	10.1587%
Forecast	2007	175.347862	0.9739%	96.659962	3.0539%	17.207860	9.0476%

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

	t	Family Education	Annual Growth	First Time Home	Annual Growth	Doctor Student Loan Excl.	Annual Growth
	Cal.	Millions		Millions		Millions	
Actual	2000	2.118416		0.739084		0.000000	
Actual	2001	3.415825	61.2443%	0.912566	23.4726%	0.000000	NA
Actual	2002	5.479782	60.4234%	0.928656	1.7632%	0.000000	NA
Actual	2003	6.583685	20.1450%	1.067385	14.9387%	0.381209	NA
Forecast	2004	7.680966	16.6667%	1.216819	14.0000%	0.438390	14.9999%
Forecast	2005	8.778247	14.2857%	1.366253	12.2807%	0.499765	14.0001%
Forecast	2006	9.875528	12.5000%	1.513433	10.7725%	0.559737	12.0000%
Forecast	2007	10.972808	11.1111%	1.656446	9.4496%	0.615710	9.9999%

	t	Other Reductions	Annual Growth	Additions to Income	Annual Growth	Reductions to Income	Reductions Annual Growth
	Cal.	Millions		Millions		Millions	
Actual	2000	442.097368		373.041968		806.947225	
Actual	2001	470.668689	6.4627%	395.057038	5.9015%	838.884217	3.9578%
Actual	2002	496.250650	5.4352%	441.090768	11.6524%	860.312408	2.5544%
Actual	2003	530.169050	6.8349%	479.732088	8.7604%	892.110847	3.6962%
Forecast	2004	567.280884	7.0000%	494.861945	3.1538%	938.407760	5.1896%
Forecast	2005	606.990545	7.0000%	510.570500	3.1743%	986.461197	5.1207%
Forecast	2006	649.479884	7.0000%	526.777360	3.1743%	1,037.090656	5.1324%
Forecast	2007	694.943475	7.0000%	545.225137	3.5020%	1,093.796204	5.4678%

	t	MT Adjusted Gross Income	Annual Growth	MAGI	Annual Growth	Medical Premiums	Annual Growth	Medical Deductions	Annual Growth
	Cal.	Millions		Millions		Millions		Millions	
Actual	2000	13,118.511822		200.002957		184.849463			
Actual	2001	13,039.447584	-0.6027%	217.940463	8.9686%	203.239099	9.9484%		
Actual	2002	13,034.812578	-0.0355%	239.493910	9.8896%	222.983052	9.7146%		
Actual	2003	13,572.279532	4.1233%	237.737082	-0.7336%	236.626833	6.1188%		
Forecast	2004	14,365.503063	5.8444%	254.769938	7.1646%	253.580144	7.1646%		
Forecast	2005	15,027.315095	4.6070%	274.734493	7.8363%	273.451463	7.8363%		
Forecast	2006	15,802.370880	5.1576%	295.033022	7.3884%	293.655197	7.3884%		
Forecast	2007	16,601.380768	5.0563%	313.022285	6.0974%	311.560449	6.0974%		

	t	Long Term Care	Annual Growth	Federal Income Tax Deducted	Annual Growth	Non-current Yr Fed Deduct	Annual Growth
	Cal.	Millions		Millions		Millions	
Actual	2000	13.502837		1,518.673839		221.424540	
Actual	2001	14.061406	4.1367%	1,558.108639	2.5967%	233.916512	5.6416%
Actual	2002	15.887210	3.9700%	1,462.980639	-6.1054%	181.536187	-22.3927%
Actual	2003	17.295360	3.8200%	1,437.610873	-1.7341%	175.241904	-3.4672%
Forecast	2004	18.534499	3.6800%	1,559.682795	8.4913%	182.440652	4.1079%
Forecast	2005	19.986920	3.6800%	580.663101	-62.7704%	189.938630	4.1098%
Forecast	2006	21.463637	3.6800%	607.966068	4.7020%	197.748464	4.1118%
Forecast	2007	22.772355	3.6800%	617.206238	1.5198%	205.883325	4.1137%

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

	t	Real Estate	Annual	Vehicle	Vehicle	Home	Annual
	Cal.	Millions	Growth	Taxes	Annual	Mortgage	Growth
				Millions	Growth	Millions	
Actual	2000	239.539241		43.249518		674.783486	
Actual	2001	248.404235	3.7009%	35.414255	-18.1164%	722.240324	7.0329%
Actual	2002	274.873159	10.6556%	39.533367	11.6312%	752.226098	4.1518%
Actual	2003	291.351060	5.9947%	40.720924	3.0039%	744.358655	-1.0459%
Forecast	2004	303.494456	4.1680%	41.942552	3.0000%	776.310321	4.2925%
Forecast	2005	316.143983	4.1680%	43.200828	3.0000%	816.314942	5.1532%
Forecast	2006	329.320738	4.1680%	44.496853	3.0000%	854.015349	4.6184%
Forecast	2007	343.046695	4.1680%	45.831759	3.0000%	892.577957	4.5154%

	t	Deductible	Annual	Contributions	Annual	Child	Annual
	Cal.	Interest	Growth	Millions	Growth	Care	Growth
		Millions		Millions		Millions	
Actual	2000	39.843897		275.164610		1.618924	
Actual	2001	36.076803	-9.4546%	294.840519	7.1506%	1.776837	9.7542%
Actual	2002	27.933231	-22.5729%	345.228308	17.0898%	1.667803	-6.1364%
Actual	2003	24.518357	-12.2251%	337.410601	-2.2645%	1.704198	2.1822%
Forecast	2004	24.880413	1.4767%	355.630773	5.4000%	1.736578	1.9000%
Forecast	2005	25.221295	1.3701%	374.834835	5.4000%	1.769573	1.9000%
Forecast	2006	25.481505	1.0317%	395.075916	5.4000%	1.803195	1.9000%
Forecast	2007	26.594896	4.3694%	416.410016	5.4000%	1.837455	1.9000%

	t	Casualty	Annual	Miscellaneous	Annual	Miscellaneous	Annual
	Cal.	Millions	Growth	Expense 1	Growth	Expense 2	Growth
		Millions		Millions		Millions	
Actual	2000	7.212024		129.241069		3.770804	
Actual	2001	3.158568	-56.2041%	140.956776	9.0650%	3.760967	-0.2609%
Actual	2002	4.464106	41.3332%	146.328492	3.8109%	4.266845	13.4507%
Actual	2003	4.105444	-8.0344%	146.982049	0.4466%	7.147014	67.5011%
Forecast	2004	4.320569	5.2400%	160.041411	8.8850%	7.147014	0.0000%
Forecast	2005	4.546967	5.2400%	171.273228	7.0181%	7.147014	0.0000%
Forecast	2006	4.785228	5.2400%	180.825134	5.5770%	7.147014	0.0000%
Forecast	2007	5.035974	5.2400%	191.513584	5.9109%	7.147014	0.0000%

	t	Gambling	Annual	Itemized	Annual	Exemptions	Annual
	Cal.	Losses	Growth	Deductions	Growth	Millions	Growth
		Millions		Millions		Millions	
Actual	2000	5.692095		4,036.333109		1,444.028900	
Actual	2001	4.839289	-14.9823%	4,136.668940	2.4858%	1,488.611840	3.0874%
Actual	2002	4.846199	0.1428%	3,724.248606	-9.9699%	1,518.609340	2.0151%
Actual	2003	4.674101	-3.5512%	3,678.689093	-1.2233%	1,559.655580	2.7029%
Forecast	2004	4.674101	0.0000%	3,882.889019	5.5509%	1,612.228240	3.3708%
Forecast	2005	4.674101	0.0000%	3,015.587242	-22.3365%	1,664.800900	3.2609%
Forecast	2006	4.674101	0.0000%	3,166.136611	4.9924%	1,698.776429	2.0408%
Forecast	2007	4.674101	0.0000%	3,278.917250	3.5621%	1,732.751958	2.0000%

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 also collected.

Applicable Tax Rate(s): The current tax rate is 2.75% of net premiums (including cancellation and return premiums) on policies sold in Montana. In addition to this tax, there is a 2.5 % tax on the fire portion of net premiums for selected risks. 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. The following lists various insurance related fees.

Insurance Fees Collected by the State Auditor				
Fee	Amount	MCA Cite	ARM Cite	
<u>General Fund</u>				
Farm mutual insurer filing of articles of incorporation	10.00	33-4-202		
Farm mutual county insurer certificate of authority	10.00	33-4-505		
Farm mutual state insurer certificate of authority	25.00	33-4-505		
Fraternal benefit society report filing	25.00	33-7-118		
Fraternal benefit society certificate of authority renewal	10.00	33-7-217		
Fraternal benefit society lapsed certificate of authority reinstatement	25.00	33-7-217		
<u>State Auditor's Office</u>				
Domestic and foreign insurer accreditation	275.00	33-1-313		6.6.4101
Insurance producers charges and expenses for examinations	Variable	33-1-413		
Reinstatement of certificate of authority	100.00	33-2-117		
Certificate of authority	1,900.00	33-2-708		
Non-resident application for original license	100.00	33-2-708		
Non-resident biennial license renewal	50.00	33-2-708		
Non-resident lapsed license reinstatement	100.00	33-2-708		
Resident lapsed insurance producer's license reinstatement	100.00	33-2-708		
Surplus lines insurance producer license application	50.00	33-2-708		
Surplus lines insurance producer license biennial renewal	100.00	33-2-708		
Surplus lines insurance lapsed producer license reinstatement	200.00	33-2-708		
Insurance adjuster license application	50.00	33-2-708		
Insurance adjuster license biennial renewal	100.00	33-2-708		
Insurance adjuster lapsed license reinstatement	200.00	33-2-708		
Insurance consultant license application	50.00	33-2-708		
Insurance consultant license biennial renewal	100.00	33-2-708		
Insurance consultant lapsed license reinstatement	200.00	33-2-708		
Rental car entity producer license application	100.00	33-2-708		
Rental car entity producer quarterly filing	25.00	33-2-708		
A copy of each document page	0.50	33-2-708		

Legislative Fiscal Division

Revenue Estimate Profile

Insurance Tax & License Fees

Insurance Fees Collected by the State Auditor (continued)			
Fee	Amount	MCA Cite	ARM Cite
Review of each course or program submitted for continuing education	75.00	33-2-708	
Genetics program fee for each MT resident insured	0.70	33-2-712	
Surplus lines stamping fee	1% of base premium	33-2-321	6.6.2804
Charges and expenses for examinations	Variable	33-4-315	
Fraternal benefit society charges and expenses for examinations	Variable	33-7-119	
Fraternal benefit society service of process	2.00	33-7-123	
Guaranty associations charges and expenses for examinations	Variable	33-10-218	
Premium finance company license application	100.00	33-14-201	
Premium finance company license renewal	100.00	33-14-201	
Rating & advisory organization charges and expenses for examinations	Variable	33-16-106	
Rating & advisory organization license application	100.00	33-16-403	
Insurance producers background examination	Variable	33-17-201	
Insurance producers charges and examinations	Variable	33-17-212	
Review of each non-resident course submitted for continuing education	75.00	33-17-1206	6.6.4213
Viatical settlement provider registration application	1,900.00	33-20-1315	6.6.8502
Viatical settlement broker license	50.00	33-20-1315	6.6.8502
Viatical settlement provider license renewal	1,900.00	33-20-1315	6.6.8503
Captive insurance company license application	200.00	33-28-102	
Captive insurance company license renewal	300.00	33-28-102	
Captive insurance company examinations and investigations	Variable	33-28-108	
Health service corporation certified copies	0.50	33-30-204	
Health service corporation membership contract filing	25.00	33-30-204	
Health service corporation membership contract package filing	100.00	33-30-204	
Health service corporation filing statement	25.00	33-30-204	
Health service corporation license	300.00	33-30-204	
Health service corporation license renewal	300.00	33-30-204	
Health maintenance organization certification of authority	300.00	33-31-212	
Health maintenance organization amendment to documents	25.00	33-31-212	
Health maintenance organization statement filing	25.00	33-31-212	
Health maintenance organization certification of authority renewal	300.00	33-31-212	
Health maintenance organization charges & examinations	Variable	33-31-401	
Actual cost to review an application for a managed care community network	Variable	53-6-703	6.6.5805

Distribution: Insurance tax proceeds from the tax on surplus lines premiums, net premiums, captive insurance company premiums, and fire insurance premiums are deposited into the general fund along with genetic fee revenue. License fees and the 1% stamping fee on surplus lines insurance premiums are deposited into the state special revenue fund for use by the State Auditor.

