

Non-General Fund Revenue

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|---|--|
| Capital Land Grant Interest & Income | Parks Trust Interest |
| Cultural Trust Interest | Pine Hills Interest & Income |
| Deaf & Blind Trust Interest & Income | Property Tax 6 Mill |
| Diesel Tax | Property Tax 9 Mill |
| Federal Forest Receipts | Regional Water Trust Interest |
| Gasoline Tax | Resource Indemnity Tax |
| GVW and Other Fees | Resource Indemnity Trust Interest |
| Lodging Facility Use Tax | Tobacco Trust Interest |
| | Treasure State Endowment Trust Interest |



Legislative Fiscal Division

Revenue Estimate Profile

Capital Land Grant Interest and Income

Revenue Description: Lands granted by the federal government to the state generate income from a variety of sources. Section 12 of the *Enabling Act* requires that income generated on certain sections of federally granted land be used for public buildings at the state capital for construction, repair, renovation, and other permanent improvements of state buildings. Capital land grant funds can also be used for the acquisition of land for such buildings, as well as the payment of principal and interest on bonds issued for any of these purposes.

Non-permanent sources of revenue generated from capital land grant lands include: grazing fees, agricultural fees, miscellaneous fees and rentals, and oil and natural gas leases and penalties. Statute requires that 3.0 percent of total non-permanent revenue be allocated to the Department of Natural Resources and Conservation (DNRC) for resource development purposes. Senate Bill 48, passed by the 1999 legislature, allows an amount up to 10 percent of the previous year's revenue to be deposited each year in a state special revenue account used to fund the Trust Land Management Division of DNRC. Permanent sources of revenue generated from capital land grant lands include timber sales and oil and natural gas royalties.

Applicable Tax Rate(s): N/A

Distribution: After deductions for DNRC administration, all capital land grant income is deposited into a capital projects fund to be used for projects on the state capital complex in accordance with the provisions of section 12 of the *Enabling Act*.

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

Statute: Title 18, Chapter 2, MCA

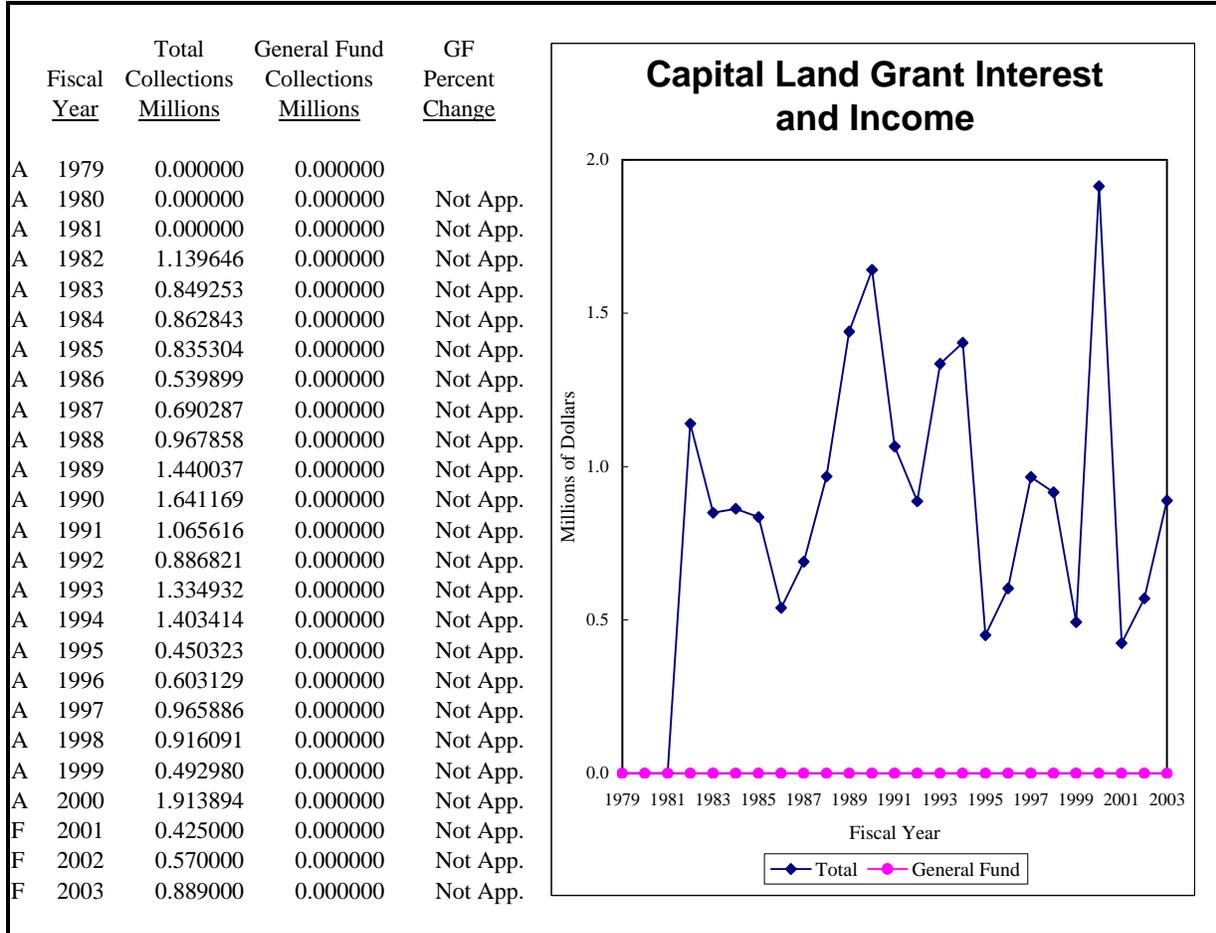
% of Total FY 2000 General Fund Revenue: N/A

Legislative Fiscal Division

Revenue Estimate Profile

Capital Land Grant Interest and Income

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
Capital Land Grant Interest and Income

	t	Total Rev.	GF Rev.	Trust Shares	Total Shares	Trust Pool	Other Pool	Capital
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Interest</u>	<u>Income</u>	<u>Land Share</u>
						<u>Millions</u>	<u>Millions</u>	<u>T&L</u>
Actual	2000	1.913894	0.000000	3.583217	11.821189	78.564737	5.084671	0.000000
Forecast	2001	0.425000	0.000000	3.583217	11.821189	78.564737	5.077838	0.000000
Forecast	2002	0.570000	0.000000	3.583217	11.821189	78.564737	5.084671	0.000000
Forecast	2003	0.889000	0.000000	3.583217	11.821189	78.564737	4.938141	0.000000

	t	Pool Short	Gains				
	<u>Fiscal</u>	<u>Term Interest</u>	<u>Losses</u>	<u>Fees</u>	<u>Amortizations</u>	<u>Lending</u>	<u>Accretions</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	2.402942	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2001	2.396109	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2002	2.402942	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2003	2.256412	0.697222	-0.197184	-1.337427	0.283705	3.235413

	t	Trust Income	Trust Land	New Deposit		Non Pool	Non Pool	Non Pool
	<u>Fiscal</u>	<u>New Deposit</u>	<u>Admin.</u>	<u>Interest</u>	<u>Long Term</u>	<u>STIP</u>	<u>STIP Bal</u>	<u>STIP Int</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Rate</u>	<u>Rate</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	10.962021	0.000000					
Forecast	2001	6.505141	-3.478551	0.253308	7.3690%	6.1980%	11.676486	0.723709
Forecast	2002	7.111158	-3.742886	0.757307	7.3910%	6.2520%	11.676486	0.730014
Forecast	2003	8.194991	-3.737578	1.322663	7.3780%	5.9440%	11.676486	0.694050

Legislative Fiscal Division

Revenue Estimate Profile

Capital Land Grant Interest and Income

	<u>t</u> <u>Fiscal</u>	<u>Grazing</u> <u>Millions</u>	<u>Agriculture</u> <u>Millions</u>	<u>Misc.</u> <u>Millions</u>	<u>O&G Lease</u> <u>Millions</u>	<u>O&G Bonus</u> <u>Millions</u>	<u>O&G Penalty</u> <u>Millions</u>	<u>Misc.</u> <u>Millions</u>
Actual	2000	0.132580	0.044452	0.000000	0.019153	0.009104	0.002343	0.048046
Forecast	2001	0.135156	0.061592	0.000000	0.011876	0.000000	0.003039	0.047532
Forecast	2002	0.133868	0.062082	0.000000	0.011068	0.000000	0.002432	0.047789
Forecast	2003	0.134512	0.062233	0.000000	0.010658	0.000000	0.002168	0.047661

	<u>t</u> <u>Fiscal</u>	<u>Int. Land</u> <u>Millions</u>	<u>Int. STIP</u> <u>Millions</u>	<u>Int. Trust</u> <u>Millions</u>	<u>Res. Dev.</u> <u>Millions</u>	<u>Lease Total</u> <u>Millions</u>
Actual	2000	0.000000	0.000000	0.000000	-0.007670	0.248008
Forecast	2001	0.000000	0.000000	0.000000	-0.007776	0.251419
Forecast	2002	0.000000	0.000000	0.000000	-0.007717	0.249522
Forecast	2003	0.000000	0.000000	0.000000	-0.007717	0.249515

	<u>t</u> <u>Fiscal</u>	<u>Oil Roy.</u> <u>Millions</u>	<u>Gas Roy.</u> <u>Millions</u>	<u>Timber</u> <u>Millions</u>	<u>Misc.</u> <u>Millions</u>	<u>Perm. Total</u> <u>Millions</u>	<u>TLM Adm.</u> <u>Millions</u>	<u>Net</u> <u>Millions</u>
Actual	2000	0.004394	0.004489	1.675671	0.028247	1.712801	-0.046915	1.913894
Forecast	2001	0.003144	0.008105	0.345000	0.014216	0.370465	-0.196848	0.425036
Forecast	2002	0.002972	0.006966	0.360000	0.014045	0.383983	-0.062966	0.570539
Forecast	2003	0.002732	0.006700	0.680000	0.015072	0.704504	-0.064122	0.889897

Legislative Fiscal Division

Revenue Estimate Profile

Cultural Trust Interest

Revenue Description: Beginning in fiscal 1976, a portion of coal severance tax revenue was deposited into the Parks Acquisition and Arts Protection trust fund. The 1991 legislature split the principal of this trust into two separate trusts, the Parks Acquisition trust and the Arts Protection trust (cultural trust), with coal severance taxes allocated to each one. The 1997 legislature appropriated \$3.9 million from the cultural trust fund for the immediate purchase of Virginia and Nevada City properties. This action resulted in a loss of trust interest revenue that otherwise would be used to fund cultural and aesthetic (C&A) projects in the state during the 1999 biennium. Thus, beginning July 1, 1997, and ending June 30, 1999, 0.87 percent in coal severance tax revenue was allocated to an account in the state special revenue fund to compensate for the lost interest earnings and the previous 0.63 percent distribution of coal severance tax to the cultural trust was eliminated. Beginning July 1, 1999, the amount of 0.63 percent is once again statutorily allocated to the cultural trust, the interest from which is to be used for the purpose of protection of works of art in the capitol and for other cultural and aesthetic projects.

Applicable Tax Rate(s): N/A

Distribution: All income from the trust must be appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.

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

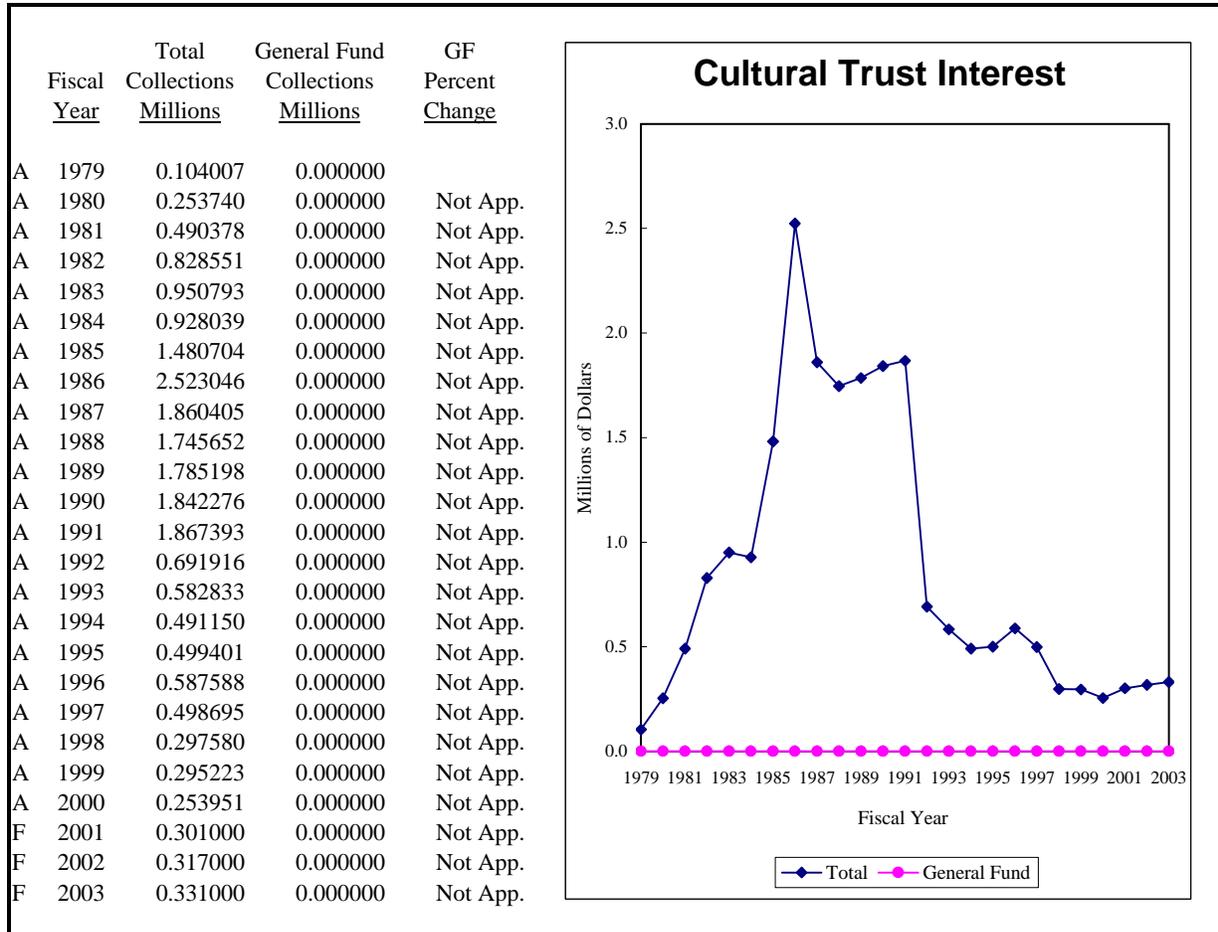
Statute: Title 15, Chapter 35, MCA

% of Total FY 2000 General Fund Revenue: N/A

Legislative Fiscal Division

Revenue Estimate Profile Cultural Trust Interest

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

Cultural Trust Interest

	<u>t</u>	<u>Total Rev.</u>	<u>GF Rev.</u>	<u>Trust Shares</u>	<u>Total Shares</u>	<u>Trust Pool</u>	<u>Other Pool</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Interest</u>	<u>Income</u>
						<u>Millions</u>	<u>Millions</u>
Actual	2000	0.253951	0.000000	0.039088	11.821189	78.564737	5.084671
Forecast	2001	0.301000	0.000000	0.039088	11.821189	78.564737	5.422011
Forecast	2002	0.317000	0.000000	0.039088	11.821189	78.564737	5.445886
Forecast	2003	0.331000	0.000000	0.039088	11.821189	78.564737	5.309712

	<u>t</u>	<u>Pool Short</u>	<u>Gains</u>				
	<u>Fiscal</u>	<u>Term Interest</u>	<u>Losses</u>	<u>Fees</u>	<u>Amortizations</u>	<u>Lending</u>	<u>Accretions</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	2.402942	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2001	2.740282	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2002	2.764157	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2003	2.627983	0.697222	-0.197184	-1.337427	0.283705	3.235413

	<u>t</u>	<u>Net Coal Tax</u>	<u>New Deposit</u>		<u>Non Pool</u>	<u>Non Pool</u>	<u>Non Pool</u>
	<u>Fiscal</u>	<u>New Deposit</u>	<u>Interest</u>	<u>Long Term</u>	<u>STIP</u>	<u>STIP Bal</u>	<u>STIP Int</u>
		<u>Millions</u>	<u>Millions</u>	<u>Rate</u>	<u>Rate</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.212426		7.1000%	5.4350%	0.249639	
Forecast	2001	0.210000	0.008177	7.3690%	6.1980%	0.249639	0.015473
Forecast	2002	0.213000	0.023800	7.3910%	6.2520%	0.249639	0.015607
Forecast	2003	0.213000	0.039476	7.3780%	5.9440%	0.249639	0.014839

Legislative Fiscal Division

Revenue Estimate Profile

Deaf and Blind Trust Interest and Income

Revenue Description: Lands granted by the federal government to the state for the benefit of public schools and various state institutions generate income. These lands produce revenue through rents or crop shares for agricultural purposes, royalties from the sale of mineral rights, and sales of timber. Income from certain portions of public school/institution lands has been designated for support of the School for the Deaf and Blind. Thus, some of these funds are deposited into a component of the trust and legacy trust fund referred to as the Deaf and Blind trust, which generates interest earnings for the state. As of October 1, 1995, all fixed-income investments held by the state's major trust funds were transferred to a newly-created Trust Fund Bond Pool (TFBP). The majority of trust and legacy trust funds are invested as part of the TFBP. Some funds, however, are invested on a short term basis in the state's Short Term Investment Pool (STIP). The state constitution prohibits the investment of any trust funds in common stock.

