

Other General Fund Revenue

All Other Revenue	Nursing Facilities Fee
Highway Patrol Fines	Public Contractors Tax
Investment License Fee	Public Institution Reimbursements
Long Range Bond Excess	Tobacco Settlement



Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

Revenue Description: There are a number of other taxes, fees, and fines that historically have generated less than \$2.5 million each in annual general fund revenue. In addition, the statutes governing these miscellaneous taxes, fees, and fines are frequently changed, making the comparison of tax years difficult.

“All Other Revenue” sources are estimated in aggregate except for the following: investment license transfers, land grant transfers, civil fines, gross vehicle weight fees, lodging facility use tax, Montana University System debt service deposits, deposits by state agencies for SABHRS debt service, and wildfire cost reimbursements.

Applicable Tax Rate(s): Various

Distribution: “All Other Revenue” is deposited in the general fund.

Summary of Legislative Action:

House Bill 2 – The amount of money appropriated from certain accounts inversely impacts the amount of general fund revenue from various sources. Although these revenue amounts are estimated prior to the session based on appropriations requested in the Executive Budget, final appropriations set by the legislature may differ. Revenue changes due to differences in appropriations occur in the following two funds that affect “Other Revenue”: 1) security fee account; and 2) shared coal tax account.

House Bill 124 – Certain fees related to district courts totaling \$1,940,363 in fiscal 2003 that were previously collected and retained by local governments are now deposited in the state general fund. The state reimburses local governments for this lost revenue through a general fund statutory appropriation.

House Bill 399 – Liquor license and permit fee revenues that had previously been deposited to the general fund are now deposited to the Department of Revenue’s liquor enterprise fund. Expenses associated with the sale of liquor and Department of Justice investigations are paid from this fund. Net proceeds from the liquor enterprise fund are transferred to the general fund. Since not all of the new revenue in the liquor enterprise fund will be spent, net proceeds deposited to the general fund will increase.

House Bill 493 – Montana wineries must now be licensed by the Department of Revenue. The initial license fee of \$400 replaces the \$25 administrative registration fee. Subsequent annual license fees are \$400 for domestic wineries producing more than 25,000 gallons and \$200 for those producing 25,000 gallons or less. All license fees are deposited to the department’s enterprise fund, the net proceeds from which are transferred to the general fund.

Senate Bill 41 – Local government public safety communications officers are required to be certified and complete a basic course conducted by the Montana Law Enforcement Academy. The Department of Justice estimates that current resources allow for an additional 40 trainees each year. The \$175 per person training fee is deposited in the general fund.

Senate Bill 48 – A connoisseur’s license is required from the Department of Revenue before a resident may receive direct shipments of beer or wine from out-of-state breweries or wineries for personal consumption. The initial connoisseur license fee is \$50 and the annual renewal fee is \$25. All license fees are deposited to the department’s enterprise fund, the net proceeds from which are transferred to the general fund. A person holding a connoisseur’s license must pay the applicable beer or wine taxes. Out-of-state breweries or wineries desiring to ship beer or wine to a person holding a connoisseur’s license must register with the department.

Senate Bill 261 – Industrial hemp is considered an agricultural crop. Producers of industrial hemp for commercial purposes must be licensed by the Department of Agriculture. To obtain a license, an applicant must provide fingerprints and information necessary to complete a criminal history check with the Criminal Investigation Bureau of the Department of Justice and the Federal Bureau of Investigation. The Department of Justice estimates that 20 fingerprint cards will be processed at \$8 each, the revenue from which is deposited in the general fund.

Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

Senate Bill 358 – The general public has access to and may copy all motor vehicle accident reports, witness statements, and supplemental information for purposes of research into the history of a vehicle. The Department of Justice estimates that an additional 6,500 copies of reports will be requested and that the current fee of \$2.00 will be raised to \$2.28. This revenue is deposited in the general fund.

Senate Bill 449 – Senate Bill 449 replaces the hard rock mining and reclamation account and the opencut mining and reclamation account with a new environmental rehabilitation account. Fund balances will transfer to the new account that will retain interest earnings. Since interest earnings from balances in the two eliminated state special revenue accounts had been deposited to the general fund, there will be a loss of general fund revenue.

Senate Bill 495 (as amended by HB 41) – In conjunction with House Bill 41, Senate Bill 495 changes the portion of school funding provided by the common school trust. The main points of the legislation are:

1. Interest and income from the common school trust are deposited to a sub-fund of the general fund called the guarantee account;
2. The Department of Natural Resources and Conservation is authorized to purchase the mineral production rights from the common school trust;
3. A loan of up to \$75 million from the coal severance trust permanent fund will be used to purchase the mineral production rights and deposited in the common school trust;
4. Any mineral royalties from the purchased rights are deposited to the guarantee account;
5. After principal and interest payments on the loan used to purchase the mineral production rights are paid, the remaining money in the guarantee account is available for distribution to school districts; and
6. Upon electorate approval of a constitutional amendment (contained in Senate Bill 493), the public school trust may be invested in private corporate capital stock.

Although it is estimated that the cost of the mineral production rights will be \$37.43 million, the legislature appropriated \$75 million from the coal severance permanent fund as a loan for this purpose. Under the legislation, the loan amount will be deposited to the guarantee account (a sub-fund in the general fund) and then used to pay the common school trust for the mineral production rights. House Bill 2 appropriated \$75 million from the guarantee account to purchase these rights. Principal payments on the loan begin in fiscal 2004 and the loan agreement must pledge 20 percent of the royalties in the guarantee account for fiscal years 2004 and 2005, at least 25 percent for fiscal years 2006 through 2011, and not less than 34 percent thereafter for loan payments. Beginning in fiscal 2003 until the loan is paid, the amount of interest payment on the loan for the prior year will be transferred from the guarantee account to the general fund. In fiscal 2003, the amount of this additional revenue is \$2,714,000. The legislation required a three-quarters vote of each house of the legislature.

Senate Bill 506 - A new state special revenue account is created called the alternative energy revolving loan account. Money from air quality penalties estimated at \$148,819 each year, previously deposited in the general fund, will be deposited to the account. The Department of Environmental Quality administers this account to provide loans to individuals and small businesses to build alternative energy systems and to generate energy for their own use and for net metering. The loans must be made at a low interest rate and may be set at the amount that will cover the department's administrative costs, but no lower than 1 percent.

Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

All Other Revenue -- Legislation Passed by 57th Legislature
Estimated General Fund Impact for the 2003 Biennium

<u>Bill Number and Short Title</u>	<u>Fiscal 2001</u>	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>
HB0002 General appropriations act		(264,926)	(226,444)
HB0124 Revise local government funding (a.k.a. The Big Bill)			1,940,363
HB0399 Revise deposit of liquor license fees - time for publication of license notice		(1,125,203)	(1,127,866)
HB0493 Licensure and distribution by Montana wineries		1,125	525
SB0041 Require certification of public safety communications officers		6,600	6,600
SB0048 Clarify out-of-state direct shipment of alcoholic beverages to Montanans		3,000	1,500
SB0261 Legalize growing industrial hemp		160	160
SB0358 Public access to traffic accident reports to compile data		16,640	16,640
SB0449 Establish environmental rehabilitation and response account		(5,196)	(4,178)
SB0495 Revise state land laws to increase funding for trust		75,000,000	2,714,000
SB0506 Encourage alternative energy and electrical generation		(148,819)	(148,819)
Total Estimated General Fund Impact	<u>\$0</u>	<u>\$73,483,381</u>	<u>\$3,172,481</u>

Statute: Various

% of Total FY 2000 General Fund Revenue: 1.76%

Lodging Facility Use Tax

The tax paid by state employees is reimbursed to the various funds from which the payments were made, including the general fund.

Montana University System Debt Service

Payments from the Montana University System's trustee are wired to the general fund to pay debt service on the 1992 refunding bond for debt at MSU and MSU-Eastern. Due to the structure of the payments, deposits to the general fund have exceeded debt service payments from the general fund since fiscal 1997.

SABHRS Debt Service

Agencies pay a fixed amount based on the number of FTE in the agency for debt service on bonds used to fund replacement of the state's major accounting and human resource computer systems.

Wildfire Cost Reimbursements

Under the Fire Suppression Program administered by FEMA, the state is eligible to receive fire suppression grants consisting of 70 percent of the state's eligible wildfire suppression costs once the annual floor cost has been met. The annual floor cost consists of five percent of a five-year average fiscal year cost for fire suppression (the high and low years are removed from the past seven years and the remaining five years are averaged). If costs exceed twice the average fiscal year cost plus the annual floor cost, the grant becomes 100 percent of eligible costs. These funds are deposited into the general fund and spent through an emergency statutory appropriation. In addition, money the state spent in helping other states or federal agencies control wildfires is reimbursed and deposited into the general fund. Wildfire cost reimbursements are substantially larger than previous years.

Legislative Fiscal Division

Revenue Estimate Profile

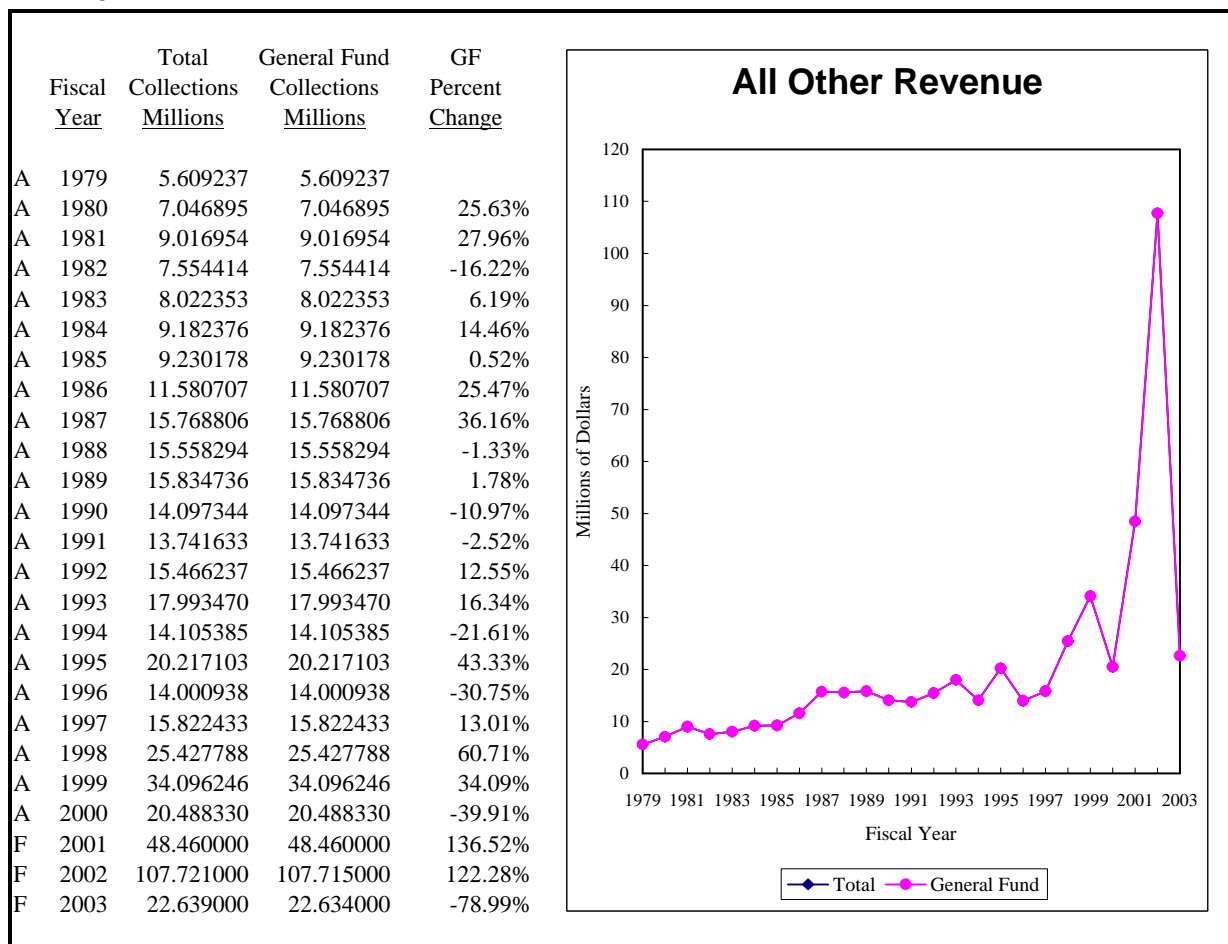
All Other Revenue

All Other Revenue Not Previously Defined

The minor components of "All Other Revenue" are calculated aggregately by applying a growth rate to the adjusted actual (prior) fiscal year collections. Adjustments for any legislative action are included.

Total "All Other Revenue" is projected by adding the individual totals described above.

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) -\$2,832,225; and 2) -\$1,349,572.

Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

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	Base	Annual	Wildfire	Shared	
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Growth</u>	<u>Reimburse</u>	<u>Coal Transfer</u>	<u>SFCAP</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	20.488330	20.488330	11.125862	-8.9735%	0.000000	0.000000	0.577083
Forecast	2001	48.460000	48.460000	11.125862	0.0000%	28.878000	0.034416	0.582761
Forecast	2002	34.232000	34.232000	11.125862	0.0000%	14.570000	0.269483	0.629574
Forecast	2003	19.462000	19.462000	11.125862	0.0000%	0.000000	0.265511	0.661307

	t	Investment					MSU&EMC	SABHRS
	<u>Fiscal</u>	<u>Transfer</u>	<u>Land Grant</u>	<u>Civil Fines</u>	<u>GVW Fees</u>	<u>Accom. Tax</u>	<u>Debt</u>	<u>Debt</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	2.296258	0.086129	0.439498	1.275935	0.016878	0.495693	2.506520
Forecast	2001	2.595000	0.085708	0.522354	1.292000	0.016878	0.837170	2.490067
Forecast	2002	2.640000	0.085514	0.552745	1.292000	0.016878	0.839583	2.210643
Forecast	2003	2.760000	0.085472	0.580511	1.292000	0.016878	0.838186	1.835989

Legislative Fiscal Division

Revenue Estimate Profile

Highway Patrol Fines

Revenue Description: The Montana Highway Patrol issues citations for speeding, driving under the influence of alcohol or drugs, and other misdemeanors. Fines and forfeitures associated with these citations are collected by various state and local courts.

Applicable Tax Rate(s): N/A

Distribution: Highway Patrol fines and forfeitures on all offenses that result from citations issued by the Highway Patrol, except those paid to a justice's court, are deposited in the general fund.

Summary of Legislative Action:

House Bill 256 – A person convicted of reckless driving that results in the death or serious bodily injury of another person is subject to a new maximum penalty of \$10,000. A person convicted of careless driving that results in the death or serious bodily injury of another person is subject to a new maximum penalty of \$5,000. It is estimated that 15 arrests annually will each result in an average penalty of \$2,000. Since half of the revenue goes to local governments, the state general fund will receive an additional \$15,000 each year.

House Bill 442 – The fine for putting refuse on highways is set at a maximum of \$250 rather than a minimum of \$50. The fine for littering with lighted material is set at a maximum of \$500 rather than a minimum of \$100. A new fine for depositing containers filled with urine or feces on a highway is set at a maximum of \$500. The Department of Justice estimates that these fines will result in an increase in fine revenue of \$21,650. Since half of the revenue goes to local governments, the state general fund will receive an additional \$10,325 each year.

Highway Patrol Fines -- 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>
HB0256 Revise reckless and careless driving laws		15,000	15,000
HB0442 Revise definition of littering as traffic offense		10,325	10,325
Total Estimated General Fund Impact	<u>\$0</u>	<u>\$25,325</u>	<u>\$25,325</u>

Statute: Title 61, Chapters 8 and 12; Title 53, Chapter 9, MCA

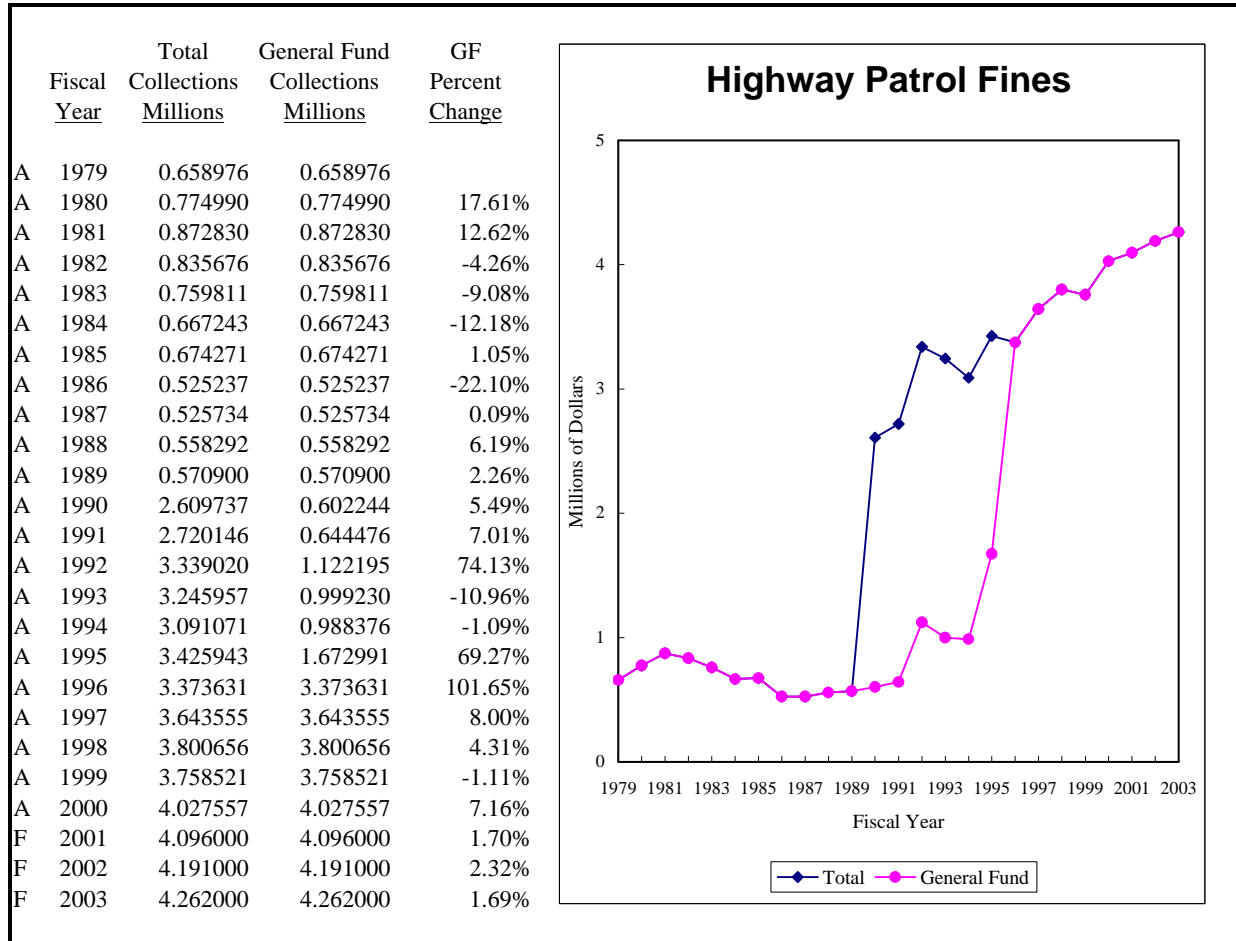
% of Total FY 2000 General Fund Revenue: 0.35%

Legislative Fiscal Division

Revenue Estimate Profile

Highway Patrol Fines

Revenue Projection:



Revenue Estimate Assumptions

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

	t	Total Tax	GF Tax	Fine
	Fiscal	Millions	Millions	Growth Rate
Actual	2000	4.027557	4.027557	0.071580
Forecast	2001	4.096000	4.096000	0.017051
Forecast	2002	4.166000	4.166000	0.017051
Forecast	2003	4.237000	4.237000	0.017051

Legislative Fiscal Division

Revenue Estimate Profile

Investment License Fee

Revenue Description: Investment advisors and investment companies pay various fees to the state. These fees are for the registration of securities and agents, for registration of securities by notification, or for notice of a federal filing of a federally secured security.