Collection Frequency: Quarterly and annually

Major Drivers:

- Number of insurance policies sold
- Amount of premiums
- Tax and fee rates

Potential Factors Influencing Change:

- Economic Factors
 - Population change
 - Earnings on investments
 - Personal income change
- Social Factors
 - Perception of risks

Legislative Fiscal Division

Revenue Estimate Profile

Insurance Tax & License Fees

- Government or industry announcements
- Legislative Factors
 - State legislative impacts
 - Tax and fees changes
 - Federal legislative impacts
 - Regulation change

Data Source(s): SABHRS, State Auditor

Contacts: State Auditor

Statutory Reference:

Tax Rate (MCA) – 33-2-705(2), 33-2-311, 33-28-201(1&2), 50-3-109(1)

Fee Rate (MCA) – 33-2-708(1&2), 33-14-201(2), 33-2-712

Tax Distribution (MCA) – 33-2-708(3), 33-2-712, 50-3-109(1)

Date Due – March 1st each year (33-2-705(1), 33-2-712, 33-28-201(1&2)). Quarterly payments due the 15th of April, June, September, and December (Administrative Rules 6.6.2704, 6.6.2705)

% of Total FY 2004 General Fund Revenue: 4.11%

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable assumptions used by the LFD to develop a revenue estimate for this source are provided in the “Revenue Estimate Assumptions” section of this document. The following summarizes the LFD process used to develop the revenue estimate.

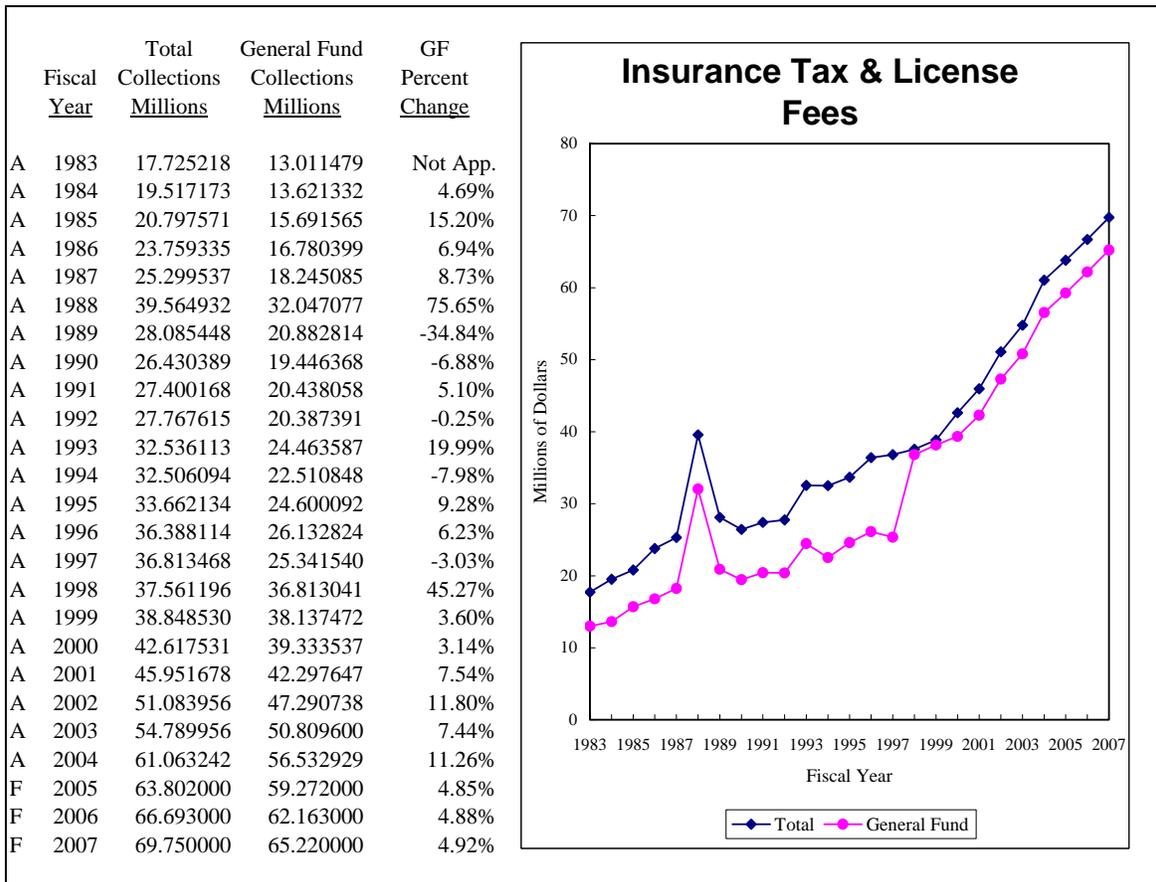
The LFD is provided a detailed historical breakdown of insurance tax and fee revenue from the State Auditor. Through analysis of the historical data, the LFD determines trends for the applicable assumptions, including: fee revenue, genetics fee revenue, premium tax revenue, guarantee offset amounts, and refunds. During this process, moving averages and the relationship of revenues to economic indicators are considered. In all cases, an appropriate growth rate is determined for each assumption and is applied to the most recent actual collection data. Finally, the estimate is reduced by guarantee offsets and refunds to establish the estimate of future insurance tax and license fee collections.

Legislative Fiscal Division

Revenue Estimate Profile

Insurance Tax & License Fees

Revenue Projection:



Forecast Methodology

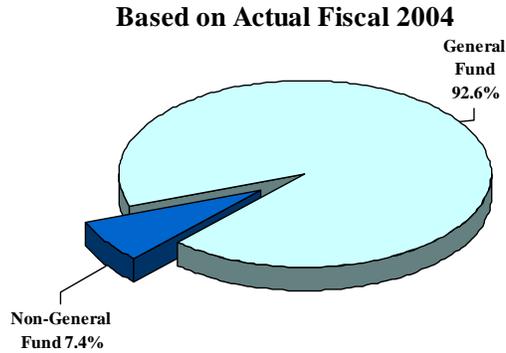


Legislative Fiscal Division

Revenue Estimate Profile

Insurance Tax & License Fees

Distribution Methodology



Revenue Estimate Assumptions

	t	Total Tax	GF Tax	Non-GF Fees	GF Fees
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	42.617531	39.333537	3.283994	1.028229
Actual	2001	45.951678	42.297647	3.654031	0.444540
Actual	2002	51.083956	47.290738	3.793218	0.290736
Actual	2003	54.789956	50.809600	3.980356	0.378097
Actual	2004	61.063242	56.532929	4.530313	0.623010
Forecast	2005	63.802000	59.272000	4.530313	0.623010
Forecast	2006	66.693000	62.163000	4.530313	0.623010
Forecast	2007	69.750000	65.220000	4.530313	0.623010

	t	Genetics	Premium Tax	Offsets	Refunds
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.542398	40.121480	2.082935	1.881369
Actual	2001	0.634902	42.405287	0.861069	0.326014
Actual	2002	0.569711	47.682854	0.740006	0.512557
Actual	2003	0.563399	52.037866	1.463016	0.706745
Actual	2004	0.582956	56.775107	1.161437	0.286707
Forecast	2005	0.582956	59.593289	1.127916	0.400000
Forecast	2006	0.582956	62.551297	1.120412	0.475000
Forecast	2007	0.582956	65.656196	1.168182	0.475000

Legislative Fiscal Division

Revenue Estimate Profile

Investment License Fee

Revenue Description: Investment advisors and investment companies pay various fees to the state. These fees are for: 1) registration of securities and agents; 2) registration of securities by notification; 3) notice of a federal filing of a federally secured security; and 4) name changes.

Applicable Tax Rate(s): Initial and annual security registration fees vary based on the offering price of securities, but cannot be less than \$200 or more than \$1,000. Initial and annual registration fees for a broker-dealer, investment adviser, and federal covered adviser are \$200. Initial and annual registration fees for a salesperson or investment adviser are \$50. The fee for name changes to series, portfolio, or a subdivision of an investment company is \$50. More details on the fees are provided below.

Security Fees Collected by the State Auditor				
Fee	Amount	MCA Cite	ARM Cite	
General Fund				
Certified or uncertified copies	0.50	30-10-107		
Initial registration for the first \$100,000 issue	200	30-10-209		
Additional registration fee of 0.1% over \$100,000 max of \$1,000	1,000	30-10-209		
Registration renewal fee of 0.1%, min of \$200 & max of \$1,000	1,000	30-10-209		
Late amended registration 0.3%, min of \$600 & max of \$3,000	3,000	30-10-209		
Name change of series, portfolio or other subdivision of an issuer	50	30-10-209		
Registration for broker-dealer or investment adviser	200	30-10-209		
Registration renewal for broker-dealer or investment adviser	200	30-10-209		
Initial registration for salesperson or investment adviser representative	50	30-10-209		
Registration renewal for salesperson or investment adviser representative	50	30-10-209		
Transfer of registration for salesperson or investment adviser representative	50	30-10-209		
Initial registration for federal covered adviser	200	30-10-209		
Registration renewal for federal covered adviser	200	30-10-209		
Certified or uncertified copies	Variable	30-10-209		
Request for exemption for transaction in compliance with rules-first \$100,000	200	30-10-209	6.10.120	
Request for exemption for transaction in compliance with rules-0.1% over \$100,000, \$1,000 max	1,000	30-10-209	6.10.120	
Request for exemption for other transactions	50	30-10-209		
Living trusts initial license application for the first \$100,000 issue	200	30-10-904		
Living trusts additional license application fee of 0.1% over \$100,000 max of \$1,000	1,000	30-10-904		
Living trusts license renewal fee of 0.1%, min of \$200 & max of \$1,000	1,000	30-10-904		
State Auditor's Office				
Collected examination costs	Various	30-10-115		
Portfolio notice filing - Initial registration for the first \$100,000 issue	200	30-10-209		
Portfolio notice filing - Additional registration fee of 0.1% over \$100,000 max of \$1,000	1,000	30-10-209		
Portfolio notice filing - Registration renewal fee of 0.1%, min of \$200 & max of \$1,000	1,000	30-10-209		
Portfolio notice filing - Late amended registration 0.3%, min of \$600 & max of \$3,000	3,000	30-10-209		

Distribution: All fees except portfolio notice filing fees and examination charges are deposited to the general fund. Portfolio notice filing fees and examination charges are deposited in a state special revenue account from which the State Auditor pays for expenses associated with the regulation of portfolio activities. The excess in this account is transferred to the general fund throughout the year as a non-budgeted transfer and is shown under the "All Other" revenue category.

