

Natural Resource Taxes

Coal Severance Tax

Electrical Energy Tax

Metalliferous Mines Tax

Natural Gas Production Tax

Oil Production Tax

US Mineral Royalty

Wholesale Energy



Legislative Fiscal Division

Revenue Estimate Profile

Coal Severance Tax

Revenue Description: For large producers, the coal severance tax is imposed on all coal production in excess of 20,000 tons per company per calendar year. However, producers of 50,000 tons or less in any calendar year are exempt from the tax.

Applicable Tax Rate(s): 10.0% - on coal with a heating quality < 7,000 BTU
15.0% - on coal with a heating quality ≥ 7,000 BTU

Distribution: (Percentage)	Fiscal	Fiscal	Fiscal
<u>Account Name</u>	<u>1998-1999</u>	<u>2000-2003</u>	<u>2004-2007</u>
Permanent Trust	25.00	0.00	12.50
Treasure State Endowment	25.00	37.50	25.00
TSEP Regional Water	0.00	12.50	12.50
General Fund	25.25	26.79	26.79
LRBP - Cash Account	12.00	12.00	12.00
LRBP - Debt Service	1.30	0.00	0.00
Park Acquisition Trust	1.27	1.27	1.27
Cultural Trust	0.00	0.63	0.63
Cultural & Aesthetic Projects	0.87	0.00	0.00
Water Development	0.95	0.95	0.95
Other Uses:	8.36	8.36	8.36

“Other Uses” Include: Local Impact (Coal Board) County Land Planning Growth Through Agriculture State Library Conservation Districts

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

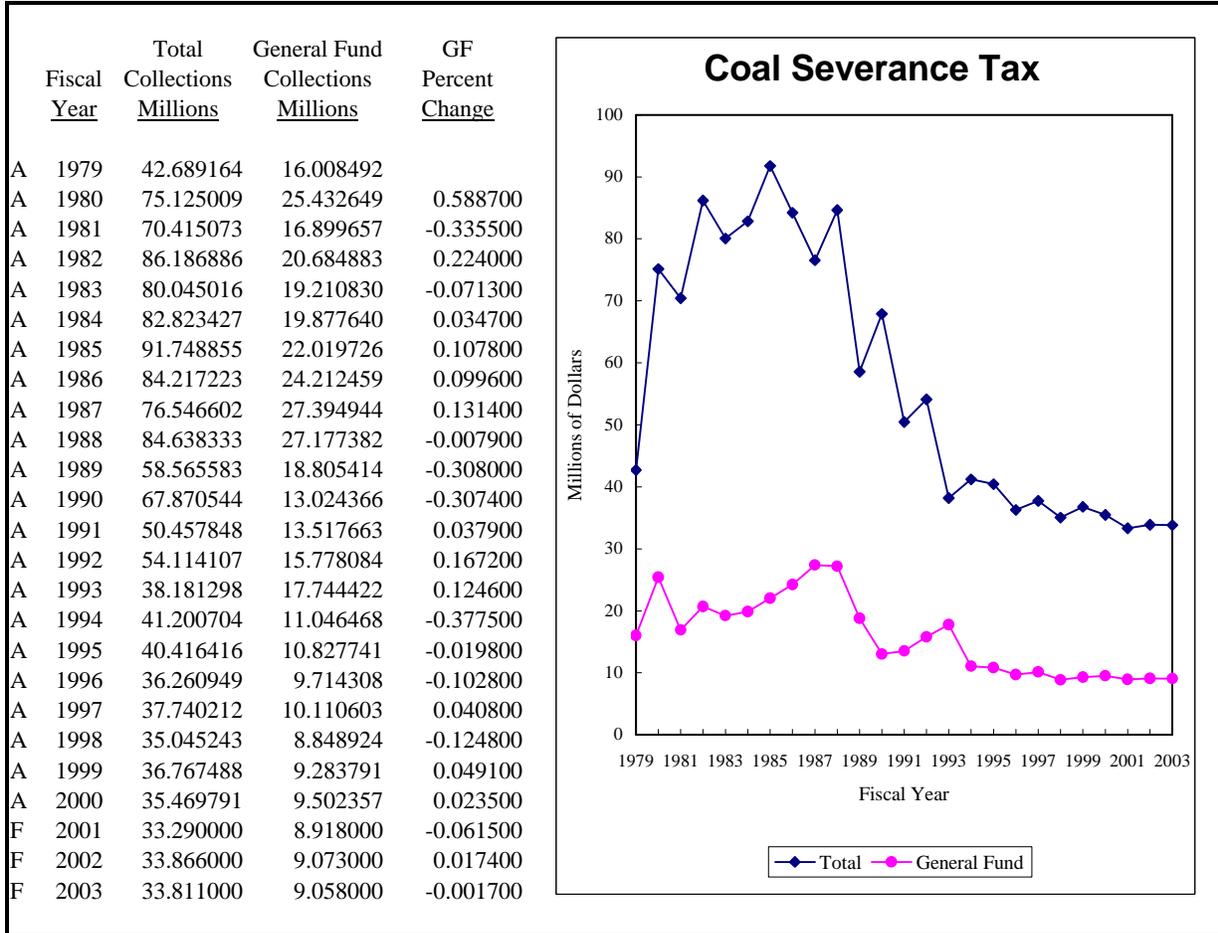
Statute: Title 15, Chapter 35, MCA

% of Total FY 2000 General Fund Revenue: 0.82%

Legislative Fiscal Division

Revenue Estimate Profile Coal Severance Tax

Revenue Projection:



NOTE:

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

The general fund adjustment to this general fund revenue source that was known as of November 10, 2000 is \$1,607,400.

Legislative Fiscal Division

Revenue Estimate Profile

Coal Severance 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.

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>GF Percent</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Allocation</u>
Actual	2000	35.469791	9.502357	0.267900
Forecast	2001	33.290000	8.918000	0.267900
Forecast	2002	33.866000	9.073000	0.267900
Forecast	2003	33.811000	9.058000	0.267900

	<u>t</u>	<u>Tons (CY)</u>	<u>CSP (CY)</u>	<u>Tax</u>	<u>Tax</u>	<u>Calendar</u>
	<u>Cal</u>	<u>Millions</u>	<u>Dollars</u>	<u>Rate</u>	<u>Rate</u>	<u>Tax</u>
Forecast	2000	33.915000	6.496792	0.150000	0.100000	32.920591
Forecast	2001	34.417000	6.545330	0.150000	0.100000	33.659500
Forecast	2002	34.803000	6.550478	0.150000	0.100000	34.071528
Forecast	2003	34.313000	6.543526	0.150000	0.100000	33.549872

Legislative Fiscal Division

Revenue Estimate Profile

Electrical Energy Tax

Revenue Description: The electrical energy license tax is imposed on each person or organization engaged in generating, manufacturing, or producing electrical energy in Montana. This tax is in addition to the wholesale energy transaction tax enacted by the 1999 legislature (HB 174).

