

Consumption and Sumptuary

Beer Tax	Motor Vehicle Fee
Cigarette Tax	Tobacco Tax
Driver's License Fees	Vehicle Tax
Liquor Excise & License Tax	Video Gambling Tax
Liquor Profits	Wine Tax
Lottery Profits	



Legislative Fiscal Division

Revenue Estimate Profile

Beer Tax

Revenue Description: A tax is levied on each barrel of beer produced in or imported into Montana based on the amount produced. A small portion of the revenue from the beer license tax is returned to Indian tribes per an agreement between the Department of Revenue and the tribes.

Applicable Tax Rate(s): The per barrel tax varies based on barrels of production: 1) up to 5,000 barrels - \$1.30; 2) 5,001 to 10,000 barrels - \$2.30; 3) 10,001 to 20,000 barrels - \$3.30; and 4) over 20,000 barrels - \$4.30.

Distribution: Beer tax revenue is distributed 76.74 percent to the general fund and 23.26 percent to the DPHHS alcohol account. The general fund portion is reduced by the amount of the tribal distribution.

Summary of Legislative Action:

House Bill 124 – Of the previous \$4.30/barrel beer tax, \$2.80 had been statutorily appropriated to incorporated cities and towns. Under House Bill 124, this tax revenue (\$2,556,000 in fiscal 2002 and \$2,668,000 in fiscal 2003) is now deposited to the general fund. The state reimburses local governments for this lost revenue through a general fund statutory appropriation. Because the tax reduction implemented by Senate Bill 317 reduced taxes distributed to incorporated cities and towns, the amount of beer tax revenue (previously distributed to these entities) deposited to the general fund under House Bill 124 is reduced by \$56,841 in fiscal 2002 and \$58,831 in fiscal 2003. Because the tax reduction implemented by Senate Bill 48 increased tax revenue distributed to cities and towns, the amount of beer tax revenue (previously distributed to these entities) deposited to the general fund under House Bill 124 is increased by \$12 in fiscal 2002 and \$49 in fiscal 2003.

Senate Bill 48 – A connoisseur's license is required from the Department of Revenue before a resident may receive direct shipments of beer or wine from out-of-state breweries or wineries for personal consumption. A person holding a connoisseur's license must pay the applicable beer or wine taxes.

Senate Bill 317 (as amended by HB 124) – The taxation of beer sold in Montana by a wholesaler is changed to a sliding scale based on the number of barrels produced in a year as follows:

1. up to 5,000 barrels - \$1.30/barrel
2. 5,001 to 10,000 barrels - \$2.30/barrel
3. 10,001 to 20,000 barrels - \$3.30/barrel
4. over 20,000 barrels - \$4.30/barrel

In coordination with House Bill 124, the distribution of beer tax revenue is changed from dollar amounts to the following percentages:

1. 23.26 percent to the Department of Public Health and Human Services for the treatment, rehabilitation, and prevention of alcoholism; and
2. the remainder to the general fund.

The annual license fee for brewers of 20,000 or fewer barrels per year is reduced from \$500 to \$200.

Beer Tax -- Legislation Passed by 57th Legislature Estimated General Fund Impact for the 2003 Biennium			
<u>Bill Number and Short Title</u>	<u>Fiscal 2001</u>	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>
HB0124 Revise local government funding (a.k.a. The Big Bill)		2,499,171	2,609,218
SB0048 Clarify out-of-state direct shipment of alcoholic beverages to Montanans		2	9
SB0317 Sliding scale taxes on beer produced by brewers		(16,753)	(17,108)
Total Estimated General Fund Impact	<u>\$0</u>	<u>\$2,482,420</u>	<u>\$2,592,119</u>

Statute: Title 16, Chapter 1, MCA

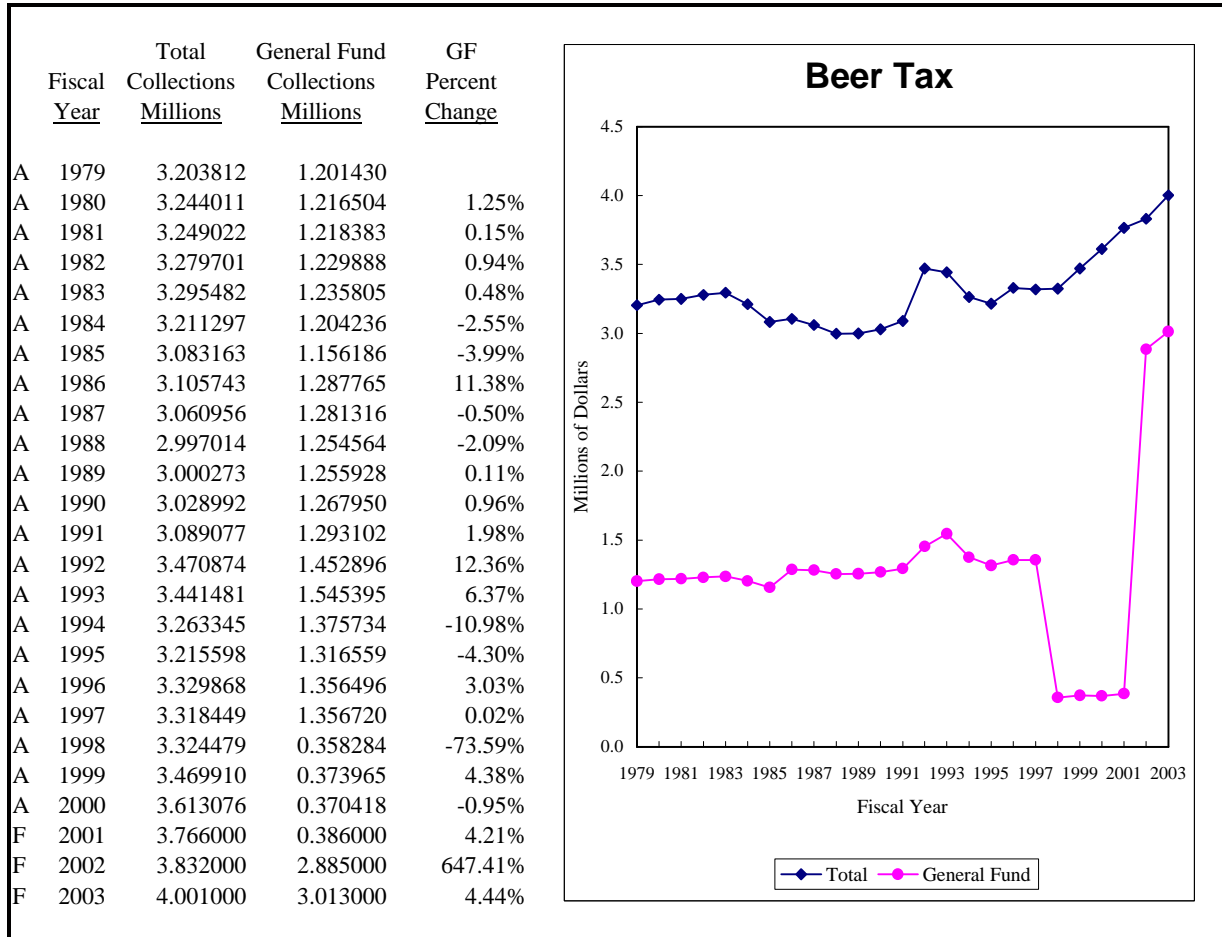
Legislative Fiscal Division

Revenue Estimate Profile

Beer Tax

% of Total FY 2000 General Fund Revenue: 0.03%

Revenue Projection:



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2001 legislature that may affect future estimates of this revenue source.

	t Fiscal	Total Tax Millions	GF Tax Millions	Barrels Millions	Tax Rate Per Barrel	GF Percent Allocation	Tribal Millions
Actual	2000	3.613076	0.370418	0.840250	4.300000	0.116283	0.049723
Forecast	2001	3.766000	0.386000	0.875877	4.300000	0.116279	0.052000
Forecast	2002	3.926000	0.403000	0.912955	4.300000	0.116279	0.054000
Forecast	2003	4.098000	0.421000	0.953040	4.300000	0.116279	0.056000

Legislative Fiscal Division

Revenue Estimate Profile

Cigarette Tax

Revenue Description: The cigarette tax is an excise tax imposed on all cigarettes sold or possessed in Montana. The tax is imposed on the retail consumer, but is collected by wholesalers or retailers through the use of tax insignia. The insignia are purchased from the state and affixed to each package of cigarettes. The tax does not apply to quota cigarettes sold on an Indian reservation. In practice, the tax is levied on all cigarettes and the wholesaler receives a refund for the amount within the quota that has been sold within the boundaries of an Indian reservation. Each tribe's quota is equal to 150.0 percent of the national average for individual consumption of cigarettes multiplied by the enrolled tribal member population, or any other amount agreed to in a state-tribal agreement. The state has agreements with five tribes in Montana.

Applicable Tax Rate(s): Wholesalers pay a license fee of \$50.00 and each retailer pays a license fee of \$5.00. License fees are renewable each year and are non-transferable. The excise tax on cigarettes is \$0.18 per twenty-cigarette pack. When a pack contains more than 20 cigarettes, the tax is prorated at 1/20th of \$0.18 for each cigarette in excess of 20 cigarettes.

Distribution: All wholesaler and retailer license fees are deposited in the general fund. After deductions for tribal refunds, the cigarette tax is distributed:

- 11.11% - DPHHS for veterans' nursing home operation and maintenance
- 73.04% - General Fund
- 15.85% - Long-Range Building Program

Summary of Legislative Action: The 57th Legislature did not enact legislation that impacted this general fund revenue source.