Collection Frequency: Varies

Major Drivers:

- Number of investment advisors and investment companies
- Number and offering price of securities
- Fee amount

Legislative Fiscal Division

Revenue Estimate Profile

Investment License Fee

Potential Factors Influencing Change:

- Economic Factors
 - Personal income change
 - Population change
 - Investment rates of return
- Social Factors
 - Government or industry announcements
- Legislative Factors
 - State legislative impacts
 - Fee and distribution changes
 - Federal legislative impacts
 - Regulation changes
 - Actions that affect the economy

Data Source(s): State Auditor

Contacts: State Auditor

Statutory Reference:

Fee Rate (MCA) – 30-10-209, 30-10-904

Fee Distribution (MCA) – 30-10-115, 30-10-209(6), portfolio notice fee (30-10-209(1d)), 30-10-210(2), 30-10-907

Date Due (Regulation of dealers) – initial (upon registration), annual (prior to December 31st) (30-10-201 (9&11))

Date Due (Regulation of securities) – upon registration (30-10-206(3c)), valid for one year (30-10-209(1b)), renewal (prior to termination date):

% of Total FY 2004 General Fund Revenue: 0.35%

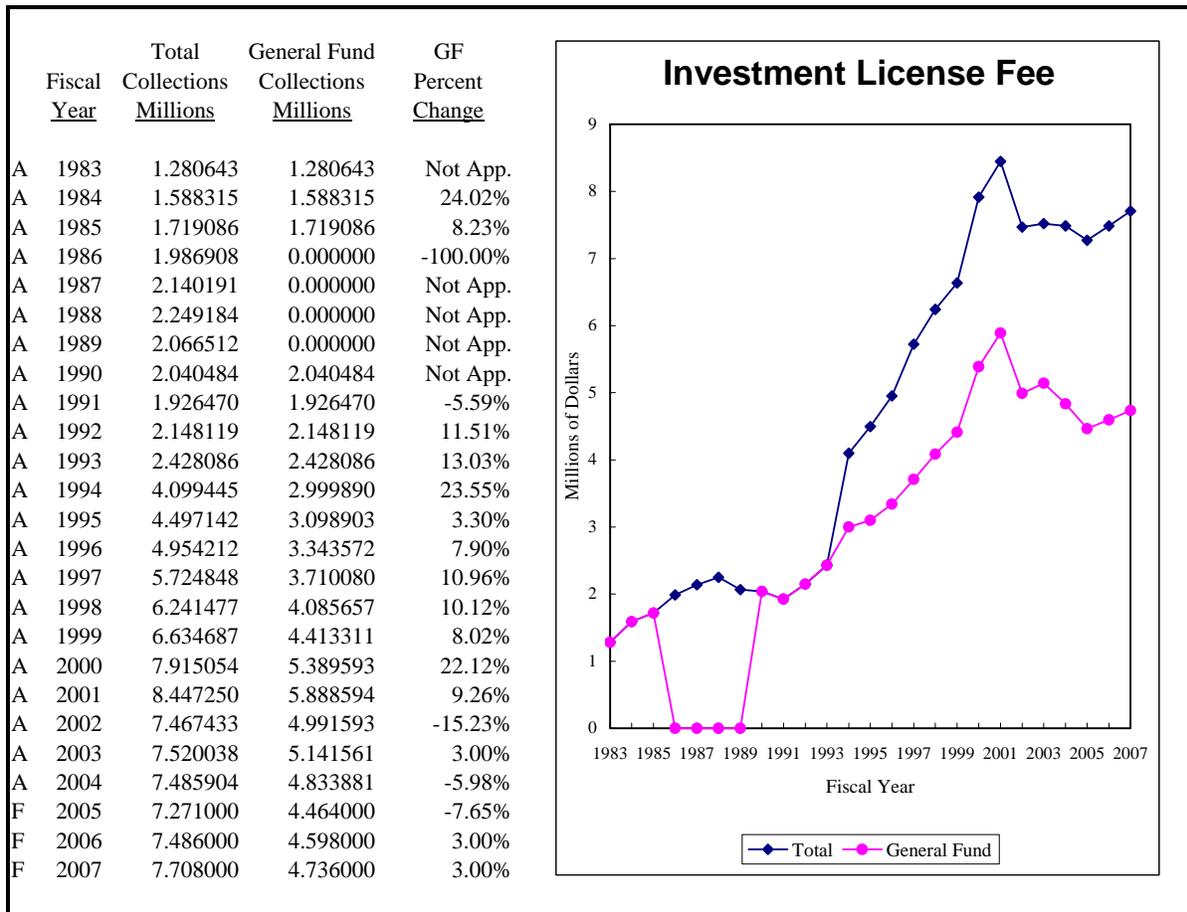
Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable assumptions used by the LFD to develop a revenue estimate for this source are provided in the “Revenue Estimate Assumptions” section of this document. The following summarizes the LFD process used to develop the revenue estimate.

Separate data is available for revenue from portfolio notice filings and a growth rate is applied to the last applicable known year. Estimates for licenses and permits, examination fees, and portfolio expenses were derived from executive budget submissions. The totals for each fee type less portfolio administration costs equal the estimate for investment license income.

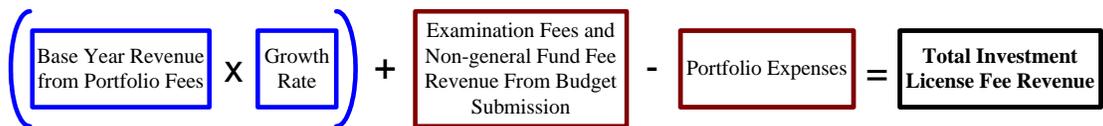
Legislative Fiscal Division

Revenue Estimate Profile Investment License Fee

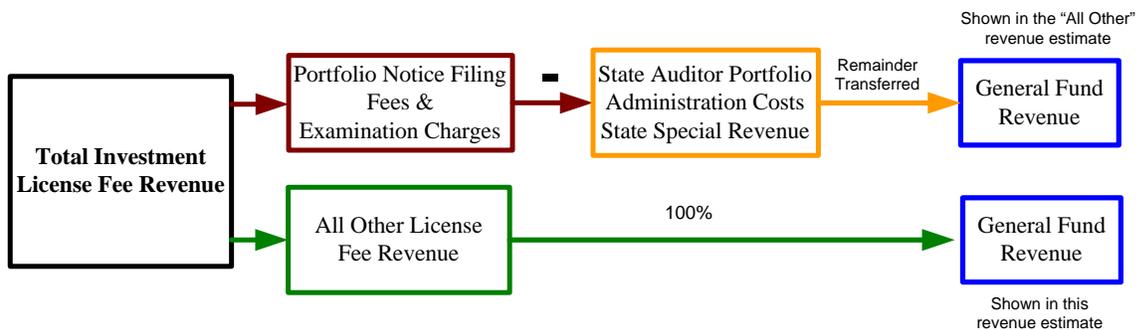
Revenue Projection:



Forecast Methodology



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Investment License Fee

Revenue Estimate Assumptions

	t	Total Tax	GF Tax	GF Transfer	Licenses	Portfolio	Port. Exp.
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	7.915054	5.389593	2.296258	5.389593	2.525461	0.151983
Actual	2001	8.447250	5.888594	2.445000	5.888594	2.558656	0.135759
Actual	2002	7.467433	4.991593	2.179165	4.991593	2.475840	0.202493
Actual	2003	7.520038	5.141561	2.036200	5.141787	2.378477	0.320954
Actual	2004	7.485904	4.833881	2.113000	4.833881	2.652023	0.683808
Forecast	2005	7.271000	4.464000	2.044000	4.463897	2.807075	0.763018
Forecast	2006	7.486000	4.598000	2.104000	4.597814	2.888599	0.784381
Forecast	2007	7.708000	4.736000	2.183000	4.735748	2.972569	0.789312

	t	Licenses	Portfolio	Expense
	<u>Fiscal</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>
Actual	2000	0.221213	0.137475	0.044550
Actual	2001	0.092586	0.013144	-0.106749
Actual	2002	-0.152329	-0.034073	0.491562
Actual	2003	0.030089	-0.042251	0.585013
Actual	2004	-0.059883	0.114598	1.130548
Forecast	2005	0.000000	0.030000	0.000000
Forecast	2006	0.000000	0.030000	0.000000
Forecast	2007	0.000000	0.030000	0.000000

Legislative Fiscal Division

Revenue Estimate Profile

Lodging Taxes

Revenue Description: The state imposes two taxes on room charges collected by lodging facilities and campgrounds – a lodging sales tax and a lodging facility use tax. The taxes only apply for rooms used for lodging.

The 3 percent lodging sales tax began June 1, 2003 and applies to hotels, motels, campgrounds, resorts, dormitories, condominium inns, dude ranches, guest ranches, hostels, public lodging houses, and bed and breakfast facilities. Exempt are facilities: 1) for health care; 2) owned by non-profit corporations for use by people under 18-years of age for camping; 3) whose average daily charge is less than 60 percent of the amount the state of Montana reimburses for lodging; or 4) rented for 30 days or more. Sales to the U.S. government are also exempt from the sales tax. All facilities subject to the tax must obtain a seller's permit before engaging in business subject to the sales tax within Montana. The vendor must pay the tax due by the last day of the month following a calendar quarter. Vendors are allowed to claim and keep five percent of the tax as an allowance, not to exceed \$1,000 a quarter. The Department of Revenue may require a retailer to post security up to twice the average tax liability to be used to recover taxes, interest, and penalties owed.

The 4 percent lodging facility use tax applies to facilities containing individual sleeping rooms or suites, providing overnight lodging for periods of less than 30 days to the general public for compensation. This includes hotels, motels, campgrounds, resorts, dormitories, condominium inns, dude ranches, guest ranches, hostels, public lodginghouses, or bed and breakfasts. Exempt are: 1) non-profit or religious corporation facilities used primarily by persons under 18 years of age for camping; 2) facilities whose average daily charge does not exceed 60 percent of the amount the state of Montana reimburses for lodging; or 4) rented for 30 days or more. All facilities must be registered with the Department of Revenue. Any of the tax paid by state employees is returned to the fund that paid the tax. Since general fund pays a portion of the tax, a portion is returned to the general fund. This amount is also shown in the "All Other Revenue" profile.

Applicable Tax Rate(s): The lodging sales tax is 3.0 percent of the sales price. The lodging facility use tax is 4.0 percent of room charges.

Distribution:

1. Sales Tax: 100% general fund
2. Lodging Facility Use Tax:

Fiscal 2004 - 2007, the revenue is first distributed: 1) to the Department of Revenue in the amount appropriated for collection and disbursement costs; 2) to the various funds from which payment of the tax paid by state employees were made, including the general fund; and 3) \$400,000 to the Montana heritage preservation and development fund which is statutorily appropriated for restoring and maintaining historic properties. After these distributions, the remainder is distributed and statutorily appropriated:

- 67.5% to the Department of Commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials.
- 22.5% to regional nonprofit tourism corporations.
- 6.5% to the Department of Fish, Wildlife and Parks for maintenance of state park facilities.
- 2.5% to the university system for the establishment and maintenance of a Montana travel research program.
- 1.0% to the Montana Historical Society to install and maintain roadside historical signs and historic sites.

Fiscal 2008 and beyond, the revenue is first distributed: 1) to the Department of Revenue in the amount appropriated for collection and disbursement costs; and 2) to the various funds from which payment of the tax paid by state employees were made, including the general fund. After these distributions, the remainder is distributed and statutorily appropriated:

- 67.5% to the Department of Commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials.
- 22.5% to regional nonprofit tourism corporations.
- 6.5% to the Department of Fish, Wildlife and Parks for maintenance of state park facilities.
- 2.5% to the university system for the establishment and maintenance of a Montana travel research program.
- 1.0% to the Montana Historical Society to install and maintain roadside historical signs and historic sites.

Legislative Fiscal Division

Revenue Estimate Profile

Lodging Taxes

Collection Frequency: The owner of a facility collects the tax and remits it quarterly to the Department of Revenue.

Major Drivers:

- Tax rate
- Number of lodgers
- Price of lodging

Potential Factors Influencing Change:

- Economic Factors
 - Available lodging facilities
 - Expected tourism
 - Wild fire occurrences
 - Airline passenger rates
 - Gasoline price
 - Personal income change
- Social Factors
 - Government or industry announcements
 - Consumer confidence
 - Potential of terrorist threats
- Legislative Factors
 - State legislative impacts
 - Change in tax rate

Data Source(s): UM Institute for Tourism and Recreation Research, SABHRS, Global Insight

Contacts: Department of Revenue

Statutory Reference:

Tax Rate (MCA) - 15-65-111 (lodging facility use tax), 15-68-102 (lodging sales tax)

Tax Distribution (MCA) - 15-65-121 (lodging facility use tax), 15-68-820 (lodging sales tax)

Date Due – Lodging facility use tax is due before the end of calendar quarter (15-65-112). The lodging sales tax is due the last day of the month following the calendar quarter (15-68-502(1)).