Applicable Tax Rate(s): The tax of \$0.0002 per kilowatt-hour is levied against all electrical energy produced within the state. A deduction is allowed for "actual and necessary" energy use by the plant for the production of the energy. Electrical energy taxes may be reduced by an interest differential credit claimed by the producers. This credit is determined by the difference between the actual interest received on energy conservation loans and the average interest rate for home improvement loans.

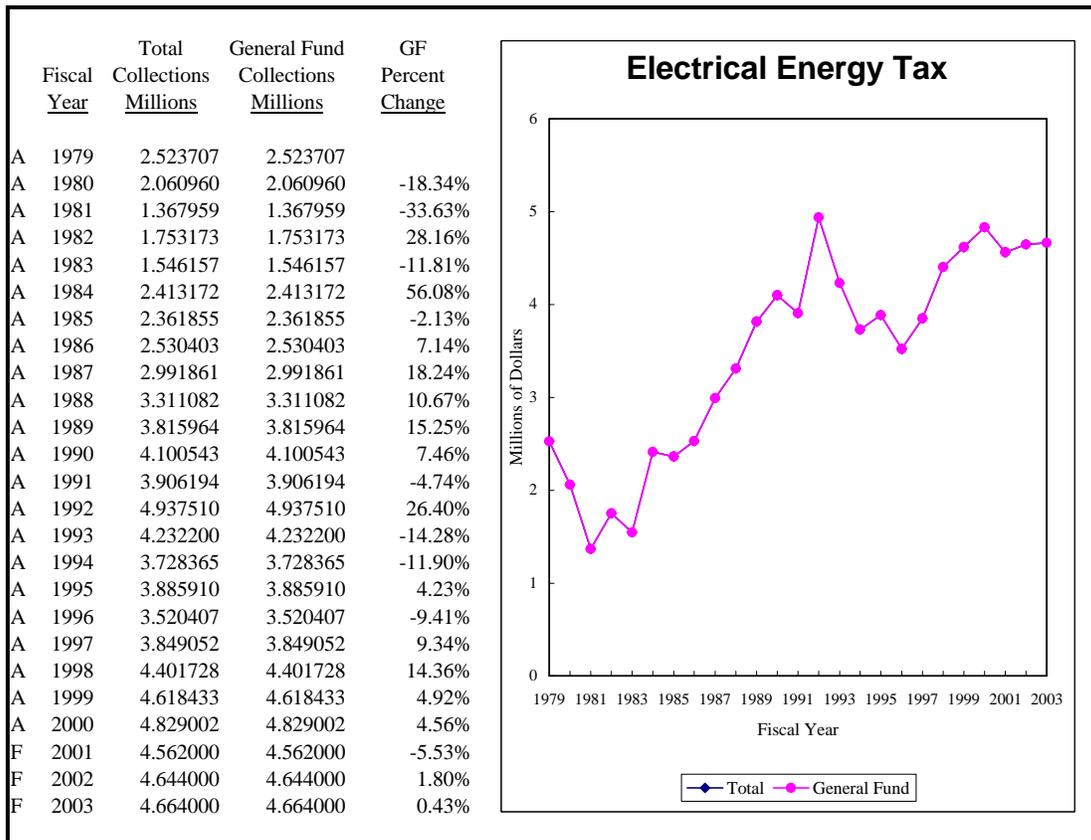
Distribution: All proceeds are deposited into the general fund.

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

Statute: Title 15, Chapter 32 and Chapter 51, MCA

% of Total FY 2000 General Fund Revenue: 0.41%

Revenue Projection:



Legislative Fiscal Division

Revenue Estimate Profile

Electrical Energy Tax

NOTE:

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

The general fund adjustment to this general fund revenue source that was known as of November 10, 2000 is \$1,219,535.

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	KWH CY	KWH FY	Credits	Tax
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Rate</u>
Actual	2000	4.829002	4.829002	22417.188435	22937.761931	0.000189	0.000200
Forecast	2001	4.562000	4.562000	23199.732354	22808.460395	0.000000	0.000200
Forecast	2002	4.644000	4.644000	23240.932354	23220.332354	0.000000	0.000200
Forecast	2003	4.664000	4.664000	23400.932354	23320.932354	0.000000	0.000200

Legislative Fiscal Division

Revenue Estimate Profile Metalliferous Mines Tax

Revenue Description: The metalliferous mines license tax is imposed on the production of metals, gems or stones in the state. The tax rate is applied to the gross value of the product, which is defined as the market value of the commodity multiplied by the quantity produced.

Applicable Tax Rate(s): The tax rate is as follows:

For concentrates shipped to a smelter, mill, or reduction work:	For gold, silver, or any platinum group metal that is dore, bullion, or matte and that is shipped to a refinery:												
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;"><u>Gross Value</u></td> <td style="text-align: center; border-bottom: 1px solid black;"><u>Rate</u></td> </tr> <tr> <td style="padding: 2px 5px;">\$0-\$250,000</td> <td style="padding: 2px 5px;">Exempt</td> </tr> <tr> <td style="padding: 2px 5px;">\$250,001 and Above</td> <td style="padding: 2px 5px;">1.81%</td> </tr> </table>	<u>Gross Value</u>	<u>Rate</u>	\$0-\$250,000	Exempt	\$250,001 and Above	1.81%	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;"><u>Gross Value</u></td> <td style="text-align: center; border-bottom: 1px solid black;"><u>Rate</u></td> </tr> <tr> <td style="padding: 2px 5px;">\$0-\$250,000</td> <td style="padding: 2px 5px;">Exempt</td> </tr> <tr> <td style="padding: 2px 5px;">\$250,001 and Above</td> <td style="padding: 2px 5px;">1.6%</td> </tr> </table>	<u>Gross Value</u>	<u>Rate</u>	\$0-\$250,000	Exempt	\$250,001 and Above	1.6%
<u>Gross Value</u>	<u>Rate</u>												
\$0-\$250,000	Exempt												
\$250,001 and Above	1.81%												
<u>Gross Value</u>	<u>Rate</u>												
\$0-\$250,000	Exempt												
\$250,001 and Above	1.6%												

Distribution: The distribution of the metal mines tax has been altered several times during the 1990s. The 2001 legislature enacted Senate Bill 484 (effective July 1, 2002) that creates a hard-rock mining reclamation debt service fund to pay debt service on the \$8.0 million of bonds authorized for state costs related to hard-rock mining reclamation, operation, and maintenance. The 8.5 percent allocation of metalliferous mines tax previously allocated to the orphan share account is now allocated to the hard-rock mining reclamation debt service fund. The table below shows recent historical distributions of the tax.