In accordance with statute, 3.0 percent of Deaf and Blind trust interest and income is allocated to the Department of Natural Resources and Conservation (DNRC) to be used for resource development purposes. Senate Bill 48, passed by the 1999 legislature, provides for the diversion of the following funds for the purpose of funding the Trust Land Management Division in the DNRC: 1) mineral royalties; 2) revenues from the sale of easements; and 3) 5.0 percent of interest and income previously credited to the common school trust. The amount of the money diverted from the Deaf and Blind trust reduces the growth of the trust fund balance and, hence, reduces the amount of distributable interest earnings.

Applicable Tax Rate(s): N/A

Distribution: Interest and income from the trust, less amounts to fund DNRC administration, is allocated to the School for the Deaf and Blind.

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

Statute: N/A

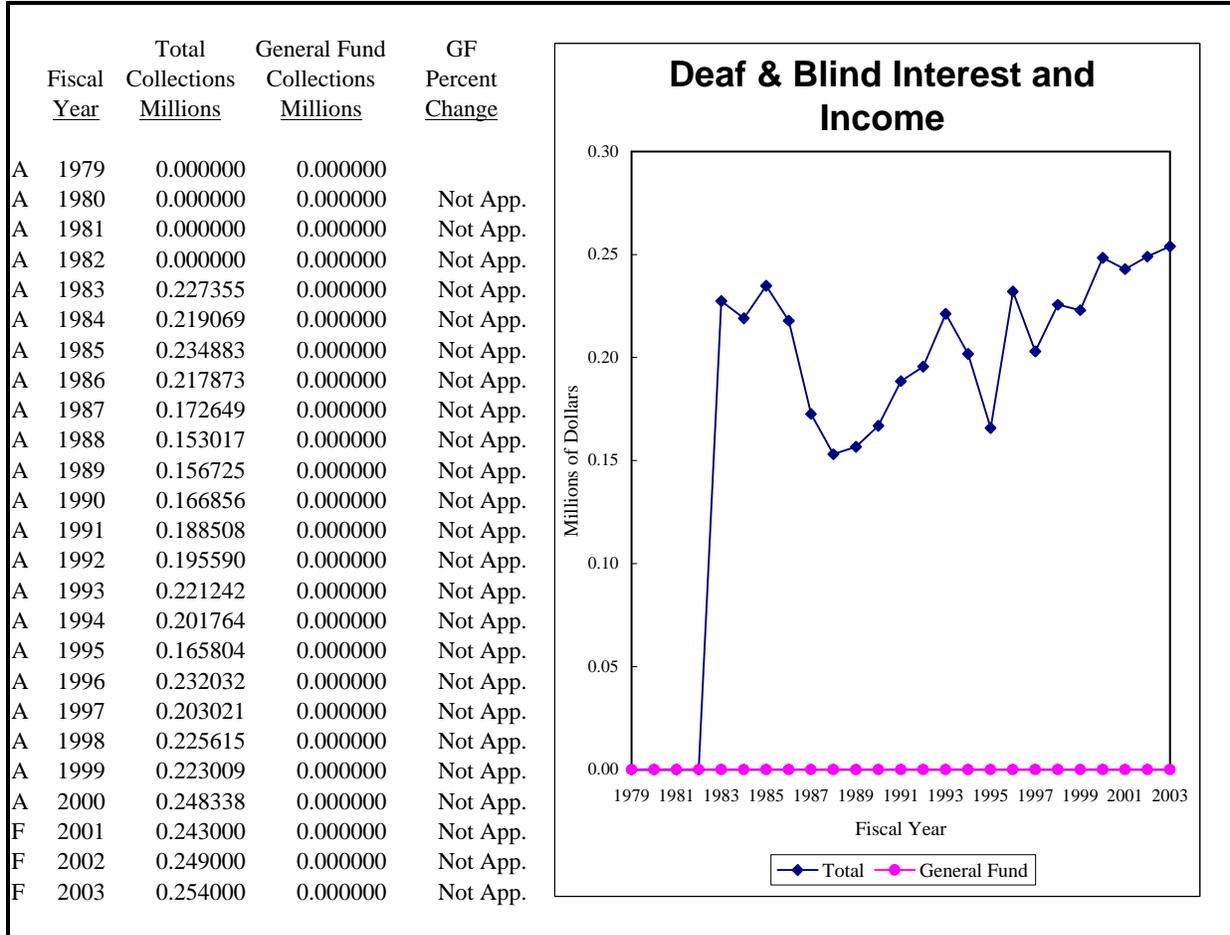
% of Total FY 2000 General Fund Revenue: N/A

Legislative Fiscal Division

Revenue Estimate Profile

Deaf and Blind Trust Interest and Income

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

Deaf and Blind Trust Interest and Income

	t	Total Rev.	GF Rev.	Trust Shares	Total Shares	Trust Pool	Other Pool	Deaf &
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Interest</u>	<u>Income</u>	<u>Blind Share</u>
						<u>Millions</u>	<u>Millions</u>	<u>T&L</u>
Actual	2000	0.248338	0.000000	3.583217	11.821189	78.564737	5.084671	0.006369
Forecast	2001	0.243000	0.000000	3.583217	11.821189	78.564737	5.077838	0.006369
Forecast	2002	0.249000	0.000000	3.583217	11.821189	78.564737	5.084671	0.006369
Forecast	2003	0.254000	0.000000	3.583217	11.821189	78.564737	4.938141	0.006369

	t	Pool Short	Gains	Fees	Amortizations	Lending	Accretions
	<u>Fiscal</u>	<u>Term Interest</u>	<u>Losses</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
		<u>Millions</u>	<u>Millions</u>				
Actual	2000	2.402942	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2001	2.396109	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2002	2.402942	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2003	2.256412	0.697222	-0.197184	-1.337427	0.283705	3.235413

	t	Trust Income	Trust Land	New Deposit		Non Pool	Non Pool	Non Pool
	<u>Fiscal</u>	<u>New Deposit</u>	<u>Admin.</u>	<u>Interest</u>	<u>Long Term</u>	<u>STIP</u>	<u>STIP Bal</u>	<u>STIP Int</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Rate</u>	<u>Rate</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	10.962021	0.000000					
Forecast	2001	6.505141	-3.478551	0.253308	7.3690%	6.1980%	11.676486	0.723709
Forecast	2002	7.111158	-3.742886	0.757307	7.3910%	6.2520%	11.676486	0.730014
Forecast	2003	8.194991	-3.737578	1.322663	7.3780%	5.9440%	11.676486	0.694050

	t	Grazing	Agriculture	Misc.	O&G Lease	O&G Bonus	O&G Penalty	Misc.
	<u>Fiscal</u>	<u>Millions</u>						
Actual	2000	0.030113	0.008628	0.000000	0.001980	0.001280	0.000000	0.046783
Forecast	2001	0.029987	0.022587	0.000000	0.001980	0.000000	0.000000	0.023125
Forecast	2002	0.030050	0.023154	0.000000	0.001980	0.000000	0.000000	0.025195
Forecast	2003	0.030019	0.023823	0.000000	0.001980	0.000000	0.000000	0.026577

	t	Int. Land	Int. STIP	Int. Trust	Timber	Res. Dev.	Net
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.000000	0.000000	0.162218	0.000000	-0.002664	0.248338
Forecast	2001	0.000000	0.000000	0.167700	0.000000	-0.002330	0.243049
Forecast	2002	0.000000	0.000000	0.170963	0.000000	-0.002411	0.248931
Forecast	2003	0.000000	0.000000	0.174052	0.000000	-0.002472	0.253979

Legislative Fiscal Division

Revenue Estimate Profile

Diesel Tax

Revenue Description: The constitution of the state (Article VIII, Section 6) provides that money from taxes on vehicle fuel be used solely for: 1) payment of obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges; 2) payment of county, city, and town obligations on streets roads, and bridges; and 3) enforcement of highway safety, driver education, tourist promotion, and administrative collection costs. Appropriation of the money for any other use requires a three-fifth vote of each house of the legislature.

There are three sources of revenue associated with the taxation of special fuels (primarily diesel): 1) the main source of revenue is a diesel tax of \$0.2775 per gallon paid to the Department of Transportation (DOT) for every gallon of diesel sold or used in the state, 2) a tax of \$0.0075 is assessed on each gallon of diesel fuel for the purpose of funding petroleum storage tank cleanup; and 3) although House Bill 138, passed by the 1999 legislature eliminated the \$200 annual license fee paid by persons who engage in the wholesale distribution of diesel in the state, it left intact the \$100 reissuance fee. The focus of this profile is on revenue generated by the \$0.2775 and \$0.0075 per gallon taxes on diesel fuel.

Distributors are allowed to withhold 1.0 percent of the diesel tax as an allowance for collecting the tax. In order to prevent the possibility of dual taxation of motor fuels purchased by Montana citizens and businesses on Indian reservations, DOT and Indian tribes may enter into a cooperative agreement. Refunds of the tax paid is provided for commercial vehicle use other than for use on public highways and streets, governmental use, and nonpublic school use for the transportation of pupils.

Applicable Tax Rate(s): Diesel (Special) Fuel Tax - \$0.2775 per gallon. Petroleum Storage Tank Cleanup Tax - \$0.0075.

Distribution: After reductions for: 1) the 1.0 percent withheld by distributors; 2) administrative expenses and refund amounts deducted by DOT under a tribal agreement that are deposited in the tribal motor fuels administration account; 3) diesel tax refunds; and 4) amounts refunded through the international fuel tax agreement, diesel tax proceeds are distributed to DOT. Of that amount, 1/4 of \$0.01 per gallon is allocated specifically to the funding of highway system maintenance.

Summary of Legislative Action:

House Bill 131 – The legislation provides authority for department motor carrier enforcement personnel to stop and inspect diesel-powered motor vehicles for the presence of non-taxed dyed diesel fuel in their supply tanks. The department estimates that the increased enforcement provided by HB 131 would result in greater compliance and increase diesel tax revenues by \$707,625 each year.

Diesel Tax -- Legislation Passed by 57th Legislature			
Estimated Total Impact for the 2003 Biennium			
<u>Bill Number and Short Title</u>	<u>Fiscal 2001</u>	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>
HB0131 Stop and inspection authority for diesel fuel violations		707,625	707,625
Total Estimated Impact	<u>\$0</u>	<u>\$707,625</u>	<u>\$707,625</u>

Statute: Title 15, Chapter 70 and Title 60, Chapter 3, MCA

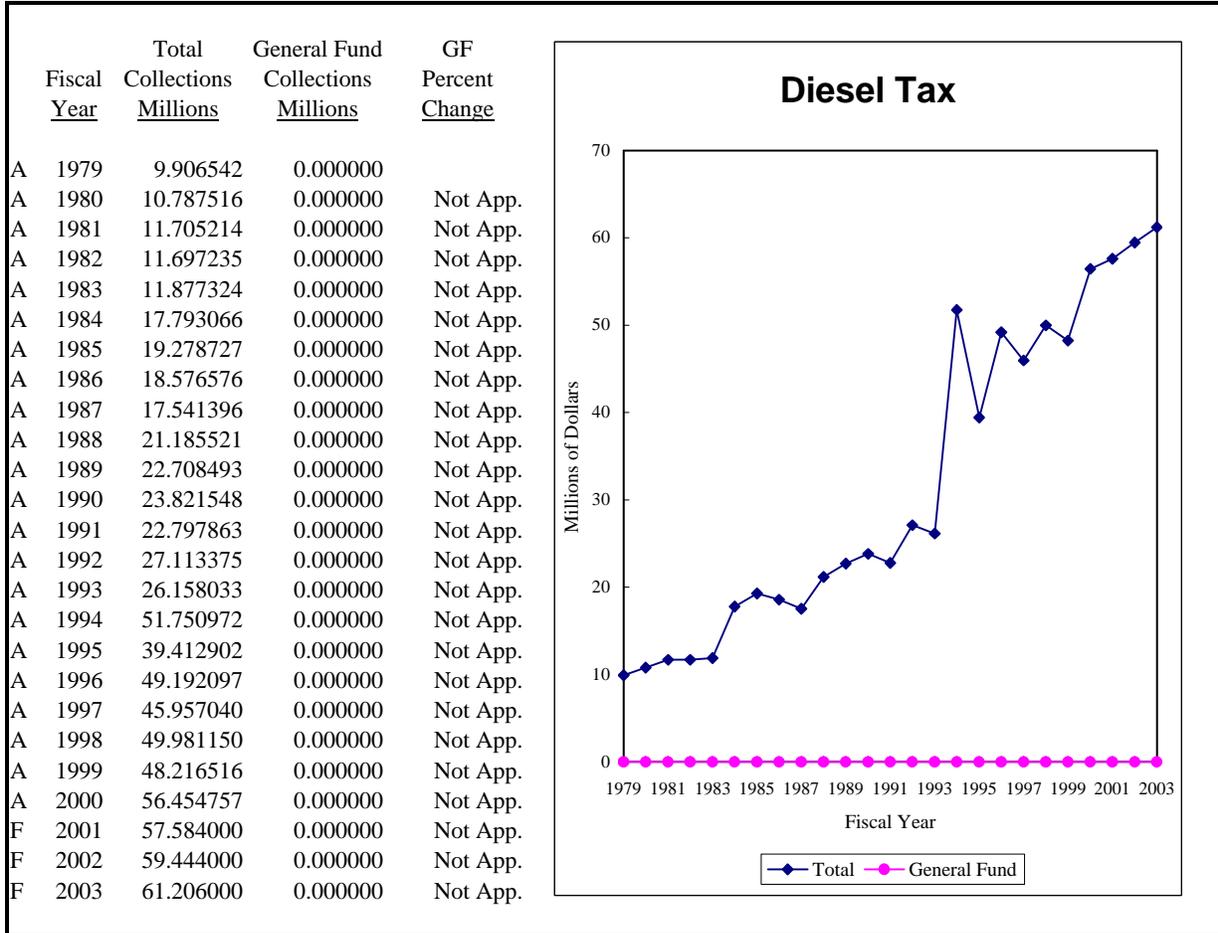
% of Total FY 2000 General Fund Revenue: N/A

Legislative Fiscal Division

Revenue Estimate Profile

Diesel 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

Diesel Tax

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Gross</u>	<u>Diesel Tax</u>	<u>Tank Tax</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	56.454757	0.000000	59.780702	54.259213	2.195544
Forecast	2001	57.584000	0.000000	60.976316	55.344397	2.239455
Forecast	2002	58.736000	0.000000	62.195843	56.451286	2.284244
Forecast	2003	60.498000	0.000000	64.061718	58.144824	2.352771

	<u>t</u>	<u>Refunds</u>	<u>Diesel</u>	<u>Tank</u>	<u>Gallons</u>	<u>Tank</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Effective</u>	<u>Effective</u>	<u>Millions</u>	<u>Gallons</u>
			<u>Rate</u>	<u>Rate</u>		<u>Millions</u>
Actual	2000	-3.325945	0.274725	0.007500	209.610185	292.739200
Forecast	2001	-3.392464	0.274725	0.007500	213.802389	298.593984
Forecast	2002	-3.460313	0.274725	0.007500	218.078437	304.565864
Forecast	2003	-3.564123	0.274725	0.007500	224.620790	313.702840

	<u>t</u>	<u>GF</u>	<u>DOT</u>	<u>GF</u>	<u>DOT</u>
	<u>Fiscal</u>	<u>Percent</u>	<u>Percent</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.0000%	100.0000%	0.000000	54.259213
Forecast	2001	0.0000%	100.0000%	0.000000	55.345000
Forecast	2002	0.0000%	100.0000%	0.000000	56.452000
Forecast	2003	0.0000%	100.0000%	0.000000	58.145000

Legislative Fiscal Division

Revenue Estimate Profile

Federal Forest Receipts

Revenue Description: The federal government authorizes logging operations on forest lands located within the borders of Montana. The sale of timber generates revenue that the federal government shares with the state in the following year. The state receives 25 percent of the federal forest receipts. The state sends the money to the county treasurer of the county in which the receipts were generated. Within thirty days, the county treasurer distributes the money to various county and state accounts.