% of Total FY 2004 General Fund Revenue: 0.67% (a small portion for reimbursement of lodging facility taxes paid by state employees is included in “All Other General Fund Revenue”)

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable assumptions used by the LFD to develop a revenue estimate for this source are provided in the “Revenue Estimate Assumptions” section of this document. The following summarizes the LFD process used to develop the revenue estimate.

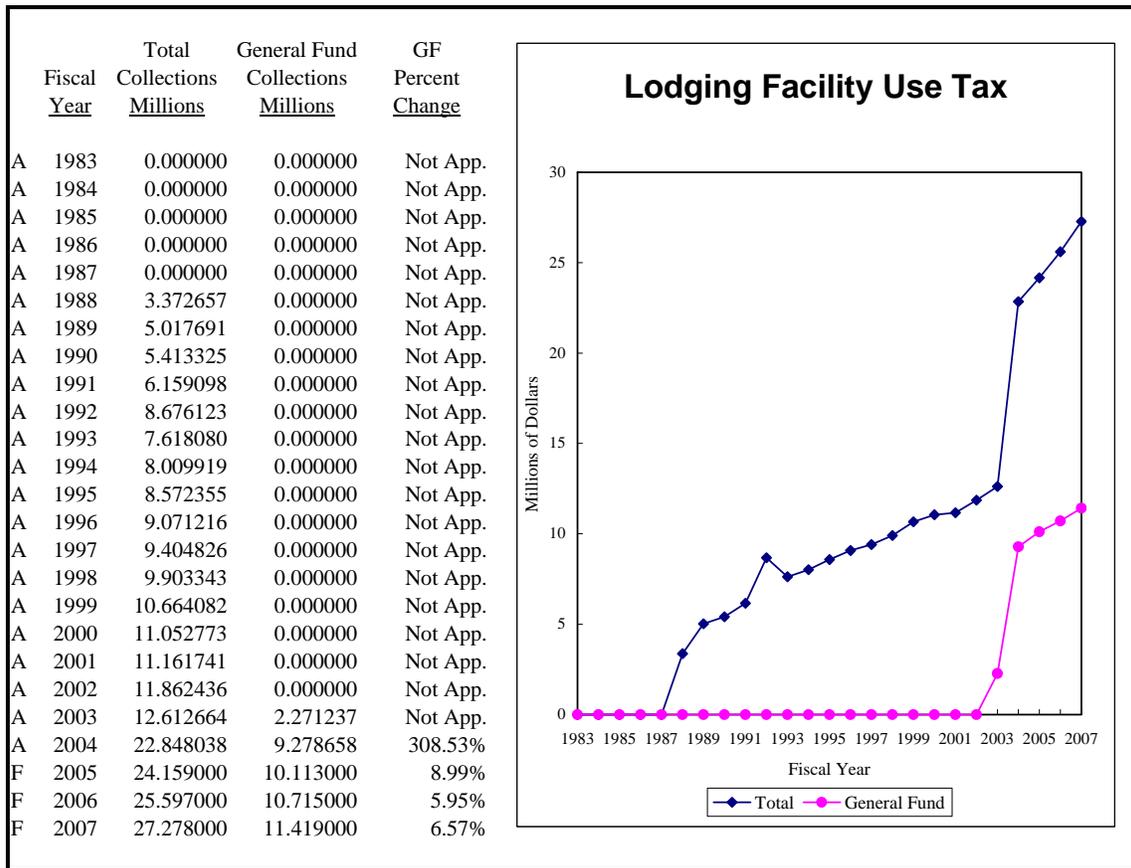
The LFD projects both the lodging facility sales tax and use tax with a trend analysis. First, the average growth is computed, factoring out unusually high and low years of growth. Next, the average growth rate is applied to prior year collections to calculate the estimate of total lodging in Montana. Finally, the tax rate is applied to the estimate of total lodging to create the lodging facility sales tax and use tax.

Legislative Fiscal Division

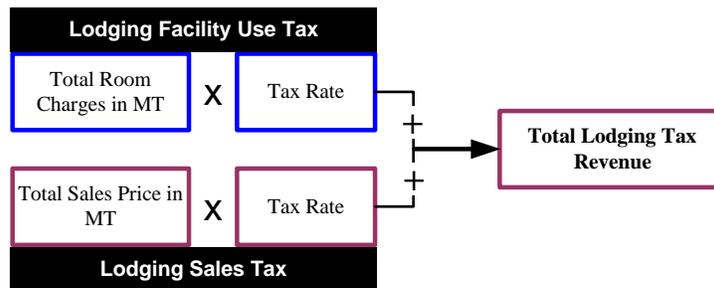
Revenue Estimate Profile

Lodging Taxes

Revenue Projection:



Forecast Methodology

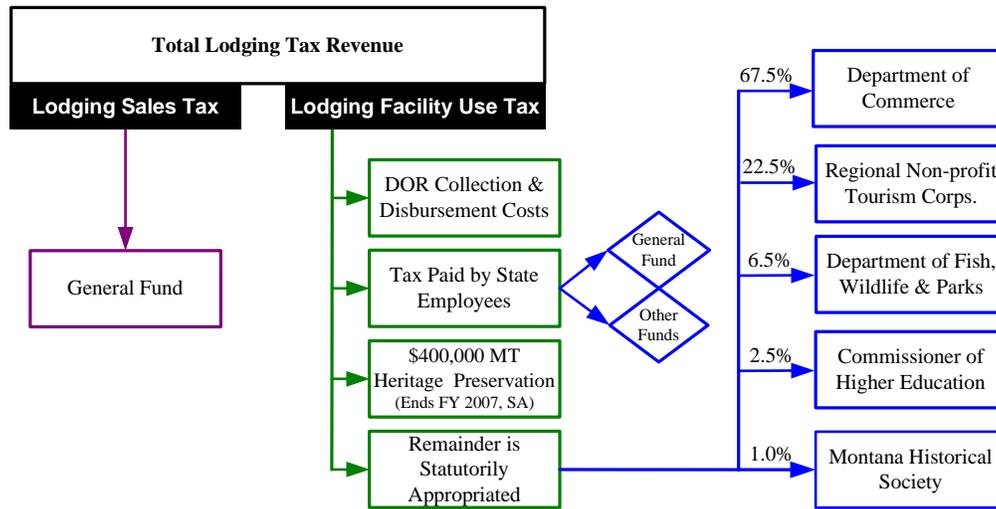


Legislative Fiscal Division

Revenue Estimate Profile

Lodging Taxes

Distribution Methodology



Revenue Estimate Assumptions

	t	Total Tax	GF Tax	Room Charge	Tax	Room Charge	Tax	DOR
	Fiscal	Millions	Millions	Millions	Rate	Millions	Rate	Admin. Millions
Actual	2000	11.052773	0.000000	276.319325	4.0000%			0.114927
Actual	2001	11.161741	0.000000	279.043525	4.0000%			0.114525
Actual	2002	11.862436	0.000000	296.560900	4.0000%			0.126368
Actual	2003	12.612664	2.271237	216.035675	4.0000%			0.103338
Actual	2004	22.848038	9.278658	339.234500	4.0000%	309.288600	3.0000%	0.137254
Forecast	2005	24.159000	10.113000	351.150000	4.0000%	337.100000	3.0000%	0.141000
Forecast	2006	25.597000	10.715000	372.050000	4.0000%	357.167000	3.0000%	0.146000
Forecast	2007	27.278000	11.419000	396.475000	4.0000%	380.633000	3.0000%	0.150000

	t	Higher Ed.	DOC	Sites & Signs	Regional	FWP	MT. Heritage	All Other
	Fiscal	Millions	Millions	Millions	Millions	Millions	Millions	Millions
Actual	2000	0.263447	7.113045	0.105379	2.371015	0.684960	0.400000	0.000000
Actual	2001	0.267061	7.210657	0.106824	2.403552	0.694358	0.400000	-0.035236
Actual	2002	0.283388	7.651483	0.113892	2.550494	0.736809	0.400000	0.000002
Actual	2003	0.288449	6.088121	0.115511	2.596040	0.749968	0.400000	0.000000
Actual	2004	0.325804	8.796686	0.130321	2.932227	0.847088	0.400000	0.000000
Forecast	2005	0.338000	9.116000	0.135000	3.039000	0.878000	0.400000	0.000000
Forecast	2006	0.358000	9.677000	0.143000	3.226000	0.932000	0.400000	0.000000
Forecast	2007	0.383000	10.334000	0.153000	3.445000	0.995000	0.400000	0.000000

Legislative Fiscal Division

Revenue Estimate Profile

Motor Vehicle Fee

Revenue Description: The state assesses a variety of motor vehicle fees, such as fees for the filing of motor vehicle liens, fees for new license plates, title fees, and annual and permanent registration fees. The fees vary according to the type of vehicle (i.e., motor vehicle, snowmobile, etc.) and the type of license plate (regular, personal, military, etc.). There are also Gross Vehicle Weight (GVW) fees on trucks and pickups, as well as special fees for senior citizen transportation, veteran services, the highway patrol pension fund, motorcycle safety, and an optional \$4 registration fee on light vehicles for state parks and fishing access sites.

Effective January 1, 2004, all fees on motorcycles and quadricycles, trailers, travel trailers, snowmobiles, off-highway vehicles, and watercraft are one-time only and permanent, except upon change of ownership. Fees on other vehicles are annual. Light vehicles older than ten years old may be licensed permanently, at the option of the owner. New license plate fees will increase from \$2 to \$5. The registration fees on campers and pontoons and rubber rafts are eliminated.

Beginning January 1, 2005, the registration fees on all light vehicles will be increased, as well permanent fees on recreational trailers, off-highway vehicles, snowmobiles, recreational vehicles, and motorcycles.

Applicable Tax Rate(s): Various

Distribution: Most motor vehicle fees are allocated to the general fund. The following fees are distributed to the Motor Vehicle Information Technology Systems state special revenue account: 1) \$4 of the \$8 recording lien fee (including boats, snowmobiles, and off highway vehicles); 2) \$5.00 of the \$10.00 certificate of ownership fees for watercraft, snowmobiles, off-highway vehicles and all other vehicles; 3) \$5.00 of the \$10.00 duplicate certificate of ownership fee; and 4) all of the \$10.00 fee for the issuance of a new certificate of title following the release of a lien. Other distributions to other state special revenue accounts (and county general fund) are: 1) \$10 of the \$30 donation fee for collegiate license plates to the student academic scholarship fund or foundation of the named institution; 2) the annual donation fee of \$20 for motorcycle or quadricycles specialty license plates for grants to chronically or critically ill children; 3) \$5 of the \$15 administrative fee for generic specialty license plates to the county general fund; and 4) all of the \$15 surcharge for sponsoring a generic patriotic license plate for the construction, maintenance, operation, and administration of state veterans' cemeteries. The new optional \$4 fee for parks will be deposited in a state special account until July 1, 2005 after which it will be deposited in the general fund and transferred to the state special account.

Collection Frequency: The various fees are generally collected on a monthly basis.

Major Drivers:

- Number of vehicles
- Ownership turnover of vehicles
- Rate of new vehicle purchases
- Fee rates

Potential Factors Influencing Change:

- Economic Factors
 - Personal income change
 - Population change
 - Vehicle costs and costs of operation and maintenance
 - Interest rates
 - Price of fuel
- Social Factors
 - Government or industry announcements
 - Demand for substitutes

Legislative Fiscal Division

Revenue Estimate Profile

Motor Vehicle Fee

- Legislative Factors
 - State legislative impacts
 - Tax changes
 - Federal legislative impacts
 - Vehicle regulation changes

Data Source(s): SABHRS, Department of Justice

Contacts: Department of Justice

Statutory Reference:

Tax Fee rate – multiple, but generally in title 61, chapter 3.

Tax Distribution (MCA) – all fees in Title 61 are distributed to the general fund unless stated otherwise (61-3-108)

% of Total FY 2004 General Fund Revenue: 2.22%

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable assumptions used by the LFD to develop a revenue estimate for this source are provided in the “Revenue Estimate Assumptions” section of this document. The following summarizes the LFD process used to develop the revenue estimate.