Distribution of Metalliferous Mines Tax (Percent)				
	<u>Fiscal</u>	<u>Fiscal</u>	<u>Fiscal</u>	<u>Fiscal</u>
	<u>1994-1995</u>	<u>1996-1997</u>	<u>1998-2002</u>	<u>2003&Beyond</u>
General Fund	58.0	58.0	58.0	58.0
RIT Trust	15.5	0.0	0.0	0.0
Groundwater Assessment	0.0	2.2	0.0	0.0
Abandoned Mines	0.0	8.5	0.0	0.0
Orphan Share	0.0	0.0	8.5	0.0
Hard Rock Reclamation Debt Service	0.0	0.0	0.0	8.5
Reclamation & Dev. Grants	0.0	4.8	7.0	7.0
Hard Rock Mining	1.5	1.5	2.5	2.5
Counties	25.0	25.0	24.0	24.0

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

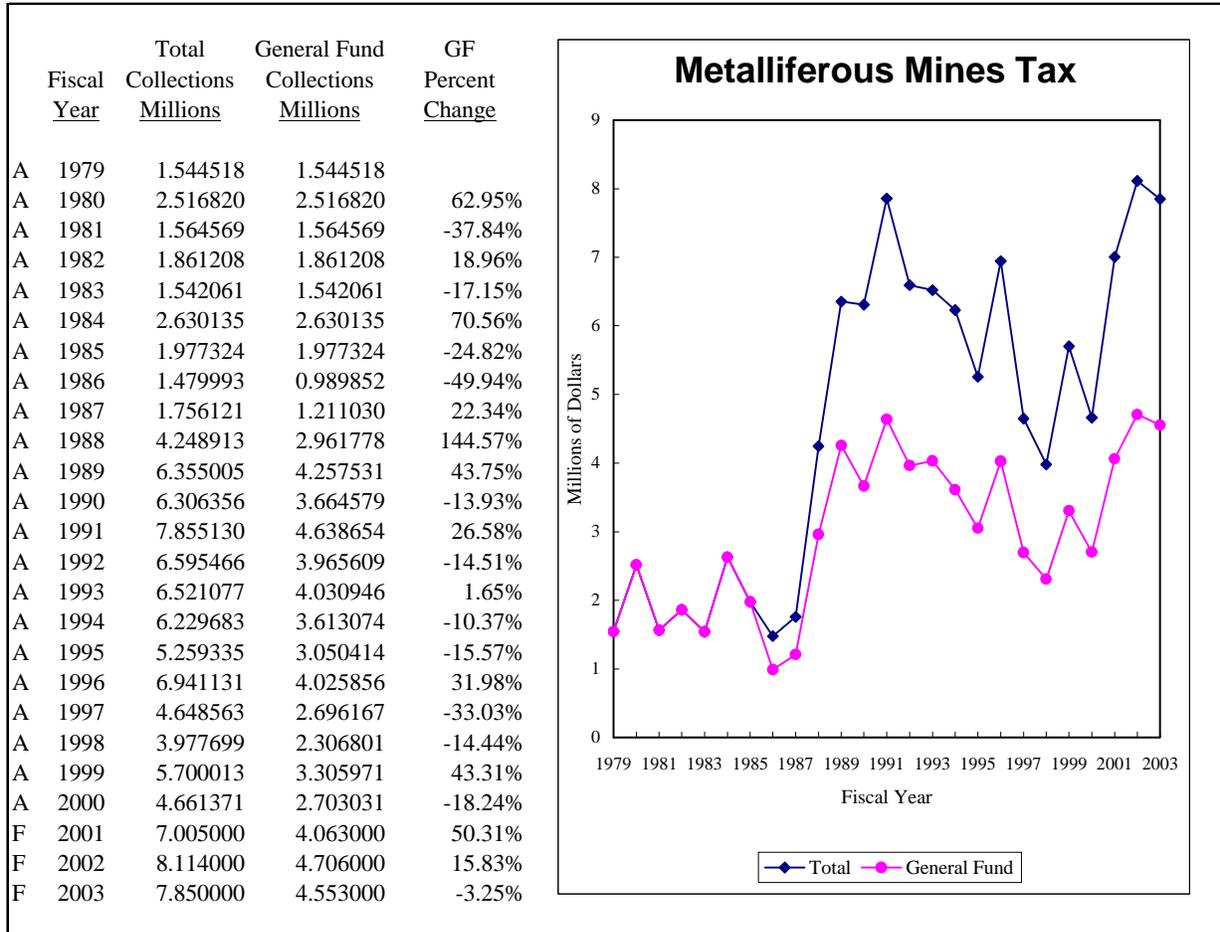
Statute: Title 15, Chapter 37, MCA

% of Total FY 2000 General Fund Revenue: 0.23%

Legislative Fiscal Division

Revenue Estimate Profile Metalliferous Mines 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.

Legislative Fiscal Division

Revenue Estimate Profile

Metalliferous Mines Tax

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Tax Value CY</u>	<u>Effective</u>	<u>GF Percent</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Rate</u>	<u>Allocation</u>
Actual	2000	4.661371	2.703031	423.700467	0.016532	57.9879%
Forecast	2001	7.005000	4.063000	490.787994	0.016532	58.0000%
Forecast	2002	8.114000	4.706000	474.827699	0.016532	58.0000%
Forecast	2003	7.850000	4.553000	500.316224	0.016532	58.0000%

Comdty.	<u>t</u>	<u>Copper</u>	<u>Silver</u>	<u>Gold</u>	<u>Lead</u>	<u>Zinc</u>	<u>Moly</u>	<u>Palladium</u>
<u>Value</u>	<u>Cal</u>	<u>Millions</u>						
Forecast	2000	1.897665	1.105530	0.312001	13.054000	33.218000	3.800000	0.341199
Forecast	2001	3.080324	1.585336	0.282860	13.764000	41.486000	6.300000	0.379110
Forecast	2002	3.196271	0.845584	0.081553	2.294000	6.914333	7.400000	0.447350
Forecast	2003	3.196271	0.835000	0.009730	0.000000	0.000000	7.700000	0.504216