Statute: Title 16, Chapter 11, MCA

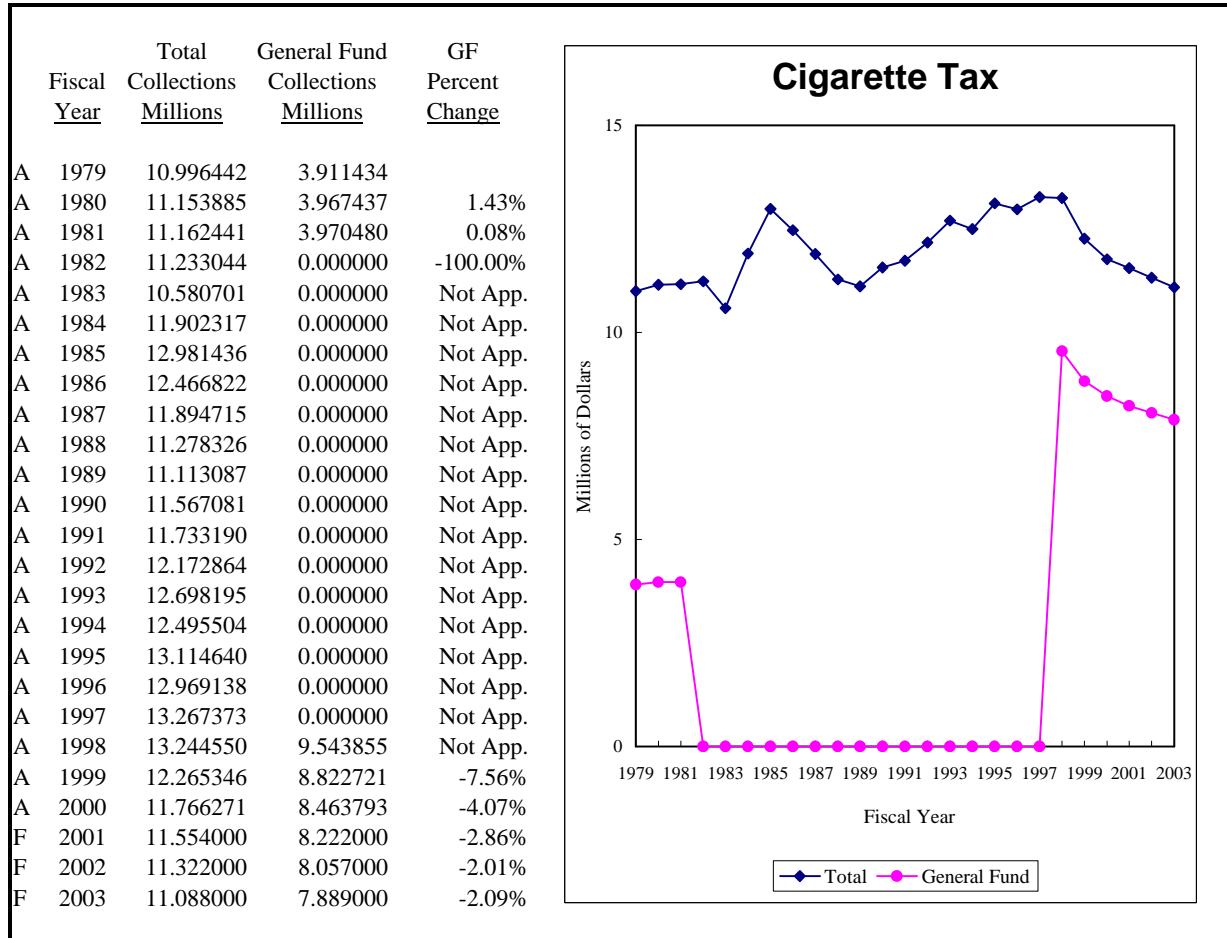
% of Total FY 2000 General Fund Revenue: 0.73%

Legislative Fiscal Division

Revenue Estimate Profile

Cigarette Tax

Revenue Projection:



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2001 legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	Pack	ETR	GF Percent	Tribal
	Fiscal	Millions	Millions	Millions	Per Pack	Allocation	Millions
Actual	2000	11.766271	8.463793	71.801052	0.163873	0.719327	0.178384
Forecast	2001	11.554000	8.222000	70.504453	0.163873	0.730400	0.296594
Forecast	2002	11.322000	8.057000	69.088253	0.163873	0.730400	0.291429
Forecast	2003	11.088000	7.889000	67.664813	0.163873	0.730400	0.286554

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, and duplicate driver's licenses.

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

- ?? driver's license, except a commercial driver's license - \$4.00 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 - \$5.00

Distribution: The distribution of license fee revenue varies by the type of license. 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.

Distribution of Driver's License Fees				
Recipient	Driver's License	Duplicate License	Motorcycle Endorsement	Commercial Driver's License
Montana Highway Patrol	16.70%	25.00%	0.00%	0.00%
Counties or DOJ	2.50%	3.75%	3.34%	2.50%
Traffic Education Account	26.25%	8.75%	63.46%	0.00%
General Fund	<u>54.55%</u>	<u>62.50%</u>	<u>33.20%</u>	<u>97.50%</u>
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Summary of Legislative Action: The 57th Legislature did not enact legislation that impacted this general fund revenue source.

Statute: Title 61, Chapter 5, MCA

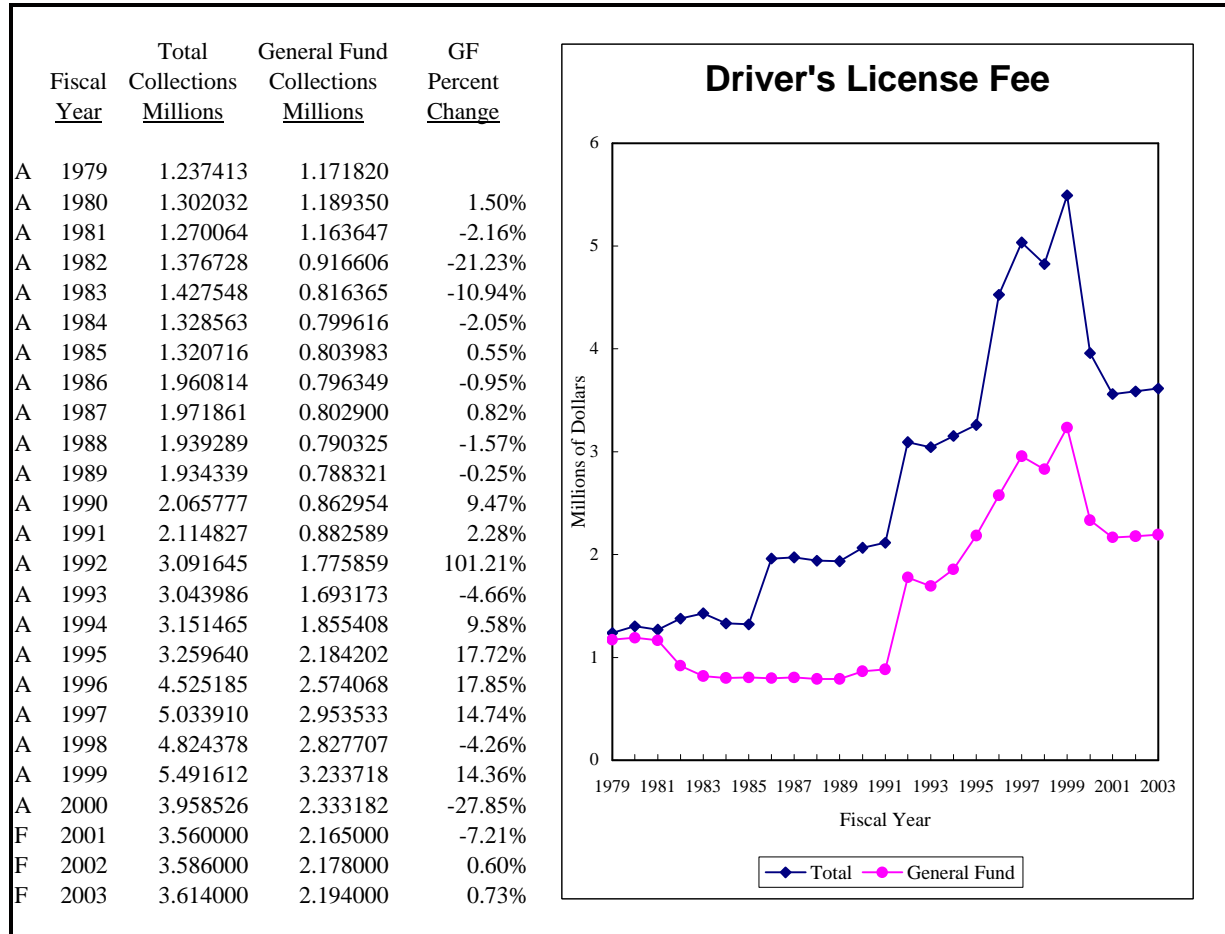
% of Total FY 2000 General Fund Revenue: 0.20%

Legislative Fiscal Division

Revenue Estimate Profile

Driver's License Fees

Revenue Projection:



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2001 legislature that may affect future estimates of this revenue source.

