

Natural Resource Taxes

Coal Severance Tax
Electrical Energy Tax
Federal Forest Receipts
Metalliferous Mines Tax

Oil & Natural Gas Production Tax
Resource Indemnity Tax
US Mineral Royalty
Wholesale Energy



Legislative Fiscal Division



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

Legislative Fiscal Division

Revenue Estimate Profile

Coal Severance Tax

Revenue Description: For large producers, the coal severance tax is imposed on all coal production in excess of 20,000 tons per company per calendar year. However, producers of 50,000 tons or less in any calendar year are exempt from the tax. Also exempt are two million tons of coal produced for feedstock (terminates December 31, 2005).

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

Distribution: (Percentage)	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal
<u>Account Name</u>	<u>1998-1999</u>	<u>2000-2002</u>	<u>2003</u>	<u>2004-2005</u>	<u>2006-2016</u>
Permanent Trust	25.00	0.00	0.00	12.50	0.00
Treasure State Endowment	25.00	37.50	37.50	25.00	25.00
TSEP Regional Water	0.00	12.50	12.50	12.50	12.50
Big Sky Economic Development	0.00	0.00	0.00	0.00	12.50
General Fund	25.25	26.79	33.04	27.40	26.79
LRBP - Cash Account	12.00	12.00	10.00	12.00	12.00
LRBP - Debt Service	1.30	0.00	0.00	0.00	0.00
Park Acquisition Trust	1.27	1.27	0.00	1.27	1.27
Cultural Trust	0.00	0.63	0.00	0.63	0.63
Cultural & Aesthetic Projects	0.87	0.00	0.00	0.00	0.00
Water Development	0.95	0.95	0.95	0.95	0.95
Oil, Gas & Coal Natural Res.	0.00	0.00	0.00	0.00	2.90
Shared Account *	8.36	8.36	6.01	7.75	5.46

* Used for Growth Through Agriculture, State Library, Conservation Districts, Coal Board (before FY 2006), and County Land Planning (before FY 2004).

Summary of Legislative Action:

House Bill 482 – The legislation, as coordinated with House Bill 758, revises the distribution of coal severance tax revenue to the state special revenue shared coal tax account. The distribution to this account is increased by 0.61 percent (to 5.46%) and distribution to the general fund is reduced by the same amount for a loss of \$192,772 in FY 2006 and \$196,835 in FY 2007. State special revenue increases by the same amounts. The legislation is effective July 1, 2005.

House Bill 758 – In addition to changes in coal severance tax revenue, the legislation also impacts oil and natural gas revenue. The revenue effects and details of the latter are shown in the oil and natural gas tax source section. The legislation removes the statutory allowance for coal severance tax revenue in the state special revenue shared coal tax account to be appropriated to the Coal Board to address local impacts. A separate distribution of 2.90 percent to the newly created oil, gas and coal natural resource state special revenue account is established and the percentage distribution to the shared coal tax account is reduced by 2.90 percent. There is no change in revenues, only a revenue distribution change of \$916,458 in FY 2006 and \$935,772 in FY 2007 from the shared coal tax account to the oil, gas and coal natural resource account.

Coal Severance Tax -- Legislation Passed by 59th Legislature			
Estimated General Fund Impact for the 2007 Biennium			
<u>Bill Number and Short Title</u>	<u>Fiscal 2005</u>	<u>Fiscal 2006</u>	<u>Fiscal 2007</u>
HB0482 Revise allocation of funds to coal tax shared account		(192,772)	(196,835)
HB0758 Oil, gas, and coal natural resource account fund			
Total Estimated General Fund Impact	<u>\$0</u>	<u>(\$192,772)</u>	<u>(\$196,835)</u>

Legislative Fiscal Division

Revenue Estimate Profile

Coal Severance Tax

Statutory Reference:

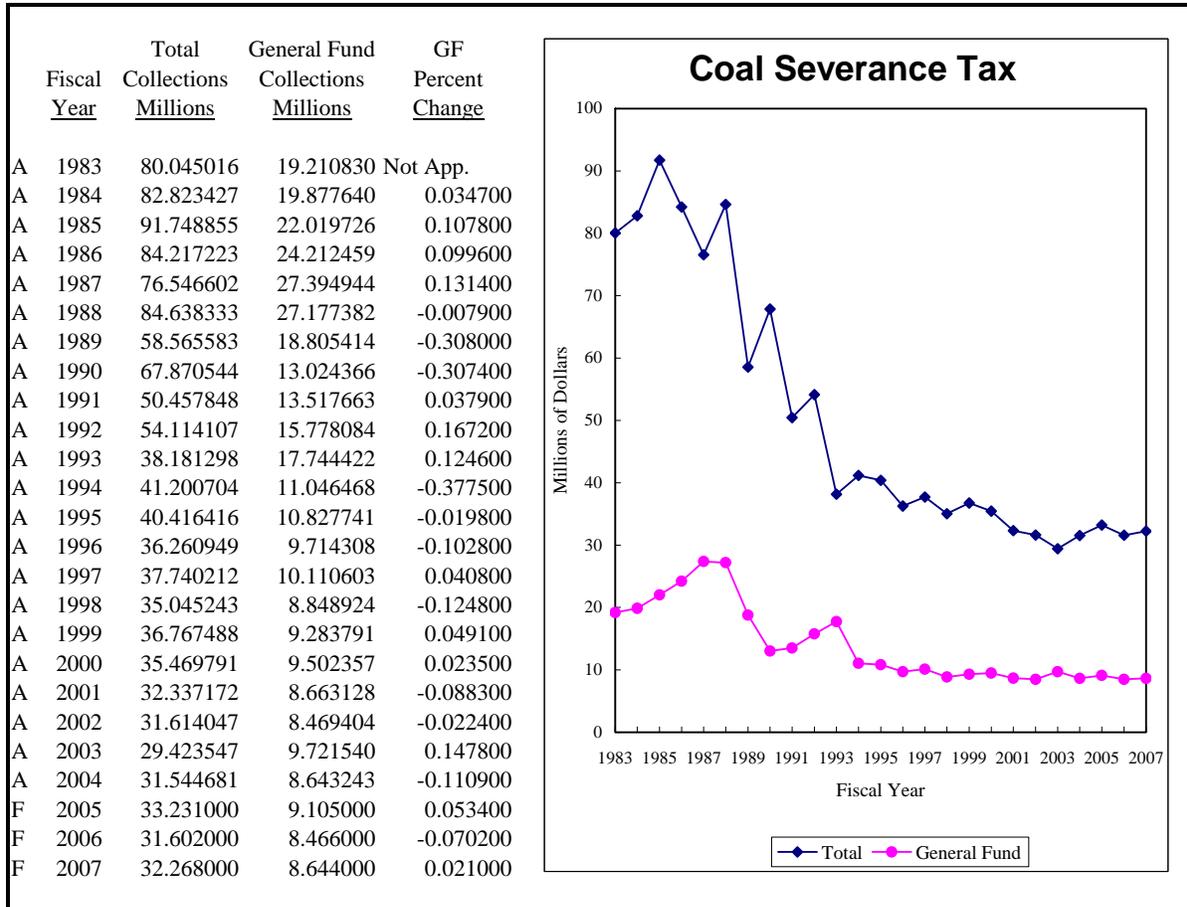
Tax Rate (MCA) – 15-35-103

Tax Distribution (MCA) – Montana Constitution, Article IX, Section 5; 15-35-108

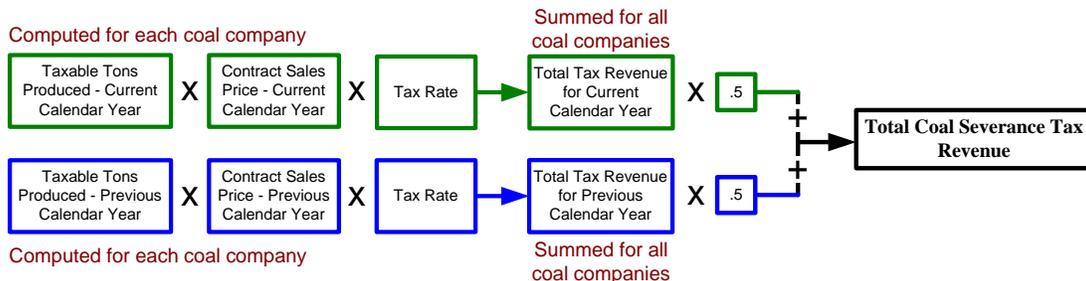
Date Due – the report to the Department of Revenue and tax is due 30 days following the close of the quarter (15-35-104)

% of Total FY 2004 General Fund Revenue: 0.63%

Revenue Projection:



Forecast Methodology

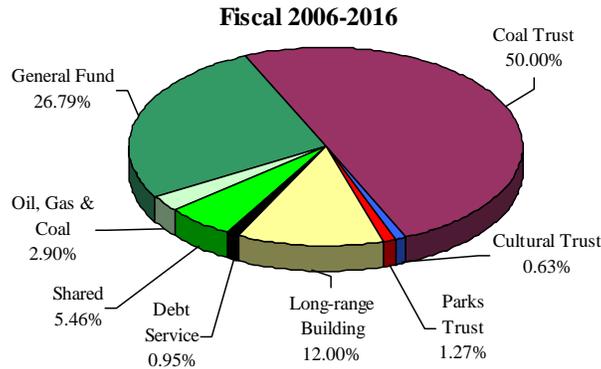


Legislative Fiscal Division

Revenue Estimate Profile

Coal Severance Tax

Distribution Methodology



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 2005 legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	GF Percent
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Allocation</u>
Actual	2000	35.469791	9.502357	0.267900
Actual	2001	32.337172	8.663128	0.267900
Actual	2002	31.614047	8.469404	0.267900
Actual	2003	29.423547	9.721540	0.330400
Actual	2004	31.544681	8.643243	0.274000
Forecast	2005	33.231000	9.105000	0.274000
Forecast	2006	31.602000	8.659000	0.274000
Forecast	2007	32.268000	8.841000	0.274000

	t	Tons (CY)	CSP (CY)	Tax	Tax	Calendar	Effective
	<u>Cal</u>	<u>Millions</u>	<u>Dollars</u>	<u>Rate</u>	<u>Rate</u>	<u>Tax</u>	<u>Rate</u>
Actual	2000	31.784308	6.588243	0.150000	0.100000	31.253448	0.149250
Actual	2001	32.961265	6.266994	0.150000	0.100000	30.883924	0.149510
Actual	2002	31.980880	6.583257	0.150000	0.100000	31.441574	0.149339
Actual	2003	30.802151	6.680719	0.150000	0.100000	30.701209	0.149194
Actual	2004	34.164750	6.759034	0.150000	0.100000	34.487210	0.149347
Forecast	2005	32.369750	6.617034	0.150000	0.100000	31.975630	0.149285
Forecast	2006	31.448250	6.656104	0.150000	0.100000	31.229857	0.149195
Forecast	2007	33.563250	6.649894	0.150000	0.100000	33.307748	0.149234

Legislative Fiscal Division

Revenue Estimate Profile

Electrical Energy Tax

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

Applicable Tax Rate(s): The tax of \$0.0002 per kilowatt-hour is levied against all electrical energy produced within the state. A deduction is allowed for "actual and necessary" energy use by the plant for the production of the energy.