	<u>t</u>	<u>Platinum</u>	<u>Nickel</u>	<u>Rhodium</u>	<u>Sapphire</u>	<u>Iron Oxide</u>	<u>Copper Sul</u>	<u>Refining</u>
	<u>Cal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Forecast	2000	0.102217	0.352865	0.001707	0.000000	0.000000	47.202335	-10.330456
Forecast	2001	0.113574	0.392071	0.001897	0.000000	0.000000	76.619676	-11.478284
Forecast	2002	0.134017	0.462642	0.002239	0.000000	0.000000	79.503729	-13.544375
Forecast	2003	0.151053	0.521452	0.002523	0.000000	0.000000	79.503729	-15.266118

Comdty.	<u>t</u>	<u>Copper</u>	<u>Silver</u>	<u>Gold</u>	<u>Lead</u>	<u>Zinc</u>	<u>Moly</u>	<u>Palladium</u>
<u>Price</u>	<u>Cal</u>	<u>Dollars</u>						
Forecast	2000	0.508243	4.915000	273.000000	0.222998	0.526805	2.065045	700.000000
Forecast	2001	0.508243	5.018000	281.950000	0.222998	0.526805	2.065045	745.000000
Forecast	2002	0.508243	5.220000	298.450000	0.222998	0.526805	2.065045	745.000000
Forecast	2003	0.508243	5.297000	312.800000	0.222998	0.526805	2.065045	745.000000

	<u>t</u>	<u>Platinum</u>	<u>Nickel</u>	<u>Rhodium</u>	<u>Sapphire</u>	<u>Iron Oxide</u>	<u>Copper Sul</u>
	<u>Cal</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
Forecast	2000	545.000000	3.830674	551.571023	0.000000	0.000000	0.367738
Forecast	2001	545.000000	3.830674	551.571023	0.000000	0.000000	0.367738
Forecast	2002	545.000000	3.830674	551.571023	0.000000	0.000000	0.367738
Forecast	2003	545.000000	3.830674	551.571023	0.000000	0.000000	0.367738

Legislative Fiscal Division

Revenue Estimate Profile

Natural Gas Production Tax

Revenue Description: The natural gas production tax is applied to the gross value of gas produced in the state based on the type of well and type of production.

Applicable Tax Rate(s): The natural gas production tax has many tax rates and distribution percentages depending on several factors. These factors include whether the natural gas is produced from a stripper well, from a well initially drilled before 1999, or after, from a well newly drilled within the last year or two, and whether the interest being taxed is the working interest or the royalty interest. The table below shows tax rates and distribution percentages for each type of natural gas. The 2001 legislature enacted House Bill 572 that further allocates the RIT share of the tax.

Natural Gas Production Tax and Distribution of Revenue						
January 1, 2001						
	Tax Rate	Local Share	State Share	RIT Share *	P&L Share	Gen. Fund Share
<u>Working Interests</u>						
Pre-99 after 12 months	15.10%	86.00%	14.00%	14.50%	8.70%	76.80%
Post 99 first 12 months	0.80%	0.00%	100.00%	62.50%	37.50%	0.00%
Post 99 after 12 months	9.30%	86.00%	14.00%	14.50%	8.70%	76.80%
Pre 99 stripper wells	11.30%	86.00%	14.00%	14.50%	8.70%	76.80%
Horizontal first 18 months	0.80%	0.00%	100.00%	62.50%	37.50%	0.00%
Horizontal after 18 months	9.30%	86.00%	14.00%	14.50%	8.70%	76.80%
<u>Royalty Interests</u>						
	11.30%	86.00%	14.00%	14.50%	8.70%	76.80%
<small>* Effective July 1 after the Governor certifies that the resource indemnity trust fund balance has reached \$100 million, House Bill 572 further allocates the 14.5% and 62.5 % allocations of the RIT share as follows: After deducting the natural gas production tax portion of the \$400,000 deposited to the coal bed methane account (HB 572), the remainder is deposited 50% to the reclamation and development account and 50% to the orphan share account. These further allocations terminate June 30, 2011.</small>						

Distribution: The natural gas production is divided into a local share and a state share. The state share is further allocated to the general fund, the resource indemnity trust, and to a state special revenue account for use by the Board of Oil and Gas Conservation. Specific distribution percentages are found in the table above.