Beginning November 2000, HR 2389 (federal legislation) fixes the allocation to the state at the average of the highest three years of forest receipts in the state. Not more than 20 percent and not less than 15 percent may be used by county governments for special projects on federal lands. The remainder is distributed under state law as described below.

Applicable Tax Rate(s): N/A

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

?? 66 2/3% to the general fund of the county

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

This revenue source represents one component used to calculate total non levy property tax revenue.

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

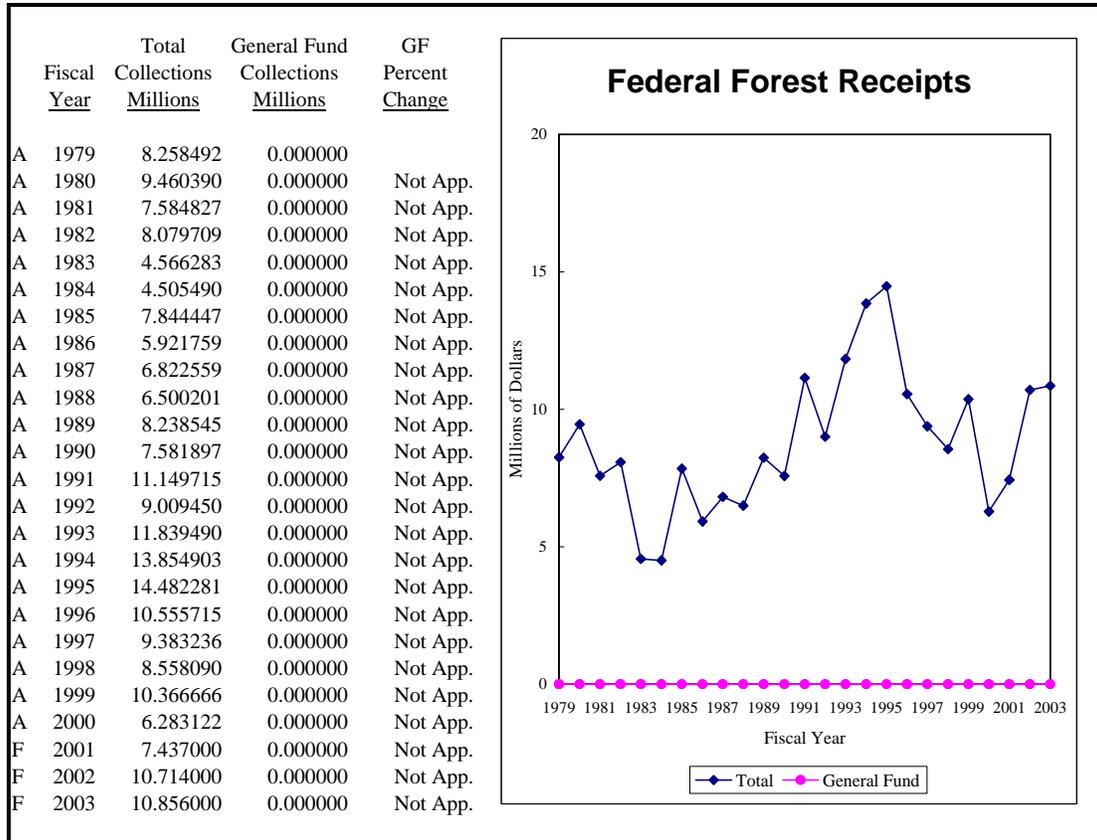
Statute: Title 17, Chapter 3, MCA

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

Legislative Fiscal Division

Revenue Estimate Profile Federal Forest Receipts

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	55 Non-Levy Millions	55 Non-Levy Percent	State Share
Actual	2000	6.283122	0.000000	0.000000	0.213576	0.250000
Forecast	2001	7.437000	0.000000	1.588309	0.212044	0.250000
Forecast	2002	10.714000	0.000000	2.271793	0.210510	0.250000
Forecast	2003	10.856000	0.000000	2.285316	0.208975	0.250000

Legislative Fiscal Division

Revenue Estimate Profile

Gasoline Tax

Revenue Description: The constitution of the state (Article VIII, Section 6) provides that money from taxes on vehicle fuel be used solely for: 1) payment of obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges; 2) payment of county, city, and town obligations on streets roads, and bridges; and 3) enforcement of highway safety, driver education, tourist promotion, and administrative collection costs. Appropriation of the money for any other use requires a three-fifth vote of each house of the legislature.

There are two sources of revenue associated with the taxation of gasoline: 1) the primary source of revenue is a gasoline license tax of \$0.27 per gallon paid to the Department of Transportation (DOT) by every distributor for the privilege of selling gasoline; and 2) a tax of \$.0075 assessed on each gallon of gasoline for the purpose of funding petroleum storage tank cleanup..

Distributors are allowed to withhold 1.0 percent of the gasoline tax as an allowance for collecting the tax. In order to prevent the possibility of dual taxation of motor fuels purchased by Montana citizens and businesses on Indian reservations, DOT and Indian tribes may enter into a cooperative agreement. Refunds of the tax paid is provided for denaturing alcohol used in gasohol, stationary gasoline engines used off public highways and streets, and commercial vehicle use other than for use on public highways and streets.

Applicable Tax Rate(s):

Gasoline License Tax - \$0.27 per gallon
Petroleum Storage Tank Cleanup Tax - \$0.0075.

Distribution: After reductions for: 1) the 1.0 percent withheld by distributors; 2) administrative expenses and refund amounts deducted by DOT under a tribal agreement that are deposited in the tribal motor fuels administration account; 3) gasoline tax refunds; and 4) amounts refunded through the international fuel tax agreement, the remainder of the gasoline tax is allocated as follows:

- ?? 9/10 of 1.0% to the state park account
- ?? 15/28 of 1.0% to a snowmobile account in the state special revenue fund. This amount is further allocated 86.0% for general use, 4.33% for enforcement, 8.67% for safety and education, and 1.0 % to the noxious weed trust.
- ?? 1/8 of 1.0% to an off-highway vehicle account in the state special revenue fund. This amount is further allocated 90% for general use (including repair of damaged areas) and 10% for safety.
- ?? 1/25 of 1.0% to the aeronautics revenue fund of the Department of Transportation
- ?? 98.3993% to DOT to be used for highway-related purposes, primarily construction projects and administrative costs. One-fourth of \$.01 per gallon is allocated specifically to the funding of highway system maintenance.

Summary of Legislative Action:

House Bill 578 - The legislation extended the tax incentive for the production of alcohol used to blend with gasoline for sale as gasohol or the production of ethyl butyl for use in reformulated gasoline. The termination of the tax incentive was extended from 2005 to 2010. Since there are no facilities currently licensed or planned to be licensed to produce alcohol, there is no fiscal impact for the 2003 biennium. However, if a facility is licensed in the future, there could be a \$6 million total revenue reduction through the termination of the incentive program on July 1, 2010.

Statute: Title 15, Chapter 70 and Title 60, Chapter 3, MCA

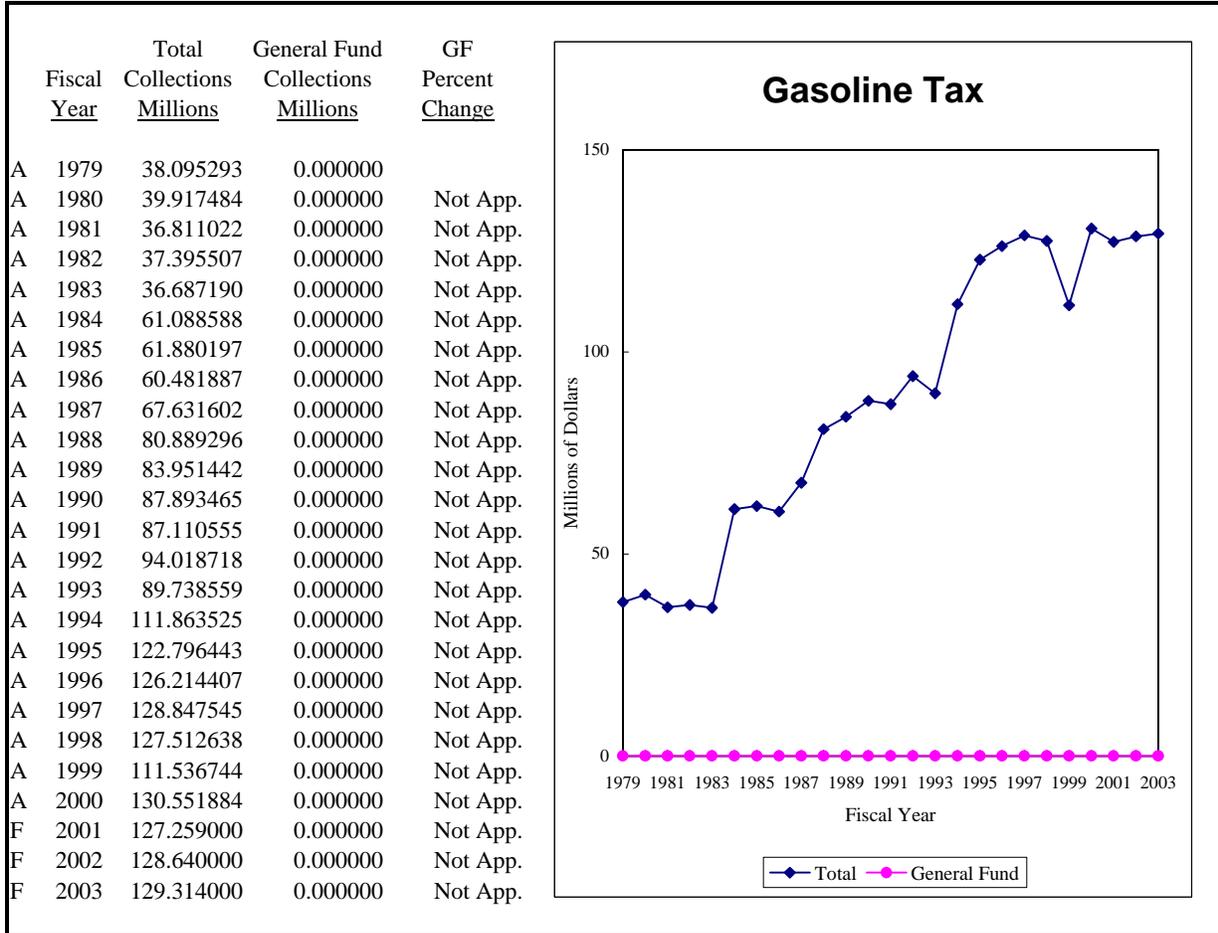
% of Total FY 2000 General Fund Revenue: N/A

Legislative Fiscal Division

Revenue Estimate Profile

Gasoline 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

Gasoline Tax

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Gross Tax</u>	<u>Gas Tax</u>	<u>Tank Tax</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	130.551884	0.000000	137.379589	126.764307	3.787577
Forecast	2001	127.259000	0.000000	134.003949	123.452439	3.806848
Forecast	2002	128.640000	0.000000	135.418763	124.793435	3.847041
Forecast	2003	129.314000	0.000000	136.109128	125.447781	3.866653

	<u>t</u>	<u>Refunds</u>	<u>Alcohol</u>		<u>Gas</u>	<u>Tank</u>		<u>Tank</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Incentives</u>	<u>Tribal</u>	<u>Effective</u>	<u>Effective</u>	<u>Gallons</u>	<u>Gallons</u>
			<u>Millions</u>	<u>Millions</u>	<u>Rate</u>	<u>Rate</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	-3.267807	0.000000	-3.559898	0.267300	0.007500	499.783060	505.01027
Forecast	2001	-3.184764	0.000000	-3.559898	0.267300	0.007500	487.082309	507.57976
Forecast	2002	-3.218389	0.000000	-3.559898	0.267300	0.007500	492.224924	512.93879
Forecast	2003	-3.234796	0.000000	-3.559898	0.267300	0.007500	494.734287	515.55375

	<u>t</u>	<u>GF</u>	<u>DOT</u>	<u>FWP Snow</u>	<u>FWP Boat</u>	<u>Aeronautics</u>	<u>Off Highway</u>
	<u>Fiscal</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Actual	2000	0.0000%	98.3551%	0.4729%	0.9253%	0.0411%	0.1131%
Forecast	2001	0.0000%	98.3993%	0.4607%	0.9000%	0.0400%	0.1125%
Forecast	2002	0.0000%	98.3993%	0.4607%	0.9000%	0.0400%	0.1125%
Forecast	2003	0.0000%	98.3993%	0.4607%	0.9000%	0.0400%	0.1125%

Legislative Fiscal Division

Revenue Estimate Profile

Gasoline Tax

	<u>t</u> <u>Fiscal</u>	<u>DOT</u> <u>Percent</u>	<u>FWP Snow</u> <u>Percent</u>	<u>FWP Boat</u> <u>Percent</u>	<u>Aeronautics</u> <u>Percent</u>
Actual	2000	0.01030%	0.02060%	0.05140%	0.01030%
Forecast	2001	0.00540%	0.02320%	0.04640%	0.01250%
Forecast	2002	0.00540%	0.02320%	0.04640%	0.01250%
Forecast	2003	0.00540%	0.02320%	0.04640%	0.01250%

	<u>t</u> <u>Fiscal</u>	<u>GF</u> <u>Millions</u>	<u>DOT</u> <u>Millions</u>	<u>FWP Snow</u> <u>Millions</u>	<u>FWP Boat</u> <u>Millions</u>	<u>Aeronautics</u> <u>Millions</u>	<u>Off Highway</u> <u>Millions</u>
Actual	2000	0.000000	124.679120	0.599491	1.172918	0.052130	0.143357
Forecast	2001	0.000000	121.419000	0.585000	1.143000	0.051000	0.143000
Forecast	2002	0.000000	122.739000	0.591000	1.155000	0.051000	0.144000
Forecast	2003	0.000000	123.382000	0.594000	1.161000	0.052000	0.145000

	<u>t</u> <u>Fiscal</u>	<u>Weed</u> <u>Gasoline</u> <u>Millions</u>	<u>Snow Enforce.</u> <u>Gasoline</u> <u>Millions</u>	<u>Snow Con-Ed.</u> <u>Gasoline</u> <u>Millions</u>	<u>OHV Con-Ed.</u> <u>Gasoline</u> <u>Millions</u>
Actual	2000	0.013032	0.026065	0.065162	0.013032
Forecast	2001	0.007000	0.029000	0.059000	0.016000
Forecast	2002	0.007000	0.030000	0.060000	0.016000
Forecast	2003	0.007000	0.030000	0.060000	0.016000

Legislative Fiscal Division

Revenue Estimate Profile

GVW and Other Fees

Revenue Description: There are two types of revenue derived from over 20 different sources classified under gross vehicle weight (GVW) and other income: fee revenue and permit revenue. The majority of revenue is derived from a variety of GVW fees, including those fees collected by counties when vehicles are registered. Until July 1, 2001, GVW fees included the fee in lieu of taxes on all newly purchased vehicles. Miscellaneous permits comprise the second income component under this source.