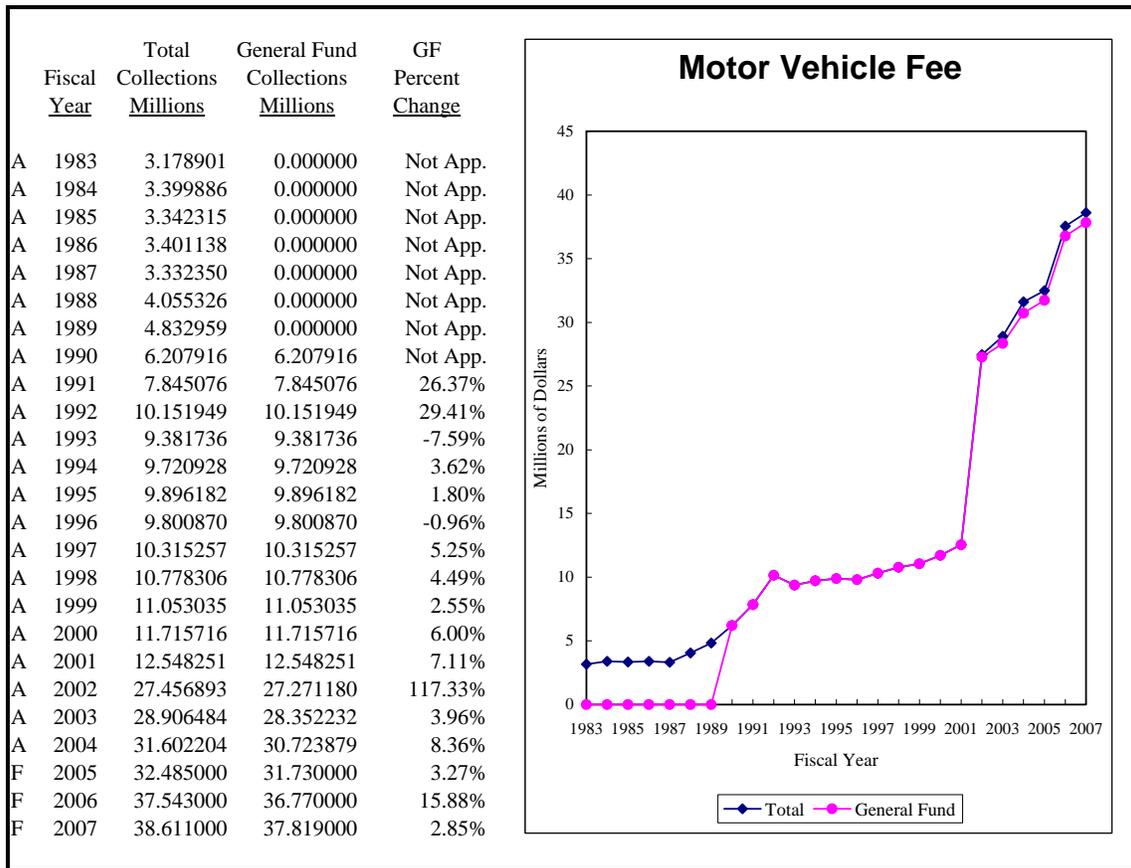
Total motor vehicle fee revenue is calculated by taking the sum of the estimates for all vehicle fee types. The fee types are: registration fees, recorded liens, titles, personal plate fees, new plate fees, computer fees and the \$0.25 senior citizen transportation fee. Each fee type is estimated individually and is derived by applying a growth rate to a base year. Motor vehicle fees are the sum of these estimates plus changes due to legislation or other adjustments.

Legislative Fiscal Division

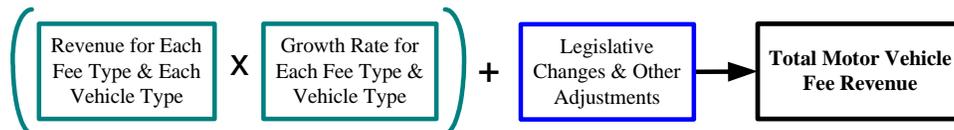
Revenue Estimate Profile

Motor Vehicle Fee

Revenue Projection:



Forecast Methodology



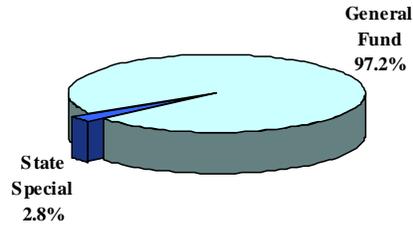
Legislative Fiscal Division

Revenue Estimate Profile

Motor Vehicle Fee

Distribution Methodology

Based on Actual Fiscal 2004



Revenue Estimate Assumptions

	Year	Total Tax	GF Tax	GF Fee	GF Fee	GF Fee	GF Fee	GF Fee
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Registration</u>	<u>Record</u>	<u>Titles</u>	<u>Personal</u>	<u>Parks</u>
				<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	11.715716	11.715716	6.233271	0.629295	1.292338	0.727670	
Actual	2001	12.548251	12.548251	6.367734	0.635889	1.290092	0.712995	
Actual	2002	27.456893	27.271180	21.180491	0.727958	2.352977	1.269593	
Actual	2003	28.906484	28.352232	21.712218	0.696408	2.441699	1.353633	
Actual	2004	31.602204	30.723879	22.576638	0.737269	2.660438	1.492359	
Forecast	2005	32.485000	31.730000	22.010978	0.754963	2.724289	1.528176	
Forecast	2006	37.543000	36.770000	22.539241	0.773082	2.789672	1.564852	2.743892
Forecast	2007	38.611000	37.819000	23.080183	0.791636	2.856624	1.602408	2.809745

	Year	GF Fee	GF Fee	GF Fee	GF Fee	GF Fee	Non GF Fee	Adjustments
	<u>Fiscal</u>	<u>New Plate</u>	<u>Computer</u>	<u>\$.25</u>	<u>Other</u>	<u>Transit</u>	<u>Lien</u>	<u>Millions</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	
Actual	2000	0.856821	1.304458	0.299821	0.372042			
Actual	2001	1.536103	1.335946	0.304236	0.365256			
Actual	2002	0.524575	-0.001199	0.024150	1.083974	0.108661	0.185713	
Actual	2003	0.491723	0.000000	0.000000	1.221468	0.435083	0.554252	
Actual	2004	0.909985	0.000000	0.000000	1.953075	0.394115	0.878325	
Forecast	2005	1.331178	0.000000	0.000000	2.170518	0.403574	0.754963	0.806000
Forecast	2006	4.934707	0.000000	0.000000	2.222610	0.413260	0.773082	-1.212000
Forecast	2007	2.447405	0.000000	0.000000	2.275953	0.423178	0.791636	1.532000

Legislative Fiscal Division

Revenue Estimate Profile

Motor Vehicle Fee

		GF Fee	GF Fee	GF Fee	GF Fee	GF Fee	GF Fee
	t	Registration	Record	Titles	Personal	New Plate	Other
	Fiscal	Growth Rate	Growth Rate	Growth Rate	Growth Rate	Growth Rate	Growth Rate
Actual	2000	3.2150%	-0.0519%	2.1117%	4.8659%	84.1881%	-8.5040%
Actual	2001	2.1572%	1.0478%	-0.1738%	-2.0167%	79.2793%	-1.8240%
Actual	2002	232.6221%	14.4788%	82.3883%	78.0648%	-65.8503%	196.7710%
Actual	2003	2.5105%	-4.3340%	3.7706%	6.6194%	-6.2626%	12.6843%
Actual	2004	3.9813%	5.8674%	8.9585%	10.2484%	85.0605%	59.8957%
Forecast	2005	2.4000%	2.4000%	2.4000%	2.4000%	2.4000%	2.4000%
Forecast	2006	2.4000%	2.4000%	2.4000%	2.4000%	2.4000%	2.4000%
Forecast	2007	2.4000%	2.4000%	2.4000%	2.4000%	2.4000%	2.4000%

		GF Fee	Non GF Fee				
	t	New Plate	Computer	\$0.25	Other	Transit	Lien
	Fiscal	Growth Rate					
Actual	2000	84.1881%	2.8335%	5.4012%	-8.5040%		
Actual	2001	79.2793%	2.4139%	1.4725%	-1.8240%		
Actual	2002	-65.8503%	-100.0897%	-92.0621%	196.7710%		
Actual	2003	-6.2626%	-100.0000%	-100.0000%	12.6843%	300.4040%	-4.3340%
Actual	2004	85.0605%			59.8957%	-9.4161%	5.8674%
Forecast	2005	46.2857%			11.1334%	2.4000%	2.4000%
Forecast	2006	2.4000%			2.4000%	2.4000%	2.4000%
Forecast	2007	2.4000%			2.4000%	2.4000%	2.4000%

Legislative Fiscal Division

Revenue Estimate Profile

Public Contractors Tax

Revenue Description: Contractors or subcontractors submitting a proposal to perform construction work in Montana for the federal government, state government, or any political subdivision, must be licensed as a public contractor. A license is not required in order to bid on contracts in which federal aid is used for highway construction, but a license is required once the bid is awarded.

Applicable Tax Rate(s): A 1.0 percent license fee is applied to the gross receipts of each separate project let by any of the listed public entities. However, a credit (in the form of a refund) against the license fee is allowed for personal property taxes and certain motor vehicle fees paid in Montana on personal property or vehicles used in the business of the contractor. In addition, the amount of the net license fee paid (gross less the property tax refund) may be used as a credit on the contractor's corporate or individual tax return. Overpayments are also refunded.

Distribution: All public contractor tax revenue is deposited into the general fund.

Collection Frequency: Monthly

Major Drivers:

Value of public contracts

- Total receipts (contracts) of public contractors
- Tax rate
- Tax credits and refunds

Potential Factors Influencing Change:

- Economic Factors
 - Changes in construction costs, construction inflation
 - Amount of state building programs
- Social Factors
 - Need / demand for public infrastructure
- Legislative Factors
 - State legislative impacts
 - Changes in tax
 - Infrastructure expenditures
 - Staffing adequacy, DOR FTE
 - Changes in credits and refunds
 - Federal legislative impacts
 - Highway construction funding
 - State compliance with federal law

Data Source(s): SABHRS, Department of Revenue, Department of Transportation

Contacts: Department of Revenue, Department of Transportation

Statutory Reference:

Tax Rate (MCA) – 15-50-205

Tax Distribution MCA) – 15-50-311

Date Due – within 30 days after payment to the contractor (15-50-309)