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

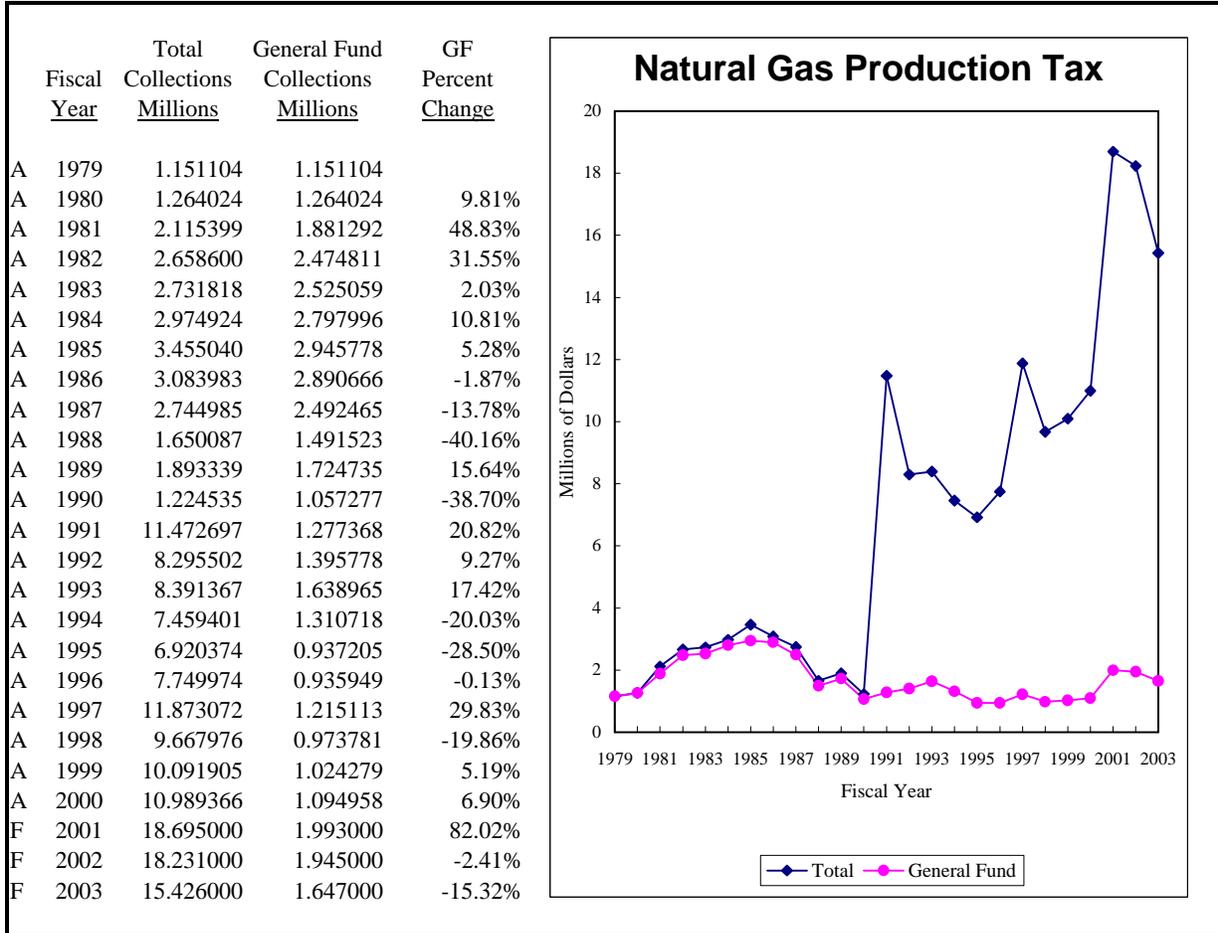
Statute: Title 15, Chapter 36, MCA

% of Total FY 2000 General Fund Revenue: .09%

Legislative Fiscal Division

Revenue Estimate Profile Natural Gas Production Tax

Revenue Projection:



Legislative Fiscal Division

Revenue Estimate Profile Natural Gas Production 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.

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Composite</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>GF Allocation</u>
Actual	2000	10.989366	1.094958	0.099638
Forecast	2001	18.695000	1.993000	0.106606
Forecast	2002	18.231000	1.945000	0.106686
Forecast	2003	15.426000	1.647000	0.106768

	<u>t</u>	<u>MCF's</u>	<u>Price</u>	<u>Gross Value</u>	<u>Exempt Value</u>	<u>Effective</u>	<u>Total Tax</u>
	<u>Cal</u>	<u>Millions</u>	<u>Per MCF</u>	<u>Millions</u>	<u>Millions</u>	<u>Tax Rate</u>	<u>Millions</u>
Forecast	2000	61.501887	2.740749	168.561235	8.773141	0.111624	17.672992
Forecast	2001	64.914323	2.949978	191.495824	9.632734	0.110167	19.716229
Forecast	2002	67.387156	2.448199	164.977169	8.076438	0.109031	16.745404
Forecast	2003	69.048885	2.036155	140.594232	6.732002	0.108120	14.107425

Legislative Fiscal Division

Revenue Estimate Profile

Oil Production Tax

Revenue Description: The oil production tax is imposed on the production of petroleum and other mineral or crude oil in the state. Gross taxable value of oil production is based on the type of well and type of production.

Applicable Tax Rate(s): The oil production tax has numerous tax rates and distribution percentages depending on several factors. These factors include whether the oil is produced from a stripper well, an incentive well, from a well initially drilled before 1999 or after, from a well newly drilled within the last year or two, and whether the interest being taxed is the working interest or the royalty interest. The following table shows tax rates and distribution percentages for each type of pre-1999 oil and post-1999 oil. The 2001 legislature enacted House Bill 572 that further allocates the RIT share of the tax.

Oil Production Tax Rates and Distribution of Revenue						
Beginning January 1, 2000						
	Tax Rate	Local Share	State Share	RIT Share *	P&L Share	Gen. Fund Share
<u>Working Interests</u>						
Pre 99 after 12 Months	12.80%	60.70%	39.30%	8.62%	5.17%	86.21%
Post 99 First 12 Months	0.80%	0.00%	100.00%	62.50%	37.50%	0.00%
Post 99 after 12 months	9.30%	60.70%	39.30%	8.62%	5.17%	86.21%
Stripper 4-10 barrels per day	5.80%	86.20%	13.80%	62.50%	37.50%	0.00%
Stripper 11-15 barrels per day	9.30%	60.70%	39.30%	8.62%	5.17%	86.21%
Stripper Well Exemption	0.80%	0.00%	100.00%	0.625	0.375	0.00%
Pre99 Horizontal after 18 months	12.80%	60.70%	39.30%	8.62%	5.17%	86.21%
Post 99 Horizontal first 18 months	0.80%	0.00%	100.00%	62.50%	37.50%	0.00%
Post 99 Horizontal after 18 months	9.30%	60.70%	39.30%	8.62%	5.17%	86.21%
Incremental - secondary	8.80%	60.70%	39.30%	8.62%	5.17%	86.21%
Incremental - tertiary	6.10%	60.70%	39.30%	8.62%	5.17%	86.21%
Pre99 Horizontal Recomp - after 18 months	12.80%	60.70%	39.30%	8.62%	5.17%	86.21%
Post99 Horizontal Recomp - first 18 months	5.80%	0.00%	100.00%	8.62%	5.17%	86.21%
Post99 Horizontal Recomp - after 18 months	9.30%	60.70%	39.30%	8.62%	5.17%	86.21%
<u>Royalty interests</u>	15.10%	60.70%	39.30%	8.62%	5.17%	86.21%
<small>* Effective July 1 after the Governor certifies that the resource indemnity trust fund balance has reached \$100 million, House Bill 572 further allocates the 62.50% and 8.62 % allocations of the RIT share as follows: After deducting the oil production tax portion of the \$400,000 deposited to the coal bed methane account (HB 572), the remainder is deposited 50% to the reclamation and development account and 50% to the orphan share account. These further allocations terminate June 30, 2011.</small>						

Distribution: Once the oil production tax has been collected, it is divided into a local share and a state share. The state share is further allocated to the general fund, the resource indemnity trust, and a state special revenue account for use by the Board of Oil and Gas Conservation. Specific distribution percentages are found in the table above.

Summary of Legislative Action:

Senate Bill 240 – The sunset date is removed for lower tax rates for incremental oil production from secondary and tertiary recovery projects. The Department of Revenue estimates that the loss of tax revenue on working interest income from new incremental production from projects developed after January 1, 2002 will be \$2,000, of which \$672 will be a loss of general fund revenue. The statutory appropriation of tax revenue to local governments will decrease \$1,215.