Distribution: All proceeds are deposited into the general fund.

Summary of Legislative Action: The 59th Legislature did not enact legislation that impacted this general fund revenue source.

Statutory Reference:

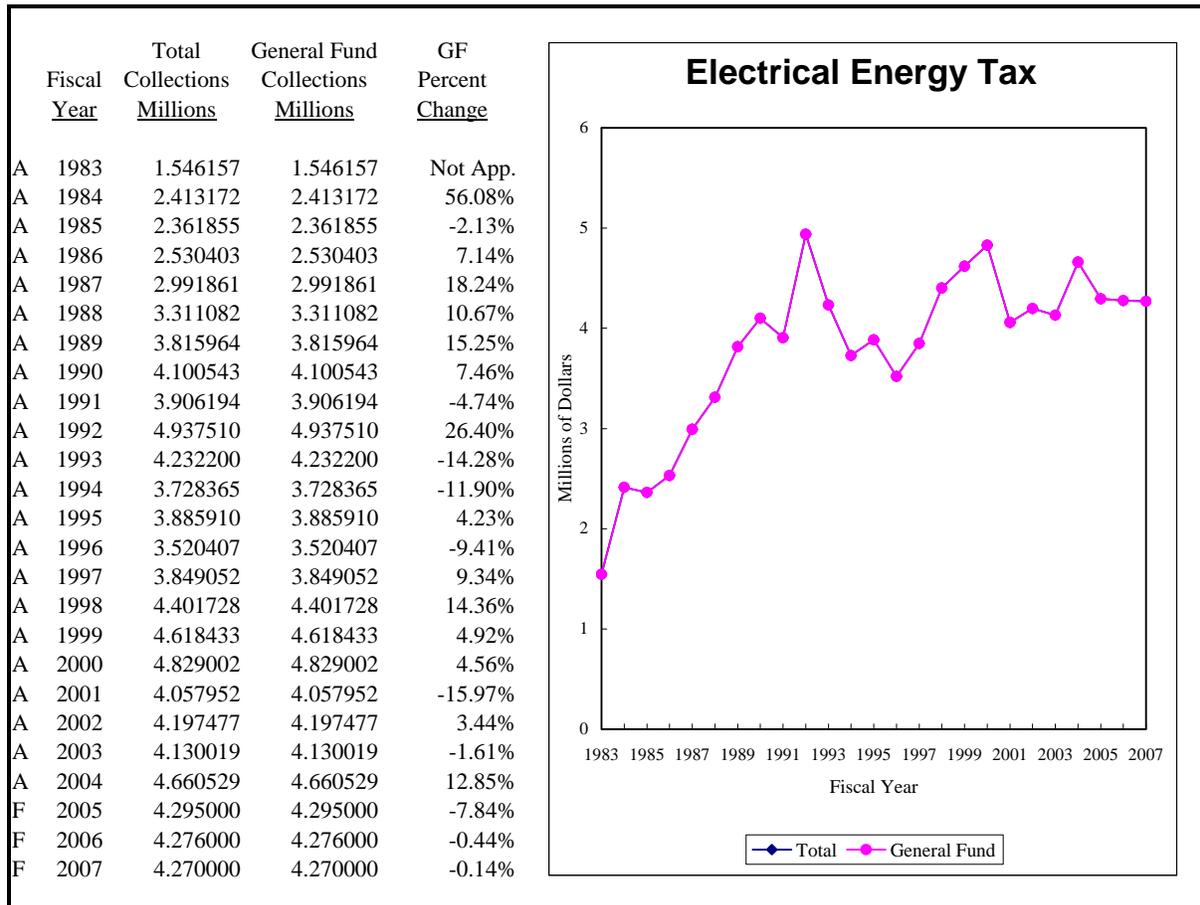
Tax Rate MCA) – 15-51-101

Tax Distribution (MCA) – 15-1-501(1), 15-51-103

Date Due – 30 days after the calendar quarter (15-51-101, 15-51-102)

% of Total FY 2004 General Fund Revenue: 0.34%

Revenue Projection:

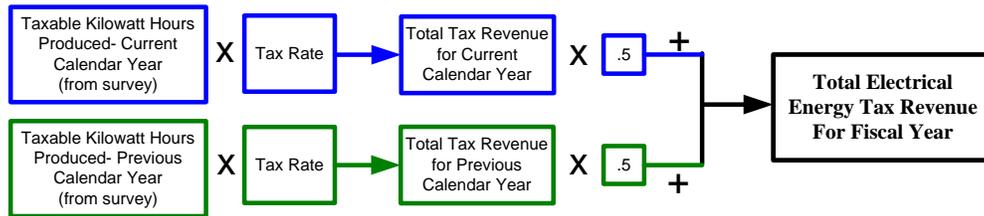


Legislative Fiscal Division

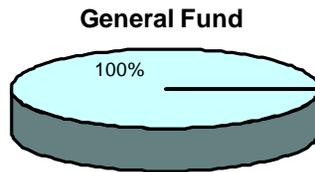
Revenue Estimate Profile

Electrical Energy Tax

Forecast Methodology



Distribution Methodology



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 2005 legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	KWH CY	KWH FY	Credits	Tax
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Rate</u>
Actual	2000	4.829002	4.829002	21518.947177	22937.761931	0.000189	0.000200
Actual	2001	4.057952	4.057952	21083.324572	20444.170990	0.000000	0.000200
Actual	2002	4.197477	4.197477	21440.954697	21642.219243	0.000000	0.000200
Actual	2003	4.130019	4.130019	21849.848310	21068.970125	0.000000	0.000200
Actual	2004	4.660529	4.660529	21030.155421	22310.179496	0.000000	0.000200
Forecast	2005	4.295000	4.295000	21916.931000	21473.543211	0.000000	0.000200
Forecast	2006	4.276000	4.276000	20837.419000	21377.175000	0.000000	0.000200
Forecast	2007	4.270000	4.270000	21598.666000	21345.792855	0.000000	0.000200

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) fixed the allocation to the state at the average of the highest three years of forest receipts in the state. In subsequent years, the amounts are increased by one-half the rural CPI. No more than 20 percent and no 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

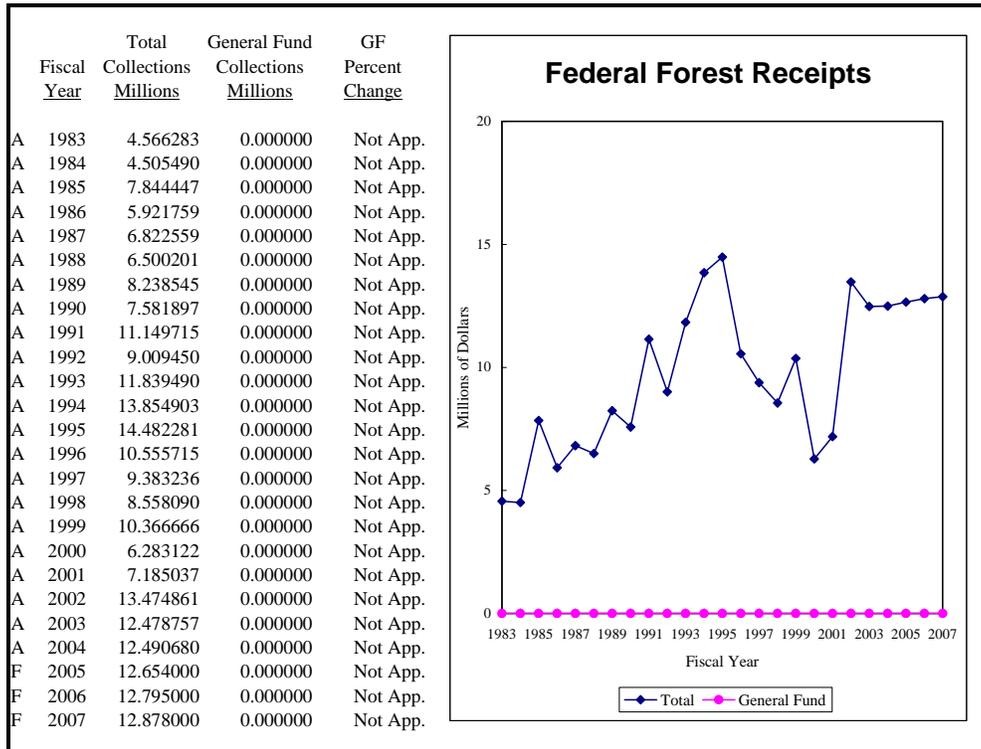
This revenue source represents one component used to calculate total non-levy property tax revenue.

Summary of Legislative Action: The 59th Legislature did not enact legislation that impacted this revenue source.

Statutory Reference: Tax Rate - NA
 Tax Distribution MCA) – 17-3-211, 17-3-212
 Date Due – the state treasurer distributes the funds within 30 days after receiving full payment

% of Total FY 2004 General Fund Revenue: Non levy is included in “Property Tax: 55 mills”.