Legislative Fiscal Division

Revenue Estimate Profile

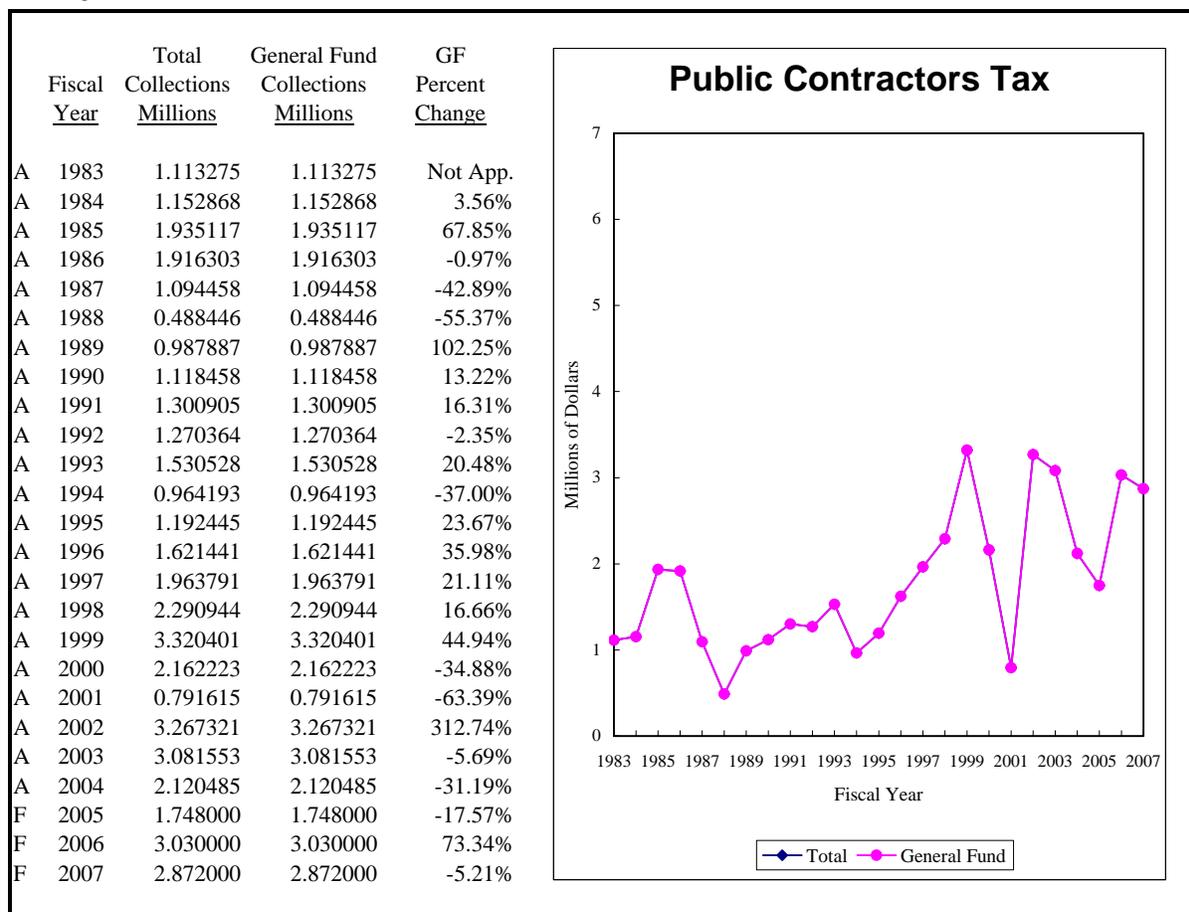
Public Contractors Tax

% of Total FY 2004 General Fund Revenue: 0.15%

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable assumptions used by the LFD to develop a revenue estimate for this source are provided in the “Revenue Estimate Assumptions” section of this document. The following summarizes the LFD process used to develop the revenue estimate.

The LFD evaluates two contract components to determine the public contractor gross receipt tax. The biggest portion of public contracts is administered through the Department of Transportation’s (DOT) road building and maintenance program. As a result, the LFD uses the DOT estimate of future road construction and maintenance payments, along with other information provided by the department. The second component is a value derived by reducing the total taxable public contracts by the DOT total of contracts paid out in prior years to which is applied a growth rate to determine the value of future contracts. All contracts are summed and the tax rate is applied. Gross tax revenue is reduced by estimates of contractor credits available through the corporation, individual, and property taxes and estimates of prior year over-payments to obtain public contractor tax revenue.

Revenue Projection:

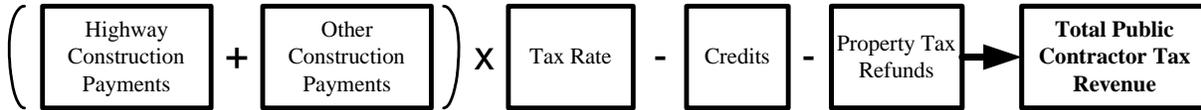


Legislative Fiscal Division

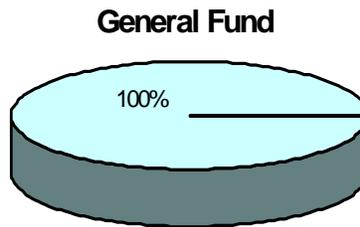
Revenue Estimate Profile

Public Contractors Tax

Forecast Methodology



Distribution Methodology



Revenue Estimate Assumptions

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Gross Tax</u>	<u>Credits</u>	<u>Tax</u>	<u>DOT</u>	<u>Other</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>& Refunds</u>	<u>Rate</u>	<u>Millions</u>	<u>Millions</u>
					<u>Millions</u>			
Actual	2000	2.162223	2.162223	5.516069	3.444985	0.010000	234.875465	316.731435
Actual	2001	0.791615	0.791615	4.502749	3.711134	0.010000	200.507963	249.766937
Actual	2002	3.267321	3.267321	5.054973	1.787652	0.010000	217.749022	287.748278
Actual	2003	3.081553	3.081553	5.706437	2.624884	0.010000	226.113524	344.530176
Actual	2004	2.120485	2.120485	6.004105	3.883620	0.010000	241.630131	358.780369
Forecast	2005	1.748000	1.748000	6.399198	4.651065	0.010000	281.139440	358.780369
Forecast	2006	3.030000	3.030000	6.327495	3.297714	0.010000	273.969092	358.780369
Forecast	2007	2.872000	2.872000	6.238629	3.367029	0.010000	265.082521	358.780369

Legislative Fiscal Division

Revenue Estimate Profile

Railroad Car Tax

Revenue Description: All railroad property is subject to taxation as defined in the federal Railroad Revitalization and Regulatory Reform Act of 1976. The Railroad car tax applies to the rolling stock owned by railroad companies. The railroad car tax rate the average property 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 the statewide average mill levy for commercial and industrial property. The most current tax year rates are:

- 2003 – 4.02%
- 2004 – 3.88%
- 2005 – 3.81%
- 2006 – 3.70%
- 2007 – 3.60%

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

Collection Frequency: Semi-annually

Major Drivers:

- Railroad car miles in the nation and in Montana
- Amount of time railroad cars are in state
- Tax rate
- Average statewide mill levy for commercial and industrial property

Potential Factors Influencing Change:

- Economic Factors
 - Growth in GSP
 - Amount of goods exported by rail
 - Economic stability of rail industry
- Social Factors
 - Industry announcements
 - Demand for substitutes, trucking
- Legislative Factors
 - State legislative impacts
 - Changes in property tax rates
 - Federal legislative impacts
 - Changes rail laws

Data Source(s): SABHRS, Department of Revenue

Contacts: Railroad Car Companies, Department of Revenue

Statutory Reference:

Tax Rate (MCA) - 15-23-214(1)

Tax Distribution (MCA) – 15-23-215

Date Due – Report due to the Department of Revenue April 15th of each year for the previous calendar year (15-23-103(2), 15-

Legislative Fiscal Division

Revenue Estimate Profile

Railroad Car Tax

23-212). The department calculates the tax due by the third Monday in October (15-23-214(1)). One-half of the tax is due by November 30th and one-half is due by May 31st (15-23-214(3), 15-16-102(1)).

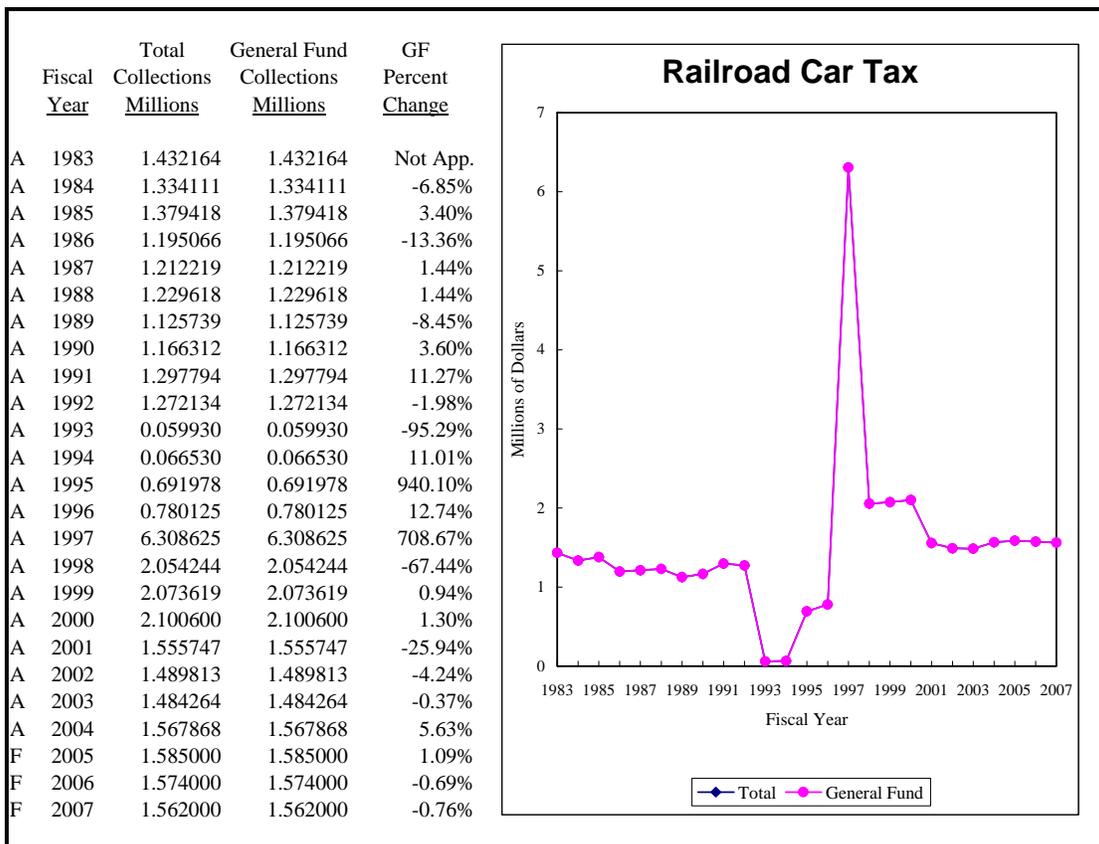
% of Total FY 2004 General Fund Revenue: 0.11%

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable assumptions used by the LFD to develop a revenue estimate for this source are provided in the "Revenue Estimate Assumptions" section of this document. The following summarizes the LFD process used to develop the revenue estimate.

Total railcar tax revenues are the result of multiplying total company market value for its U.S. fleet by a Montana allocation percentage times a statewide tax rate times a statewide mill levy. The allocation percentage is based on the ratio of car miles traveled in the state to total system miles, as well as on speed of the cars through Montana. The Montana railcar market value, the result of multiplying the system value times the Montana allocation factor, is multiplied by the class 12 tax rate applicable to railroads and airlines, which is the average statewide tax rate on all commercial and industrial property.

Montana's railcar tax is based on the value of the national railcar fleet. The LFD first estimates the growth in the national fleet. A value is then determined for the fleet as a whole. Next, the fleet is apportioned to Montana to determine the market value of the state's fleet. Finally, the class 12 property tax rate and average mill levy rate are applied to the state value to determine the total railcar tax revenue.

Revenue Projection:



Legislative Fiscal Division

Revenue Estimate Profile

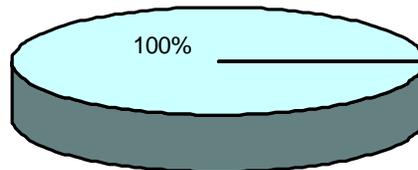
Railroad Car Tax

Forecast Methodology



Distribution Methodology

General Fund



Revenue Estimate Assumptions

	t	Total Tax	GF Tax	Total MV (CY)	Allocation	MT MV (CY)	Tax	Mills
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>of Fleet</u>	<u>Percent</u>	<u>of Fleet</u>	<u>Rate</u>	<u>95/100 %</u>
				<u>Millions</u>		<u>Millions</u>		
Actual	2000	2.100600	2.100600	17582.615541	0.005439	95.626964	0.060800	0.363540
Actual	2001	1.555747	1.555747	19335.425780	0.005021	97.074849	0.042700	0.380060
Actual	2002	1.489813	1.489813	20065.083606	0.004468	89.657366	0.042100	0.400980
Actual	2003	1.484264	1.484264	19527.799607	0.004791	93.549116	0.040200	0.419254
Actual	2004	1.567868	1.567868	19231.928074	0.004369	84.019893	0.038800	0.474429
Forecast	2005	1.585000	1.585000	18767.654717	0.004404	82.645156	0.038100	0.503390
Forecast	2006	1.574000	1.574000	18767.654717	0.004414	82.840428	0.037000	0.513458
Forecast	2007	1.562000	1.562000	18767.654717	0.004414	82.840428	0.036000	0.523727

Legislative Fiscal Division

Revenue Estimate Profile

Rental Car Sales Tax

Revenue Description: Beginning July 1, 2003, a new four percent sales tax is imposed on the base rental charge for rental vehicles. The base rental charge includes use charges for time and mileage, insurance, accessory equipment, and charges for additional or underage drivers. It does not include price discounts, charges for operating an airport concession, motor fuel, intercity drop charges, and government taxes. A rental vehicle is one that is used by a person other than the owner by arrangement and for consideration. Included are light vehicles, motorcycles, motor-driven cycles, quadricycles, motorboats and sailboats, and off-highway vehicles. Sales to the U.S. government are exempt from the sales tax. All facilities subject to the tax must obtain a seller's permit before engaging in business subject to the sales tax within Montana. The Department of Revenue may require a retailer to post security up to twice the average tax liability to be used to recover taxes, interest, and penalties owed. Vendors are allowed to claim and keep five percent of the tax as an allowance, not to exceed \$1,000 a quarter.