Applicable Tax Rate(s): Various

Distribution: A portion of certain GVW revenue is allocated to counties when vehicles are registered by the counties, such as 5.0 percent of total GVW fees. Fees collected in accordance with regional, national or international agreements are shared with participating jurisdictions. The majority of GVW revenue, however, is allocated to the Department of Transportation. The single state registration fee is deposited to the general fund and is accounted for in the "All Other Revenue" profile.

Summary of Legislative Action:

House Bill 124 – Beginning July 1, 2001, fees for proportionally registered fleets and amounts withheld by counties for collecting motor vehicle fees are deposited in the Department of Transportation account (rather than in the general fund of each county) for an increase in revenue of \$4,909,460 in fiscal 2002 and \$4,909,558 in fiscal 2003. However, certain vehicle tax revenue previously deposited in the department's account is now deposited to the state general fund for a loss of \$7,960,000 in fiscal 2002 and \$8,080,000 in fiscal 2003.

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. State special revenues deposited to the Department of Transportation account are reduced beginning fiscal 2003.

GVW and Other Fees -- Legislation Passed by 57th Legislature			
Estimated Total 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)		(3,050,540)	(3,170,442)
HB0247 Phase-in reduction of fees in lieu of tax for heavy trucks			(250,135)
Total Estimated Impact	<u>\$0</u>	<u>(\$3,050,540)</u>	<u>(\$3,420,577)</u>

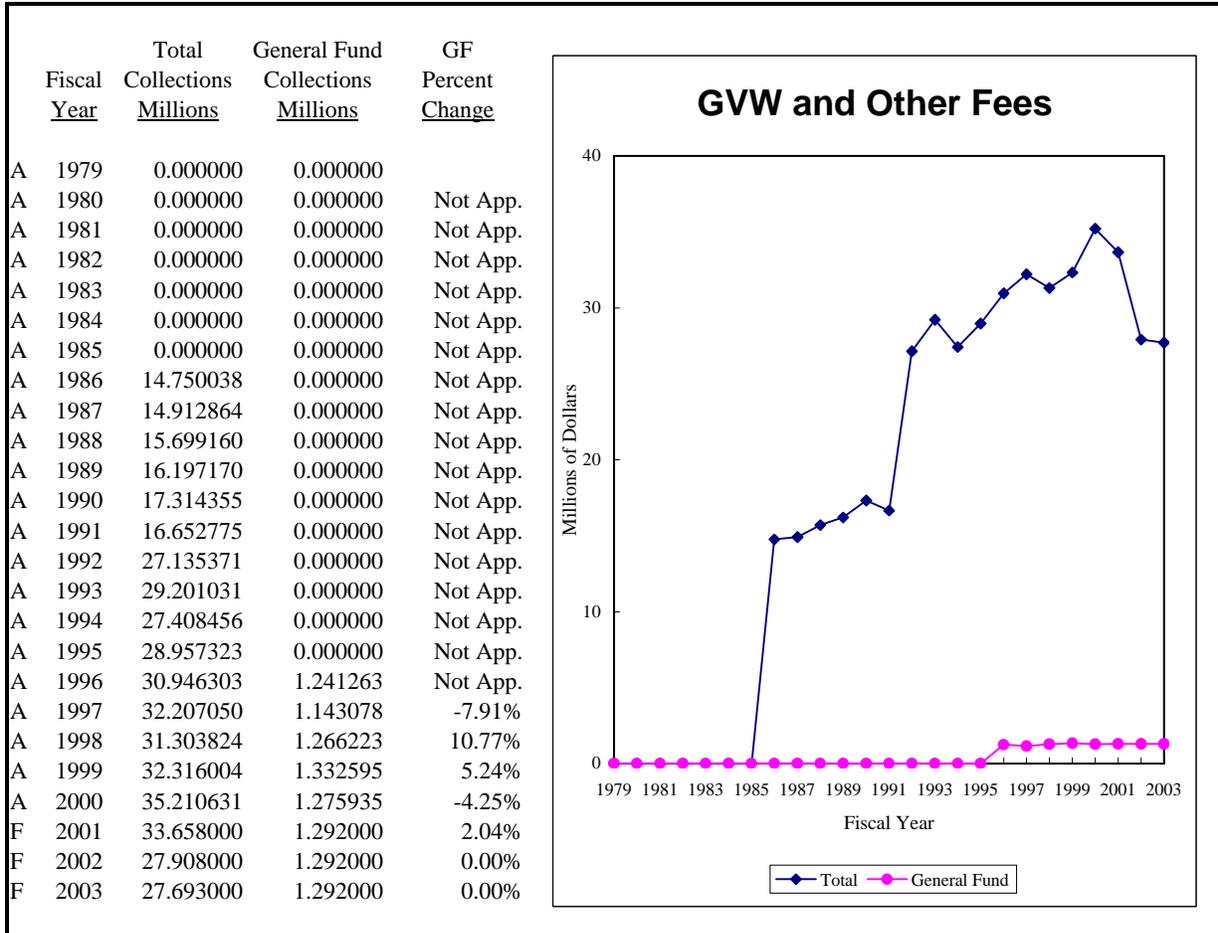
Statute: Title 15, Chapters 24, 70 and 71; and Title 61, Chapters 3, 4 and 10, MCA

% of Total FY 2000 General Fund Revenue:

Legislative Fiscal Division

Revenue Estimate Profile GVW and Other 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

GVW and Other Fees

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>GVW</u>	<u>SSRS</u>	<u>Form 3</u>	<u>Trip</u>	<u>County</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	35.210631	1.275935	8.852775	1.275935	0.855910	0.880540	7.321056
Forecast	2001	33.658000	1.292000	8.852775	1.291584	0.858492	0.880540	7.427534
Forecast	2002	30.959000	1.292000	8.852775	1.291584	0.858492	0.880540	7.499531
Forecast	2003	31.114000	1.292000	8.852775	1.291584	0.858492	0.880540	7.501407

	<u>t</u>	<u>Sales</u>	<u>Overweight</u>	<u>Special</u>	<u>Restricted</u>	<u>Fuel</u>	<u>LPG</u>	<u>Other</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	12.533721	1.459102	0.918654	0.000000	0.105370	0.000000	1.007568
Forecast	2001	10.793002	1.508432	0.930887	0.000000	0.107385	0.000000	1.007568
Forecast	2002	7.961068	1.549780	0.949810	0.000000	0.107385	0.000000	1.007568
Forecast	2003	8.080485	1.567650	0.966200	0.000000	0.107385	0.000000	1.007568

Legislative Fiscal Division

Revenue Estimate Profile Lodging Facility Use Tax

Revenue Description: The state imposes a tax on room charges collected by lodging facilities. The tax only applies for rooms used for lodging. All percentage distributed tax collections (see below) are earmarked for specific purposes and are statutorily appropriated. All taxes paid by state employees are 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 accounted for in the "All Other Revenue" profile.

Applicable Tax Rate(s): The tax is 4.0 percent of room charges.

Distribution: Fiscal 2000 - 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.

Summary of Legislative Action: The 57th Legislature did not enact legislation that impacted this revenue source. However, Senate Bill 263 continued the allocation of \$400,000 each year to the Montana heritage preservation and development fund through fiscal 2007.

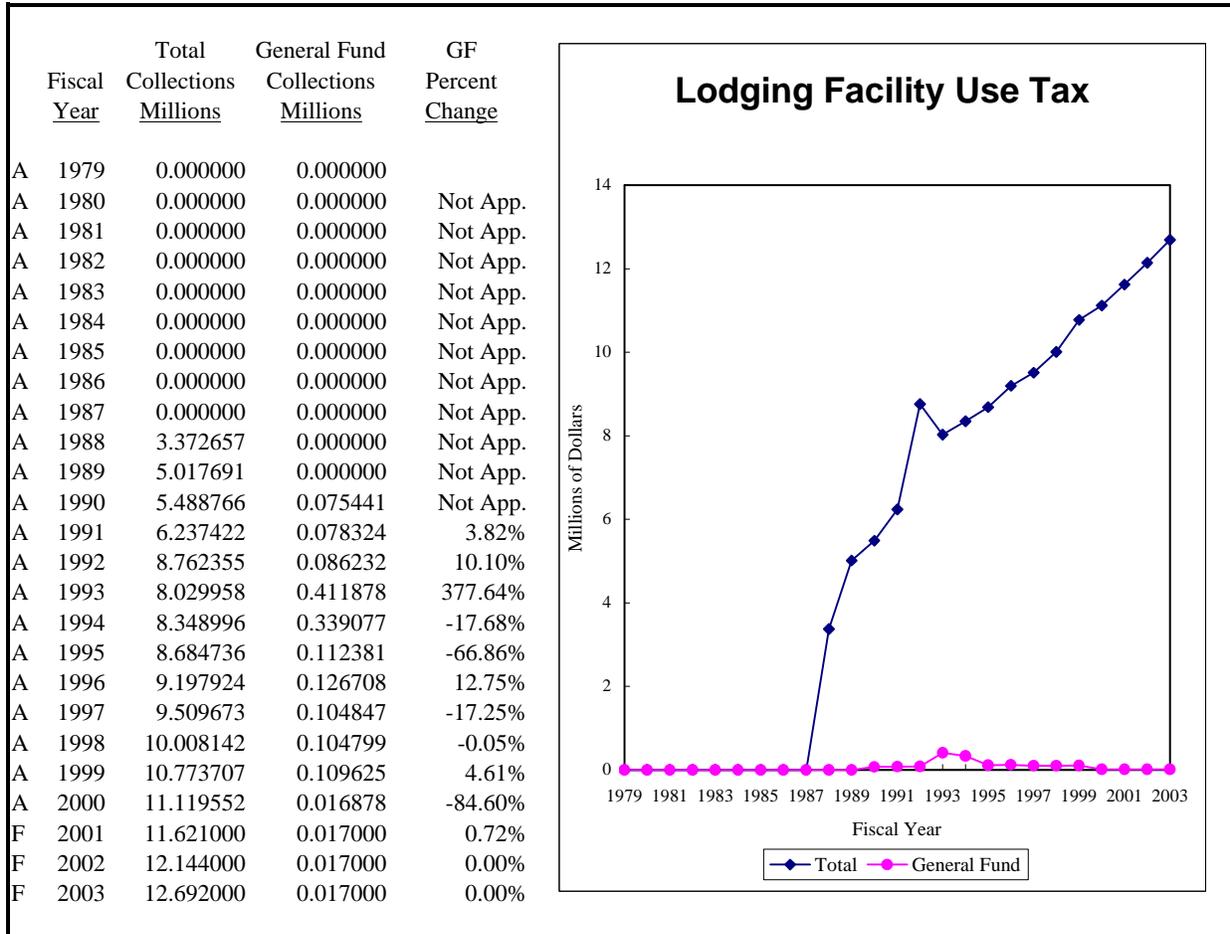
Statute: Title 15, Chapter 65, MCA

% of Total FY 2000 General Fund Revenue: N/A

Legislative Fiscal Division

Revenue Estimate Profile Lodging Facility Use 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 Lodging Facility Use Tax

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Room Charge</u>	<u>Tax</u>	<u>DOR</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Rate</u>	<u>Admin.</u>
						<u>Millions</u>
Actual	2000	11.119552	0.016878	277.988800	4.0000%	0.114927
Forecast	2001	11.621000	0.016878	290.517477	4.0000%	0.114526
Forecast	2002	12.144000	0.016878	303.610809	4.0000%	0.121764
Forecast	2003	12.692000	0.016878	317.294245	4.0000%	0.122365

	<u>t</u>	<u>Higher Ed.</u>	<u>DOC</u>	<u>Sites &</u>	<u>Regional</u>	<u>FWP</u>	<u>MT.</u>	<u>All Other</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Signs</u>	<u>Millions</u>	<u>Millions</u>	<u>Heritage</u>	<u>Entities</u>
				<u>Millions</u>			<u>Millions</u>	<u>Millions</u>
Actual	2000	0.263447	7.113045	0.105379	2.371015	0.684960	0.400000	0.049901
Forecast	2001	0.275992	7.451794	0.110397	2.483931	0.717580	0.400000	0.049901
Forecast	2002	0.298886	8.069933	0.119555	2.689978	0.777105	0.000000	0.049901
Forecast	2003	0.312571	8.439428	0.125029	2.813143	0.812686	0.000000	0.049901

Legislative Fiscal Division

Revenue Estimate Profile

Parks Trust Interest

Revenue Description: Beginning in fiscal 1976, a portion of coal severance tax revenue was deposited into the Parks Acquisition and Arts Protection trust fund. The 1991 legislature split the principal of this trust into two separate trusts, the Parks Acquisition trust (parks trust) and the Arts Protection trust (cultural trust), with coal severance taxes allocated to each one. The amount of 1.27 percent of coal tax revenues is statutorily allocated to the parks trust for the purpose of parks acquisition or management. Income from the parks trust must be appropriated for the acquisition, development, operation, and maintenance of state parks, state recreational areas, state monuments, and state historical sites under control of the Department of Fish, Wildlife and Parks.

Applicable Tax Rate(s): N/A

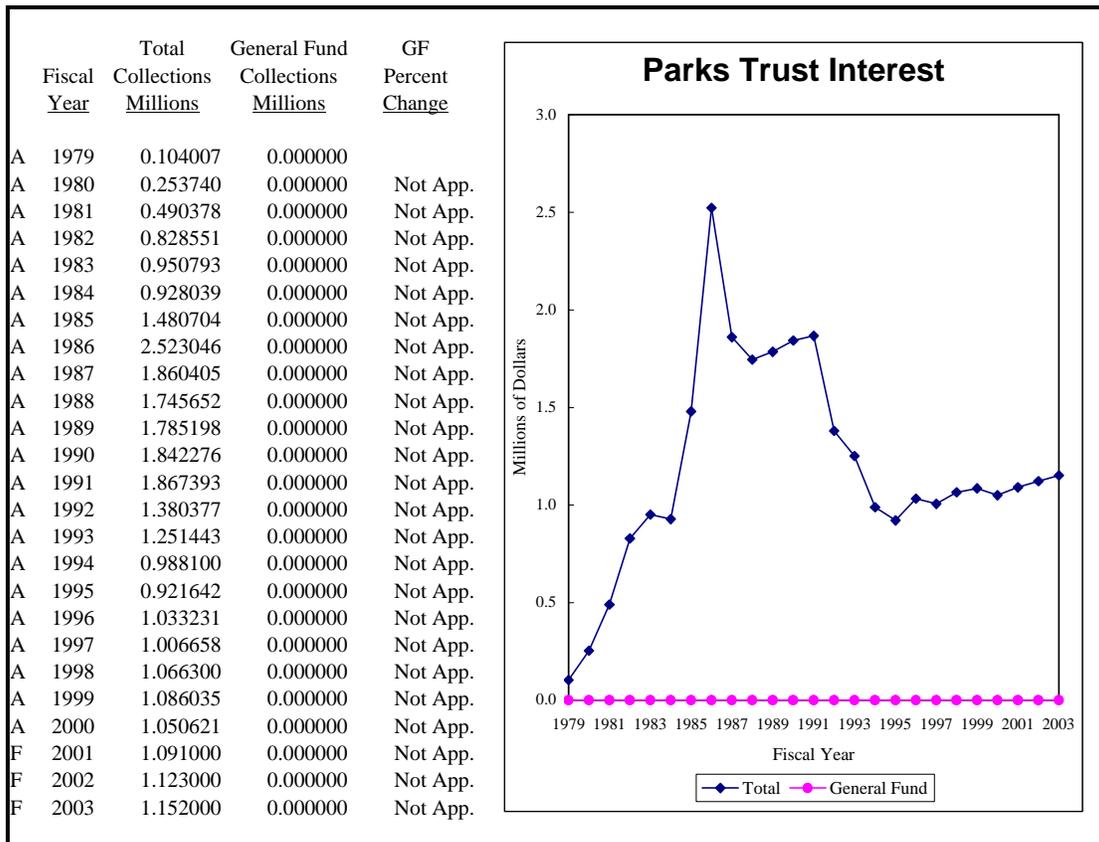
Distribution: Interest earnings on the parks trust are allocated to the Department of Fish, Wildlife, and Parks.