Legislative Fiscal Division

Revenue Estimate Profile

Driver's License Fees

	<u>t</u> <u>Fiscal</u>	<u>Total Tax</u> <u>Millions</u>	<u>GF Fee</u> <u>Millions</u>	<u>GF Fee</u> <u>Licenses</u> <u>Millions</u>	<u>GF Fee</u> <u>Duplicates</u> <u>Millions</u>	<u>GF Fee</u> <u>Cycle</u> <u>Millions</u>	<u>GF Fee</u> <u>Interstate</u> <u>Millions</u>	<u>GF Fee</u> <u>Intrastate</u> <u>Millions</u>
Actual	2000	3.958526	2.333182	1.893082	0.032885	0.013929	0.289246	0.064534
Forecast	2001	3.560000	2.165000	1.594463	0.066920	0.021483	0.395134	0.087372
Forecast	2002	3.586000	2.178000	1.605868	0.068659	0.021457	0.395134	0.087372
Forecast	2003	3.614000	2.194000	1.619554	0.070921	0.021488	0.395134	0.087372

<u>License</u> <u>Count</u> <u>Millions</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>Cycle Reg.</u>
Actual	2000	0.110658	0.025272	0.010240	0.007801	0.002477	0.024511
Forecast	2001	0.087375	0.020271	0.014800	0.009953	0.003144	0.023558
Forecast	2002	0.088000	0.020798	0.014782	0.009953	0.003144	0.024233
Forecast	2003	0.088750	0.021483	0.014803	0.009953	0.003144	0.024282

<u>GF Fee</u> <u>Rate in \$'s</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>Cycle Reg.</u>
Actual	2000	17.107500	1.301250	1.360230	37.078125	26.053125	0.000000
Forecast	2001	18.248500	3.301250	1.451580	39.700000	27.790000	0.000000
Forecast	2002	18.248500	3.301250	1.451580	39.700000	27.790000	0.000000
Forecast	2003	18.248500	3.301250	1.451580	39.700000	27.790000	0.000000

<u>Total Fee</u> <u>Rate in \$'s</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>Cycle Reg.</u>
Actual	2000	30.0000	5.0000	3.7500	37.5000	26.2500	5.0000
Forecast	2001	32.0000	5.0000	4.0000	40.0000	28.0000	5.0000
Forecast	2002	32.0000	5.0000	4.0000	40.0000	28.0000	5.0000
Forecast	2003	32.0000	5.0000	4.0000	40.0000	28.0000	5.0000

Legislative Fiscal Division

Revenue Estimate Profile

Liquor Excise and License Tax

Revenue Description: The Department of Revenue (DOR) is authorized to sell liquor to retail liquor establishments throughout the state. These sales result in profits and taxes that are deposited in various state accounts. An excise tax is collected both on liquor sold by DOR and for liquor purchased outside the state, by airlines and railroads (carriers), for consumption within the state. The department also collects a license tax on the sale of liquor. A small portion of the excise tax revenue is returned to Indian tribes per an agreement with the department.

Applicable Tax Rate(s):

Excise Tax Rate

- ?? 16.0% of the retail selling price on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed, and sold more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax
- ?? 13.8% of the retail selling price on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed, and sold not more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax

The amount of excise taxes paid by carriers includes additional factors related to departures and passenger miles.

License Tax Rate

- ?? 10.0% of the retail selling price on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed and that sold more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax
- ?? 8.6% of the retail selling price on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed and that sold not more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax

The license tax must be charged and collected on all liquor brought into the state and taxed by DOR. The retail selling price must be computed by adding to the cost of the liquor the state markup as designated by the department. The license tax must be figured in the same manner as the state excise tax and is in addition to the state excise tax.

Distribution:

Excise tax revenue, less amounts distributed to Indian tribes, is deposited in the enterprise fund for transfer to the general fund.

License tax revenue is allocated 34.5 percent to the general fund and 65.5% to the Department of Public Health and Human Services for alcohol treatment and rehabilitation programs.

Summary of Legislative Action:

House Bill 124 - Previously, 34.5 percent of the total license tax revenue had been statutorily appropriated to cities, towns, and counties. Under House Bill 124, this tax revenue (\$1,736,000 in fiscal 2002 and \$1,837,000 in fiscal 2003) is now deposited to the general fund. The state reimburses local governments for this lost revenue through a general fund statutory appropriation.

Liquor Excise & License Tax -- Legislation Passed by 57th Legislature			
Estimated General Fund Impact for the 2003 Biennium			
<u>Bill Number and Short Title</u>	<u>Fiscal 2001</u>	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>
HB0124 Revise local government funding (a.k.a. The Big Bill)		1,736,000	1,837,000
Total Estimated General Fund Impact	<u>\$0</u>	<u>\$1,736,000</u>	<u>\$1,837,000</u>

Legislative Fiscal Division

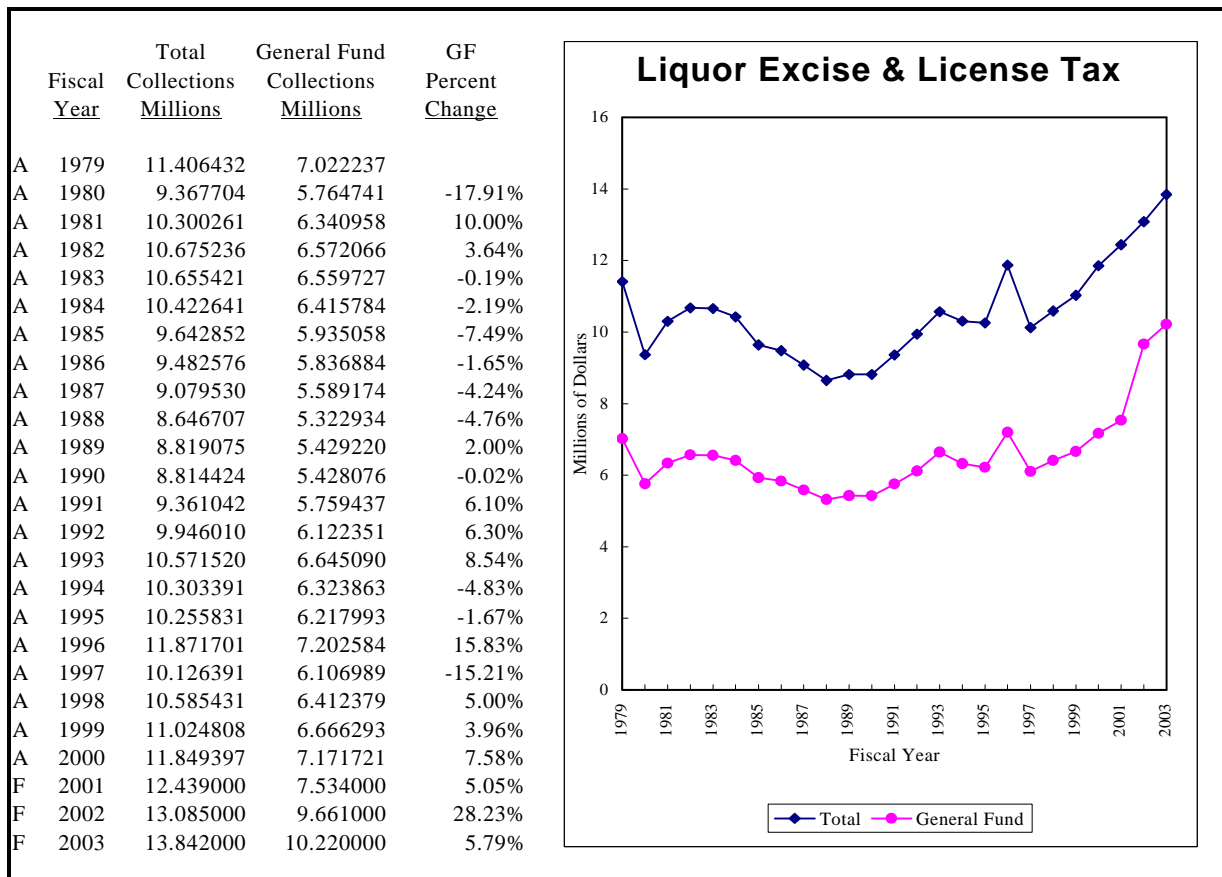
Revenue Estimate Profile

Liquor Excise and License Tax

Statute: Title 16, Chapter 1, MCA

% of Total FY 2000 General Fund Revenue: 0.62%

Revenue Projection:



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2001 legislature that may affect future estimates of this revenue source.

	t Fiscal	Total Tax Millions	GF Tax Millions	Tribal Millions	Gross Sales	Excise Rate	License Rate
Actual	2000	11.849397	7.171721	0.118276	57.359188	0.160000	0.100000
Forecast	2001	12.439000	7.534000	0.124000	60.281007	0.160000	0.100000
Forecast	2002	13.085000	7.925000	0.131000	63.414052	0.160000	0.100000
Forecast	2003	13.842000	8.383000	0.138000	67.079575	0.160000	0.100000

Legislative Fiscal Division

Revenue Estimate Profile

Liquor Profits

Revenue Description: The Department of Revenue (DOR) is authorized to sell liquor and wine to retail liquor establishments throughout the state. These sales result in profits and taxes that are deposited in various state and local accounts. Tax revenues generated from liquor excise and license taxes, as well as wine taxes, are estimated under separate methodologies.

Liquor profits received by the state are primarily generated by a mark-up on the sale of liquor and wine, less costs such as commissions and discounts. House Bill 348 enacted by the 2001 legislature phased-in liquor store commission increases based on sales volume over a three-year period beginning fiscal 2003. A 40.0 percent mark-up is added to the state's base cost for liquor. The state's mark-up on wine (excluding hard cider) varies according to the size of the container and whether or not it is fortified wine or table wine. The mark-up percentage for both liquor and wine is determined by administrative rule (see ARM 42.11.104).

Applicable Tax Rate(s): N/A

Distribution: Liquor profits are usually deposited in the general fund annually.

Summary of Legislative Action:

House Bill 2 – The amount of money appropriated from certain accounts inversely impacts the amount of general fund revenue from various sources. Although these amounts are estimated prior to the session based on appropriations requested in the Executive Budget, final appropriations set by the legislature may differ. The legislature appropriated more from the liquor enterprise fund than was estimated, thus reducing the amount of liquor profits transferred to the general fund.

House Bill 348 – Agency liquor stores in communities with 3,000 or more in population receive new commissions based on the annual volume of sales in addition to the previous commission established by competitive bidding. The additional commission rates are phased-in as follows:

1. Beginning fiscal 2003 – 0.125% for sales \$500,000 or more; 1.25% for sales less than \$500,000
2. Beginning fiscal 2004 – 0.5% for sales \$500,000 or more; 1.25% for sales less than \$500,000
3. Beginning fiscal 2005 – 0.875% for sales \$500,000 or more; 1.50% for sales less than \$500,000

It is estimated that additional commissions paid by the Department of Revenue from the liquor enterprise fund in fiscal 2003 will total \$288,608. Additional expenditures from this fund reduce the amount of liquor profits transferred to the general fund by a like amount. The legislation is effective upon passage and approval and applies to commissions beginning in calendar year 2002.