Applicable Tax Rate(s): A four percent sales tax is imposed on the base rental charge for rental vehicles.

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

Collection Frequency: The vendor must pay the tax due by the last day of the month following a calendar quarter.

Major Drivers:

- Number of vehicles rented
- Tax rate
- Rental price

Potential Factors Influencing Change:

- Economic Factors
 - Expected tourism
 - Airline passenger rates
 - Gasoline price
 - Personal income change
- Social Factors
 - Terrorist threats
 - Wild fire occurrences
 - Statewide events
- Legislative Factors
 - State legislative impacts
 - Changes in rental fees and tax rates
 - Federal legislative impacts

Data Source(s): SABHRS, Department of Revenue

Contacts: Rental Car Companies

Statutory Reference:

Tax Rate (MCA) - 15-68-102(1b)

Tax Distribution MCA) - 15-68-820

Date Due - before the last day of the month following the calendar quarter (15-68-502(1))

Legislative Fiscal Division

Revenue Estimate Profile

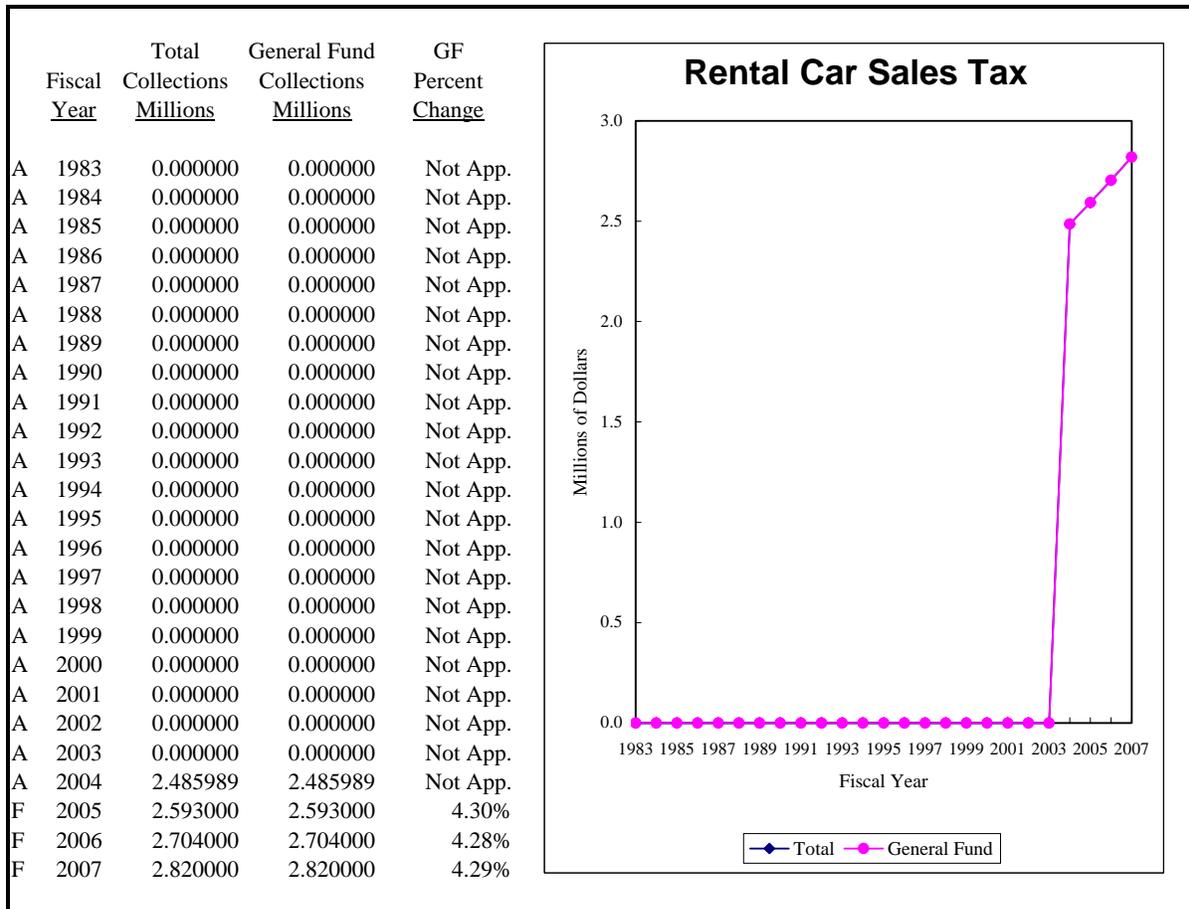
Rental Car Sales Tax

% of Total FY 2004 General Fund Revenue: 0.18%

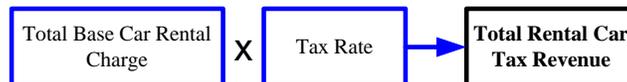
Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable assumptions used by the LFD to develop a revenue estimate for this source are provided in the “Revenue Estimate Assumptions” section of this document. The following summarizes the LFD process used to develop the revenue estimate.

Because the rental car sales tax is a new tax source, data for growth in the rental car industry is limited. To calculate near term growth, a proxy of tourism expenditures is used. The growth rate is then applied to the last year of actual data. As the tax is imposed in future years, historic growth rates will become available, which will enable the LFD to develop a growth rate of actual vehicle rentals.

Revenue Projection:



Forecast Methodology



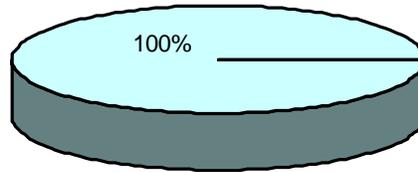
Legislative Fiscal Division

Revenue Estimate Profile

Rental Car Sales Tax

Distribution Methodology

General Fund



Revenue Estimate Assumptions

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Taxable</u>	<u>Tax</u>	<u>Credits</u>	<u>Audits</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Rate</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Actual	2001	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Actual	2002	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Actual	2003	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Actual	2004	2.485989	2.485989	62.149725	0.040000	0.000000	0.000000
Forecast	2005	2.593000	2.593000	64.822163	0.040000	0.000000	0.000000
Forecast	2006	2.704000	2.704000	67.609516	0.040000	0.000000	0.000000
Forecast	2007	2.820000	2.820000	70.516725	0.040000	0.000000	0.000000

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. Gross receipts from the provision of internet services are also exempt. Credits previously allowed for costs of advanced telecommunications infrastructure improvements were repealed in House Bill 96 by the 2003 legislature.

Distribution: After retaining an allowance for refunds, all proceeds are deposited into the general fund.

Collection Frequency: Quarterly

Major Drivers:

- Telecommunication companies' taxable income
- Tax rate
- Audits

Potential Factors Influencing Change:

- Economic Factors
 - Population change
 - Number of telecommunication companies
 - Number of phone lines available in Montana
 - Number of micro wave dishes in Montana
- Social Factors
 - Government or industry announcements
- Legislative Factors
 - State legislative impacts
 - Change prices and tax
 - Federal legislative impacts
 - Change in telecommunication laws

Data Source(s): SABHRS, Department of Revenue

Contacts: Major Telecommunications Companies

Statutory Reference:

Tax Rate (MCA) – 15-53-130

Tax Distribution (MCA) – 15-53-156

Date Due – 60 days after the end of the calendar quarter (15-53-139)

% of Total FY 2004 General Fund Revenue: 1.51%

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to

Legislative Fiscal Division

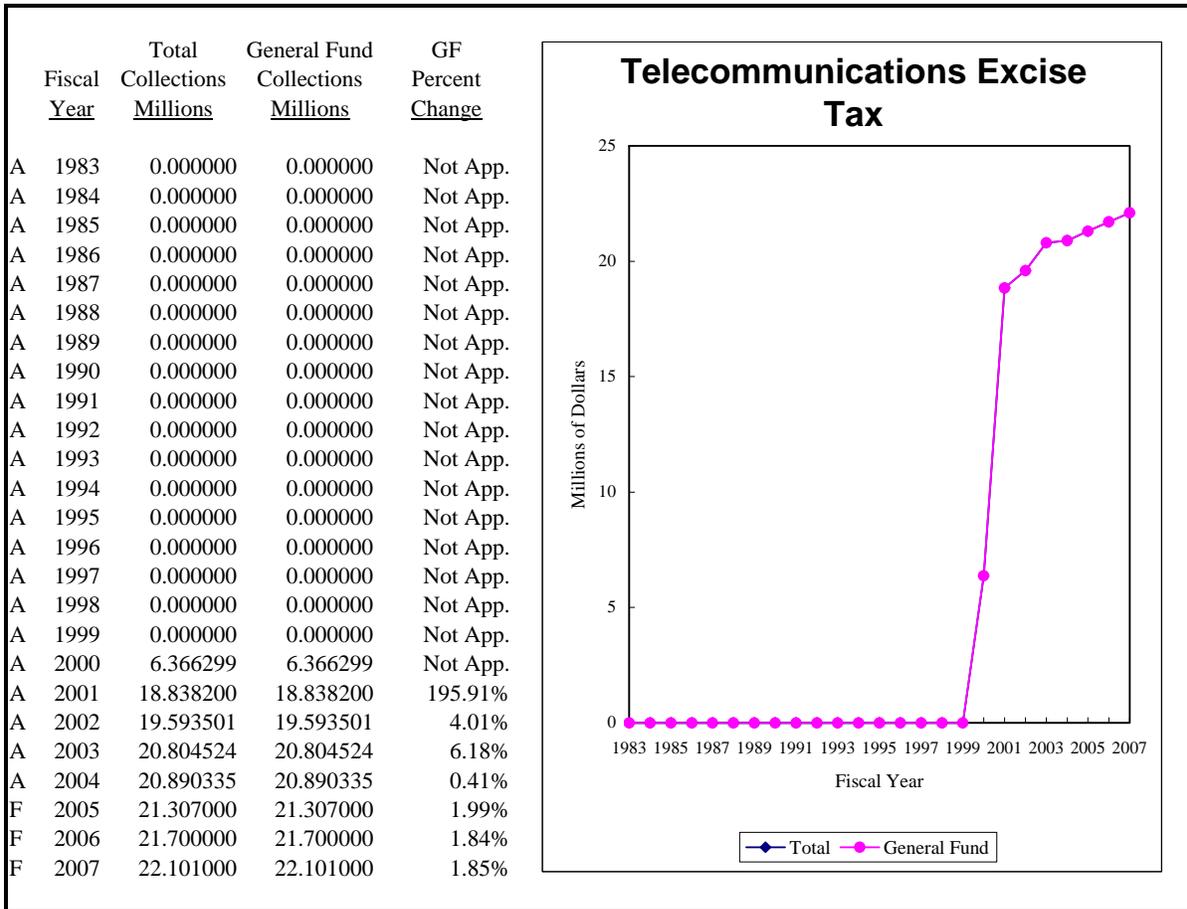
Revenue Estimate Profile

Telecommunications Excise Tax

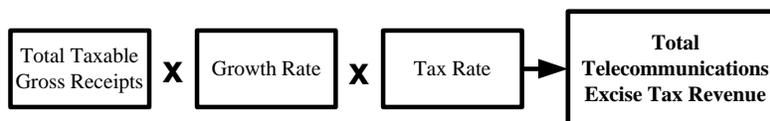
biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable assumptions used by the LFD to develop a revenue estimate for this source are provided in the "Revenue Estimate Assumptions" section of this document. The following summarizes the LFD process used to develop the revenue estimate.