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

Statute: Title 15, Chapter 35 and Title 23, Chapter 1, MCA

% of Total FY 2000 General Fund Revenue: N/A

Revenue Projection:



Legislative Fiscal Division

Revenue Estimate Profile

Parks Trust Interest

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 Rev.	GF Rev.	Trust Shares	Total Shares	Trust Pool	Other Pool
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Interest</u>	<u>Income</u>
						<u>Millions</u>	<u>Millions</u>
Actual	2000	1.050621	0.000000	0.148632	11.821189	78.564737	5.084671
Forecast	2001	1.091000	0.000000	0.148632	11.821189	78.564737	5.422011
Forecast	2002	1.123000	0.000000	0.148632	11.821189	78.564737	5.445886
Forecast	2003	1.152000	0.000000	0.148632	11.821189	78.564737	5.309712

	t	Pool Short	Gains	Fees	Amortizations	Lending	Accretions
	<u>Fiscal</u>	<u>Term Interest</u>	<u>Losses</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	2.402942	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2001	2.740282	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2002	2.764157	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2003	2.627983	0.697222	-0.197184	-1.337427	0.283705	3.235413

	t	Net Coal Tax	New Deposit	Long Term	Non Pool	Non Pool	Non Pool
	<u>Fiscal</u>	<u>New Deposit</u>	<u>Interest</u>	<u>Rate</u>	<u>STIP</u>	<u>STIP Bal</u>	<u>STIP Int</u>
		<u>Millions</u>	<u>Millions</u>	<u>Rate</u>	<u>Rate</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.450466		7.1000%	5.4350%	0.301775	
Forecast	2001	0.423000	0.016472	7.3690%	6.1980%	0.301775	0.018704
Forecast	2002	0.430000	0.047978	7.3910%	6.2520%	0.301775	0.018867
Forecast	2003	0.429000	0.079584	7.3780%	5.9440%	0.301775	0.017938

Legislative Fiscal Division

Revenue Estimate Profile

Pine Hills Interest and Income

Revenue Description: Lands granted by the federal government to the state for the benefit of public schools and various state institutions generate income. These lands produce revenue through rents or crop shares for agricultural purposes, royalties from the sale of mineral rights, and sales of timber. Income from certain portions of public school/institution lands has been designated for the support of the Pine Hills youth correctional facility. Thus, some of these funds are deposited into a component of the trust and legacy trust fund referred to as the Pine Hills trust, which generates interest earnings for the state. As of October 1, 1995, all fixed-income investments held by the state's major trust funds were transferred to a newly-created Trust Fund Bond Pool (TFBP). The majority of trust and legacy trust funds are invested as part of the TFBP. Some funds, however, are invested on a short term basis in the state's Short Term Investment Pool (STIP). The state constitution prohibits the investment of any trust funds in common stock.

In accordance with statute, 3.0 percent of Pine Hills interest and income is allocated to the Department of Natural Resources and Conservation (DNRC) to be used for resource development purposes. Senate Bill 48, passed by the 1999 legislature, provides for the diversion of the following funds for the purpose of funding the Trust Land Management Division in the DNRC: 1) mineral royalties; 2) revenues from the sale of easements; and 3) 5.0 percent of interest and income previously credited to the common school trust. The amount of the money diverted from the Pine Hills trust reduces the growth of the trust fund balance and, hence, reduces the amount of distributable interest earnings.

Applicable Tax Rate(s): N/A

Distribution: Interest and income from the trust, less amounts to fund DNRC administration, is allocated to the Department of Corrections for support of the Pine Hills youth correctional facility.

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

Statute: N/A

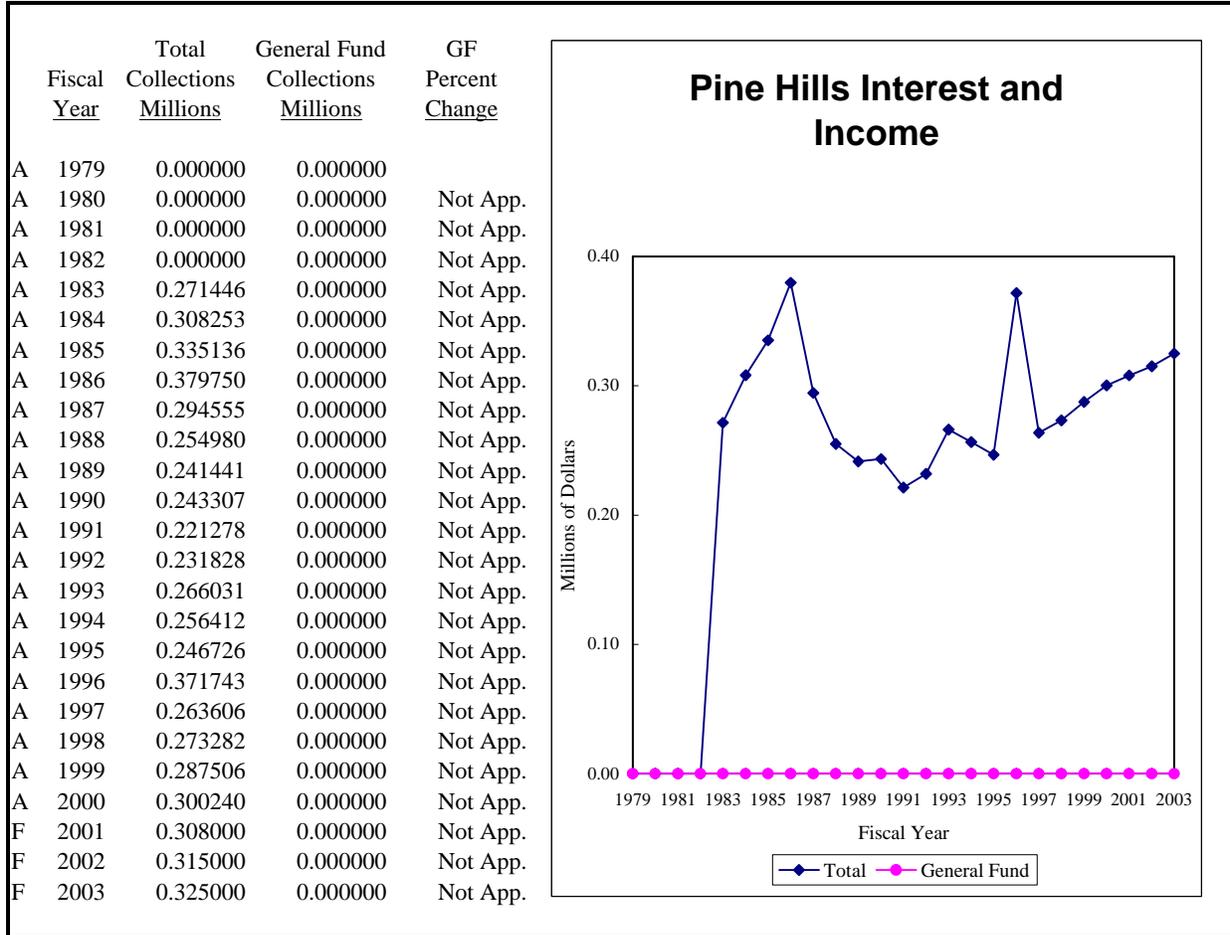
% of Total FY 2000 General Fund Revenue: N/A

Legislative Fiscal Division

Revenue Estimate Profile

Pine Hills Interest and Income

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

Pine Hills Interest and Income

t	Total Rev.	GF Rev.	Trust Shares	Total Shares	Trust Pool	Other Pool	Pine
<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Interest</u>	<u>Income</u>	<u>Hills Share</u>
					<u>Millions</u>	<u>Millions</u>	<u>T&L</u>
Actual 2000	0.300240	0.000000	3.583217	11.821189	78.564737	5.084671	0.006048
Forecast 2001	0.308000	0.000000	3.583217	11.821189	78.564737	5.077838	0.006048
Forecast 2002	0.315000	0.000000	3.583217	11.821189	78.564737	5.084671	0.006048
Forecast 2003	0.325000	0.000000	3.583217	11.821189	78.564737	4.938141	0.006048

t	Pool Short	Gains	Fees	Amortizations	Lending	Accretions
<u>Fiscal</u>	<u>Term Interest</u>	<u>Losses</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual 2000	2.402942	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast 2001	2.396109	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast 2002	2.402942	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast 2003	2.256412	0.697222	-0.197184	-1.337427	0.283705	3.235413

t	Trust Income	Trust Land	New Deposit	Long Term	Non Pool	Non Pool	Non Pool
<u>Fiscal</u>	<u>New Deposit</u>	<u>Admin.</u>	<u>Interest</u>	<u>Rate</u>	<u>STIP</u>	<u>STIP Bal</u>	<u>STIP Int</u>
	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>		<u>Rate</u>	<u>Millions</u>	<u>Millions</u>
Actual 2000	10.962021	0.000000					
Forecast 2001	6.505141	-3.478551	0.253308	7.3690%	6.1980%	11.676486	0.723709
Forecast 2002	7.111158	-3.742886	0.757307	7.3910%	6.2520%	11.676486	0.730014
Forecast 2003	8.194991	-3.737578	1.322663	7.3780%	5.9440%	11.676486	0.694050

t	Grazing	Agriculture	Misc.	O&G Lease	O&G Bonus	O&G Penalty	Misc.
<u>Fiscal</u>	<u>Millions</u>						
Actual 2000	0.054682	0.022855	0.047965	0.021231	0.000000	0.003895	0.000000
Forecast 2001	0.055004	0.020837	0.049557	0.024156	0.002182	0.001681	0.000000
Forecast 2002	0.054843	0.020494	0.048761	0.029342	0.002425	0.001435	0.000000
Forecast 2003	0.054924	0.020964	0.049159	0.036084	0.002694	0.001179	0.000000

t	Int. Land	Int. STIP	Int. Trust	Timber	Res. Dev.	Net
<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual 2000	0.000000	0.000086	0.154047	0.000000	-0.004521	0.300240
Forecast 2001	0.000000	0.000076	0.159247	0.000000	-0.004603	0.308137
Forecast 2002	0.000000	0.000067	0.162346	0.000000	-0.004719	0.314994
Forecast 2003	0.000000	0.000059	0.165279	0.000000	-0.004950	0.325392

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 6 Mill

Revenue Description: Montana law requires all counties to levy 6 mill university levy for deposit in a state special revenue account to be used for revenue to fund the university system. This levy is voted by voters statewide every ten years.

Taxable value is defined as the market value of statutorily defined property times a statutory tax rate. Property valued at market value includes personal property, utility property, railroad and airline property, livestock, and mineral net and gross proceeds. Property valued at assessed value includes residential and commercial real estate, agricultural land and timberland.

Residential and commercial real estate, agricultural land and timberland were reappraised in tax year 1997. SB184, passed during the 1999 session, required that appraised values be phased-in over four years. At the same time, a homestead exemption was created and phased-in for residential real estate, and a homestead exemption was phased-in for commercial real estate. In addition, the tax rates for residential and commercial real estate, agricultural and timberland are being phased-in. Agricultural land and timberland are valued on a productivity basis.

The revenue from the property tax depends on the underlying value of the property, legislated tax rates, as well as state and local mill levies. In addition to the tax on property, this revenue component includes collections from "non-levy" sources that are distributed on the basis of mills levied by taxing jurisdictions. These non-levy sources include the local share of the oil and gas production tax (formerly the local government severance tax and net proceeds tax), coal gross proceeds taxes, and other smaller revenue sources.

Applicable Tax Rate(s): Varies according to property classification.

Distribution: All property tax receipts are deposited into the general fund, except revenue associated with the university.

Summary of Legislative Action:

House Bill 124 - Fees in lieu of property taxes on buses, trucks greater than 1 ton, and truck tractors previously collected and retained by local governments are now deposited in the state general fund. Since this revenue had been distributed among taxing jurisdictions including the 6-mill levy, this state special revenue fund loses associated non-levy revenue totaling \$194,088 each fiscal year.

House Bill 600 – The legislation exempts from property taxation part or all of the value of noncommercial electrical generation machinery and equipment used for the production of electrical energy for use by the owner in the owner's business if at least 80 percent of the electrical energy produced is used by the owner in the owner's business. The fiscal impact to the six-mill levy special revenue account is projected to be minimal, approximately \$2,000 in the 2003 biennium.

Senate Bill 45 - The legislation clarifies that refunds for taxes paid on migratory property are only for property taxes paid in another state.

Senate Bill 508 – The legislation provides for the exemption of electrical generation facilities for a five or ten-year period following the commencement of construction of the facility. Coal-fired steam and water driven turbines are exempt for ten years and oil or gas turbines are exempt for five years. In order to qualify for the exemption, the owner or operator of the electrical generation facility must offer to sell 50 percent of the facility's net generating output to customers at a cost-based rate, including a reasonable rate of return for a period of twenty years from the date of the facility's completion. The impact to the Montana University System is a reduction in the six-mill levy state special revenue of approximately \$17,000 in fiscal 2003.