Liquor Profits -- Legislation Passed by 57th Legislature Estimated General Fund Impact for the 2003 Biennium			
<u>Bill Number and Short Title</u>	<u>Fiscal 2001</u>	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>
HB0002 General appropriations act		(146,175)	(133,796)
HB0348 Revise liquor store laws -- percentage of liquor store commission			(288,608)
Total Estimated General Fund Impact	<u>\$0</u>	<u>(\$146,175)</u>	<u>(\$422,404)</u>

Statute: Title 16, Chapter 2, MCA

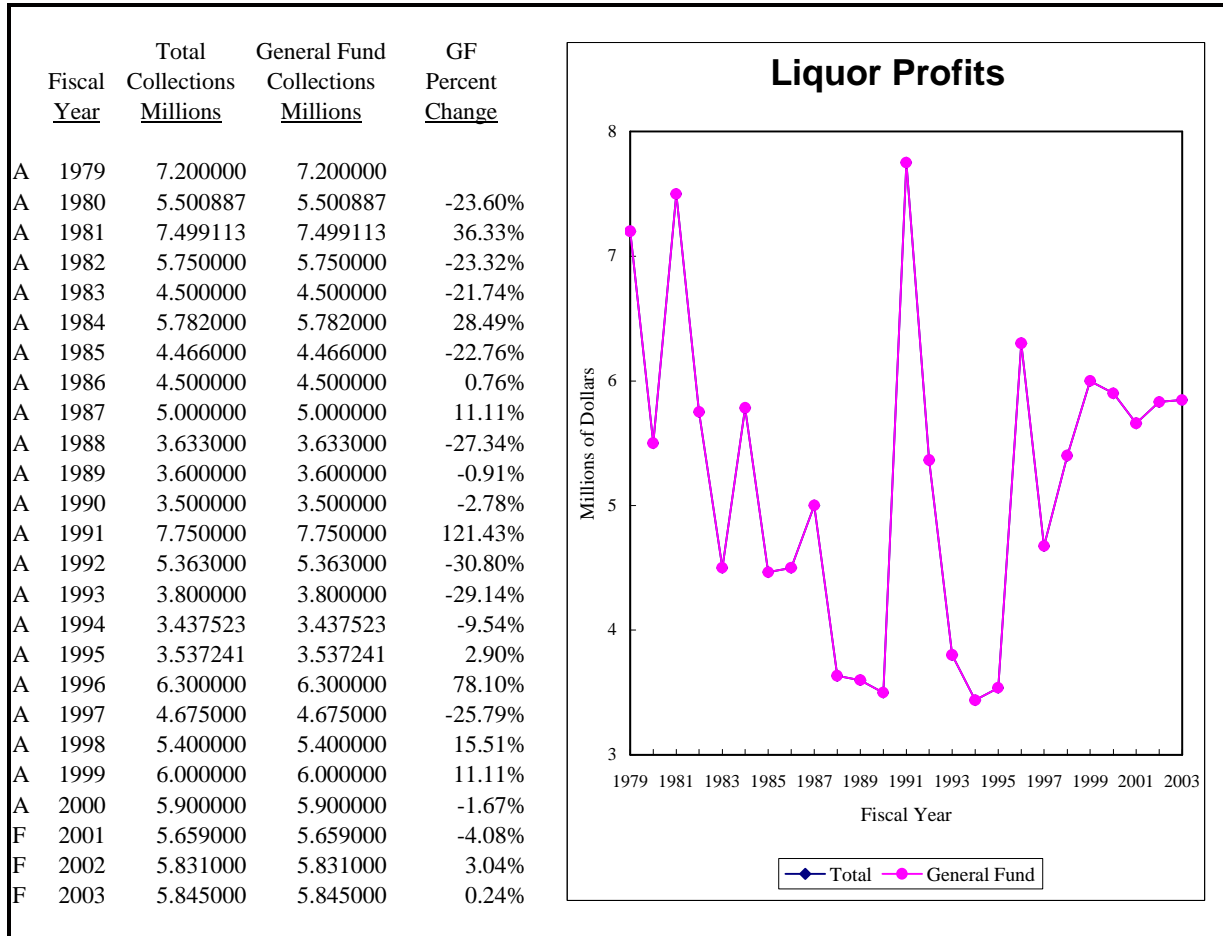
% of Total FY 2000 General Fund Revenue: 0.51%

Legislative Fiscal Division

Revenue Estimate Profile

Liquor Profits

Revenue Projection:



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2001 legislature that may affect future estimates of this revenue source.

	t Fiscal	Total Profit Millions	Gross Sales	Excise/Lic Tax	Dis/Comm Millions	Cost of Goods	Operation Costs	Other Income
Actual	2000	5.900000	57.359188	11.836023	5.894744	32.845870	1.166631	0.042969
Forecast	2001	5.659000	60.281007	12.438938	6.195016	34.519000	1.194281	0.042969
Forecast	2002	5.977000	63.414052	13.085439	6.516996	36.313090	1.274782	0.042969
Forecast	2003	6.267000	67.079575	13.841817	6.893698	38.412096	1.284364	0.042969

Legislative Fiscal Division

Revenue Estimate Profile

Lottery Profits

Revenue Description: The Montana state lottery was enacted by legislative referendum and became effective January 1, 1987. The first lottery game was launched in June 1987. A lottery is generally defined as “any procedure in which one or more prizes are distributed among persons who have paid for a chance to win a prize”. The games are administered by the Department of Commerce. By law, a minimum of 45.0 percent of the money paid for tickets or chances must be paid out as prize money.

Lottery revenue is derived from ticket sales, sales agents license fees, and unclaimed prizes. Revenue is initially deposited into an enterprise fund known as the state lottery fund.

Applicable Tax Rate(s): There is no actual tax rate involved. However, applicants for sales agent licenses are charged a \$50.00 fee to cover the cost of investigating and processing the applications.

Distribution: All gross lottery revenue not used for prizes, commissions, and operating expenses, together with the interest earned (on the gross revenue while the gross revenue is in the enterprise fund), is considered net revenue. This net revenue is transferred to the general fund. Senate Bill 55, passed by the 1999 legislature, requires the Department of Commerce to submit a 2003 biennium budget for the lottery enterprise fund for appropriation by the legislature. By controlling the appropriations, the legislature has better control over the amount transferred to the general fund.

Summary of Legislative Action:

House Bill 2 – The amount of money appropriated from certain accounts inversely impacts the amount of general fund revenue from various sources. Although these amounts are estimated prior to the session based on appropriations requested in the Executive Budget, final appropriations set by the legislature may differ. The legislature appropriated more from the state lottery proprietary account administered by the Department of Commerce than was estimated, thus reducing the amount of lottery profits transferred to the general fund.

Lottery Profits -- Legislation Passed by 57th Legislature Estimated General Fund Impact for the 2003 Biennium			
<u>Bill Number and Short Title</u>	<u>Fiscal 2001</u>	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>
HB0002 General appropriations act		(32,154)	(194,098)
Total Estimated General Fund Impact	<u>\$0</u>	<u>(\$32,154)</u>	<u>(\$194,098)</u>

Statute: Title 23, Chapter 7, MCA

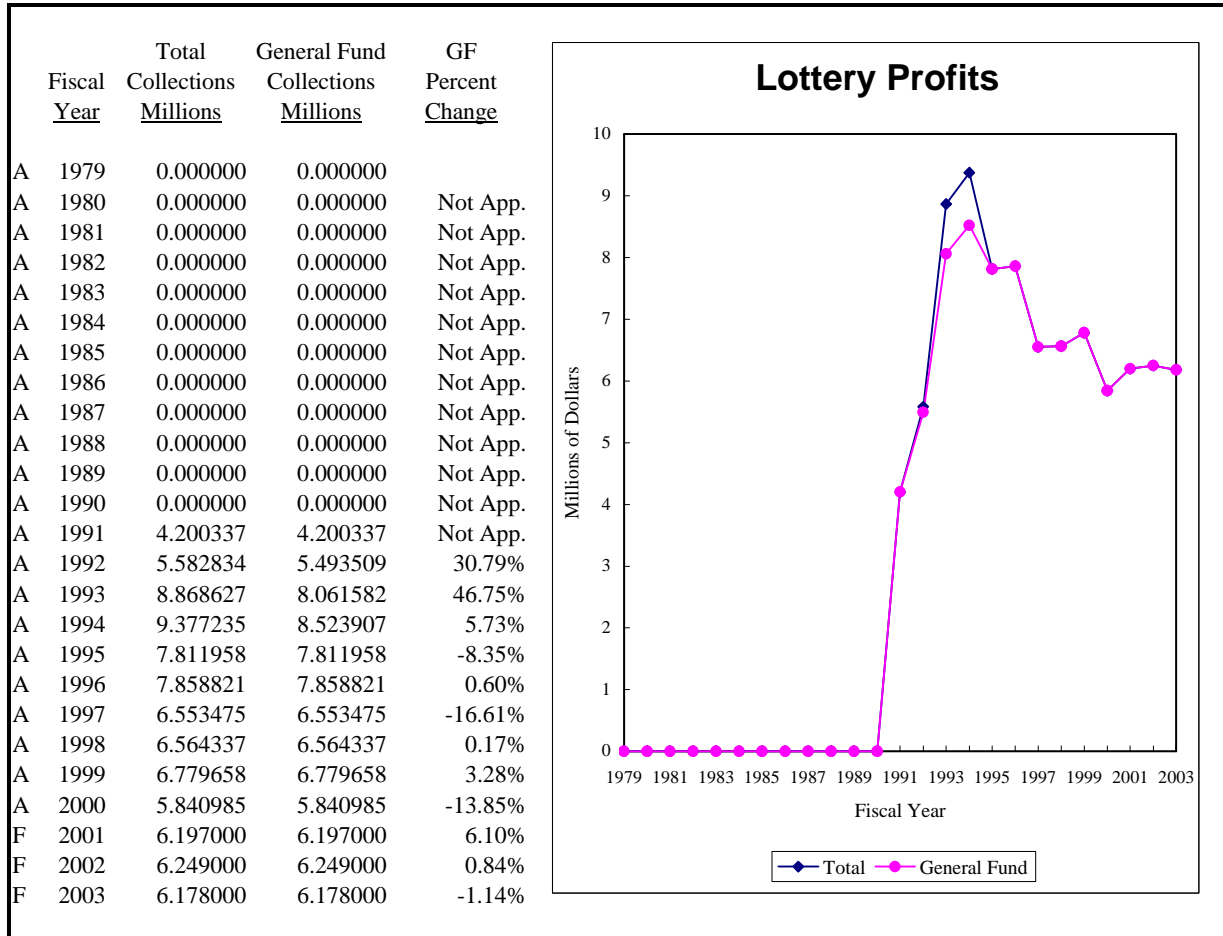
% of Total FY 2000 General Fund Revenue: 0.50%