Applicable Tax Rate(s): Initial and annual security registration fees vary, but cannot be less than \$200 or more than \$1,000. Initial and annual registration fees for a broker-dealer, investment adviser, and federal covered adviser are \$200. Initial and annual registration fees for a salesperson or investment adviser are \$50.

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

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

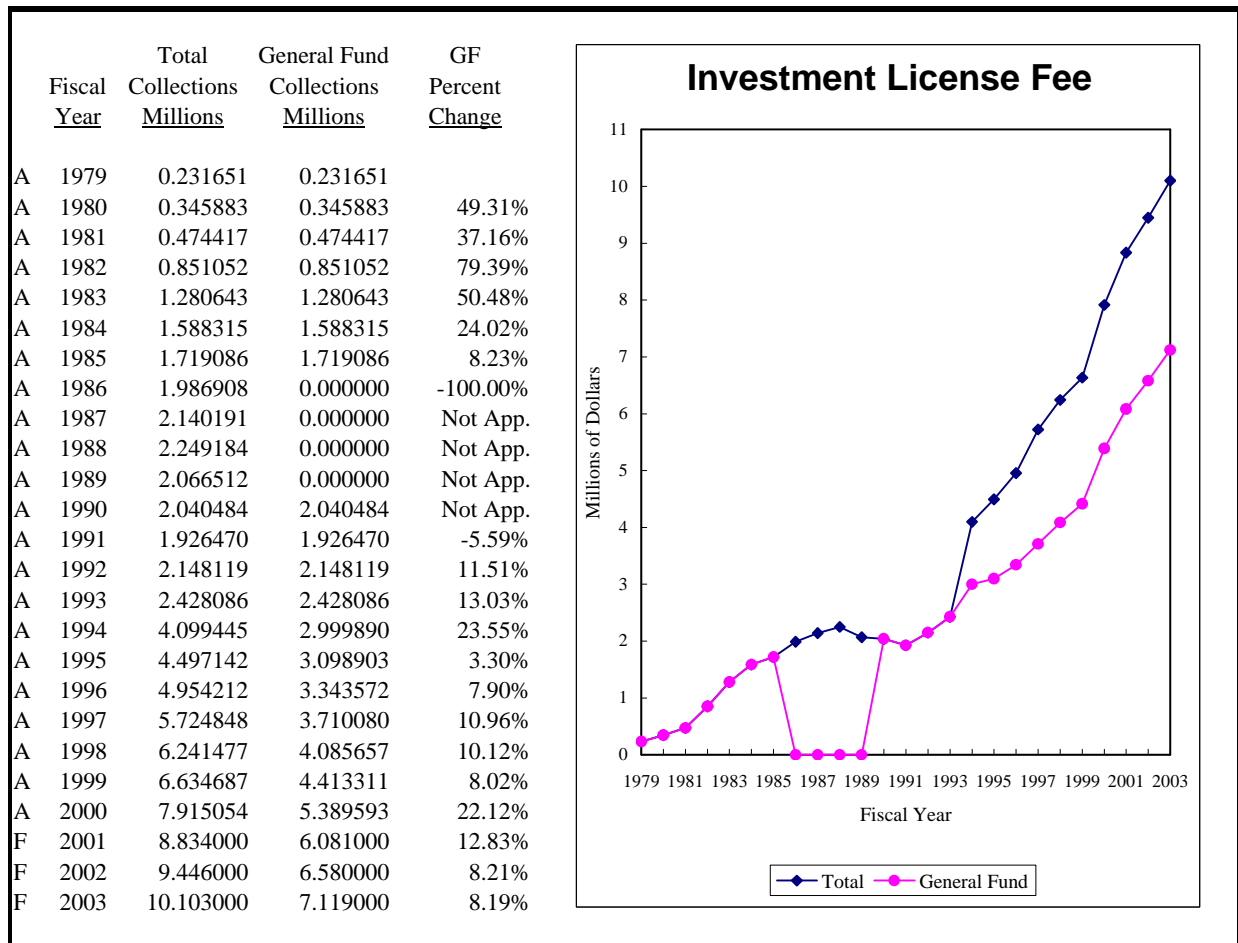
Statute: Title 30, Chapter 10, MCA

% of Total FY 2000 General Fund Revenue: 0.46%

Legislative Fiscal Division

Revenue Estimate Profile Investment License Fee

Revenue Projection:



Legislative Fiscal Division

Revenue Estimate Profile

Investment License Fee

Revenue Estimate Assumptions

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

	t	Total Tax	GF Tax	GF Transfer	Licenses	Portfolio	Port. Exp.
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	7.915054	5.389593	2.296258	5.389593	2.525461	0.151983
Forecast	2001	8.834000	6.081000	2.595000	6.081466	2.752361	0.157109
Forecast	2002	9.446000	6.580000	2.640000	6.579848	2.865789	0.225835
Forecast	2003	10.103000	7.119000	2.760000	7.119073	2.983891	0.224207

	t	Licenses	Portfolio	Expense
	<u>Fiscal</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>
Actual	2000	0.221213	0.137475	0.148649
Forecast	2001	0.128372	0.089845	0.140058
Forecast	2002	0.081951	0.041211	0.127206
Forecast	2003	0.081951	0.041211	0.117311

Legislative Fiscal Division

Revenue Estimate Profile

Long Range Bond Excess

Revenue Description: Statute provides for a debt service account to pay interest and principal on long range building program bonds and to accumulate reserves for payment of debt service when required by statute or bond resolution. Money received in the debt service account in excess of the principal, interest, and reserve requirements must be transferred by the treasurer to the general fund. Thus, this debt service account is referred to as the “long range bond excess account.”

In the past, 15-35-108(7), MCA, allocated 1.3 percent of coal severance tax collections into the debt service account to fund the bonds issued for the purchase of the Virginia City and Nevada City properties. This allocation was de-earmarked to the general fund by House Bill 69 in the 1999 legislative session. Debt service payments for these bonds are now made via the general fund statutory appropriation for debt service. Therefore, no long range bond excess deposits to the general fund are expected.