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 6 Mill

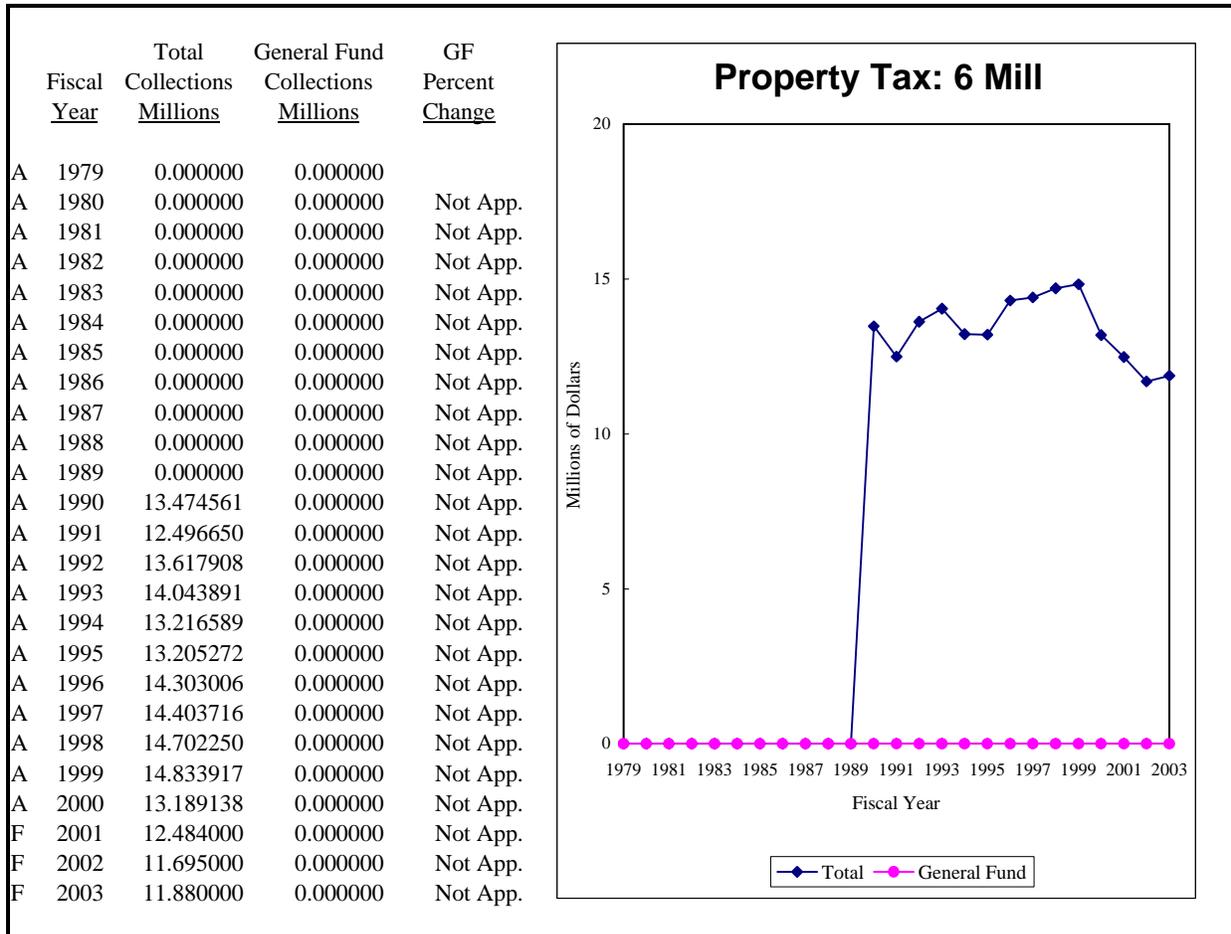
Property Tax: 6 Mill -- Legislation Passed by 57th Legislature
Estimated Total Impact for the 2003 Biennium

<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)		(194,088)	(194,088)
HB0600 Tax exemption for energy generating equipment for a business		(684)	(1,334)
SB0045 Revise provisions for obtaining refund of taxes paid on migratory property		330	330
SB0508 Encourage electrical generation in Montana -- property tax incentive			(16,798)
Total Estimated General Fund Impact	<u>\$0</u>	<u>(\$194,442)</u>	<u>(\$211,890)</u>

Statute: Title 15, Chapter 6, MCA

% of Total FY 2000 General Fund Revenue: 0.00 %

Revenue Projection:



Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 6 Mill

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>Tax. Value</u>	<u>Mills/1000</u>	<u>Non-Levy</u>	<u>Adjustments</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Applied</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	13.189138	0.000000	1900.647605	0.006000	2.544886	0.000000
Forecast	2001	12.483843	0.000000	1677.463469	0.006000	1.761000	0.657843
Forecast	2002	11.889000	0.000000	1710.363822	0.006000	1.627000	0.000000
Forecast	2003	12.092000	0.000000	1757.691375	0.006000	1.546000	0.000000

	<u>t</u>	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Class 4</u>	<u>Class 5</u>	<u>Class 6</u>	<u>Class 7</u>
	<u>Fiscal</u>	<u>Millions</u>						
Actual	2000	7.026572	8.282057	139.192024	894.188310	37.015035	22.570979	1.881621
Actual	2001	5.178965	8.460976	139.318879	920.536186	39.008611	15.695230	0.155867
Forecast	2002	5.178970	12.707624	139.250055	966.097204	39.774452	9.704690	0.151428
Forecast	2003	5.178970	14.719711	138.863636	1019.147534	41.120595	3.714140	0.148817

	<u>t</u>	<u>Class 8</u>	<u>Class 9</u>	<u>Class 10</u>	<u>Class 12</u>	<u>Class 13</u>	<u>TIF's</u>	<u>Abatement</u>
	<u>Fiscal</u>	<u>Millions</u>						
Actual	2000	215.748092	498.030237	8.520090	68.192588	0.000000	44.535577	7.874787
Actual	2001	112.782734	230.832978	8.708849	49.641444	147.142750	28.428840	3.879830
Forecast	2002	117.181261	223.781580	8.312596	49.142008	139.081954	29.537565	3.879830
Forecast	2003	121.751330	221.098997	7.300662	49.474574	135.172409	30.689530	3.879830

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 9 Mill

Revenue Description: Prior to enactment of House Bill 124 by the 2001 legislature, Montana law authorized 13 counties to levy 9 mills for deposit in a state special revenue account to be used for revenue to fund welfare expenditures in the 13 counties. Taxable value is defined as the market value of statutorily defined property times a statutory tax rate. Property valued at market value includes personal property, utility property, railroad and airline property, livestock, and mineral net and gross proceeds. Property valued at assessed value includes residential and commercial real estate, agricultural land and timberland. Residential and commercial real estate, agricultural land and timberland were reappraised in tax year 1997. SB184, passed during the 1999 session, required that appraised values be phased-in over four years. At the same time, a homestead exemption was created and phased-in for residential real estate, and a homestead exemption was phased-in for commercial real estate. In addition, the tax rates for residential and commercial real estate, agricultural and timberland are being phased-in. Agricultural land and timberland are valued on a productivity basis. The revenue from the 9 mill property tax depended on the underlying value of the property and legislated tax rates. In addition to the tax on property, this revenue component included collections from "non-levy" sources that are distributed on the basis of mills levied by taxing jurisdictions. These non-levy sources included the local share of the oil and gas production tax (formerly the local government severance tax and net proceeds tax), vehicle fees, coal gross proceeds taxes, the local share of the state corporation license taxes, and other smaller revenue sources.

With the enactment of House Bill 124 (in conjunction with Senate Bill 339), the state assumes responsibility for welfare in all counties and the 9-mill levy is eliminated.

Applicable Tax Rate(s): Varies according to property classification.

Distribution: All property tax receipts are deposited into the general fund, except revenue associated with the university.

Summary of Legislative Action:

House Bill 124 – Under House Bill 124 (and in conjunction with Senate Bill 339) the state assumes responsibility for welfare in all 56 counties and the 9 mills levied by the state in 13 counties are eliminated.

House Bill 600 – The legislation exempts from property taxation part or all of the value of noncommercial electrical generation machinery and equipment used for the production of electrical energy for use by the owner in the owner's business if at least 80 percent of the electrical energy produced is used by the owner in the owner's business. The fiscal impact to the 9-mill levy state special revenue account is projected to be minimal, approximately \$1,000 in the 2003 biennium.

Senate Bill 45 - The legislation clarifies that refunds for taxes paid on migratory property are only for property taxes paid in another state.

Property Tax: 9 Mill -- Legislation Passed by 57th Legislature			
Estimated Total 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 Tax exemption for energy generating equipment for a business		(6,686,933)	(6,853,608)
HB0600 Tax exemption for energy generating equipment for a business		(342)	(667)
SB0045 Revise provisions for obtaining refund of taxes paid on migratory property		275	275
Total Estimated General Fund Impact	<u>\$0</u>	<u>(\$6,687,000)</u>	<u>(\$6,854,000)</u>

Statute: Title 15, Chapter 6, MCA

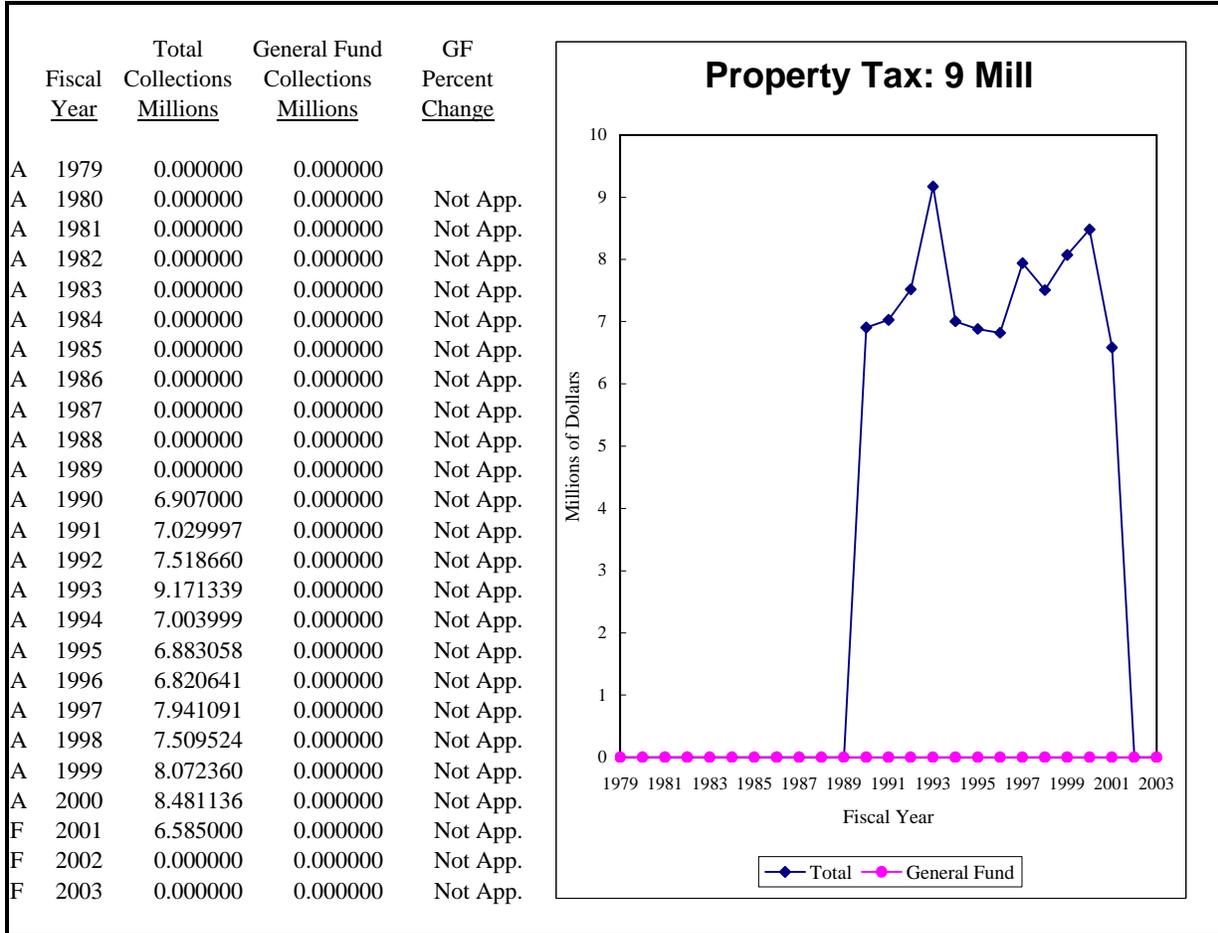
% of Total FY 2000 General Fund Revenue: 0%

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 9 Mill

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

Property Tax: 9 Mill

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Tax. Value</u>	<u>Mills/1000</u>	<u>Non-Levy</u>	<u>Adjustments</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Applied</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	8.481136	0.000000	716.003578	0.009000	0.860822	0.000000
Forecast	2001	6.585000	0.000000	695.815802	0.009000	0.323000	0.000000
Forecast	2002	6.687000	0.000000	709.629900	0.009000	0.300000	0.000000
Forecast	2003	6.854000	0.000000	730.692113	0.009000	0.278000	0.000000

	<u>t</u>	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Class 4</u>	<u>Class 5</u>	<u>Class 6</u>	<u>Class 7</u>
	<u>Fiscal</u>	<u>Millions</u>						
Actual	2000	7.026572	8.282057	139.192024	894.188310	37.015035	22.570979	1.881621
Actual	2001	5.178965	8.460976	139.318879	920.536186	39.008611	15.695230	0.155867
Forecast	2002	5.178970	12.707624	139.250055	966.097204	39.774452	9.704690	0.151428
Forecast	2003	5.178970	14.719711	138.863636	1019.147534	41.120595	3.714140	0.148817

	<u>t</u>	<u>Class 8</u>	<u>Class 9</u>	<u>Class 10</u>	<u>Class 12</u>	<u>Class 13</u>	<u>TIF's</u>	<u>Abatement</u>
	<u>Fiscal</u>	<u>Millions</u>						
Actual	2000	215.748092	498.030237	8.520090	68.192588	0.000000	44.535577	7.874787
Actual	2001	112.782734	230.832978	8.708849	49.641444	147.142750	28.428840	3.879830
Forecast	2002	117.181261	223.781580	8.312596	49.142008	139.081954	29.537565	3.879830
Forecast	2003	121.751330	221.098997	7.300662	49.474574	135.172409	30.689530	3.879830

Legislative Fiscal Division

Revenue Estimate Profile

Regional Water Trust Interest

Revenue Description: The 1999 legislature (Senate Bill 220) created the Treasure State Endowment (TSE) Regional Water System Fund within the permanent coal tax trust fund. The fund receives 12.5 percent of total coal severance tax collections from July 1999 through June 2013. Interest earned on the fund is used to provide matching funds to plan and construct regional drinking water systems in Montana. Each state dollar must be matched equally by local funds. The funds in the account are further restricted to finance regional drinking water systems from the waters of the Tiber reservoir and the Missouri River within specific geographic areas.

Applicable Tax Rate(s): NA

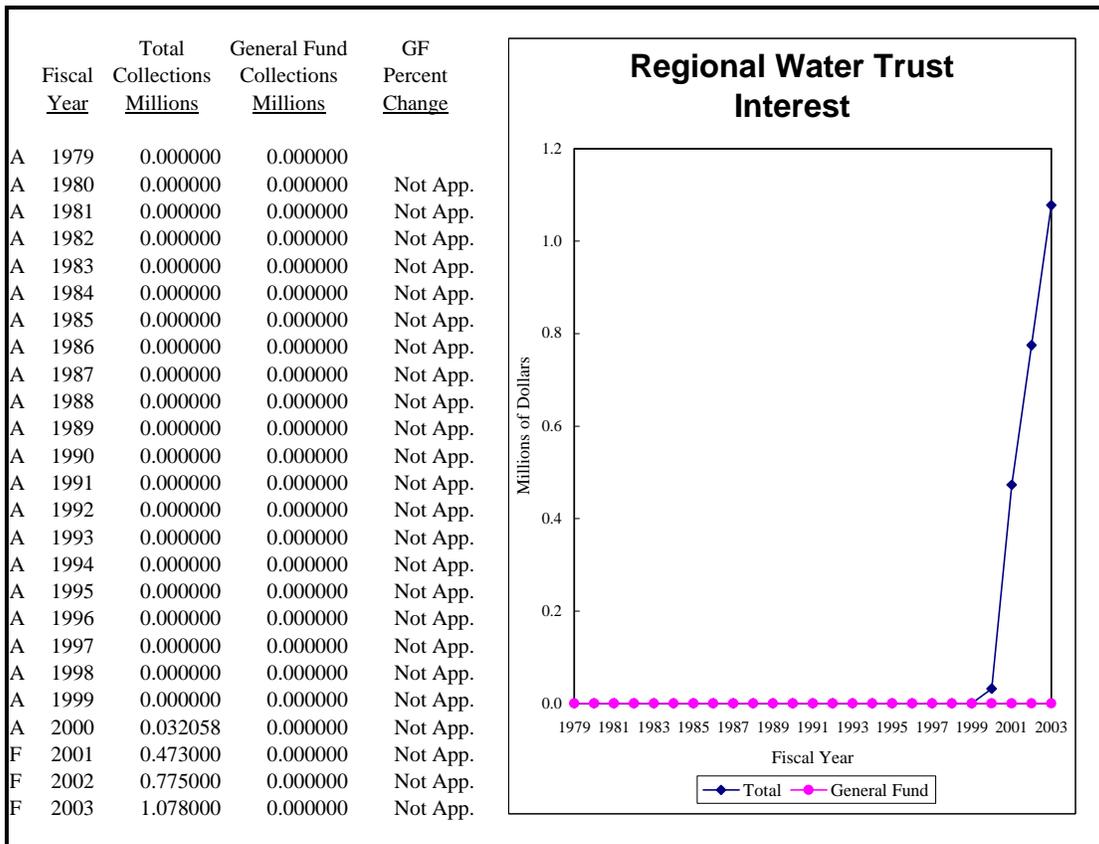
Distribution: Interest earnings are allocated to the Department of Commerce to fund eligible projects.