Legislative Fiscal Division

Revenue Estimate Profile

Oil Production Tax

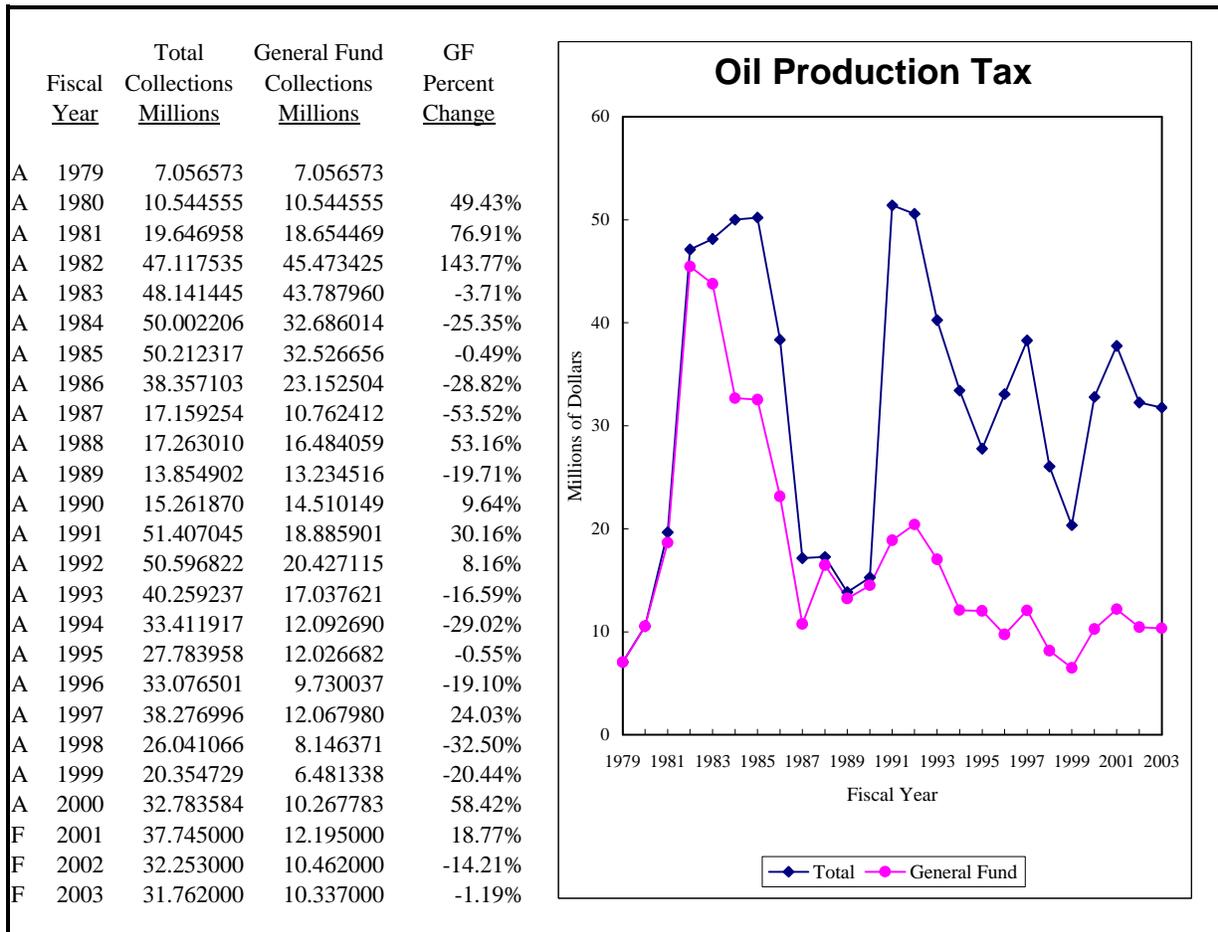
Oil Production Tax -- Legislation Passed by 57th Legislature
Estimated General Fund Impact for the 2003 Biennium

<u>Bill Number and Short Title</u>	<u>Fiscal 2001</u>	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>
SB0240 Remove termination for alternative oil recovery rates			(672)
Total Estimated General Fund Impact	<u>\$0</u>	<u>\$0</u>	<u>(\$672)</u>

Statute: Title 15, Chapter 36, MCA

% of Total FY 2000 General Fund Revenue: 0.88%

Revenue Projection:



Legislative Fiscal Division

Revenue Estimate Profile

Oil Production 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.

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Composite</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>GF Allocation</u>
Actual	2000	32.783584	10.267783	0.313199
Forecast	2001	37.745000	12.195000	0.323089
Forecast	2002	32.253000	10.462000	0.324373
Forecast	2003	31.763000	10.338000	0.325473

	<u>t</u>	<u>Barrels</u>	<u>Price</u>	<u>Gross Value</u>	<u>Exempt Value</u>	<u>Effective</u>	<u>Total Tax</u>
	<u>Cal</u>	<u>Millions</u>	<u>Per Barrel</u>	<u>Millions</u>	<u>Millions</u>	<u>Tax Rate</u>	<u>Millions</u>
Forecast	2000	15.771800	26.383378	416.113366	15.177573	0.106842	42.840302
Forecast	2001	16.170691	19.883378	321.527955	11.560435	0.105318	32.649910
Forecast	2002	16.537671	19.203378	317.579152	11.273582	0.103982	31.856786
Forecast	2003	16.875292	18.913378	319.168785	11.201649	0.102805	31.668808

Legislative Fiscal Division

Revenue Estimate Profile

US Mineral Royalty

Revenue Description: Under the federal Mineral Lands Leasing Act (30 USC, Section 191), 50.0 percent of all sales, bonuses, royalties, and rentals received from federal lands in Montana must be paid to the state. The money is to be used as the legislature may direct, giving priority to those subdivisions of the state socially or economically impacted by development of minerals leased under the federal act. The revenue produced on federal public lands includes royalties and bonuses from oil, gas, coal, and other mineral exploration and extraction.

Applicable Tax Rate(s): N/A

Distribution: All receipts are deposited into the general fund.