Applicable Tax Rate(s): N/A

Distribution: All long range bond excess funds are deposited into the general fund.

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

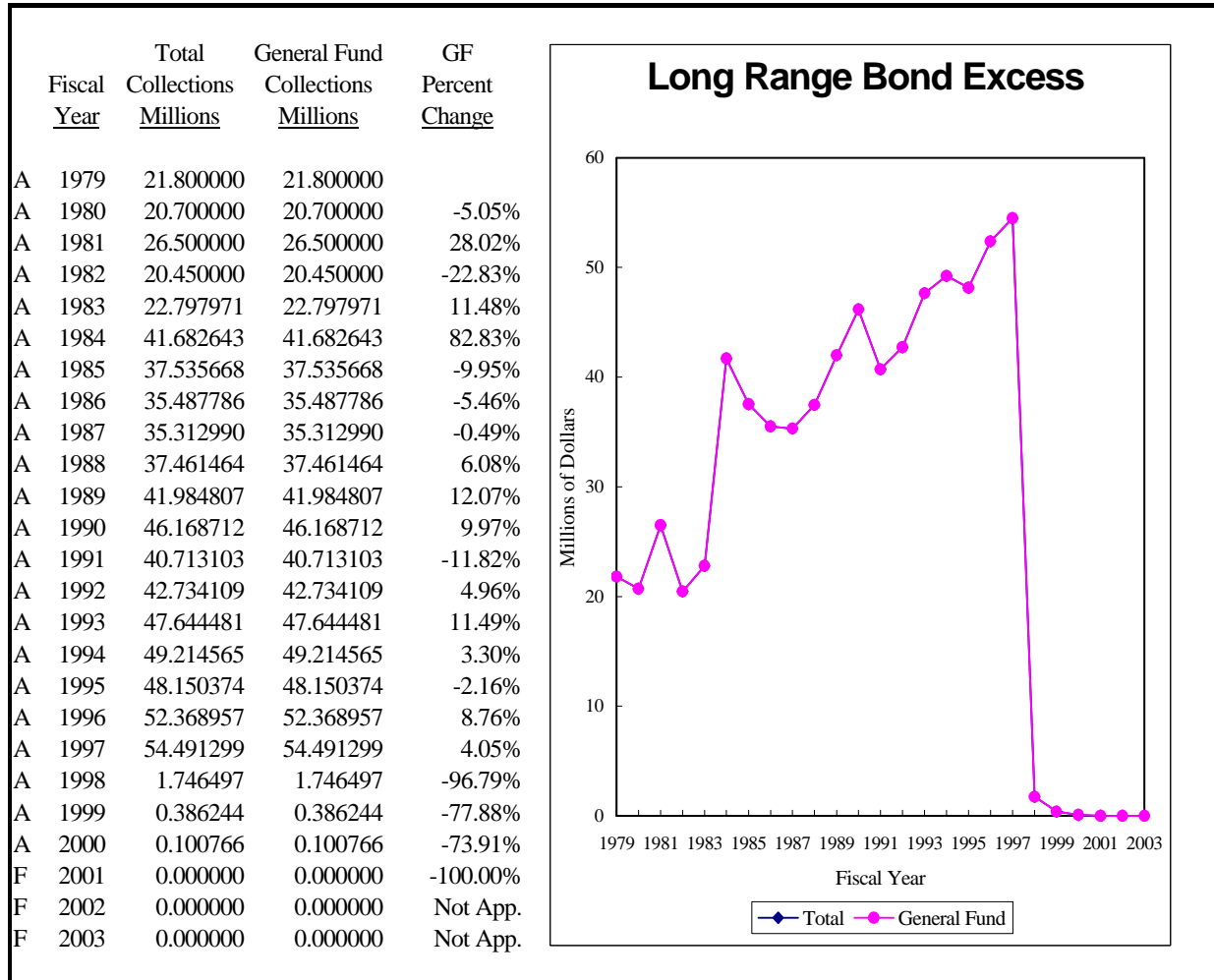
Statute: Title 17, Chapter 5, and Title 15, Chapter 35, MCA

% of Total FY 2000 General Fund Revenue: 0.01%

Legislative Fiscal Division

Revenue Estimate Profile Long Range Bond Excess

Revenue Projection:



Revenue Estimate Assumptions

	t	Total Tax	GF Tax	Coal Tax	DS Percent
	Fiscal	Millions	Millions	Millions	Allocation
Actual	2000	0.100766	0.100766	35.469791	0.000000
Forecast	2001	0.000000	0.000000	33.290000	0.000000
Forecast	2002	0.000000	0.000000	33.866000	0.000000
Forecast	2003	0.000000	0.000000	33.811000	0.000000

Legislative Fiscal Division

Revenue Estimate Profile

Nursing Facilities Fee

Revenue Description: Qualified nursing facilities are required to pay a utilization fee of \$2.80 per bed day. Nursing facilities are health care facilities licensed by the Department of Public Health and Human Services and include those operated for profit or non-profit, freestanding or part of another health facility, and publicly or privately owned. According to federal definitions, nursing facilities do not include adult foster homes, retirement homes, and other alternative living arrangements. Bed days are defined as a 24-hour period in which a resident of a nursing facility is present in the facility or in which a bed is held for a resident while on temporary leave.