Legislative Fiscal Division

Revenue Estimate Profile

Lottery Profits

Revenue Projection:



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2001 legislature that may affect future estimates of this revenue source.

	t Fiscal	Total Profit Millions	GF Profits Millions	Sales Millions	Interest Millions	Other Millions	Operating Millions	Prizes Millions
Actual	2000	5.840985	5.840985	29.899809	0.278620	0.075465	7.008184	17.320959
Forecast	2001	6.197000	6.197000	30.317587	0.322175	0.084798	6.964292	17.562978
Forecast	2002	6.281000	6.281000	30.554179	0.327518	0.082240	6.982517	17.700036
Forecast	2003	6.372000	6.372000	30.824570	0.314138	0.081709	6.991085	17.856673

Legislative Fiscal Division

Revenue Estimate Profile

Motor Vehicle Fee

Revenue Description: In accordance with statute, the state assesses a variety of motor vehicle fees, such as fees for the filing of motor vehicle liens, fees for new license plates, and title 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.). With the enactment of House Bill 124, motor vehicle fees that had been collected and retained by counties are now deposited in the state general fund.

Applicable Tax Rate(s): Various

Distribution: Motor vehicle fees are allocated to the general fund and state special revenue accounts.

Summary of Legislative Action:

House Bill 124 – Fees previously collected and retained by the counties are now deposited in the state general fund. These include fees for titles, registrations, personalized license plates, and noxious weeds. The state reimburses local governments for this lost revenue through a general fund statutory appropriation. In addition, the legislation imposes an additional \$0.25 vehicle registration fee (deposited to the general fund and transferred to a state special revenue account) to pay transportation service costs for disabled senior citizens as authorized in Senate Bill 448.

House Bill 156 – A new or used motor vehicle dealer may loan vehicles for up to 30 days a year for religious, charitable, scientific, or educational purposes. These vehicles must display the word “COURTESY” on the plates. A dealer may receive up to two sets of plates for \$150 each. The Department of Justice estimates that 150 sets will be issued each year for an increase in general fund revenue of \$22,500 each year. The legislation also increases the maximum civil penalty for violations of dealer sales and distribution statutes from \$200 to \$1,000.

House Bill 325 – The definition of “sailboat” no longer includes a canoe or kayak propelled by wind. These boats are no longer subject to the \$7.50 fee.

House Bill 577 – The Department of Justice is authorized to obtain a loan from the Board of Investments to finance a motor vehicle information technology system. The fee for filing motor vehicle liens is doubled to \$8 with the \$4 increase earmarked to pay debt service on the loan. The increase is expected to generate additional state special revenue of \$319,366 in fiscal 2002 and \$648,313 in fiscal 2003. The fee increase is effective January 1, 2002 and terminates June 30, 2011.

Senate Bill 191 – The legislation provides for generic specialty license plates for non-profit organizations or a governmental body. A sponsor of a generic specialty license plate must either pay a \$1,200 fee or apply for at least 400 sets of plates. In addition, each applicant must pay an administrative fee of \$10 (\$8 of which is deposited to the state general fund and \$2 deposited to the county general fund) and pay any donation required by a sponsoring state agency. Senate Bill 393 authorizes the Lewis and Clark Commission to require a \$20 donation for a Lewis and Clark bicentennial specialty license plate that is deposited to and statutorily appropriated from the Montana Lewis and Clark bicentennial commission account. The total increase in general fund revenue during the 2003 biennium is \$800,000: 1) the Montana Historical Society estimates that 80,000 sets of Lewis and Clark plates will be purchased - \$640,000; 2) the Department of Corrections estimates that 20,000 sets of other specialty plates will be purchased - \$160,000.

Legislative Fiscal Division

Revenue Estimate Profile

Motor Vehicle Fee

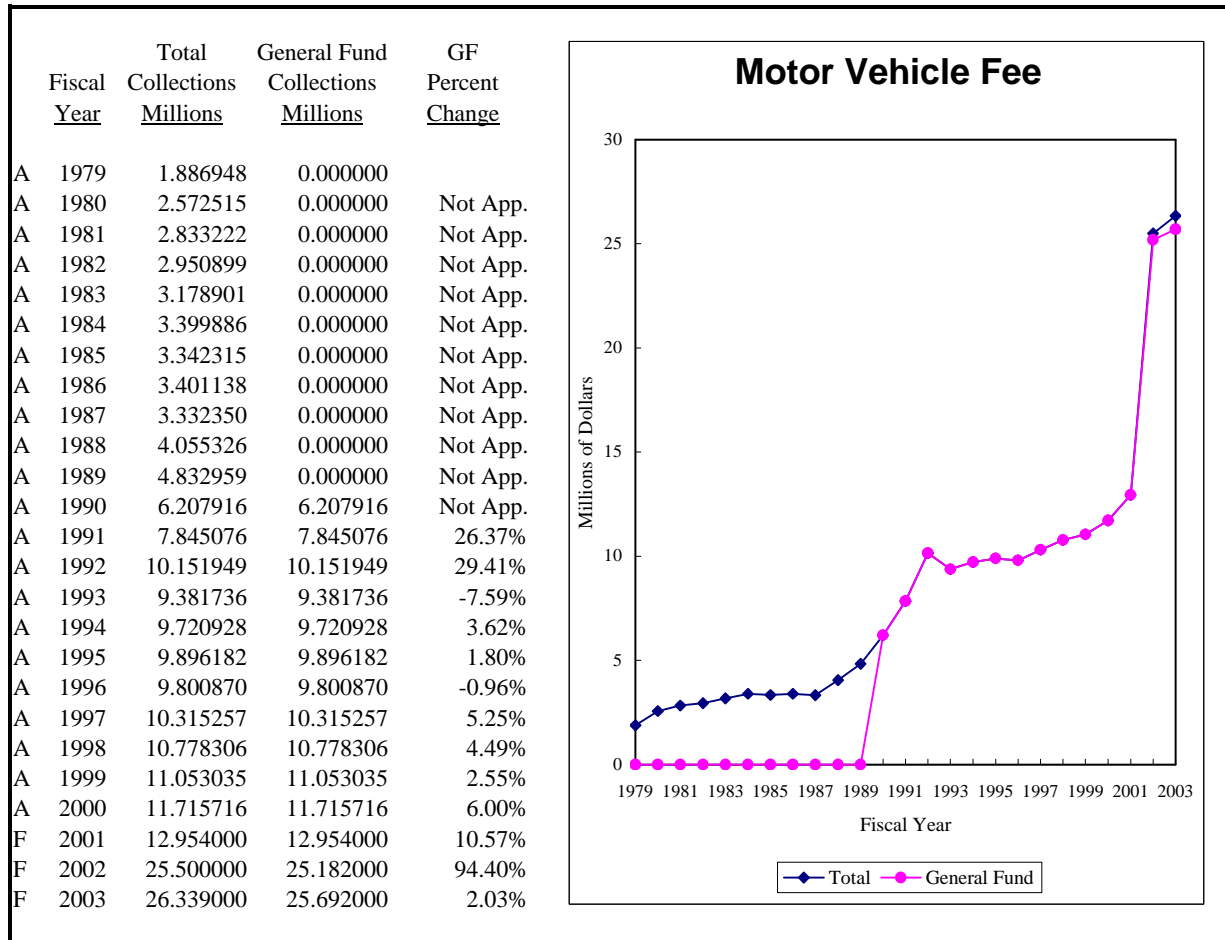
Motor Vehicle Fee -- Legislation Passed by 57th Legislature
Estimated General Fund Impact for the 2003 Biennium

<u>Bill Number and Short Title</u>	<u>Fiscal 2001</u>	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>
HB0124 Revise local government funding (a.k.a. The Big Bill)		13,121,827	13,131,827
HB0156 Revise motor vehicle dealer laws - prohibit curbstoning		22,500	22,500
HB0325 Revise definition of sailboat		(355)	(355)
HB0577 Funding for information technology systems for Department of Justice			
SB0191 Specialty license plate decals for organizations		266,000	534,000
Total Estimated General Fund Impact	<u>\$0</u>	<u>\$13,409,972</u>	<u>\$13,687,972</u>

Statute: Title 61, Chapter 3, MCA.