Summary of Legislative Action: The 57th Legislature did not enact legislation that impacted this general fund revenue source in the 2003 biennium. However, the legislature enacted House Bill 226 that may impact general fund revenue in future biennia. The legislation allocates a portion of federal mineral royalty income to counties where the mining occurred according to the following allocations:

1. Fiscal 2002 - any amount received by the state in fiscal 2002 above \$21,756,000 (the amount of the revenue estimate)
2. Fiscal 2003 - any amount received by the state in fiscal 2003 above \$20,474,000 (the amount of the revenue estimate)
3. Fiscal 2004 - 12.5 percent of all money received by the state
4. Fiscal 2005 and beyond - 25 percent of all money received by the state.

All royalties continue to be deposited to the state general fund. By August 15th following the close of a fiscal year, money is transferred from the general fund to the mineral impact account according to the above allocations. Money in the account is statutorily appropriated to distribute to counties where the mining occurred.

Statute: N/A

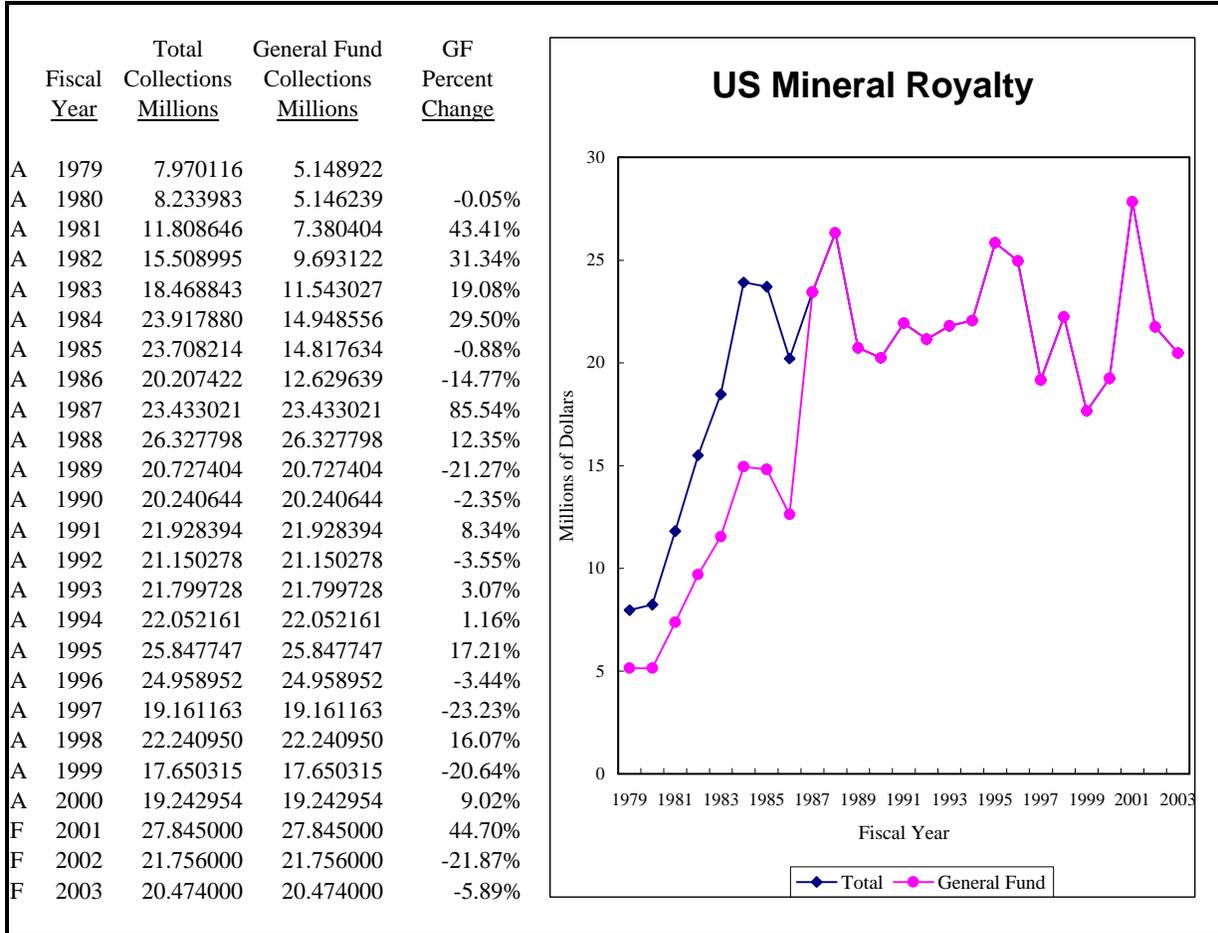
% of Total FY 2000 General Fund Revenue: 1.65%

Legislative Fiscal Division

Revenue Estimate Profile

US Mineral Royalty

Revenue Projection:



NOTE:

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

The general fund adjustments to this general fund revenue source that were known as of November 10, 2000 are: 1) \$3,275,550; and 2) \$1,666,859.

Legislative Fiscal Division

Revenue Estimate Profile

US Mineral Royalty

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.

	<u>t</u>	<u>Total Rev.</u>	<u>GF Rev.</u>	<u>One-Time</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Settlement</u>
				<u>Millions</u>
Actual	2000	19.242954	19.242954	
Forecast	2001	27.845000	27.845000	6.038000
Forecast	2002	21.756000	21.756000	0.000000
Forecast	2003	20.474000	20.474000	0.000000

	<u>t</u>	<u>Oil</u>	<u>Coal</u>	<u>Gas</u>	<u>Oil</u>	<u>Coal</u>	<u>Gas</u>
	<u>Cal</u>	<u>Barrels</u>	<u>Tons</u>	<u>MCF's</u>	<u>Price</u>	<u>Price</u>	<u>Price</u>
Forecast	2000	2.857544	25.253000	15.080351	22.187915	9.206901	3.565913
Forecast	2001	2.778309	25.194000	14.757572	16.721540	9.174540	3.838135
Forecast	2002	2.841360	22.350337	15.319747	16.149673	9.550366	3.185284
Forecast	2003	2.899366	22.045337	15.697517	15.905789	9.499382	2.649185

	<u>t</u>	<u>Oil</u>	<u>Coal</u>	<u>Gas</u>	<u>Oil</u>	<u>Coal</u>	<u>Gas</u>
	<u>Cal</u>	<u>Roy. Rate</u>	<u>Roy. Rate</u>	<u>Roy. Rate</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>
Forecast	2000	0.109451	0.122845	0.123153	6.939516	28.561693	6.622580
Forecast	2001	0.109593	0.123490	0.123186	5.091428	28.543893	6.977446
Forecast	2002	0.109691	0.123400	0.122814	5.033395	26.340211	5.993046
Forecast	2003	0.109445	0.123229	0.122909	5.047243	25.806258	5.111248

	<u>t</u>	<u>Other</u>	<u>Rent&Bonus</u>	<u>Total</u>	<u>Adm. Fee</u>	<u>State</u>
	<u>Cal</u>	<u>Royalty</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Share</u>
Forecast	2000	0.106007	2.538708	44.768504	1.039176	21.345076
Forecast	2001	0.110419	4.701795	45.424981	0.259794	22.452697
Forecast	2002	0.107805	4.084318	41.558775	0.000000	20.779388
Forecast	2003	0.108077	4.019119	40.091945	0.000000	20.045973

Legislative Fiscal Division

Revenue Estimate Profile

Wholesale Energy Tax

Revenue Description: The wholesale energy transaction tax, enacted by the 1999 legislature (HB 174) and effective January 1, 2000, is imposed on the amount of electricity transmitted by a transmission services provider in the state.