Revenue Projection:



Legislative Fiscal Division

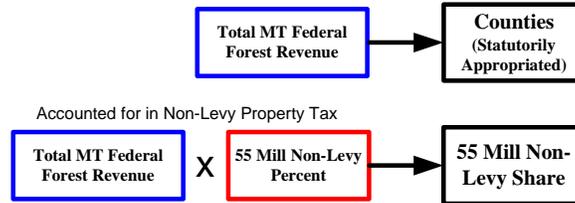
Revenue Estimate Profile

Federal Forest Receipts

Forecast Methodology



Distribution Methodology



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 2005 legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	CPI Percent	50% CPI %
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Change</u>	<u>Change</u>
Actual	2000	6.283122	0.000000	3.2993%	
Actual	2001	7.185037	0.000000	2.8455%	
Actual	2002	13.474861	0.000000	1.5810%	
Actual	2003	12.478757	0.000000	2.2790%	0.8000%
Actual	2004	12.490680	0.000000	2.6087%	1.1395%
Forecast	2005	12.654000	0.000000	2.2246%	1.3044%
Forecast	2006	12.795000	0.000000	1.2953%	1.1123%
Forecast	2007	12.878000	0.000000	1.6880%	0.6477%

Legislative Fiscal Division

Revenue Estimate Profile Metalliferous Mines Tax

Revenue Description: The metalliferous mines license tax is imposed on the production of metals, gems or stones in the state. The tax rate is applied to the gross value of the product, which is defined as the market value of the commodity multiplied by the quantity produced. Senate Bill 30, enacted in the August 2002 special legislative session, revised the payment of taxes from once to twice a year. In doing so, the exemptions in the following table apply to each 6-month period rather than a full year as it was prior to Senate Bill 30. A company taxed at both rates can claim both exemptions.

Applicable Tax Rate(s): The tax rate for a 6-month period is as follows:

Gross value is defined as monetary amounts or refined metal received for the products less:

1. Basic treatment and refinery charges
2. Transportation costs from the mine to a mill or other processor
3. Quantity and price deductions
4. Interest
5. Penalty metal, impurity and moisture deductions

For concentrates shipped to a smelter, mill, or reduction work:	For gold, silver, or any platinum group metal that is dore*, bullion, or matte* and that is shipped to a refinery:												
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;"><u>Gross Value</u></td> <td style="text-align: center; border-bottom: 1px solid black;"><u>Rate</u></td> </tr> <tr> <td style="padding: 2px 5px;">\$0-\$250,000</td> <td style="padding: 2px 5px;">Exempt</td> </tr> <tr> <td style="padding: 2px 5px;">\$250,001 and Above</td> <td style="padding: 2px 5px;">1.81%</td> </tr> </table>	<u>Gross Value</u>	<u>Rate</u>	\$0-\$250,000	Exempt	\$250,001 and Above	1.81%	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;"><u>Gross Value</u></td> <td style="text-align: center; border-bottom: 1px solid black;"><u>Rate</u></td> </tr> <tr> <td style="padding: 2px 5px;">\$0-\$250,000</td> <td style="padding: 2px 5px;">Exempt</td> </tr> <tr> <td style="padding: 2px 5px;">\$250,001 and Above</td> <td style="padding: 2px 5px;">1.6%</td> </tr> </table> <p style="font-size: small; margin-top: 5px;">* Dore: A mixture of gold and silver in cast bars Matte: A crude mixture of sulfides formed in smelting sulfide ores of metals</p>	<u>Gross Value</u>	<u>Rate</u>	\$0-\$250,000	Exempt	\$250,001 and Above	1.6%
<u>Gross Value</u>	<u>Rate</u>												
\$0-\$250,000	Exempt												
\$250,001 and Above	1.81%												
<u>Gross Value</u>	<u>Rate</u>												
\$0-\$250,000	Exempt												
\$250,001 and Above	1.6%												

Distribution: The distribution of the metal mines tax has been altered several times since the 1990s. Prior to the 2005 legislature, the most recent change had been enacted by the 2001 legislature in Senate Bill 484 (effective July 1, 2002) that created a hard-rock mining reclamation debt service fund to pay debt service on the \$8.0 million of bonds authorized for state costs related to hard-rock mining reclamation, operation, and maintenance. The 8.5 percent allocation of metalliferous mines tax revenue previously allocated to the orphan share account was allocated to the hard-rock mining reclamation debt service fund. The 2005 legislature increased the allocation to counties from 24 percent to 25 percent and decreased the general fund allocation from 58 percent to 57 percent. The table below shows recent historical distributions of the tax revenue.

Distribution of Metalliferous Mines Tax (Percent)						
	<u>Fiscal</u> <u>1994-1995</u>	<u>Fiscal</u> <u>1996-1997</u>	<u>Fiscal</u> <u>1998-2002</u>	<u>Fiscal</u> <u>2003</u>	<u>Fiscal</u> <u>2004-2005</u>	<u>Fiscal</u> <u>2006&Beyond</u>
General Fund	58.0	58.0	58.0	65.0	58.0	57.0
Counties	25.0	25.0	24.0	24.0	24.0	25.0
Hard Rock Reclamation Debt Service	0.0	0.0	0.0	8.5	8.5	8.5
Reclamation & Development Grants	0.0	4.8	7.0	0.0	7.0	7.0
Hard Rock Mining	1.5	1.5	2.5	2.5	2.5	2.5
RIT Trust	15.5	0.0	0.0	0.0	0.0	0.0
Groundwater Assessment	0.0	2.2	0.0	0.0	0.0	0.0
Abandoned Mines	0.0	8.5	0.0	0.0	0.0	0.0
Orphan Share	<u>0.0</u>	<u>0.0</u>	<u>8.5</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	100.0	100.0	100.0	100.0	100.0	100.0

Summary of Legislative Action:

House Bill 700 – The distribution of the tax revenue to counties that experience fiscal and economic impacts due to mining is increased from 25 percent of total collections to 26 percent. The revenue is statutorily appropriated. The general fund distribution is decreased from 58 percent to 57 percent for a loss of \$92,000 in FY 2006 and \$95,000 in FY 2007. State special revenue increases by like amounts. The legislation is effective July 1, 2005.

Legislative Fiscal Division

Revenue Estimate Profile

Metalliferous Mines Tax

Metalliferous Mines Tax -- Legislation Passed by 59th Legislature
Estimated General Fund Impact for the 2007 Biennium

<u>Bill Number and Short Title</u>	<u>Fiscal 2005</u>	<u>Fiscal 2006</u>	<u>Fiscal 2007</u>
HB0700 Revise allocation and use of metal mines license tax		(92,000)	(95,000)
Total Estimated General Fund Impact	<u>\$0</u>	<u>(\$92,000)</u>	<u>(\$95,000)</u>

Statutory Reference:

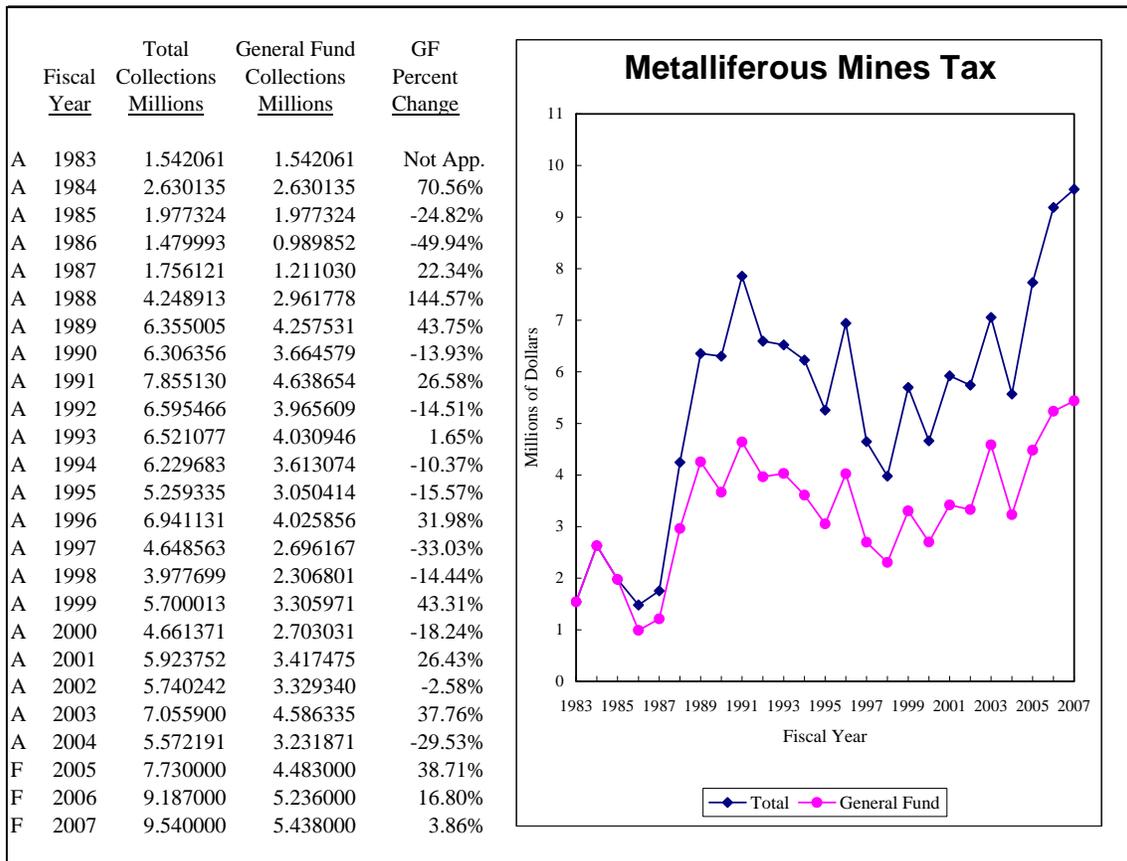
Tax Rate (MCA) – 15-37-103

Tax Distribution (MCA) – 15-37-117

Date Due – August 15th for period January through June, March 31st for period July through December (15-37-105)

% of Total FY 2004 General Fund Revenue: 0.23%

Revenue Projection:

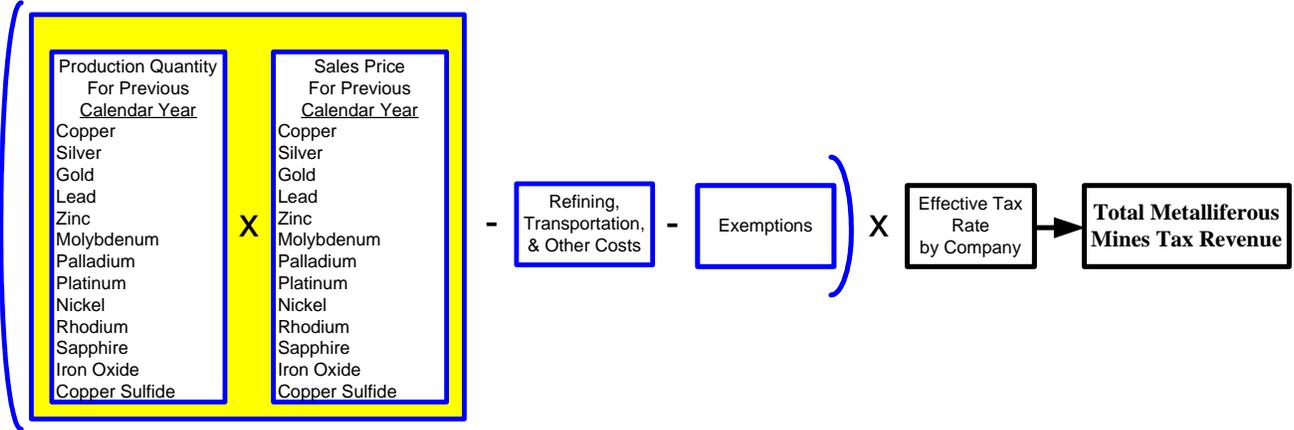


Legislative Fiscal Division

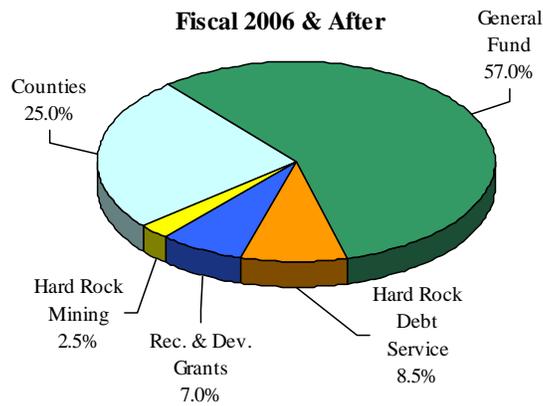
Revenue Estimate Profile Metalliferous Mines Tax

Forecast Methodology

Summed by Each Mining Company



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile Metalliferous Mines 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 2005 legislature that may affect future estimates of this revenue source.

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Tax Value CY</u>	<u>Effective CY</u>	<u>GF Percent</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Rate</u>	<u>Allocation</u>
Actual	2000	4.661371	2.703031	369.117889		57.9879%
Actual	2001	5.923752	3.417475	355.643466		57.6911%
Actual	2002	5.740242	3.329340	303.045425		58.0000%
Actual	2003	7.055900	4.586335	347.630082		65.0000%
Actual	2004	5.572191	3.231871	387.519615	0.016870	58.0000%
Forecast	2005	7.730000	4.483000	532.112839	0.016770	58.0000%
Forecast	2006	9.187000	5.328000	565.574941	0.016710	58.0000%
Forecast	2007	9.540000	5.533000	577.641279	0.016670	58.0000%

<u>Comdty.</u>	<u>t</u>	<u>Copper</u>	<u>Silver</u>	<u>Gold</u>	<u>Lead</u>	<u>Zinc</u>	<u>Moly</u>	<u>Palladium</u>
<u>Prod.</u>	<u>Cal</u>	<u>Millions</u>						
Actual	2000	4.311635	1.579330	0.291116	10.105733	21.461326		
Actual	2001	0.279519	0.867094	0.273483	14.750164	24.383338		
Actual	2002	0.594816	0.431664	0.147947	6.454187	9.594224		
Actual	2003	3.586936	0.422095	0.299258	10.620022	14.550050		
Forecast	2004	71.659734	1.640266	0.043369	9.816497	20.153690		
Forecast	2005	74.044139	1.425798	0.158355	17.786185	40.152165		
Forecast	2006	74.154049	1.340358	0.227125	19.434992	50.168382		
Forecast	2007	74.209003	1.343814	0.270299	19.434992	50.168382		

<u>Comdty.</u>	<u>t</u>	<u>Platinum</u>	<u>Nickel</u>	<u>Rhodium</u>	<u>Sapphire</u>	<u>Copper Sul</u>	<u>Deduction</u>	<u>Refining</u>
<u>Prod.</u>	<u>Cal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000		0.000000		0.000000	0.000000		-10.330456
Actual	2001		0.626935		0.000000	0.000000		-18.811518
Actual	2002		1.254207		0.000000	0.000000		-23.786060
Actual	2003		1.378746		0.000000	0.000000		-23.933463
Forecast	2004		1.419950		0.000000	0.000000	-2.500000	-33.942132
Forecast	2005		1.309809		0.000000	0.000000	-2.500000	-33.986215
Forecast	2006		1.447683		0.000000	0.000000	-2.500000	-36.395079
Forecast	2007		1.516621		0.000000	0.000000	-2.500000	-37.604512

Legislative Fiscal Division

Revenue Estimate Profile

Metalliferous Mines Tax

<u>Comdty.</u> <u>Price</u>	<u>t</u> <u>Cal</u>	<u>Copper</u> <u>Dollars</u>	<u>Silver</u> <u>Dollars</u>	<u>Gold</u> <u>Dollars</u>	<u>Lead</u> <u>Dollars</u>	<u>Zinc</u> <u>Dollars</u>	<u>Moly</u> <u>Dollars</u>	<u>Palladium</u> <u>Dollars</u>
Actual	2000	0.646454	4.603820	276.279562	0.200607	0.502159		
Actual	2001	0.624133	4.067554	267.641016	0.217897	0.377707		
Actual	2002	0.644951	3.801359	312.723867	0.201686	0.368474		
Actual	2003	0.463017	5.229937	366.865992	0.280168	0.416065		
Forecast	2004	0.886541	6.173955	399.953460	0.423382	0.487594		
Forecast	2005	0.995000	6.330000	411.080000	0.420000	0.490000		
Forecast	2006	0.910000	6.390000	421.740000	0.420000	0.490000		
Forecast	2007	0.845000	6.390000	437.730000	0.420000	0.490000		

<u>Comdty.</u> <u>Price</u>	<u>t</u> <u>Cal</u>	<u>Platinum</u> <u>Dollars</u>	<u>Nickel</u> <u>Dollars</u>	<u>Rhodium</u> <u>Dollars</u>	<u>Sapphire</u> <u>Dollars</u>	<u>Copper Sul</u> <u>Dollars</u>
Actual	2000				0.000000	0.000000
Actual	2001		2.024806		0.000000	0.000000
Actual	2002		2.905846		0.000000	0.000000
Actual	2003		4.101375		0.000000	0.000000
Forecast	2004		6.295315		0.000000	0.000000
Forecast	2005		6.300000		0.000000	0.000000
Forecast	2006		6.300000		0.000000	0.000000
Forecast	2007		6.300000		0.000000	0.000000

Legislative Fiscal Division

Revenue Estimate Profile

Oil and Natural Gas Production Tax

Revenue Description: The oil and natural gas production tax is imposed on the production of petroleum and natural gas in the state. Gross taxable value of oil and natural gas production is based on the type of well and type of production.

Applicable Tax Rate(s): The oil and natural gas production tax has numerous tax rates depending on several factors. These factors include whether the oil or gas is produced from a stripper well, a stripper incentive well, from a well initially drilled before 1999 or after, from a well newly drilled within the last year or 18 months, and whether the interest being taxed is the working interest or the royalty interest. The Board of Oil and Gas Conservation imposes an additional privilege and license (P & L) tax on all oil and natural gas tax rates. For the 2007 biennium, the P&L tax rate is 0.26 percent. HB 758, described below, allows an additional tax rate of 0.04 percent to generate revenue for local impacts for local governments. The two taxes may not exceed 0.3 percent. The following table shows tax rate percentages for each type of pre-1999 oil and post-1999 oil, excluding the P & L tax and the new Local Impact tax. The quarterly tax rates on stripper production and on incremental production are lower than that for regular production unless the price of West Texas Intermediate averages above \$30 for the quarter. Similarly, the quarterly tax rate for stripper well exemption production (1-3 barrels a day) is lower than that for regular production unless the price of West Texas Intermediate averages above \$38 for the quarter.

Oil and Natural Gas Production Tax Rates *

Oil Production	Tax Rates
<u>Working Interests</u>	
Pre 99 after 12 Months (Regular)	12.50%
Post 99 First 12 Months (New)	0.50%
Post 99 after 12 months (Regular)	9.00%
Stripper 4-10 barrels per day	5.50%
Stripper 11-15 barrels per day	9.00%
Stripper Well Exemption (1-3 barrels per day)	0.50%
Pre99 Horizontal after 18 months	12.50%
Post 99 Horizontal first 18 months	0.50%
Post 99 Horizontal after 18 months	9.00%
Incremental - secondary	8.50%
Incremental - tertiary	6.80%
Pre99 Horizontal Recomp - after 18 months	12.50%
Post99 Horizontal Recomp - first 18 months	5.50%
Post99 Horizontal Recomp - after 18 months	9.00%
<u>Royalty Interests</u>	14.80%
Natural Gas Production	
<u>Working Interests</u>	
Pre-99 after 12 months	14.80%
Post 99 first 12 months	0.50%
Post 99 after 12 months	9.00%
Pre 99 stripper wells	11.00%
Horizontal first 18 months	0.50%
Horizontal after 18 months	9.00%
<u>Royalty Interests</u>	14.80%
<small>If the West Texas price of oil exceeds \$30/bbl in a quarter, the rates for stripper and incremental oil are 9.26%. If prices exceed \$38/bbl the rate for stripper exemption oil is also 9.26%.</small>	
<small>* Excluding the P & L and Local Impact tax rates</small>	

Distribution: Once the oil and natural gas production taxes have been collected, the revenue is first distributed based on the amounts collected from the P & L and Local Impact taxes. The amounts from the P & L tax is distributed to the: 1) Board of Oil and Gas Conservation; and 2) the Legislative Services Division - \$50,000 only in the 2007 biennium (see HB 790 below). The amounts from the Local Impact tax are distributed to the oil, gas, and coal natural resource state special revenue account (see HB 758 below). The amounts received by Board and the oil, gas, and coal natural resource account vary based on a sliding scale based on the P & L tax set by the Board. Counties producing oil receive the next share of total revenue with each county having its own distribution

Legislative Fiscal Division

Revenue Estimate Profile

Oil and Natural Gas Production Tax

percentage of total revenue, including the revenue generated by the P & L and Local Impact taxes. The remainder of the revenue is distributed to other state accounts in the following manner:

Fiscal 2004 through Fiscal 2011

- Coal bed methane account – 1.23%
- Reclamation and development account – 2.95%
- Orphan share account – 2.95%
- University system 6 mill levy account – 2.65%
- General fund – the remainder (90.22%)

The distributions of county shares and the amount of oil and natural gas production tax revenue deposited in the oil, gas, and coal natural resource account are statutorily appropriated and are based on the statutorily set percentages for each county.