% of Total FY 2000 General Fund Revenue: 1.01%

Revenue Projection:



Legislative Fiscal Division

Revenue Estimate Profile

Motor Vehicle Fee

Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2001 legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	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>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
Forecast	2001	12.954000	12.954000	6.353854	0.637684	1.299159	0.750724
Forecast	2002	11.772000	11.772000	6.476769	0.646185	1.306016	0.774508
Forecast	2003	12.004000	12.004000	6.602062	0.654799	1.312909	0.799046

	t	GF Fee	GF Fee	GF Fee	GF Fee
	<u>Fiscal</u>	<u>New Plate</u>	<u>Computer</u>	<u>\$.25</u>	<u>Other</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.856821	1.304458	0.299821	0.372042
Forecast	2001	1.873613	1.344090	0.309606	0.385140
Forecast	2002	0.465246	1.384926	0.319710	0.398699
Forecast	2003	0.465304	1.427003	0.330144	0.412736

	t	GF Fee	GF Fee	GF Fee	GF Fee
	<u>Fiscal</u>	<u>Registration</u>	<u>Record</u>	<u>Titles</u>	<u>Personal</u>
		<u>Growth Rate</u>	<u>Growth Rate</u>	<u>Growth Rate</u>	<u>Growth Rate</u>
Actual	2000	3.2150%	-0.0519%	2.1117%	4.8659%
Forecast	2001	1.9345%	1.3331%	0.5278%	3.1682%
Forecast	2002	1.9345%	1.3331%	0.5278%	3.1681%
Forecast	2003	1.9345%	1.3331%	0.5278%	3.1682%

	t	GF Fee	GF Fee	GF Fee	GF Fee
	<u>Fiscal</u>	<u>New Plate</u>	<u>Computer</u>	<u>\$.25</u>	<u>Other</u>
		<u>Growth Rate</u>	<u>Growth Rate</u>	<u>Growth Rate</u>	<u>Growth Rate</u>
Actual	2000	84.1881%	2.8335%	5.4012%	-8.5040%
Forecast	2001	118.6703%	3.0382%	3.2636%	3.5206%
Forecast	2002	-75.1685%	3.0382%	3.2635%	3.5205%
Forecast	2003	0.0125%	3.0382%	3.2636%	3.5207%

Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Tax

Revenue Description: A tax of 12.5 percent of the wholesale price of tobacco products other than cigarettes is collected by the Department of Revenue (DOR). The tax is considered to be a direct tax on retail consumers, but is collected by the wholesaler. Tobacco products shipped from Montana and destined for retail sale and consumption outside the state are not subject to the tax. The wholesaler must pay DOR the taxes in full less a 5.0 percent discount for the wholesaler's collection and administrative expense. The wholesaler is entitled to a refund for tobacco products that remain unsold.

The state has a tobacco agreement with only one tribe in Montana. In the agreement with the Blackfeet Tribe, the state collects a tax imposed by the Tribe and forwards the revenue to the Tribe. Indian consumers of tobacco on other reservations pay the tobacco tax.

Applicable Tax Rate(s): The tax is 12.5 percent of the wholesale price of (non-cigarette) tobacco products.

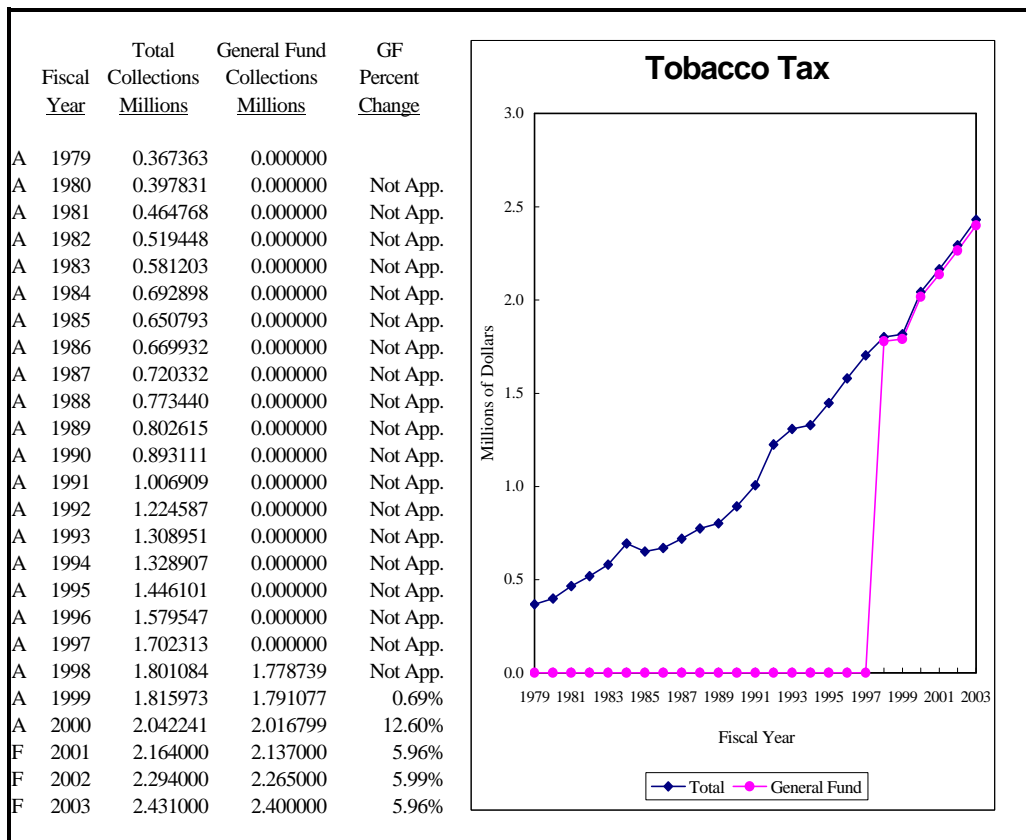
Distribution: All proceeds, less distributions paid according to tribal agreements, are deposited into the general fund.

Summary of Legislative Action: The 57th Legislature did not enact legislation that impacted this general fund revenue source.

Statute: Title 16, Chapter 11, MCA

% of Total FY 2000 General Fund Revenue: 0.17%

Revenue Projection:



Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Tax

Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2001 legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	Tribal	Value	Tax Rate
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Percent</u>
Actual	2000	2.042241	2.016799	0.025442	16.337928	12.5000%
Forecast	2001	2.164000	2.137000	0.027373	17.315971	12.5000%
Forecast	2002	2.294000	2.265000	0.029094	18.352403	12.5000%
Forecast	2003	2.431000	2.400000	0.031032	19.451172	12.5000%

Legislative Fiscal Division

Revenue Estimate Profile

Vehicle Tax

Revenue Description: Before January 1, 2001, light vehicles (including vans and sport utility vehicles) were taxed at 1.4 percent of the depreciated value of the manufacturer's suggested retail price (MSRP). In addition, buses, trucks, truck tractors having a manufacturer's rated capacity of more than 1 ton, and certain trailers, were taxed under a fee schedule which varies by age and weight.

Effective January 1, 2001, light vehicles are charged a registration fee as a result of the passage of Legislative Referendum (LR) 115 (HB540) by the electorate in November 2000. 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. LR 115 also lowers the registration fees charged on motorcycles and quadricycles. Under the law before LR 115, motorcycles were charged a fee based on four age categories and three engine size categories. Under LR 115 and beginning January 1, 2001, the number of age categories is reduced to three and the number of engine size categories remains the same.

Applicable Tax Rate(s): Varies

Distribution: Before the enactment of House Bill 124 by the 2001 legislature, all registration fees from newly titled light vehicles were deposited into the highway restricted state special revenue account. Ten percent of registration fees collected on light vehicles was distributed to a state special revenue account to fund certain district court expenses. The remaining 90 percent of light vehicle registrations fees and fees in lieu of taxes for motorcycles and quadricycles were distributed in the relative proportions required by the levies for county, school district, and municipal purposes in the same manner as personal property taxes are distributed. No registration fee revenue from light vehicles and motorcycles and quadricycles was distributed to state mills, nor to the 9 mill welfare levy. The votech levy (1.5 mills) continued to receive a share of this revenue. All other registration fees and fees in lieu of taxes (on large trucks, trailers, motor homes, campers etc.) were distributed in the relative proportions required by the levies for state, county, school district, and municipal purposes based on prior year mills. This revenue source represented one component used to calculate total non levy property tax revenue.

As the result of House Bill 124, all these fees are deposited into the state general fund beginning July1, 2001.

Summary of Legislative Action:

House Bill 124 - Certain vehicle tax revenue previously collected and retained by local governments is now deposited in the state general fund (\$77,318,972 in fiscal 2002 and \$77,554,628 in fiscal 2003). The state reimburses local governments for this lost revenue through a general fund statutory appropriation. However, the general fund loses \$1,594,855 in fiscal 2002 and \$1,594,689 in fiscal 2003 of associated non-levy revenue.

House Bill 247 – Fees in lieu of property taxes on buses, trucks greater than 1 ton, and truck tractors are reduced in half over a three-year period beginning January 1, 2003. With passage of House Bill 124, this revenue is deposited to the general fund. Therefore, general fund revenues are reduced beginning fiscal 2003.

Vehicle Tax -- Legislation Passed by 57th Legislature Estimated General Fund Impact for the 2003 Biennium			
<u>Bill Number and Short Title</u>	<u>Fiscal 2001</u>	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>
HB0124 Revise local government funding (a.k.a. The Big Bill)		77,318,972	77,554,628
HB0247 Phase-in reduction of fees in lieu of tax for heavy trucks			(263,279)
Total Estimated General Fund Impact	<u>\$0</u>	<u>\$77,318,972</u>	<u>\$77,291,349</u>