Applicable Tax Rate(s): The current tax rate of 0.015 cent is applied to the number of kilowatt hours transmitted. If the electricity is produced in-state and sold out-of-state, the taxpayer is the person(s) owning the electrical generation property, and the tax is collected by the transmission services provider. If the electricity is produced in-state for delivery in-state, or is produced outside the state for delivery in-state, the taxpayer is the distribution services provider, and the tax is collected by the transmission services provider. The tax does not apply to: 1) electricity that is transmitted through the state that is neither produced nor consumed in the state; 2) electricity generated in the state by an agency of the federal government for delivery outside the state; 3) electricity delivered to a distribution services provider that is a municipal utility or a rural electric cooperative which opts out of competition under HB 390 (1997 legislature); 4) electricity delivered to a purchaser that received its power directly from a transmission or distribution facility owned by an entity of the US government; 5) electricity meeting certain contractual requirements that is delivered by a distribution services provider that was first served by a public utility after December 31, 1996; and 6) electricity that has been subject to the transmission tax in another state.

Distribution: All proceeds are deposited into the general fund.

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

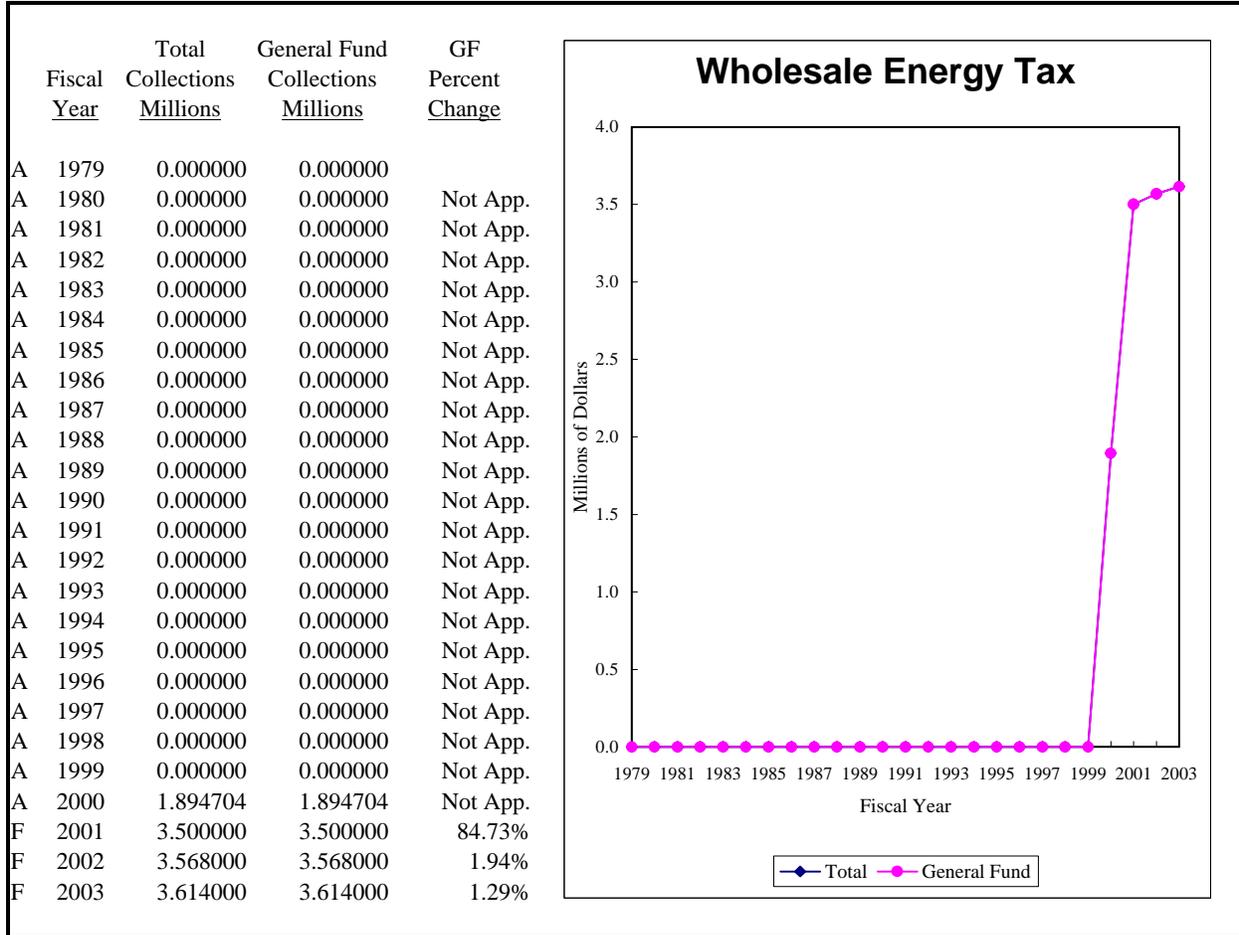
Statute: Title 15, Chapter 72, MCA

% of Total FY 2000 General Fund Revenue: 0.16%

Legislative Fiscal Division

Revenue Estimate Profile Wholesale Energy 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	Fiscal	Total Tax Millions	GF Tax Millions	KWH CY Millions	KWH FY Millions	Credits Millions	Tax Rate
Actual	2000	1.894704	1.894704	22630.597269	11714.972051	0.000000	0.000150
Forecast	2001	3.500000	3.500000	23564.316416	23335.510153	0.000000	0.000150
Forecast	2002	3.568000	3.568000	23562.631416	23788.606055	0.000000	0.000150
Forecast	2003	3.614000	3.614000	23562.631416	24097.857934	0.000000	0.000150