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

Statute: Title 15, Chapter 35; Title 17, Chapter 5; and Title 90, Chapter 6, MCA

% of Total FY 2000 General Fund Revenue: N/A

Revenue Projection:



Legislative Fiscal Division

Revenue Estimate Profile

Regional Water Trust Interest

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 Rev.	GF Rev.	Trust Shares	Total Shares	Trust Pool	Other Pool
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Interest</u>	<u>Income</u>
						<u>Millions</u>	<u>Millions</u>
Actual	2000	0.032058	0.000000	0.000000	11.821189	78.564737	5.084671
Forecast	2001	0.473000	0.000000	0.000000	11.821189	78.564737	5.422011
Forecast	2002	0.775000	0.000000	0.000000	11.821189	78.564737	5.445886
Forecast	2003	1.078000	0.000000	0.000000	11.821189	78.564737	5.309712

	t	Pool Short	Gains	Fees	Amortizations	Lending	Accretions
	<u>Fiscal</u>	<u>Term Interest</u>	<u>Losses</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	2.402942	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2001	2.740282	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2002	2.764157	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2003	2.627983	0.697222	-0.197184	-1.337427	0.283705	3.235413

	t	Net Coal Tax	New Deposit	Long Term	Non Pool	Non Pool	Non Pool
	<u>Fiscal</u>	<u>New Deposit</u>	<u>Interest</u>	<u>Rate</u>	<u>STIP</u>	<u>STIP Bal</u>	<u>STIP Int</u>
		<u>Millions</u>	<u>Millions</u>	<u>Rate</u>	<u>Rate</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	4.433724		7.1000%	5.4350%	0.000000	
Forecast	2001	4.060000	0.472889	7.3690%	6.1980%	0.000000	0.000000
Forecast	2002	4.122000	0.775085	7.3910%	6.2520%	0.000000	0.000000
Forecast	2003	4.123000	1.078477	7.3780%	5.9440%	0.000000	0.000000

Legislative Fiscal Division

Revenue Estimate Profile Resource Indemnity Tax

Revenue Description: The state imposes a resource indemnity and ground water assessment (RIGWA) tax on the gross value of coal, as well as most minerals, excluding metals and oil and natural gas. Prior to the resource indemnity trust reaching \$100 million, a portion of oil and natural gas taxes is distributed under the same methodology as the RIGWA tax. The RIGWA tax on all other production is specific to each resource as described below.

Applicable Tax Rate(s): The applicable rates are as follows:

Coal: \$25 plus 0.4% of the gross value of coal produced in the preceding year in excess of \$6,250

Minerals: \$25 plus 0.5% of the gross value of minerals (excluding metals and oil and natural gas once the resource indemnity trust reaches \$100 million) produced in the preceding year in excess of \$5,000

Talc: \$25 plus 0.4% of the gross value of talc produced in the preceding year in excess of \$625

Vermiculite: \$25 plus 2.0% of the gross value of vermiculite produced in the preceding year in excess of \$1,250

Limestone: \$25 plus 10.0% of the gross value of limestone produced in the preceding year in excess of \$250

Garnets: \$25 plus 1.0% of the gross value of garnets produced in the preceding year in excess of \$2,500

Distribution: Prior to the balance of the resource indemnity trust (RIT) reaching \$100 million and being certified by the Governor, 50 percent of RIGWA tax proceeds (including a portion of oil and natural gas production taxes) are deposited each year in the RIT and \$300,000 each year is deposited in the ground water assessment account. The remainder of RIGWA tax proceeds is distributed 50.0% to the orphan share account and 50.0% to the reclamation and development grants account.

After the RIT balance reaches \$100 million and is certified by the Governor, \$366,000 each year of RIGWA tax proceeds (excluding the portion of oil and natural gas production taxes) is deposited in the ground water assessment account. The remainder of RIGWA tax proceeds is distributed in the following order:

1. 50.0% to the reclamation and development grants account
2. \$150,000 a year to the natural resource worker scholarship account (enacted by the 2001 legislature in Senate Bill 322 and effective for five fiscal years)
3. the remainder to the orphan share account

Summary of Legislative Action: The 57th Legislature did not enact legislation that impacted this revenue source. However, the enactment of House Bill 572 changed the distribution of the portion of the oil and natural gas production taxes that had been allocated in the same manner as RIGWA tax proceeds. Once the RIT balance reaches \$100 million, this portion of oil and natural gas taxes no longer has a connection to the RIGWA tax, but rather is directly allocated:

1. \$400,000 a year to the coal bed methane protection account established in House Bill 572 to compensate landowners and water right holders for damage caused by the development of coal bed methane
2. 50 percent of the remainder to the reclamation and development account
3. 50 percent of the remainder to the orphan share account

The legislation is effective July 1 following the date that the Governor certifies that the RIT balance has reached \$100 million. The change to the allocation of oil and natural gas taxes terminates June 30, 2011.

The legislature also enacted Senate Bill 322 that creates a natural resource workers' education program to provide tuition scholarships for natural resource workers unemployed due to a closure or a permanent reduction in force. The scholarships provide education or retraining for a maximum of two years. Funding for the program is provided by a yearly \$150,000 allocation of RIGWA tax proceeds. This allocation is effective the first fiscal year following the July 1 immediately following the date that the Governor certifies that the RIT balance has reached \$100 million. The legislation terminates on June 30, five years after it becomes effective.

Because the resource indemnity trust is estimated to reach \$100 million in fiscal 2002, any amount in excess of \$100 million can be used by the legislature. In House Bill 2, the legislature appropriated all the estimated \$1.1 million excess in fiscal 2003.

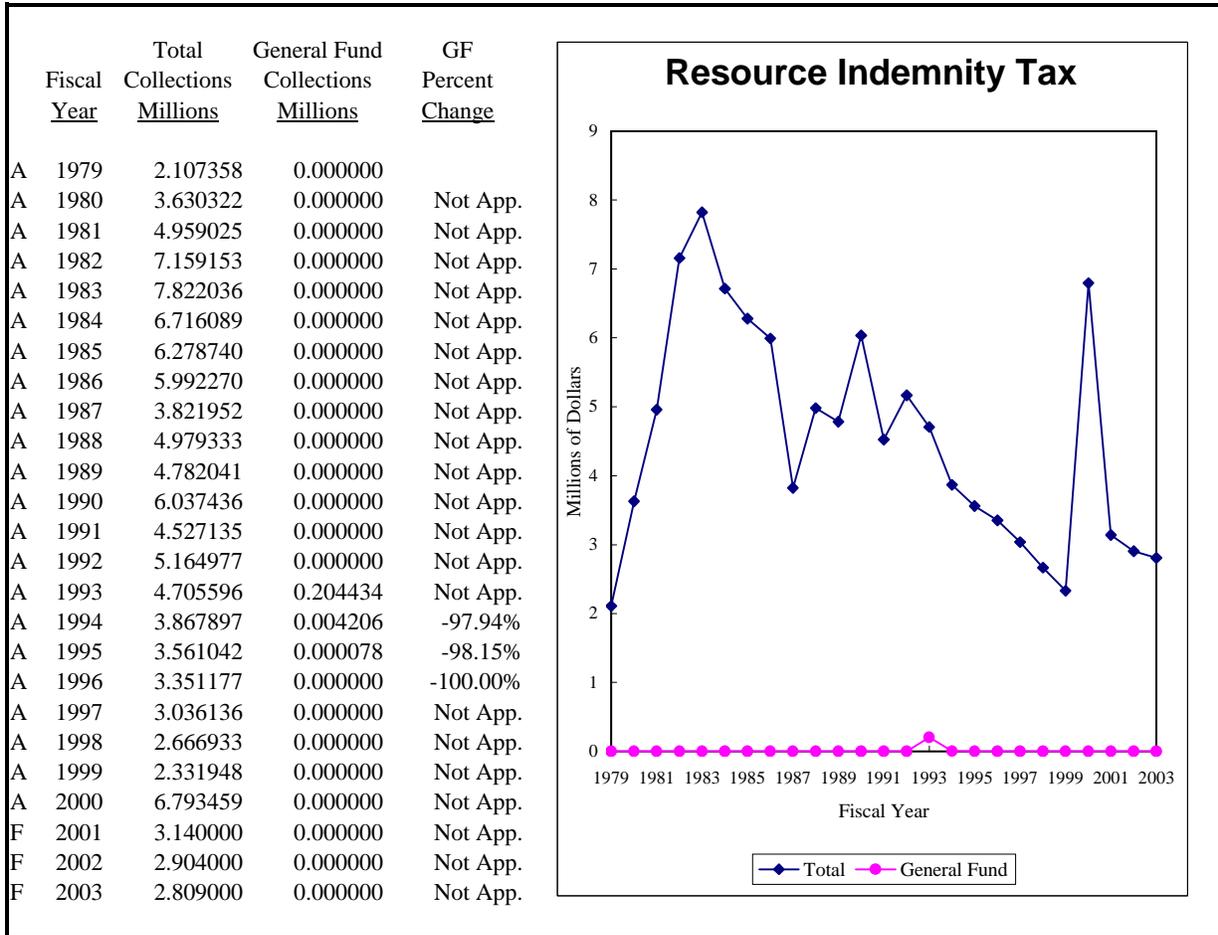
Legislative Fiscal Division

Revenue Estimate Profile Resource Indemnity Tax

Statute: Title 15, Chapter 38, MCA

% of Total FY 2000 General Fund Revenue: N/A

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 Resource Indemnity Tax

	<u>t</u> <u>Fiscal</u>	<u>Total Tax</u> <u>Millions</u>	<u>GF Tax</u> <u>Millions</u>	<u>Oil</u> <u>Millions</u>	<u>Natural Gas</u> <u>Millions</u>	<u>Coal</u> <u>Millions</u>	<u>Metals</u> <u>Millions</u>	<u>Other</u> <u>Millions</u>
Actual	2000	6.793459	0.000000	1.394764	0.319335	0.906413	0.000000	0.239000
Forecast	2001	3.140000	0.000000	1.546000	0.474000	0.881000	0.000000	0.239000
Forecast	2002	2.904000	0.000000	1.310000	0.454000	0.901000	0.000000	0.239000
Forecast	2003	2.809000	0.000000	1.282000	0.376000	0.912000	0.000000	0.239000

	<u>t</u> <u>Fiscal</u>	<u>Trust Other</u> <u>Millions</u>	<u>Trust Metal</u> <u>Millions</u>	<u>Renewable</u> <u>Millions</u>	<u>Ground</u> <u>Millions</u>	<u>Reclamation</u> <u>Millions</u>	<u>Orphan</u> <u>Millions</u>	<u>Trust</u> <u>Balance</u> <u>Millions</u>
Actual	2000	3.391472	0.000000	0.000000	0.521579	1.440204	1.440204	98.042810
Forecast	2001	1.570000	0.000000	0.000000	0.300000	0.635000	0.635000	99.612810
Forecast	2002	1.452000	0.000000	0.000000	0.300000	0.576000	0.576000	101.064810
Forecast	2003	0.000000	0.000000	0.000000	0.366000	1.222000	1.222000	101.064810

Legislative Fiscal Division

Revenue Estimate Profile

Resource Indemnity Trust Interest

Revenue Description: Article IX, Section 2 of the Montana Constitution and Title 15, Chapter 38, MCA, require that certain resource extraction taxes, as determined by the legislature, be placed in a trust. The principal of the Resource Indemnity Trust (RIT) "shall forever remain inviolate in an amount of one hundred million dollars (\$100,000,000), guaranteed by the state against loss or diversion." Once the principal of the trust reaches \$100.0 million, any additional tax deposits may be appropriated. Interest earnings on the RIT are to be spent to improve the total environment and rectify damage to the environment. It is also the legislature's intent that interest earnings not be appropriated for general operating expenses of state agencies.

Currently, the RIT receives revenue from the resource indemnity and ground water assessment tax and the oil and gas tax. These allocations of revenue will terminate July 1 of the first year following the date that the Governor by executive order certifies to the Secretary of State that the RIT balance has reached \$100 million. Revenue estimates show this occurring July of 2002. Therefore, the trust balance will remain constant and interest earnings will be dependent only on the interest rates.

Applicable Tax Rate(s): N/A

Distribution: Statute allocates RIT interest earnings in the following manner for the 2003 biennium through the 2009 biennium:

- 1) at the beginning of the biennium, an amount not to exceed \$175,000 to the environmental contingency fund to bring the balance up to \$750,000. Money in this account is statutorily appropriated for unanticipated public needs arising from certain disasters and emergencies, which may be used upon authorization of the Governor.
- 2) at the beginning of the biennium, an amount not to exceed \$50,000 to the oil and gas mitigation account to bring the balance up to \$200,000. Money in this account is statutorily appropriated to the Board of Oil and Gas Conservation for the cost of plugging wells that have been abandoned and for which no responsible party can be found.
- 3) at the beginning of the biennium, \$500,000 to the water storage state special revenue account to provide loans and grants for water storage projects
- 4) \$2.0 million annually to the renewable resource grant and loan program state special revenue account for distribution as grants
- 5) \$1.5 million annually to the reclamation and development grant state special revenue account for distribution as grants
- 6) \$500,000 annually to the future fisheries program for bull trout and cutthroat trout recovery.
- 7) \$300,000 annually to the ground water assessment account to improve ground water management and protection
- 8) \$240,000 annually to MSU Northern for the environmental science-water quality instructional programs. This amount is statutorily appropriated.
- 9) Of the remaining RIT interest earnings: a) 30.0 percent goes to the renewable resource grant and loan account for program and administrative costs; b) 35.0 percent goes to the reclamation and development grant account for program and administrative costs; c) 26.0 percent goes to the hazardous waste/CERCLA account for superfund activities; and d) 9.0 percent goes to the environmental quality protection fund for additional clean-up activities.

The Department of Natural Resources and Conservation administers two of the RIT interest accounts which are used for grants, loans, and administrative costs: the renewable resource grant and loan program account and the reclamation and development grant account. These accounts also receive funding from other sources. All grants and loans made from these accounts require legislative approval. Grants must also be appropriated.

Summary of Legislative Action:

Because the RIT balance is expected to reach the \$100 million amount in fiscal 2002, it is estimated there will \$1,064,810 over this amount by the end of fiscal 2003. Any additional tax deposits over the \$100 million may be appropriated by the legislature. The 2001 legislature enacted the following legislation that uses all of the excess revenue: 1) Senate Bill 326 authorizes the transfer of \$500,000 to the noxious weed state special revenue account for distribution to counties (the money is appropriated in House Bill 2); 2) House Bill 2 transfers and appropriates \$540,000 to purchase securities for water treatment at the former Zortman and Landusky mines; and 3) House Bill 2 transfers and appropriates \$120,000 for the Clark Fork River task force (established in House Bill 397). Depending on the amount and timing of these transfers, interest earnings from the RIT and the subsequent distributions will be reduced below estimated amounts.