Legislative Fiscal Division

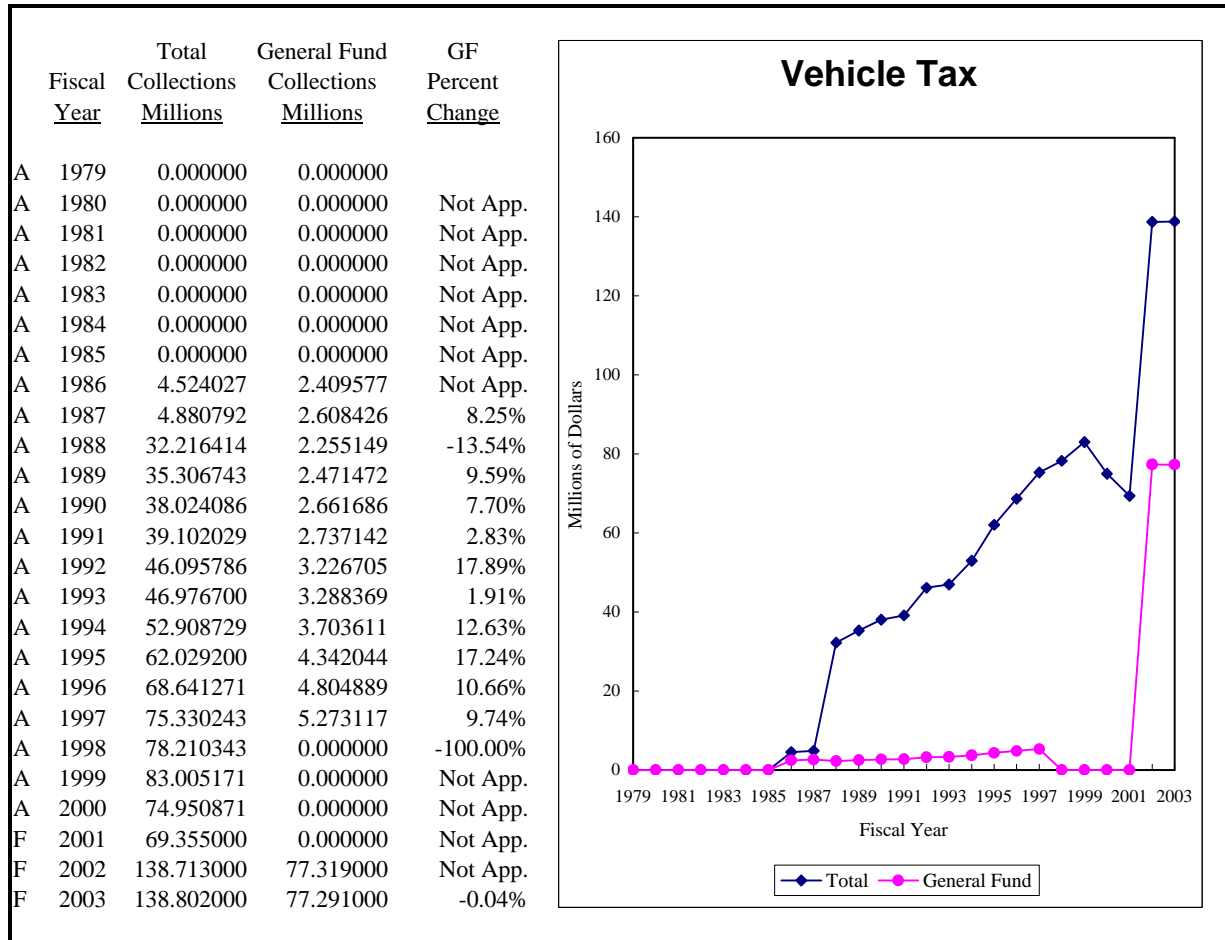
Revenue Estimate Profile

Vehicle Tax

Statute: Title 61, Chapter 3, MCA

% of Total FY 2000 General Fund Revenue: Included in total property tax contribution.

Revenue Projection:



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2001 legislature that may affect future estimates of this revenue source.

Legislative Fiscal Division

Revenue Estimate Profile

Vehicle Tax

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Non-GF Tax</u>	<u>Local</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	74.950871	0.000000	6.370824	68.580047
Forecast	2001	69.355000	0.000000	6.172000	63.183000
Forecast	2002	69.357000	0.000000	6.172000	63.185000
Forecast	2003	69.474000	0.000000	6.173000	63.301000

		<u>Light Vehicle</u>		<u>Trck,Tr,Bus</u>	<u>Light Vehicle</u>	<u>Trck,Tr,Bus</u>
	<u>t</u>	<u>Value</u>	<u>Tax</u>	<u>Tax</u>	<u>Growth</u>	<u>Growth</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Rate</u>	<u>Millions</u>	<u>Rate</u>	<u>Rate</u>
Actual	2000	4408.87477	0.01700	4.77011	0.11266	0.01500
Forecast	2001	4680.67144	0.01319	6.82103	0.11435	0.01500
Forecast	2002	4968.19887	0.01242	6.92335	0.11606	0.01500
Forecast	2003	5274.42942	0.01170	7.02720	0.11780	0.01500

Legislative Fiscal Division

Revenue Estimate Profile

Video Gambling Tax

Revenue Description: Video gambling income is derived from two sources: license fees and video gambling taxes. There are three types of license fees that generate revenue. Numerous fees are paid by operators for both video gambling machines and for non-video games such as poker. In addition, persons pay an annual fee for the right to assemble, produce, or manufacture video gambling machines or associated equipment. The video gambling tax is paid by licensed video gambling machine operators. License holders are charged a tax of 15.0 percent of the gross income from each licensed video gambling machine. The Department of Justice (DOJ) issues video gambling licenses and permits and collects the fees and taxes. With the enactment of House Bill 124 by the 2001 legislature, all of the video gambling tax is deposited into the general fund.

Applicable Tax Rate(s):

License Fees

- ?? Video Gambling Machine Permit - \$200 annually, \$25 machine transfer processing fee
- ?? Video Gambling Manufacturer License - \$1,000 annually. An additional application fee is charged manufacturers to cover processing costs of the initial application. The manufacture license may be waived by the DOJ if the manufacture is also a licensed distributor or route operator.
- ?? Video Gambling Machine Examination Fee – An amount equal to actual DOJ costs of examining the electronic equipment
- ?? Distributor License - \$1,000 annually. The distributor license may be waived by the DOJ if the distributor is also a licensed operator or manufacturer. An additional application fee is charged distributors to cover processing costs of the initial application.
- ?? Route Operator License - \$1,000 annually. The operator license may be waived by the DOJ if the operator is also a licensed distributor or manufacturer. An additional application fee is charged operators to cover processing costs of the initial application.
- ?? Bingo/Keno Manufacture License - \$1,000 annually. An additional application fee is charged manufacturers to cover processing costs of the initial application.
- ?? Gambling Establishment Operator License – An amount equal to the actual DOJ costs of determining licensure qualifications
- ?? Antique Slot Machine Seller Permit - \$50 annually
- ?? Live Card Game Table - \$250 annually for the first table and \$500 for each additional table
- ?? Card Game Dealer License - \$75 for the first year, \$25 for each subsequent year
- ?? Pinochle Tournament Permit - \$25
- ?? Card Room Contractor License - \$150 annually
- ?? Bingo/Keno Permit - \$250 annually
- ?? Bingo/Keno Examination Fee – An amount equal to actual DOJ costs of examining the electronic equipment
- ?? Sports Tab Game Seller License - \$100 annually. An additional application fee is charged to cover processing costs of the initial application.
- ?? Casino Night Permit - \$25

Gambling Taxes

- ?? Video - 15.0% of gross income per video gambling machine
- ?? Bingo/Keno – 1.0% of gross proceeds
- ?? Sport Tabs - \$1.00 for each 100 sport tabs sold

Distribution:

License Fees

All license fee revenue is retained by DOJ to cover administrative costs, except for \$100 of the live card game table fee and \$100 of the video gambling machine permit fee. These amounts are statutorily appropriated for distribution to local governments.

Legislative Fiscal Division

Revenue Estimate Profile

Video Gambling Tax

Gambling Taxes

Video - All of video gambling tax receipts are deposited into the general fund.

Bingo/Keno – All collections are statutorily appropriated for distribution to the municipality or county in which the game is located.

Sport Tabs – All collections are retained by DOJ for administration purposes.

Summary of Legislative Action:

House Bill 124 - Previously, two-thirds of the total video gambling revenue had been statutorily appropriated to municipality or county in which the machine was located. Under House Bill 124, this tax revenue (\$27,593,000 in fiscal 2002 and \$30,214,000 in fiscal 2003) is now deposited to the state general fund. The state reimburses local governments for this lost revenue through a general fund statutory appropriation. The legislation applies to video gambling taxes retroactively to April 1, 2000. Therefore, no payments will be made to the municipalities or counties in the last quarter of fiscal 2001 and the state general fund will accrue this revenue estimated at \$6,913,750 ($1/4 * \$27,655,000$) in fiscal 2001. Because House Bill 519 changes the amount of tax revenue distributed to local governments, the amount of video gambling tax revenue (previously distributed to these entities) deposited to the general fund under House Bill 124 is increased by \$86,000 in fiscal 2002 and decreased by \$86,000 in fiscal 2003.

House Bill 519 – The time period for which a licensed video gambling machine owner is eligible for a tax credit (up to \$250 for costs to make the machine compatible with the automated accounting and reporting system) is extended from December 31, 2003 to January 1, 2005. The bill also adds an additional year to the time in which to permit additional eligible machines. The Department of Justice estimates that there will be no additional eligible machines because of the legislation. It is expected that in fiscal 2002, video gambling machine tax revenue will decrease by \$165,000, but tax credits will decrease by \$208,000 for a net general fund increase of \$43,000. Just the opposite is expected in fiscal 2003 for a net general fund decrease of \$43,000. The legislation is effective on passage and approval.

Video Gambling Tax -- Legislation Passed by 57th Legislature			
Estimated General Fund Impact for the 2003 Biennium			
<u>Bill Number and Short Title</u>	<u>Fiscal 2001</u>	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>
HB0124 Revise local government funding (a.k.a. The Big Bill)	6,913,750	27,679,000	30,128,000
HB0519 Revise eligibility for video gambling machine tax credit		43,000	(43,000)
Total Estimated General Fund Impact	<u>\$6,913,750</u>	<u>\$27,722,000</u>	<u>\$30,085,000</u>