Applicable Tax Rate(s): \$2.80 per bed day

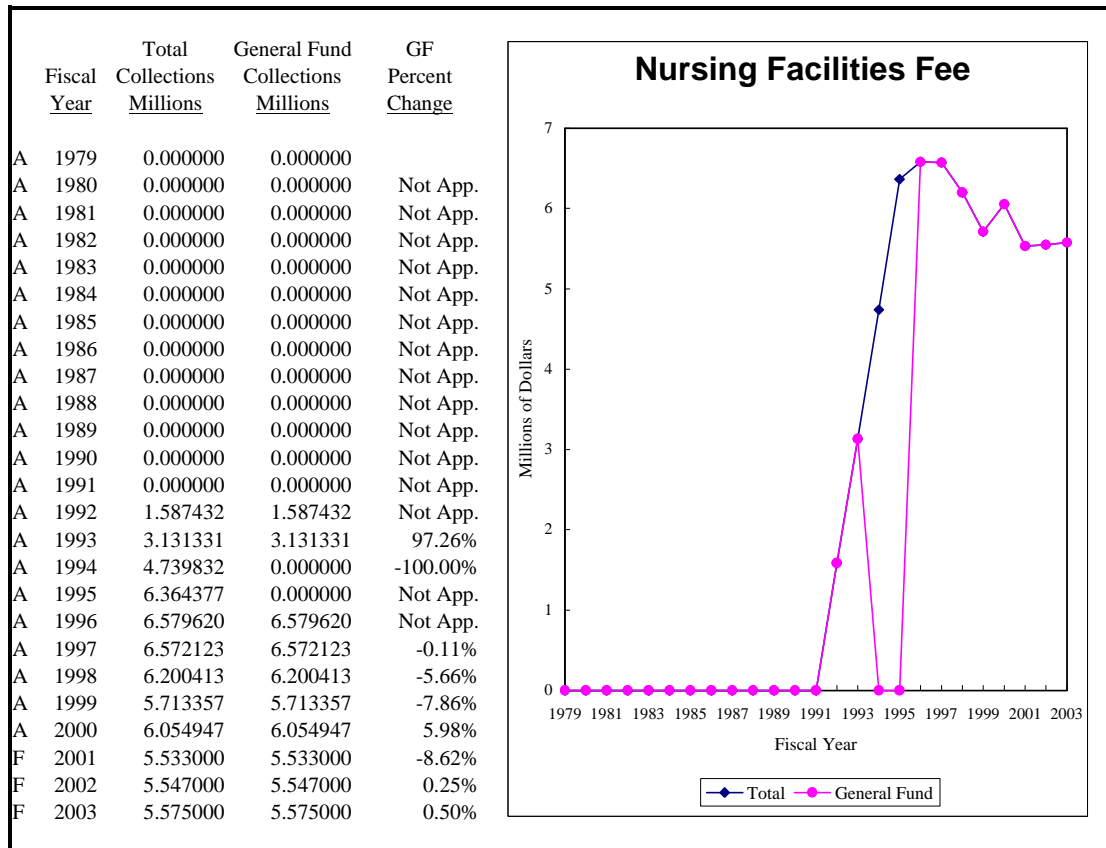
Distribution: All nursing facility fee revenue is deposited into the general fund.

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

Statute: Title 15, Chapter 60, MCA

% of Total FY 2000 General Fund Revenue: 0.52%

Revenue Projection:



Legislative Fiscal Division

Revenue Estimate Profile

Nursing Facilities Fee

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 -\$129,755.

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>Bed</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Fee</u>	<u>Days</u>
Actual	2000	6.054947	6.054947	2.800000	2.019711
Forecast	2001	5.533000	5.533000	2.800000	1.975978
Forecast	2002	5.547000	5.547000	2.800000	1.980918
Forecast	2003	5.575000	5.575000	2.800000	1.990823

Legislative Fiscal Division

Revenue Estimate Profile

Public Contractors Tax

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

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

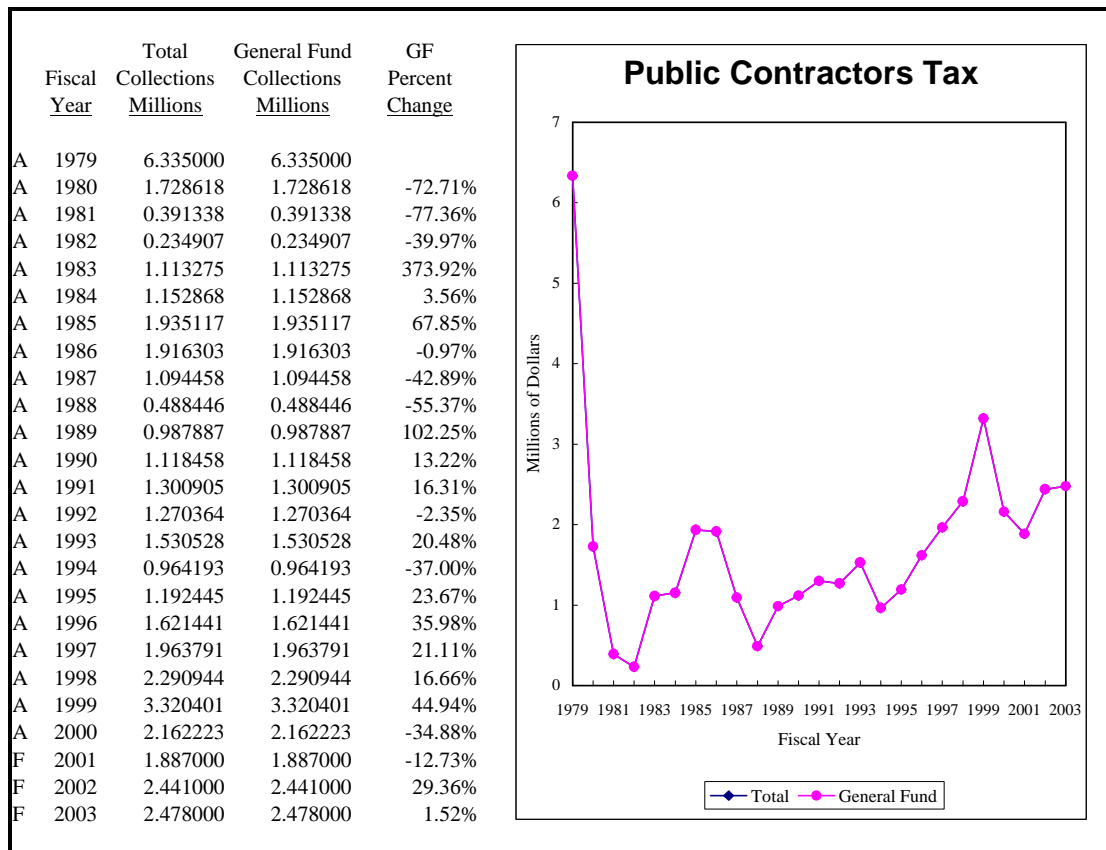
Distribution: All public contractor tax revenue is deposited into the general fund.

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

Statute: Title 15, Chapter 50, MCA

% of Total FY 2000 General Fund Revenue: 0.19%

Revenue Projection:



Legislative Fiscal Division

Revenue Estimate Profile

Public Contractors Tax

Revenue Estimate Assumptions

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

	t	Total Tax	GF Tax	Gross Tax	Credits	Tax	DOT	Other
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>& Refunds</u>	<u>Rate</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	2.162223	2.162223	5.516069	3.444985	0.010000	234.875308	316.731592
Forecast	2001	1.887000	1.887000	5.003000	3.116000	0.010000	222.503964	277.796036
Forecast	2002	2.441000	2.441000	5.265000	2.824000	0.010000	248.683035	277.816965
Forecast	2003	2.478000	2.478000	5.359000	2.881000	0.010000	258.103048	277.796952

Legislative Fiscal Division

Revenue Estimate Profile

Public Institution Reimbursements

Revenue Description: The Department of Public Health and Human Services receives reimbursement for the cost of sheltering and treating residents at the Montana Developmental Center (MDC), the Montana Mental Health Nursing Care Center, Montana State Hospital (MSH), Eastern Montana Veterans' Home, Eastmont Human Services Center, Montana Chemical Dependency Treatment Center, and the Montana Veterans' Home. There are four sources of reimbursement income: 1) state and federally matched Medicaid monies; 2) insurance proceeds from companies with whom the resident is insured; 3) payments by residents or persons legally responsible for them; and 4) federal Medicare funds. Most of the reimbursements come from federal Medicaid payments.