Summary of Legislative Action:

House Bill 535 – A new tax category is created out of the “stripper well exemption” category called “stripper well bonus” which is defined as being production from a stripper well that produces three barrels a day or less. If the price of west Texas intermediate crude oil is \$38 a barrel or greater, the working interest share of pre-1999 well oil categorized as “stripper well exemption” and “stripper well bonus” production is taxed at the rate of 6.0 percent. Previously the rate had been 12.5 percent. If the price of west Texas intermediate crude oil falls below \$38 a barrel, the tax rate for both categories remain at the current rate of 0.5 percent. The tax rate reduction results in a general fund loss of \$374,404 in FY 2006 and \$305,992 in FY 2007. State special revenue is reduced by \$452,269 in FY 2006 and \$369,629 in FY 2007. Most of the reduction in state special revenue is a reduction in the statutorily appropriated distribution to counties of \$411,684 in FY 2006 and \$336,459 in FY 2007. The legislation is effective July 1, 2005 and applies to oil produced and sold from July 1, 2005.

House Bill 592 – The legislation revises the method used to determine penalty and interest on overdue income taxes, corporate taxes, withholding taxes, oil and natural gas taxes, and coal severance taxes. The revenue effects and details of the fiscal impacts on the other revenue sources are shown in the respective revenue source section. The table below summarizes the changes.

HB 592 - Changes in Penalties and Interest Rates			
Penalty Provisions Apply to Individual Income, Corporate and Withholding Taxpayers, Oil and Gas Production Taxes and Coal Severance Taxes			
Type of Penalty/Interest	Previous Law Amount	SB 592 Amount	Effective Date
Late Pay Penalty Rate	1.5 % per month on unpaid balance not to exceed 18% of taxes due from time of notification	1.2% per month on unpaid balance not to exceed 12% of taxes due from time of tax due	January 1, 2007
Purposeful Late Pay Penalty	lesser of 25% of amount due or \$200	Not less than \$1,000 and not more than \$10,000	January 1, 2007
Interest - Individual Income Tax	12 % per Year	Rate is 8% or rate based on IRS Code 26 computed from due date but updated each 4th quarter, whichever is greater	January 1, 2007
Time Window in Which Penalty and Interest is Calculated	From the time of notice	From the time tax is due	July 1, 2005

General fund oil and natural gas tax revenue is expected to increase \$1,337 each fiscal year. The full impact of all provisions will not be realized until FY 2008 when an \$878,004 loss in all impacted general fund revenue sources will be realized.

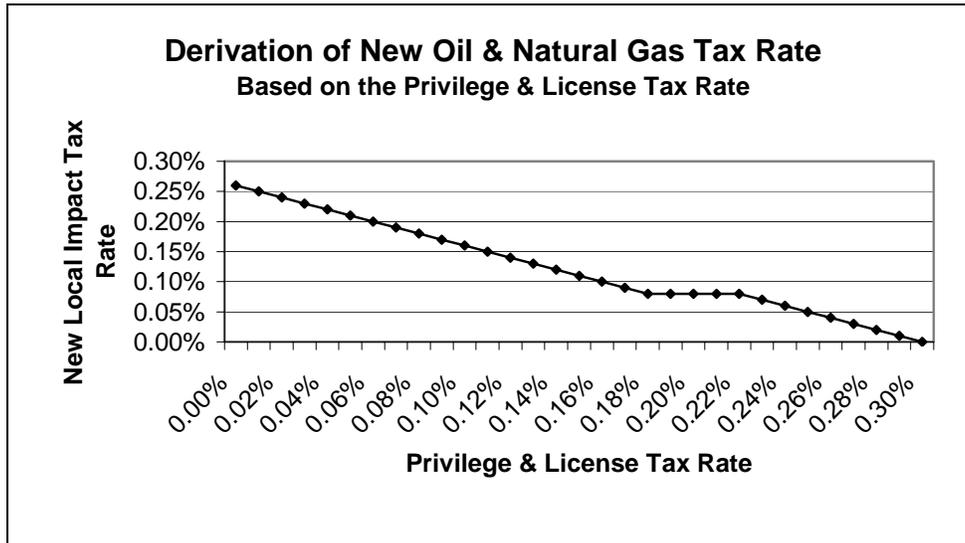
House Bill 758 - In addition to changes in oil and natural gas revenue, the legislation also affects the distribution of coal severance tax revenue. The revenue effects and details of the latter are shown in the coal severance tax revenue source section. The legislation creates a new oil, gas and coal natural resource state special revenue account and distributes a portion of oil and natural gas tax revenue to the account based on the unused portion of the P & L tax authority set by the Board of Oil and Gas Conservation. The total tax authority between the two cannot exceed 0.3 percent and the base rate for the oil, gas and coal natural resource account is 0.08 percent except when the privilege and license tax rate: 1) exceeds 0.22 percent, then the oil, gas and coal natural resource account rate is 0.3 percent less the amount of the rate adopted by the Board; or 2) is less than 0.18 percent, then the oil, gas and coal natural resource account rate

Legislative Fiscal Division

Revenue Estimate Profile

Oil and Natural Gas Production Tax

is 0.26 percent less the amount of the rate adopted by the Board (see the chart below). State special revenue from oil and natural gas production tax revenue deposited to the account is estimated to be \$1,205,959 in FY 2006 and \$1,272,219 in FY 2007. Revenue deposited to the Board of Oil and Gas Conservation state special revenue account is reduced by the same amounts for no net change in state special revenue. Money from the oil and natural gas production tax revenue deposited in the oil, gas and coal natural resource account is statutorily appropriated to the Department of Revenue for distribution to applicable counties, cities, and towns based on statutory percentages and allocations. The legislation is effective July 1, 2005 and applies to production occurring from that date.



House Bill 790 – The legislation does not change the amount of oil and natural gas production tax revenue, but it does change the distribution of tax revenue. In the 2007 biennium, the Legislative Services Division is allocated up to \$50,000 of the tax revenue collected from the P & L tax. The money is to be used to study split estates of property between mineral owners and surface owners related to oil and gas development and coal bed methane reclamation and bonding. HB 790 appropriates \$50,000 of state special revenue to the Legislative Services Division for use by the Environmental Quality Council. The legislation is effective on passage and approval and terminates September 15, 2006.

Oil & Natural Gas Production Tax -- Legislation Passed by 59th Legislature			
Estimated General Fund Impact for the 2007 Biennium			
<u>Bill Number and Short Title</u>	<u>Fiscal 2005</u>	<u>Fiscal 2006</u>	<u>Fiscal 2007</u>
HB0535 Revise taxation of stripper well production		(374,404)	(305,992)
HB0592 Standardize penalty and interest calculations for taxes		1,337	1,337
HB0758 Oil, gas, and coal natural resource account fund			
HB 790 Interim study on split estates & coal bed methane reclamation & bonding			
Total Estimated General Fund Impact	<u>\$0</u>	<u>(\$373,067)</u>	<u>(\$304,655)</u>

Statutory Reference:

Tax Rate (MCA) – 15-36-30. Privilege and license tax – 82-11-131, Administrative Rules 36.72.1242
 Tax Distribution (MCA)– 15-36-331(4), 15-36-332(2&3) (to taxing units)
 Date Due – within 60 days after the end of the calendar quarter (15-36-311(1))

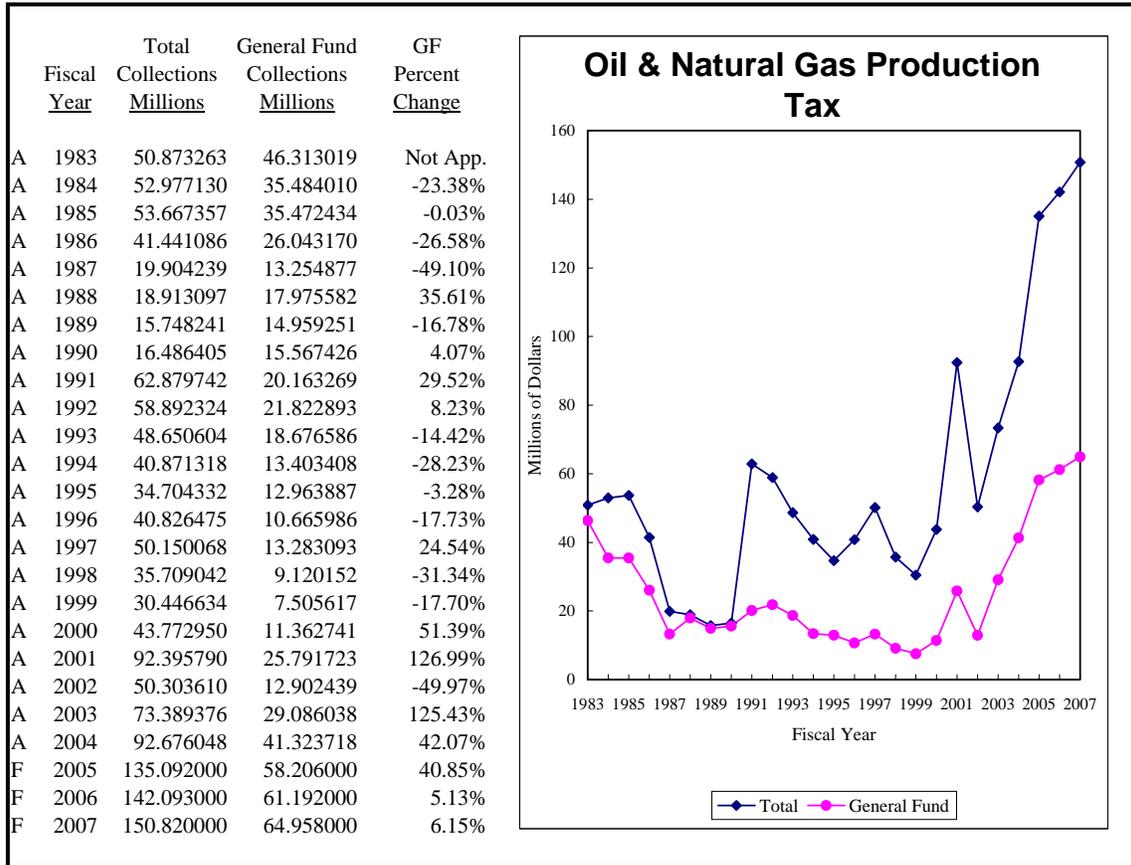
% of Total FY 2004 General Fund Revenue: 2.99%