Legislative Fiscal Division

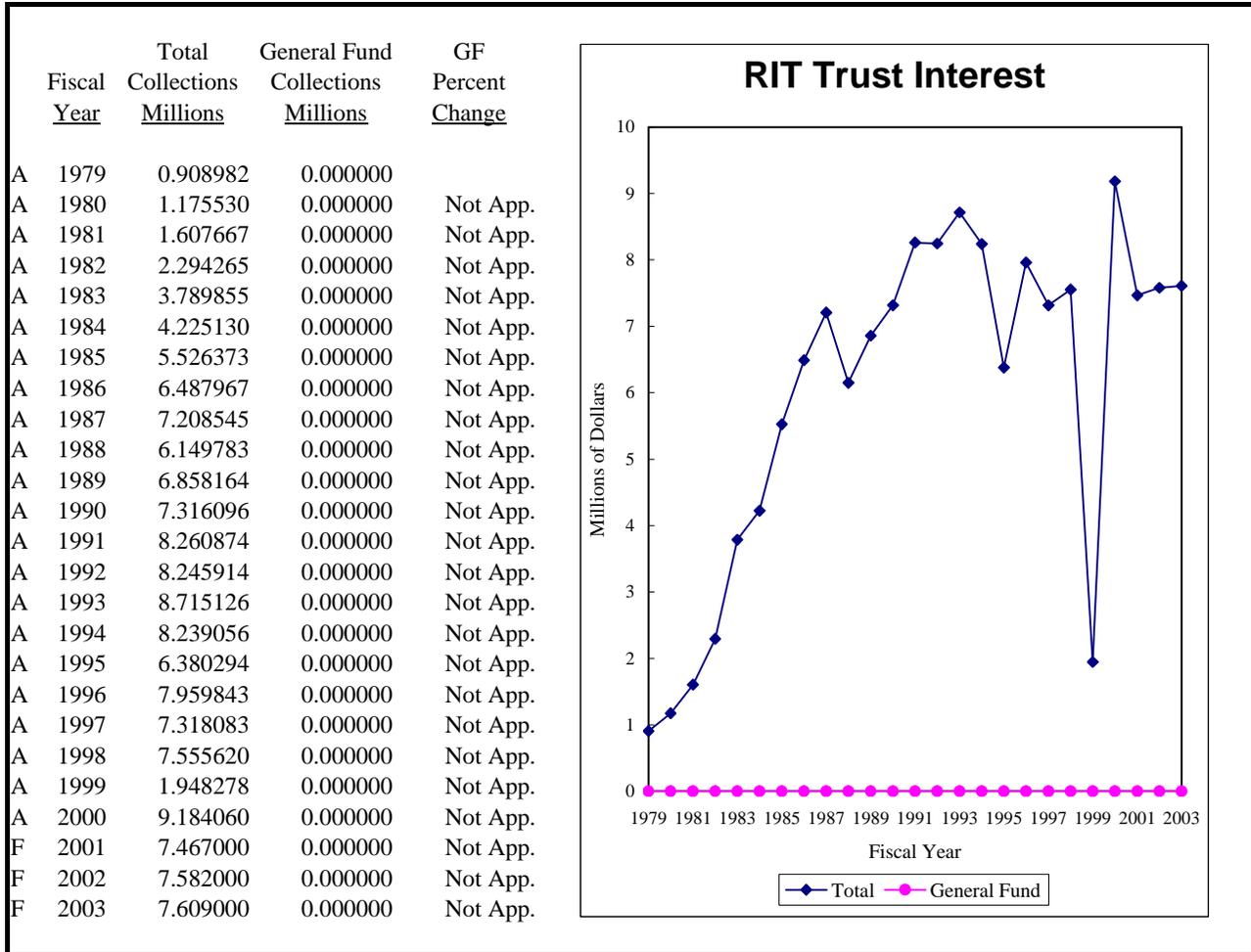
Revenue Estimate Profile

Resource Indemnity Trust Interest

Statute: Title 15, Chapter 38, MCA

% of Total FY 2000 General Fund Revenue: N/A

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

Resource Indemnity Trust Interest

	t	Total Rev.	GF Rev.	Trust Shares	Total Shares	Trust Pool	Other Pool
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Interest</u>	<u>Income</u>
						<u>Millions</u>	<u>Millions</u>
Actual	2000	9.184060	0.000000	1.010005	11.821189	78.564737	5.084671
Forecast	2001	7.467000	0.000000	1.010005	11.821189	78.564737	5.422011
Forecast	2002	7.582000	0.000000	1.010005	11.821189	78.564737	5.445886
Forecast	2003	7.609000	0.000000	1.010005	11.821189	78.564737	5.309712

	t	Pool Short	Gains				
	<u>Fiscal</u>	<u>Term Interest</u>	<u>Losses</u>	<u>Fees</u>	<u>Amortizations</u>	<u>Lending</u>	<u>Accretions</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	2.402942	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2001	2.740282	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2002	2.764157	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2003	2.627983	0.697222	-0.197184	-1.337427	0.283705	3.235413

	t	Net Coal Tax	New Deposit		Non Pool	Non Pool	Non Pool
	<u>Fiscal</u>	<u>New Deposit</u>	<u>Interest</u>	<u>Long Term</u>	<u>STIP</u>	<u>STIP Bal</u>	<u>STIP Int</u>
		<u>Millions</u>	<u>Millions</u>	<u>Rate</u>	<u>Rate</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	3.391472		7.1000%	5.4350%	3.712675	
Forecast	2001	1.570000	0.061135	7.3690%	6.1980%	3.712675	0.230112
Forecast	2002	1.452000	0.172445	7.3910%	6.2520%	3.712675	0.232116
Forecast	2003	0.000000	0.223010	7.3780%	5.9440%	3.712675	0.220681

	t	Hazardous	Environmental	Renewable	Reclamation	Environmental
	<u>Fiscal</u>	<u>Waste</u>	<u>Quality</u>	<u>Resource</u>	<u>Development</u>	<u>Contingency</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.941319	0.319852	3.721445	3.176444	0.175000
Forecast	2001	0.891020	0.308430	3.268100	2.699450	0.000000
Forecast	2002	0.602420	0.208530	2.935100	2.310950	0.175000
Forecast	2003	0.797940	0.276210	3.160700	2.574150	0.000000

	t	Water	Oil & Gas	FWP	Groundwater
	<u>Fiscal</u>	<u>Storage</u>	<u>Receipts</u>	<u>Receipts</u>	<u>Receipts</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.500000	0.050000	0.000000	0.300000
Forecast	2001	0.000000	0.000000	0.000000	0.300000
Forecast	2002	0.500000	0.050000	0.500000	0.300000
Forecast	2003	0.000000	0.000000	0.500000	0.300000

Legislative Fiscal Division

Revenue Estimate Profile Tobacco Trust Interest

Revenue Description: Due to passage of Montana Constitutional Amendment 35 by the electorate in November 2000, the legislature is required to dedicate not less than 40 percent of tobacco settlement money to a permanent trust fund (the remainder of the money is deposited into the general fund). Since the legislature has not yet determined the exact percentage to be deposited to the trust fund, the revenue estimate assumes 40 percent. Ninety percent of interest earnings are deposited to a state special revenue account and uses of the money are specified in the Constitution.

Applicable Tax Rate(s): NA

Distribution: Interest earnings from the trust fund are distributed:

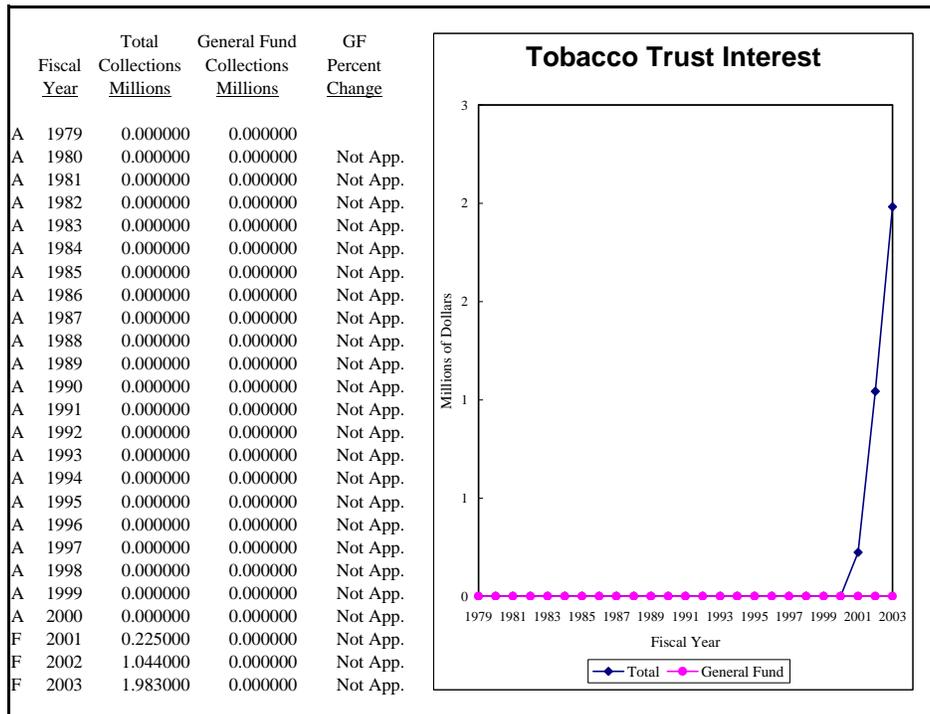
1. 90 percent to a state special revenue account for appropriation by the legislature for disease prevention programs and state programs providing benefits, services, or coverage that are related to the health care needs of the people of Montana; and
2. 10 percent to the tobacco settlement trust fund.

Summary of Legislative Action: The 57th Legislature did not enact legislation that impacted this revenue source. However, Senate Bill 129 established a Montana tobacco settlement non-expendable trust fund to implement Article XII, Section 4, of the Montana Constitution. The legislation also provided criteria to govern the purposes for which the interest, income, and principal of the trust may be appropriated. It did not establish a statutory percentage of the tobacco settlement dedicated for deposit in the trust fund.

Statute: Montana Constitution, Article XII, Section 4

% of Total FY 2000 General Fund Revenue: N/A

Revenue Projection:



Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Trust Interest

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 Rev.	GF Rev.	Trust Shares	Total Shares	Trust Pool	Other Pool
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Interest</u>	<u>Income</u>
						<u>Millions</u>	<u>Millions</u>
Actual	2000	0.000000	0.000000	0.000000	11.821189	78.564737	5.084671
Forecast	2001	0.225000	0.000000	0.000000	11.821189	78.564737	5.422011
Forecast	2002	1.044000	0.000000	0.000000	11.821189	78.564737	5.445886
Forecast	2003	1.983000	0.000000	0.000000	11.821189	78.564737	5.309712

	t	Pool Short	Gains	Fees	Amortizations	Lending	Accretions
	<u>Fiscal</u>	<u>Term Interest</u>	<u>Losses</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	2.402942	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2001	2.740282	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2002	2.764157	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2003	2.627983	0.697222	-0.197184	-1.337427	0.283705	3.235413

	t	Tobacco	New Deposit	Long Term	Non Pool	Non Pool	Non Pool
	<u>Fiscal</u>	<u>New Deposit</u>	<u>Interest</u>	<u>Rate</u>	<u>STIP</u>	<u>STIP Bal</u>	<u>STIP Int</u>
		<u>Millions</u>	<u>Millions</u>	<u>Rate</u>	<u>Rate</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.000000		7.1000%	5.4350%	0.000000	
Forecast	2001	10.452000	0.224969	7.3690%	6.1980%	0.000000	0.000000
Forecast	2002	12.638000	1.043427	7.3910%	6.2520%	0.000000	0.000000
Forecast	2003	12.869000	1.981968	7.3780%	5.9440%	0.000000	0.000000

Legislative Fiscal Division

Revenue Estimate Profile

Treasure State Endowment Trust Interest

Revenue Description: In the June 1992 election, voters approved a referendum to create the Treasure State Endowment Fund (TSEF) within the permanent coal tax trust fund. The TSEF received a \$10.0 million grant from the permanent trust principal in fiscal 1994 and receives 37.5 percent of total coal severance tax collections from July 1999 through June 2013. Interest earned on the TSEF is used to finance local infrastructure projects, as prioritized by the Departments of Commerce and Natural Resources and Conservation and authorized by the legislature via the Treasure State Endowment Program (TSEP).

Applicable Tax Rate(s): N/A

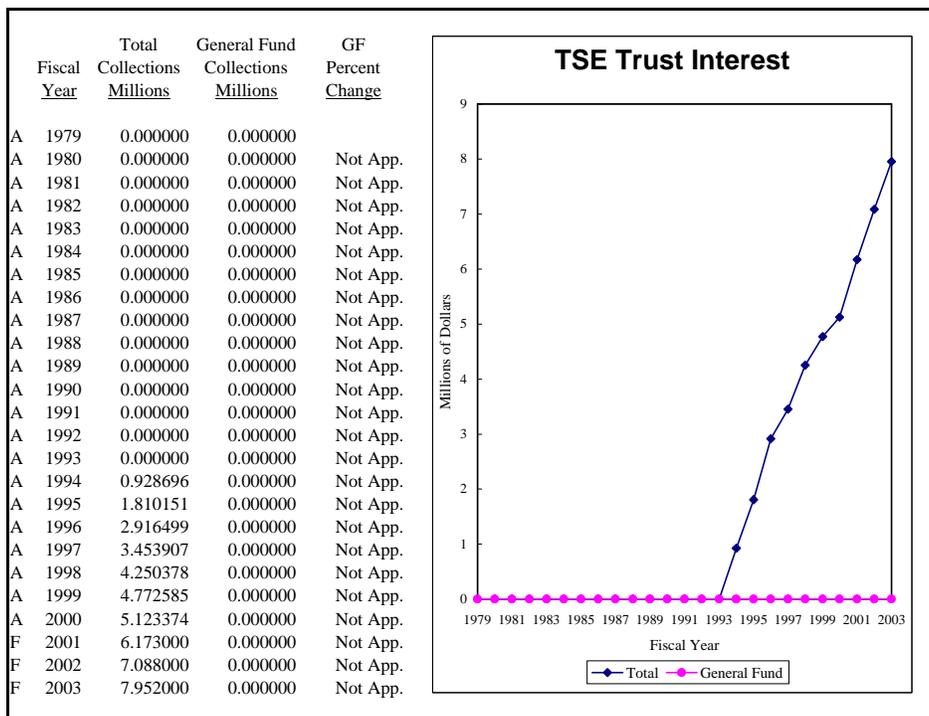
Distribution: Interest earnings are allocated to the Department of Commerce to fund TSEP.

Summary of Legislative Action: The 57th Legislature did not enact legislation that impacted this general fund revenue source in the 2003 biennium. However, with the enactment of House Bill 610 by the 2001 legislature, the allocation of coal tax revenue within the coal trust changes beginning fiscal 2004. Of the one-half of total coal tax collections that are deposited to the coal trust, the amount deposited in the treasure state endowment fund decreases from 75 percent to 50 percent and the amount deposited to the permanent fund increases from 0 percent to 25 percent. These changes will result in greater interest earnings for the general fund and lesser interest earnings for TSEP beginning fiscal 2004.

Statute: Title 15, Chapter 35; Title 17, Chapter 5; and Title 90, Chapter 6, MCA

% of Total FY 2000 General Fund Revenue: N/A

Revenue Projection:



Legislative Fiscal Division

Revenue Estimate Profile

Treasure State Endowment Trust Interest

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 Rev.	GF Rev.	Trust Shares	Total Shares	Trust Pool	Other Pool
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Interest</u>	<u>Income</u>
						<u>Millions</u>	<u>Millions</u>
Actual	2000	5.123374	0.000000	0.694065	11.821189	78.564737	5.084671
Forecast	2001	6.173000	0.000000	0.694065	11.821189	78.564737	5.422011
Forecast	2002	7.088000	0.000000	0.694065	11.821189	78.564737	5.445886
Forecast	2003	7.952000	0.000000	0.694065	11.821189	78.564737	5.309712

	t	Pool Short	Gains	Fees	Amortizations	Lending	Accretions
	<u>Fiscal</u>	<u>Term Interest</u>	<u>Losses</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
		<u>Millions</u>	<u>Millions</u>				
Actual	2000	2.402942	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2001	2.740282	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2002	2.764157	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2003	2.627983	0.697222	-0.197184	-1.337427	0.283705	3.235413

	t	Net Coal Tax	New Deposit	Long Term	Non Pool	Non Pool	Non Pool
	<u>Fiscal</u>	<u>New Deposit</u>	<u>Interest</u>	<u>Rate</u>	<u>STIP</u>	<u>STIP Bal</u>	<u>STIP Int</u>
		<u>Millions</u>	<u>Millions</u>		<u>Rate</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	13.301172		7.1000%	5.4350%	12.385400	
Forecast	2001	12.181000	0.474323	7.3690%	6.1980%	12.385400	0.767647
Forecast	2002	12.366000	1.380948	7.3910%	6.2520%	12.385400	0.774335
Forecast	2003	12.370000	2.291164	7.3780%	5.9440%	12.385400	0.736188