Three variables determine the level of Medicaid nursing home payments: 1) the number of patient days eligible for Medicaid reimbursement; 2) the reimbursement rate per patient day; and 3) the private resources of Medicaid patients.

Applicable Tax Rate(s): N/A

Distribution: Revenue collected from these sources are deposited in the general fund with the following exceptions:

1. Reimbursements from MDC and MSH are first used to pay debt service on bonds issued to fund construction of facilities at MDC and MSH. The remainder is deposited into the general fund.
2. Reimbursements received for the Veterans' Home and Montana Chemical Dependency Treatment Center are deposited into a state special revenue account and appropriated to the institutions.
3. Medicaid payments from the Montana Mental Health Nursing Care Center and MSH are deposited into the federal fund and appropriated for the mental health programs.

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

Statute: Title 53, Chapter 1, MCA

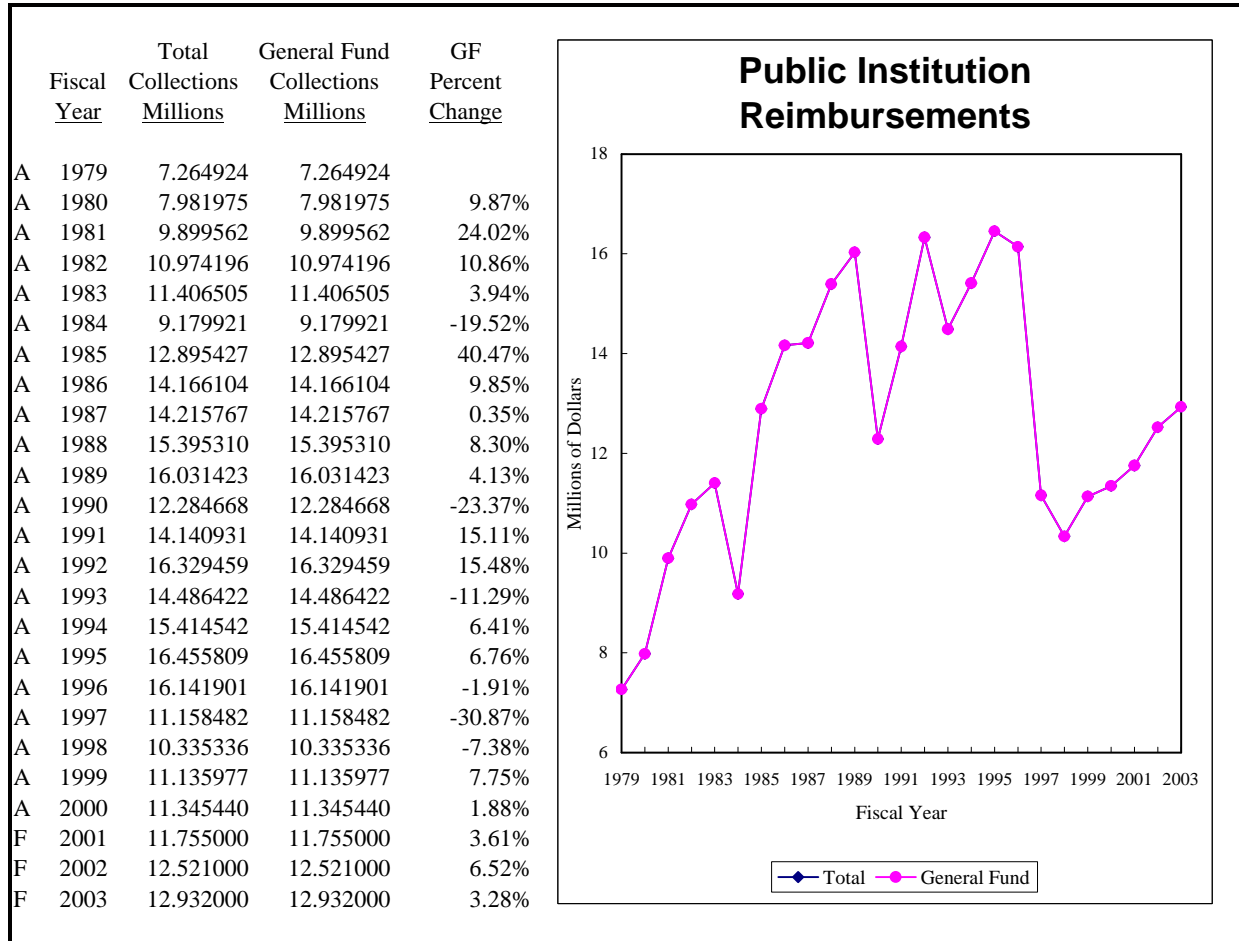
% of Total FY 2000 General Fund Revenue: 0.97%

Legislative Fiscal Division

Revenue Estimate Profile

Public Institution Reimbursements

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 -\$695,735.

Legislative Fiscal Division

Revenue Estimate Profile

Public Institution Reimbursements

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.	Private	Insurance	Medicaid	Medicare
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	11.345440	11.345440	0.512403	0.000257	12.490967	0.003044
Forecast	2001	11.755000	11.755000	2.467614	0.582849	10.952030	0.741292
Forecast	2002	12.521000	12.521000	2.796811	0.523790	11.189628	0.997499
Forecast	2003	12.932000	12.932000	2.903669	0.523790	11.499506	0.991655

	t	MDC Debt	MSH Debt	County
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	-0.965496	0.000000	0.000000
Forecast	2001	-1.079220	-1.909252	0.000000
Forecast	2002	-1.075405	-1.911032	0.000000
Forecast	2003	-1.075425	-1.910857	0.000000

Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Settlement

Revenue Description: Montana receives revenue as a settling party to a Master Settlement Agreement with four original tobacco companies and 25 subsequent companies to end a four-year legal battle with 46 states, Puerto Rico, American Samoa, the U.S. Virgin Islands, the North Mariana Island, Guam and the District of Columbia (52 total settling entities).