Legislative Fiscal Division

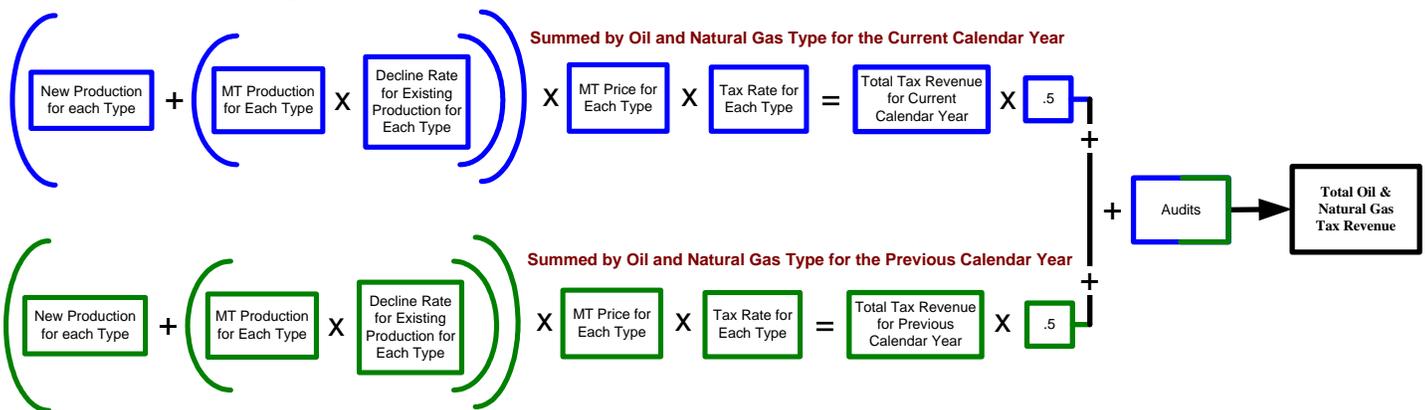
Revenue Estimate Profile

Oil and Natural Gas Production Tax

Revenue Projection:



Forecast Methodology

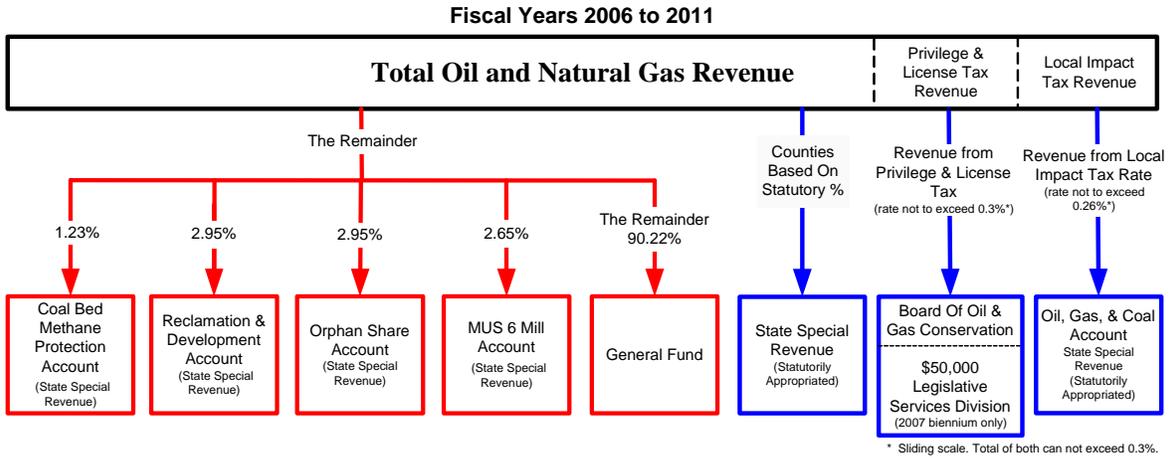


Legislative Fiscal Division

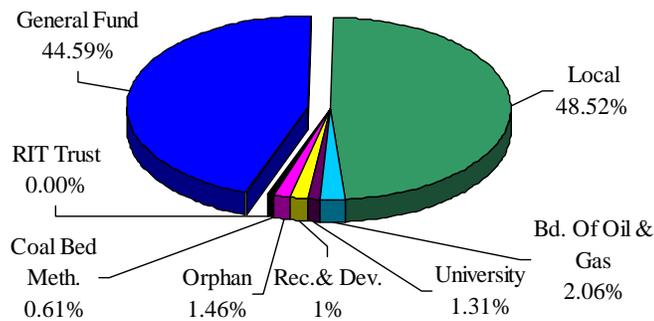
Revenue Estimate Profile

Oil and Natural Gas Production Tax

Distribution Methodology



Oil & Natural Gas Production
Based on Fiscal 2004 Actual Amounts



Because the exact distribution of oil & natural gas revenue will vary depending on various factors, the chart only reflects fiscal 2004 actual distributions. Please see the table above for exact distribution percentages.

Legislative Fiscal Division

Revenue Estimate Profile

Oil and Natural Gas Production Tax

Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2005 legislature that may affect future estimates of this revenue source.

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Composite</u>	<u>Audits</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>GF Allocation</u>	<u>Millions</u>
Actual	2000	43.772950	11.362741	0.259584	
Actual	2001	92.395790	25.791723	0.279144	
Actual	2002	50.303610	12.902439	0.256491	
Actual	2003	73.389376	29.086038	0.396325	2.436178
Actual	2004	92.676048	41.323718	0.445894	1.687625
Forecast	2005	135.092000	58.206000	0.430863	0.000000
Forecast	2006	142.918000	61.565000	0.430773	0.000000
Forecast	2007	151.494000	65.263000	0.430795	0.000000

<u>Oil</u>	<u>t</u>	<u>Barrels</u>	<u>Price</u>	<u>Gross Value</u>	<u>Exempt Value</u>	<u>Effective</u>	<u>Total Tax</u>
	<u>Cal</u>	<u>Millions</u>	<u>Per Barrel</u>	<u>Millions</u>	<u>Millions</u>	<u>Tax Rate</u>	<u>Millions</u>
Actual	2000	15.770217	27.666849	436.312212	15.727729	0.114821	48.291803
Actual	2001	15.981505	22.816391	364.640267	13.200286	0.102083	35.876151
Actual	2002	16.923825	23.119530	391.270880	14.031874	0.100083	37.755024
Actual	2003	19.391933	28.004264	543.056811	18.777257	0.095372	50.001667
Actual	2004	22.324142	46.000000	1033.660140	29.461103	0.090741	91.122199
Forecast	2005	27.472205	39.560000	1100.211088	21.455019	0.084456	91.107383
Forecast	2006	29.439027	37.730000	1125.691974	23.349770	0.090129	99.353341
Forecast	2007	33.516965	37.930000	1291.849434	30.139110	0.085875	108.349450

<u>Gas</u>	<u>t</u>	<u>MCF's</u>	<u>Price</u>	<u>Gross Value</u>	<u>Exempt Value</u>	<u>Effective</u>	<u>Total Tax</u>
	<u>Cal</u>	<u>Millions</u>	<u>Per MCF</u>	<u>Millions</u>	<u>Millions</u>	<u>Tax Rate</u>	<u>Millions</u>
Actual	2000	66.163277	2.901700	191.985981	9.066332	0.106032	19.395351
Actual	2001	76.713082	3.188642	244.610555	11.319744	0.104020	24.266868
Actual	2002	79.531692	2.230608	177.404028	11.569839	0.104259	17.289646
Actual	2003	80.327001	3.983935	320.017551	15.043266	0.099219	30.259247
Actual	2004	89.464491	5.410000	480.389295	19.884321	0.094157	43.359949
Forecast	2005	100.744115	5.050000	501.928333	14.229815	0.091439	44.594685
Forecast	2006	107.368498	5.470000	577.138593	16.941270	0.090648	50.780937
Forecast	2007	116.047644	4.480000	509.482569	16.789829	0.090329	44.504570

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, but not metals and oil and natural gas. Prior to July 1, 2002 when the Governor by executive order certified to the Secretary of State that the resource indemnity trust balance had reached \$100 million, a portion of oil and natural gas taxes had been distributed under the same methodology as the RIGWA tax. Once the RIT balance reached \$100 million, this portion of oil and natural gas taxes no longer has a connection to 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 excluding oil and natural gas because the resource indemnity trust has reached \$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: Beginning fiscal 2004, the amount needed to cover debt service on CERCLA bonds (after amounts transferred from the CERCLA cost recovery account) is deposited to the CERCLA match debt service account. The remainder of RIGWA tax proceeds is distributed in the following order:

1. \$366,000 each year to the ground water assessment account
2. 50.0% of the remainder to the reclamation and development grants account
3. the amount needed to maintain a \$150,000 balance in the natural resource worker scholarship account (enacted by the 2001 legislature in Senate Bill 322 and terminates the end of fiscal 2007)
4. the remainder to the orphan share account (terminates the end of fiscal 2007)

Summary of Legislative Action: The 59th Legislature did not enact legislation that impacted this revenue source.