The LFD estimates the telecommunications excise tax by first applying a growth rate to the prior year's collections to establish estimated future year gross receipts then applying the tax rate to the estimated gross receipts.

Revenue Projection:



Forecast Methodology

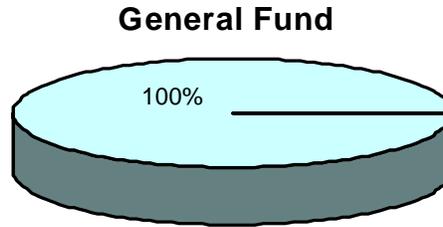


Legislative Fiscal Division

Revenue Estimate Profile

Telecommunications Excise Tax

Distribution Methodology



Revenue Estimate Assumptions

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Taxable</u>	<u>Tax</u>	<u>Credits</u>	<u>Audits</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Rate</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	6.366299	6.366299	182.127040	0.037500	0.000000	0.000000
Actual	2001	18.838200	18.838200	465.259867	0.037500	0.429045	1.820000
Actual	2002	19.593501	19.593501	512.754187	0.037500	0.252198	0.617417
Actual	2003	20.804524	20.804524	540.397200	0.037500	0.004069	0.543698
Actual	2004	20.890335	20.890335	544.549744	0.037500	0.052757	0.837881
Forecast	2005	21.307000	21.307000	554.841734	0.037500	0.000000	0.500000
Forecast	2006	21.700000	21.700000	565.328243	0.037500	0.000000	0.500000
Forecast	2007	22.101000	22.101000	576.012947	0.037500	0.000000	0.500000

Legislative Fiscal Division

Revenue Estimate Profile

Vehicle Tax

Revenue Description: Light vehicles, motorcycles and quadricycles, snowmobiles, buses, trucks, truck tractors having a manufacturer's rated capacity of more than 1 ton, motorhomes, and certain trailers and travel trailers are taxed under a fee schedule that varies by age and weight.

Before January 1, 2001 light vehicles were taxed on an ad valorem basis. As a result of Referendum (LR) 115 (HB540), passed by the electorate in November 2000, light vehicles pay a fee-in-lieu of tax (FILT). The fee is \$195 for light vehicles of age between zero and four years, \$65 for vehicles between five and ten years of age, and \$6 for vehicles over ten years old. Owners of vehicles greater than ten years old may pay \$50 for a permanent registration.

Effective January 1, 2004, the fees-in-lieu-of-tax on motorcycles and quadricycles, trailers and travel trailers, snowmobiles, watercraft, off-highway vehicles are one-time payments, except upon change of ownership. These one-time fees in calendar 2004 will double in calendar 2005 and beyond.

Effective January 1, 2003, the fee schedule on heavy trucks was reduced by 1/6th for calendar 2003, by 1/3rd for calendar 2004 and by 1/2 for calendar 2005. These changes were enacted by HB 247 in the 2003 legislative session. The fee schedule for truck varies by age and weight capacity.

Applicable Tax Rate(s): Varies

Distribution: All fees-in-lieu-of-tax are deposited in the general fund.

Collection Frequency: Monthly

Major Drivers:

- Number of vehicles
- Ages structure of vehicles
- Weight and size of vehicles
- Ownership turnover of permanently registered vehicles
- Rate of new purchases of vehicles

Potential Factors Influencing Change:

- Economic Factors
 - Personal income change
 - Population change
 - Vehicle costs and costs of operation and maintenance
- Social Factors
 - Government or industry announcements
 - Demand of substitutes
- Legislative Factors
 - State legislative impacts
 - Tax changes
 - Federal legislative impacts
 - Vehicle regulations and requirement

Data Source(s): Department of Justice, SABHRS

Contacts: Department of Justice

Legislative Fiscal Division

Revenue Estimate Profile

Vehicle Tax

Statutory Reference :

Tax Rate (MCA) – watercraft one-time (23-2-516), snowmobiles one-time (23-2-626), OHV one-time (23-2-803), motor homes (61-3-522), travel trailers one-time (61-3-523), motorcycles and quadricycles one-time (61-3-527), vehicles greater than 1 ton (61-3-529), trailers one-time (61-3-530), light vehicles (61-3-561)

Tax Distribution (MCA) – watercraft (23-2-518), snowmobiles (23-2-619(7)), OHV (23-2-803), light vehicles (61-3-509), motorcycles and quadricycles (61-3-509), motor homes (61-3-509), vehicles greater than 1 ton (61-3-509)

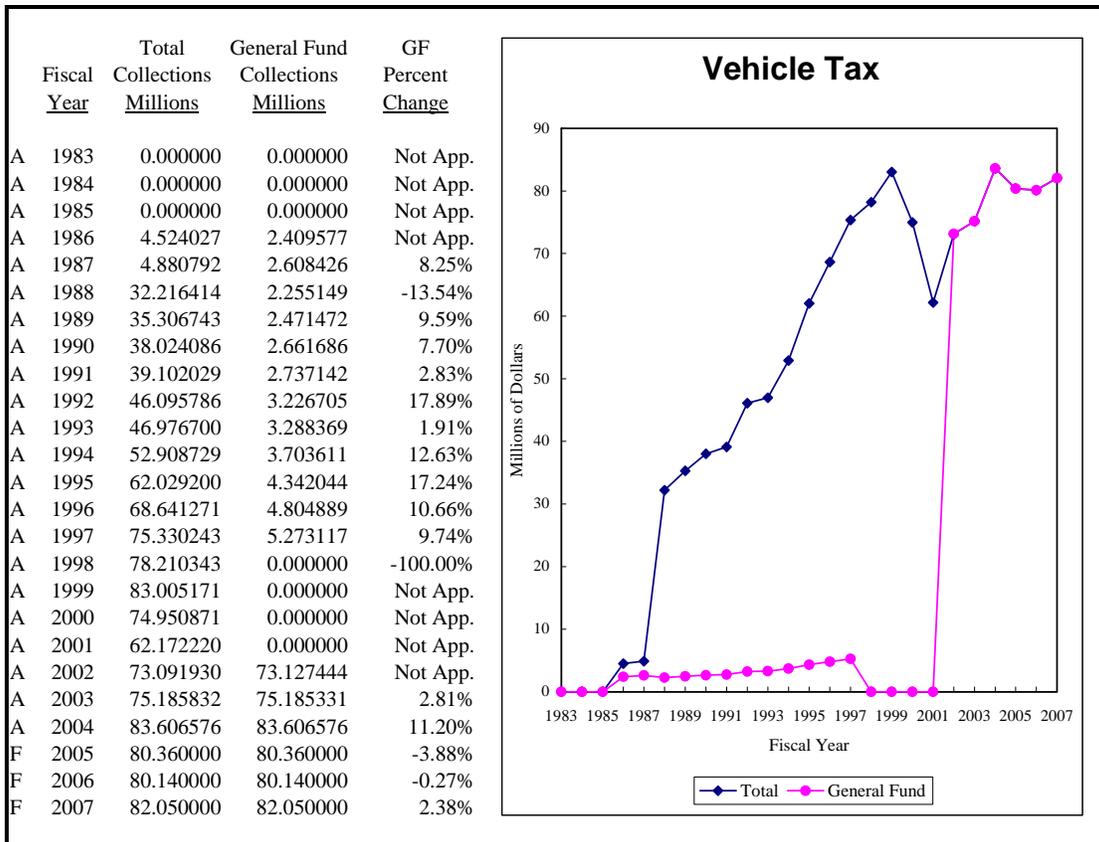
Date Due – County treasurers to remitted the revenue to the Department of Revenue every 30 days (61-3-509).

% of Total FY 2004 General Fund Revenue: 6.05%

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable assumptions used by the LFD to develop a revenue estimate for this source are provided in the “Revenue Estimate Assumptions” section of this document. The following summarizes the LFD process used to develop the revenue estimate.

The revenue from all vehicles depends on the growth in the number of vehicles. In turn, the number of vehicles in Montana is expected to grow at the same rate as the forecasted growth in the nationwide stock of all vehicles. The percentage growth is applied to the base year revenue derived from vehicles to determine the estimate of vehicle tax revenues to which is added legislation or other adjustments.

Revenue Projection:

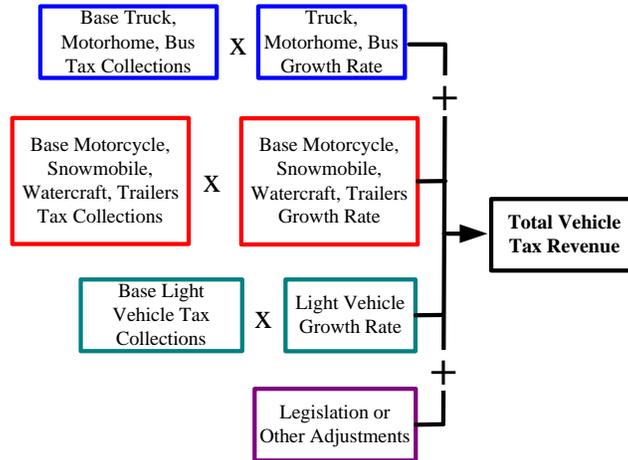


Legislative Fiscal Division

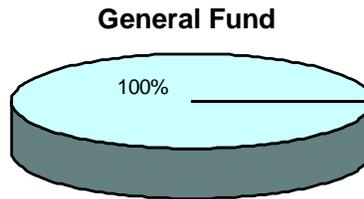
Revenue Estimate Profile

Vehicle Tax

Forecast Methodology



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Vehicle Tax

Revenue Estimate Assumptions

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Non-GF Tax</u>	<u>Legislation</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000				
Actual	2001				
Actual	2002	73.091930	73.127444	-0.035514	
Actual	2003	75.185832	75.185331	0.000501	
Actual	2004	83.606576	83.606576	0.000000	
Forecast	2005	80.360000	80.360000	0.000000	1.522901
Forecast	2006	80.140000	80.140000	0.000000	-0.589622
Forecast	2007	82.050000	82.050000	0.000000	-0.617298

	<u>t</u>	<u>Large</u>	<u>Motor</u>	<u>Light</u>	<u>Boats/</u>	<u>MCO</u>	<u>District</u>
	<u>Fiscal</u>	<u>Truck</u>	<u>Home</u>	<u>Vehicle</u>	<u>Snow</u>	<u>Registration</u>	<u>Courts</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000						
Actual	2001						
Actual	2002	5.383664	3.607418	54.602101	2.075694	7.458568	-0.035514
Actual	2003	5.116869	3.342342	56.961345	2.195942	7.568832	0.000000
Actual	2004	8.562457	4.484770	58.457160	3.980061	8.122128	0.000000
Forecast	2005	5.365426	3.504700	59.728299	2.302612	7.936496	0.000000
Forecast	2006	5.494196	3.588813	61.161778	2.357875	8.126972	0.000000
Forecast	2007	5.626057	3.674945	62.629661	2.414464	8.322019	0.000000

	<u>t</u>	<u>Large</u>	<u>Motor</u>	<u>Light</u>	<u>Boats/</u>	<u>MCO</u>
	<u>Fiscal</u>	<u>Truck</u>	<u>Home</u>	<u>Vehicle</u>	<u>Snow</u>	<u>Registration</u>
		<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
Actual	2000					
Actual	2001					
Actual	2002					
Actual	2003	0.028648	-0.049556	-0.073481	0.043208	0.057931
Actual	2004	0.111999	0.673378	0.341805	0.026260	0.812462
Forecast	2005	0.024000	0.024000	0.024000	0.024000	0.024000
Forecast	2006	0.024000	0.024000	0.024000	0.024000	0.024000
Forecast	2007	0.024000	0.024000	0.024000	0.024000	0.024000