Montana is eligible for four types of payments: 1) reimbursement for legal costs (received December 1999); 2) five initial payments (Two were received in fiscal 2000. One each year is expected in fiscal 2001, 2002, and 2003); 3) on-going annual payments; and 4) strategic contribution payments (from fiscal 2008 through 2017). The Master Settlement Agreement places no restrictions on how the money is to be spent.

The total amount of tobacco settlement funds available to Montana may be affected by a number of adjustments. These include inflation, sales volume changes, operating income of the original four tobacco companies, number and operating income of subsequent participating manufactures, number of state reaching state specific finality, settlements reached by the four states not party to the agreement (Florida, Texas, Minnesota, and Mississippi), litigation offsets, and federal tobacco legislation offsets among others.

Applicable Tax Rate(s): NA

Distribution: Due to passage of 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.

Summary of Legislative Action: The 57th Legislature did not enact legislation that impacted this general fund 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: Title 53, Chapter 4

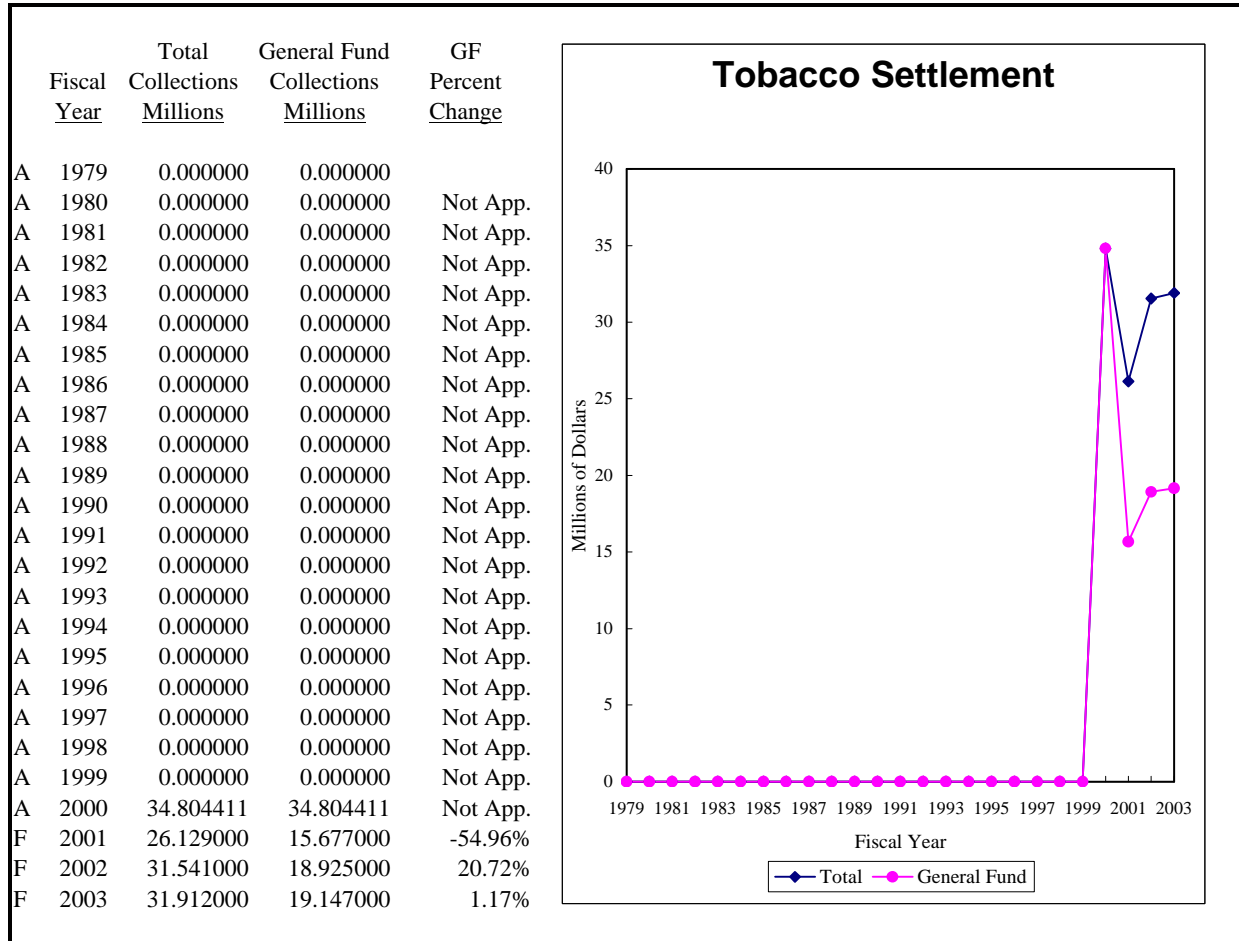
% of Total FY 2000 General Fund Revenue: 2.99%

Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Settlement

Revenue Projection:



Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Settlement

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	Initial	Annual	Montana's	PSS
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Payment</u>	<u>Payment</u>	<u>Share</u>	<u>Reduction</u>
				<u>Millions</u>	<u>Millions</u>	<u>Percent</u>	<u>Percent</u>
Actual	2000	34.804411	34.804411	4872.000000	4500.000000	0.004247591	-0.124500000
Forecast	2001	26.129000	15.677000	2546.160000	5000.000000	0.004247591	-0.124500000
Forecast	2002	31.541000	18.925000	2622.544800	6500.000000	0.004247591	-0.124500000
Forecast	2003	31.912000	19.147000	2701.221144	6500.000000	0.004247591	-0.124500000

	t	Annual	Cummulative	Adjustment	Adjusted	Annual	Cummulative
	<u>Fiscal</u>	<u>Vol. Change</u>	<u>Vol. Change</u>	<u>Factor</u>	<u>Vol. Change</u>	<u>CPI Change</u>	<u>CPI Change</u>
		<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Actual	2000	-0.140094943	-0.140094943	0.980000000	-0.137293044	0.030000000	0.030000000
Forecast	2001	-0.025300000	-0.161850541	0.980000000	-0.158613530	0.032993000	0.063983000
Forecast	2002	-0.016700000	-0.175847637	0.980000000	-0.172330684	0.030000000	0.095902000
Forecast	2003	-0.018400000	-0.191012040	0.980000000	-0.187191799	0.030000000	0.128779000

	t	Op. Income	SPM
	<u>Fiscal</u>	<u>Adjustment</u>	<u>Payment</u>
		<u>Millions</u>	<u>Millions</u>
Actual	2000	40.787986	46.572241
Forecast	2001	42.134266	48.195600
Forecast	2002	43.398902	49.837822
Forecast	2003	44.701296	51.633833