Statutory Reference:

Tax Rate (MCA) – 15-38-104

Tax Distribution (MCA) – 15-38-106, 39-10-106

Date Due from metal producers – March 31st following the end of the calendar year (15-38-105, 15-38-106(1))

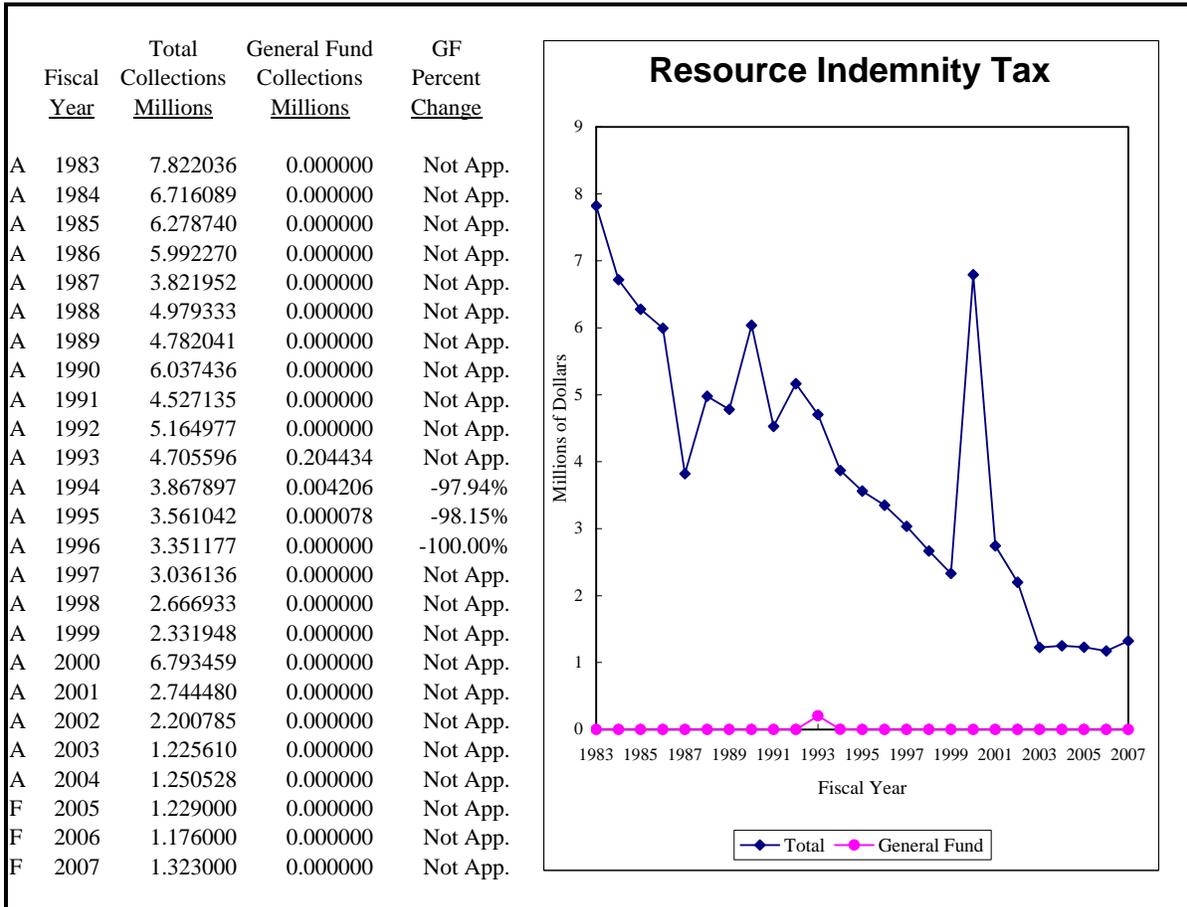
Date Due from mineral producers – 60 days following the end of the calendar year (15-38-105, 15-38-106(1))

% of Total FY 2004 General Fund Revenue: N/A

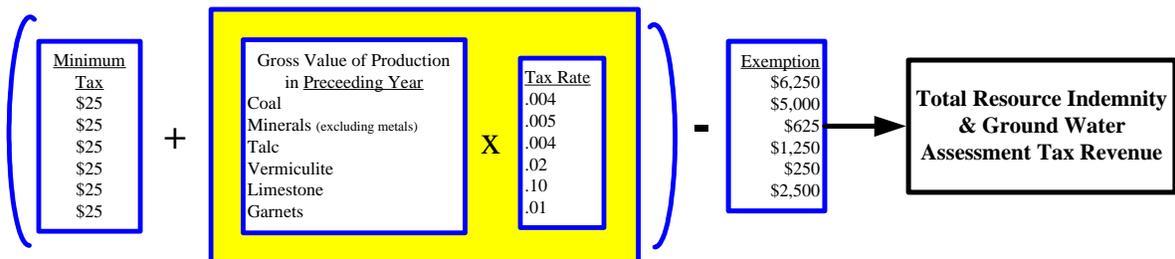
Legislative Fiscal Division

Revenue Estimate Profile Resource Indemnity Tax

Revenue Projection:



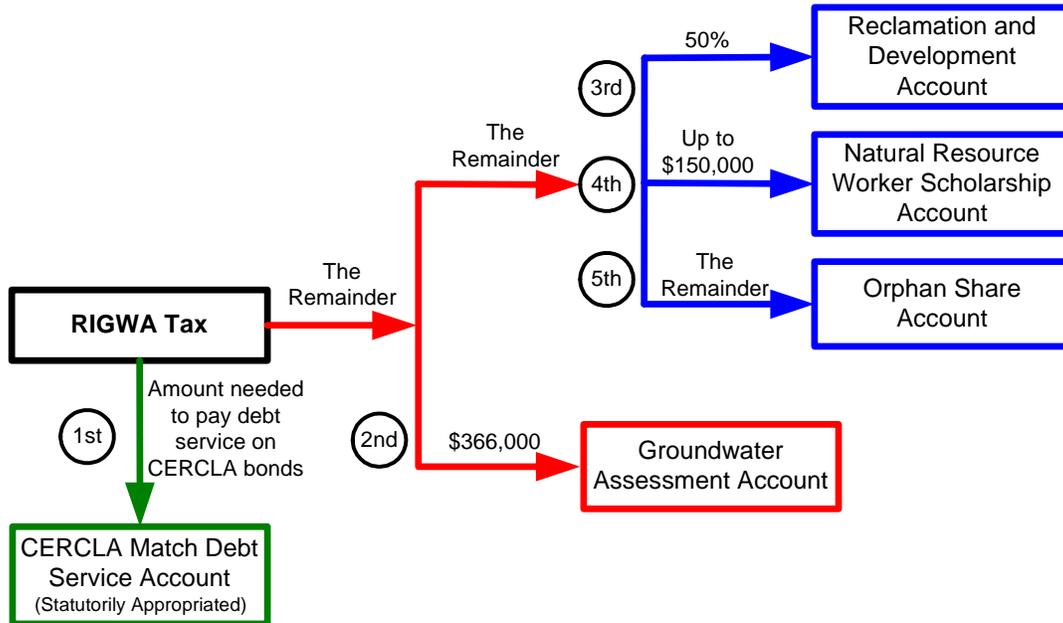
Forecast Methodology



Legislative Fiscal Division

Revenue Estimate Profile Resource Indemnity Tax

Distribution Methodology



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 2005 legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	Oil	Natural Gas	Coal	Metals	Other
	<u>Fiscal</u>	<u>Millions</u>						
Actual	2000	6.793459	0.000000	0.851792	0.159668	0.906413	0.000000	0.239000
Actual	2001	2.744480	0.000000	1.667407	0.000000	0.838000	0.000000	0.372000
Actual	2002	2.200785	0.000000	0.976477	0.000000	0.826000	0.000000	0.407000
Actual	2003	1.225610	0.000000	0.000000	0.000000	0.842000	0.000000	0.387000
Actual	2004	1.250528	0.000000	0.001614	0.000000	0.823000	0.000000	0.353000
Forecast	2005	1.229000	0.000000	0.000000	0.000000	0.842000	0.000000	0.387000
Forecast	2006	1.176000	0.000000	0.000000	0.000000	0.823000	0.000000	0.353000
Forecast	2007	1.323000	0.000000	0.000000	0.000000	0.924000	0.000000	0.399000

	t	Trust Other	Trust Metal	Renewable	Ground	Reclamation	Orphan	Trust Balance
	<u>Fiscal</u>	<u>Millions</u>						
Actual	2000	3.391472	0.000000	0.000000	0.521579	1.440204	1.440204	96.404163
Actual	2001	2.205880	0.000000	0.000000	0.300000	0.119300	0.119300	100.373547
Actual	2002	1.588631	0.000000	0.000000	0.300000	0.156077	0.156077	102.065653
Actual	2003	0.000000	0.000000	0.000000	0.366000	0.429805	0.279805	100.000965
Actual	2004	-0.000188	0.000000	0.000000	0.366000	0.442358	0.442358	100.002390
Forecast	2005	0.252454	0.000000	0.000000	0.113546	0.431500	0.337992	100.254844
Forecast	2006	0.000000	0.000000	0.000000	0.366000	0.318000	0.318492	100.254844
Forecast	2007	0.000000	0.000000	0.000000	0.366000	0.312000	0.311492	100.254844

Legislative Fiscal Division

Revenue Estimate Profile

US Mineral Royalty

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

Applicable Tax Rate(s): N/A

Distribution: With the enactment of Senate Bill 212 by the 2005 legislature, receipts are deposited 75 percent to the general fund and 25 percent to the state special revenue mineral impact account. Money in the mineral impact account is statutorily appropriated for distribution to eligible counties in which the minerals were extracted.

Summary of Legislative Action:

Senate Bill 212 – Prior to enacting SB 212, all US mineral royalty revenue was deposited to the general fund and on August 15th, 25 percent of the revenue was transferred out of the general fund to the state special revenue mineral impact account. This legislation earmarks 25 percent of the revenue directly to the mineral impact account. Money in the account is statutorily appropriated for distribution to eligible counties. Because of the earmarking, general fund revenue is reduced \$8,959,250 in fiscal 2005, \$8,904,000 in FY 2006 and \$9,321,000 in FY 2007 and state special revenue increases by the same amounts. However, transfers in the same amounts out of the general fund are eliminated for a net zero impact to the general fund balance. The legislation is effective July 1, 2005.