Statute: Title 23, Chapter 5, MCA

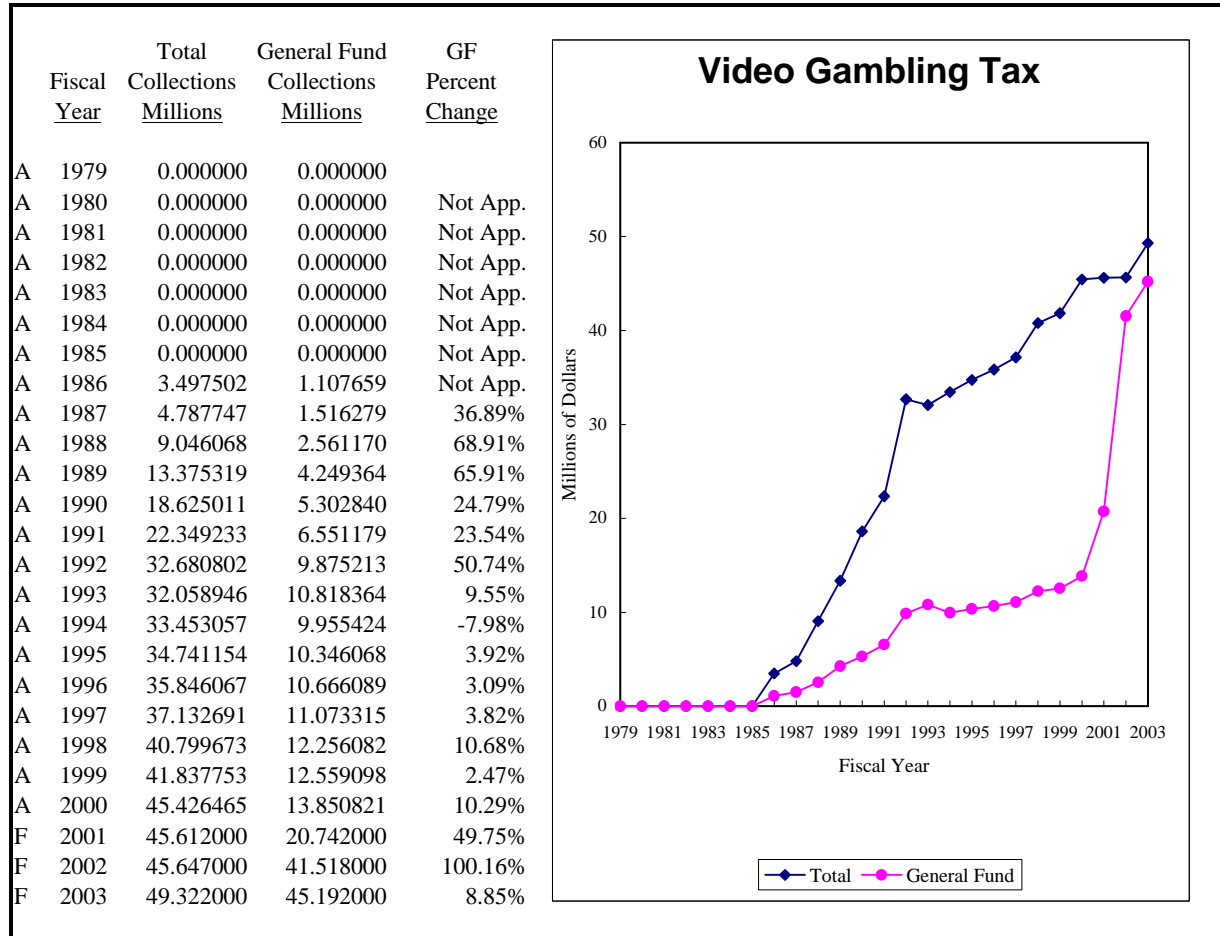
% of Total FY 2000 General Fund Revenue: 1.19%

Legislative Fiscal Division

Revenue Estimate Profile

Video Gambling Tax

Revenue Projection:



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2001 legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	Net Income		Net Income	
	Fiscal	Millions	Millions	Millions	Tax Rate	Tax Millions	Non GF Fee Millions
Actual	2000	45.426465	13.850821	269.856923	0.150000	41.431382	3.995083
Forecast	2001	45.611690	13.828000	276.551264	0.150000	41.482690	4.129000
Forecast	2002	45.518091	13.796000	283.411671	0.150000	41.389091	4.129000
Forecast	2003	49.450867	15.107000	297.472858	0.150000	45.320867	4.130000

Legislative Fiscal Division

Revenue Estimate Profile

Wine Tax

Revenue Description: A wine tax is levied on table wines imported into Montana by wine distributors or by the Department of Revenue (DOR), who is authorized to sell wines to retail liquor establishments throughout the state. A tax is also imposed on hard cider imported by a table wine distributor or DOR. A portion of wine tax revenue is returned to Indian tribes per an agreement between DOR and the tribes.

Applicable Tax Rate(s): A tax of \$0.27 is imposed per liter of wine and a tax of \$0.037 per liter is imposed on hard cider. An additional tax of \$0.01 per liter is imposed on table wine sold by a table wine distributor to an agent.

Distribution: The \$0.01 per liter tax is deposited into the general fund. Other wine tax revenue is distributed 69.0% to the general fund and 31.0% to the DPHHS alcohol account. The general fund distribution is reduced by the amount of the tribal agreements.

Summary of Legislative Action:

House Bill 124 – Prior to enactment of House Bill 124, 10.0 percent of total wine tax revenue had been statutorily appropriated to cities, towns, and counties. Under House Bill 124, this tax revenue (\$193,000 in fiscal 2002 and \$201,000 in fiscal 2003) is now deposited to the state general fund. The state reimburses local governments for this lost revenue through a general fund statutory appropriation. Because changes implemented by Senate Bill 48 increased tax revenue distributed to cities, towns, and counties, the amount of wine tax revenue (previously distributed to these entities) deposited to the general fund under House Bill 124 is increased by \$5 in fiscal 2002 and \$21 in fiscal 2003.

Senate Bill 48 – A connoisseur's license is required from the Department of Revenue before a resident may receive direct shipments of wine or beer from out-of-state wineries or breweries for personal consumption. A person holding a connoisseur's license must pay the applicable wine or beer taxes.

Wine Tax -- Legislation Passed by 57th Legislature Estimated General Fund Impact for the 2003 Biennium			
<u>Bill Number and Short Title</u>	<u>Fiscal 2001</u>	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>
HB0124 Revise local government funding (a.k.a. The Big Bill)		193,005	201,021
SB0048 Clarify out-of-state direct shipment of alcoholic beverages to Montanans		32	127
Total Estimated General Fund Impact	<u>\$0</u>	<u>\$193,037</u>	<u>\$201,148</u>

Statute: Title 16, Chapters 1 and 2, MCA

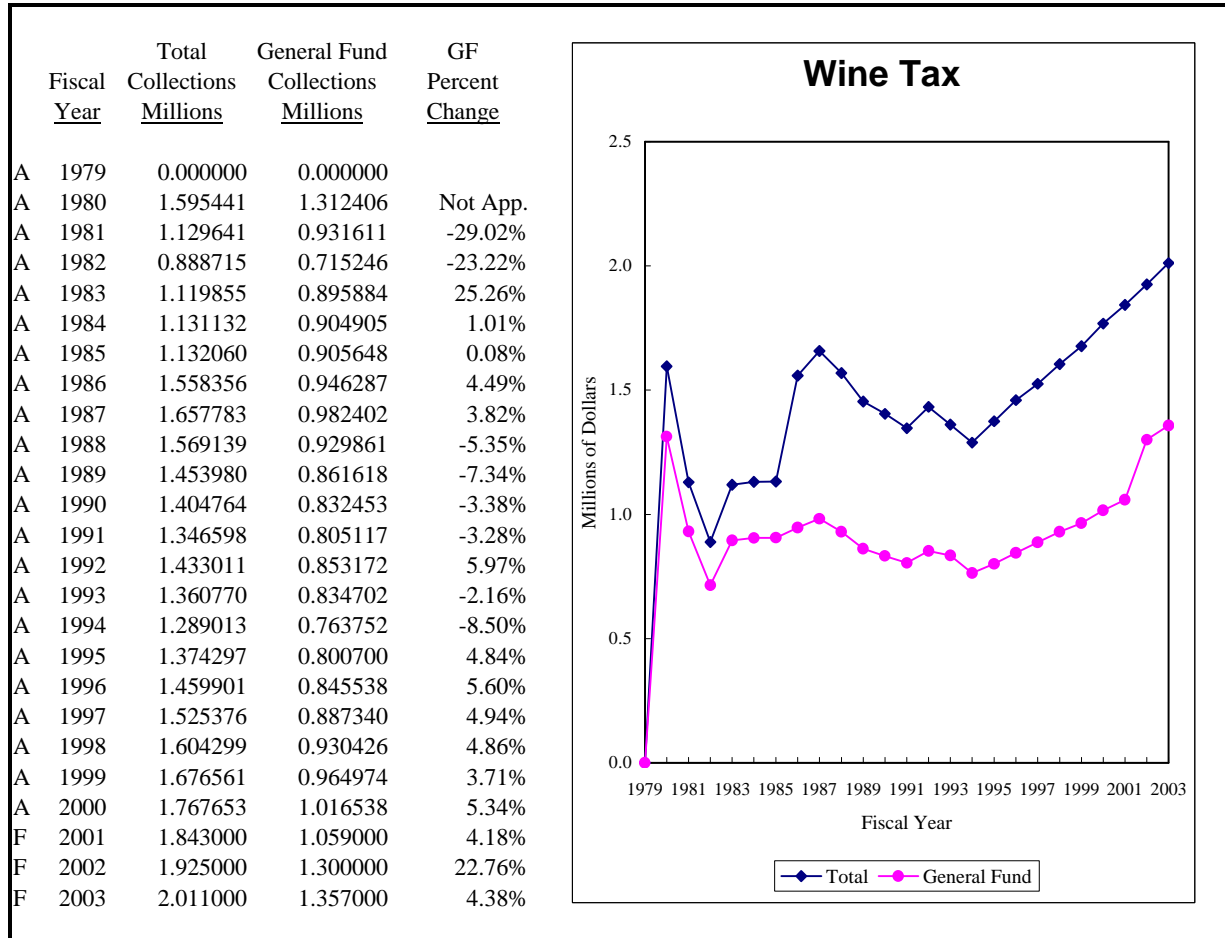
% of Total FY 2000 General Fund Revenue: 0.09%

Legislative Fiscal Division

Revenue Estimate Profile

Wine Tax

Revenue Projection:



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2001 legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	Liters	Tax Rate	GF Percent	Tribal
	Fiscal	Millions	Millions	Millions	Per Liter	Allocation	Millions
Actual	2000	1.767653	1.016538	6.546863	0.270000	0.575078	0.026730
Forecast	2001	1.843000	1.059000	6.824661	0.270000	0.590000	0.028000
Forecast	2002	1.925000	1.107000	7.128661	0.270000	0.590000	0.029000
Forecast	2003	2.011000	1.156000	7.448307	0.270000	0.590000	0.030000