US Mineral Royalty -- Legislation Passed by 59th Legislature			
Estimated General Fund Impact for the 2007 Biennium			
<u>Bill Number and Short Title</u>	<u>Fiscal 2005</u>	<u>Fiscal 2006</u>	<u>Fiscal 2007</u>
SB0212 Revise allocation and distribution of federal mineral leasing funds	(8,959,250)	(8,904,000)	(9,321,000)
Total Estimated General Fund Impact	<u>(\$8,959,250)</u>	<u>(\$8,904,000)</u>	<u>(\$9,321,000)</u>

Statutory Reference:

Tax Rate – NA

Distribution – 17-3-240, MCA

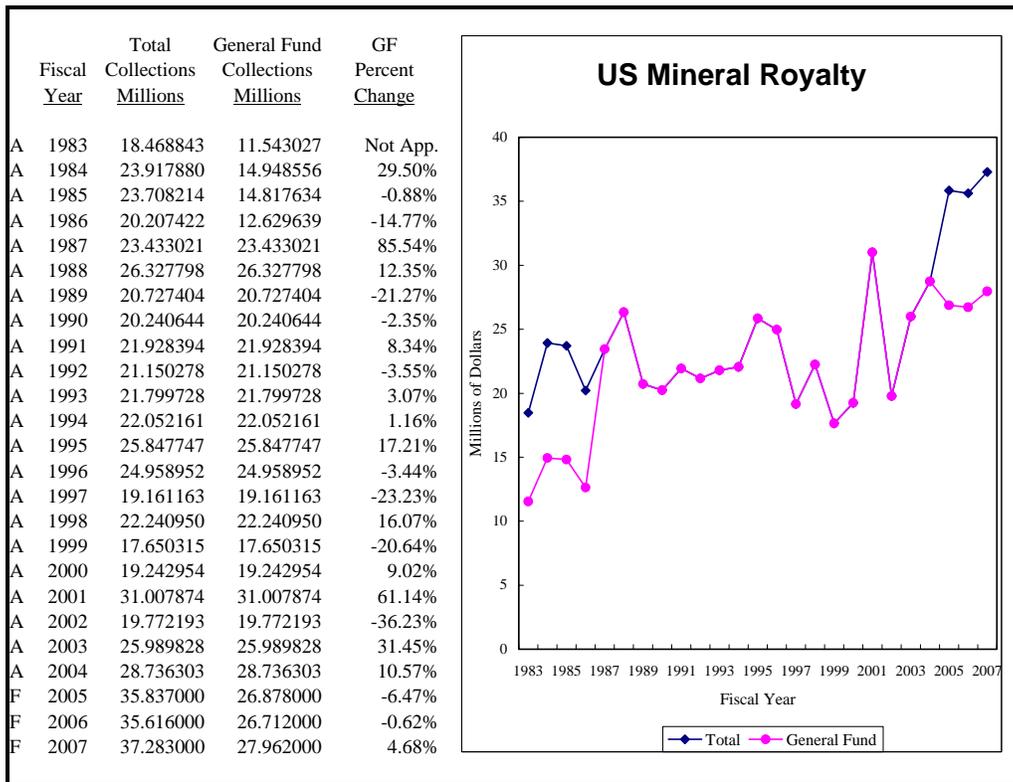
% of Total FY 2004 General Fund Revenue: 2.08%

Legislative Fiscal Division

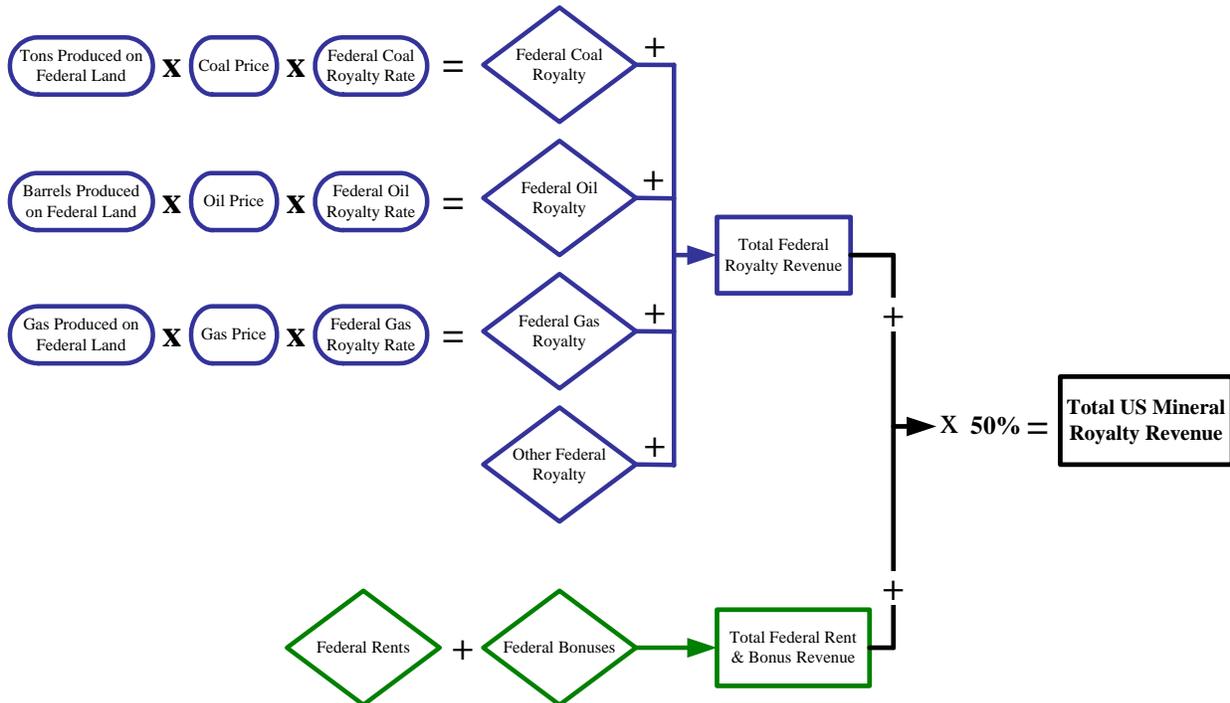
Revenue Estimate Profile

US Mineral Royalty

Revenue Projection:



Forecast Methodology

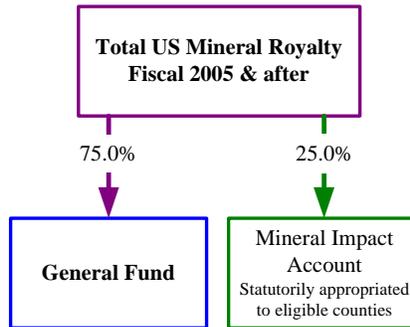


Legislative Fiscal Division

Revenue Estimate Profile

US Mineral Royalty

Distribution Methodology



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 2005 legislature that may affect future estimates of this revenue source.

	<u>t</u>	<u>Total Rev.</u>	<u>GF Rev.</u>	<u>One-Time</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Settlement</u>
				<u>Millions</u>
Actual	2000	19.242954	19.242954	
Actual	2001	31.007874	31.007874	6.038000
Actual	2002	19.772193	19.772193	0.000000
Actual	2003	25.989828	25.989828	0.000000
Actual	2004	28.736303	28.736303	0.000000
Forecast	2005	35.837000	35.837000	0.000000
Forecast	2006	35.616000	35.616000	0.000000
Forecast	2007	37.283000	37.283000	0.000000

	<u>t</u>	<u>Oil</u>	<u>Coal</u>	<u>Gas</u>	<u>Oil</u>	<u>Coal</u>	<u>Gas</u>
	<u>Cal</u>	<u>Barrels</u>	<u>Tons</u>	<u>MCF's</u>	<u>Price</u>	<u>Price</u>	<u>Price</u>
Actual	2000	2.844204	23.263951	18.562337	26.936413	8.896481	3.716299
Actual	2001	2.882311	24.008898	21.522120	22.214013	8.184205	4.083795
Actual	2002	3.052261	23.165885	22.312886	22.509148	8.815356	2.856810
Actual	2003	3.497391	20.394951	22.536015	27.264920	8.828832	5.102352
Actual	2004	4.026224	21.698585	25.099577	44.785548	9.448163	6.928758
Forecast	2005	4.954691	19.528049	25.126072	38.515572	9.133755	6.467695
Forecast	2006	5.309412	20.564988	24.017871	36.733886	9.285253	7.005602
Forecast	2007	6.044877	22.788640	27.128501	36.928605	9.239790	5.737678

Legislative Fiscal Division

Revenue Estimate Profile

US Mineral Royalty

	<u>t</u>	<u>Oil</u>	<u>Coal</u>	<u>Gas</u>	<u>Oil</u>	<u>Coal</u>	<u>Gas</u>
	<u>Cal</u>	<u>Roy. Rate</u>	<u>Roy. Rate</u>	<u>Roy. Rate</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>
Actual	2000	0.109451	0.122845	0.123153	8.385332	25.424898	8.495487
Actual	2001	0.109593	0.123490	0.123186	7.016987	24.265012	10.827055
Actual	2002	0.109691	0.123400	0.122814	7.536188	25.200197	7.828616
Actual	2003	0.109445	0.123229	0.122909	10.436247	22.189056	14.132898
Actual	2004	0.109603	0.123186	0.122916	19.763246	25.254579	21.376186
Forecast	2005	0.109288	0.123337	0.123045	20.855730	21.998931	19.995769
Forecast	2006	0.109148	0.123407	0.122777	21.287717	23.564705	20.658414
Forecast	2007	0.109288	0.123337	0.123045	24.396237	25.970116	19.152521

	<u>t</u>	<u>Other</u>	<u>Rent&Bonus</u>	<u>Total</u>	<u>Adm. Fee</u>	<u>State</u>
	<u>Cal</u>	<u>Royalty</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Share</u>
Actual	2000	0.106007	2.538708	44.950432	1.039176	21.436040
Actual	2001	0.110419	5.365295	47.584768	0.259794	23.532590
Actual	2002	0.107805	4.337445	45.010251	0.000000	22.505126
Actual	2003	0.108077	4.401366	51.267644	0.000000	25.633822
Actual	2004	0.107296	6.944381	73.445688	0.000000	36.722844
Forecast	2005	0.108077	6.944381	69.902888	0.000000	34.951444
Forecast	2006	0.107296	6.944381	72.562513	0.000000	36.281257
Forecast	2007	0.107726	6.944381	76.570981	0.000000	38.285491

Legislative Fiscal Division

Revenue Estimate Profile

Wholesale Energy Tax

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

Applicable Tax Rate(s): The tax rate of 0.015 cent is applied to the number of kilowatt hours transmitted. If the electricity is produced in-state and sold out-of-state, the taxpayer is the person(s) owning the electrical generation property, and the tax is collected by the transmission services provider. If the electricity is produced in-state for delivery in-state, or is produced outside the state for delivery in-state, the taxpayer is the distribution services provider, and the tax is collected by the transmission services provider. The tax does not apply to: 1) electricity that is transmitted through the state that is neither produced nor consumed in the state; 2) electricity generated in the state by an agency of the federal government for delivery outside the state; 3) electricity delivered to a distribution services provider that is a municipal utility or a rural electric cooperative which opts out of competition under HB 390 (1997 legislature); 4) electricity delivered to a purchaser that received its power directly from a transmission or distribution facility owned by an entity of the US government; 5) electricity meeting certain contractual requirements that is delivered by a distribution services provider that was first served by a public utility after December 31, 1996; 6) electricity that has been subject to the transmission tax in another state; and 7) a 5 percent exemption for line loss.

Distribution: All proceeds are deposited into the general fund.

Summary of Legislative Action: The 59th Legislature did not enact legislation that impacted this general fund revenue source.

Statutory Reference:

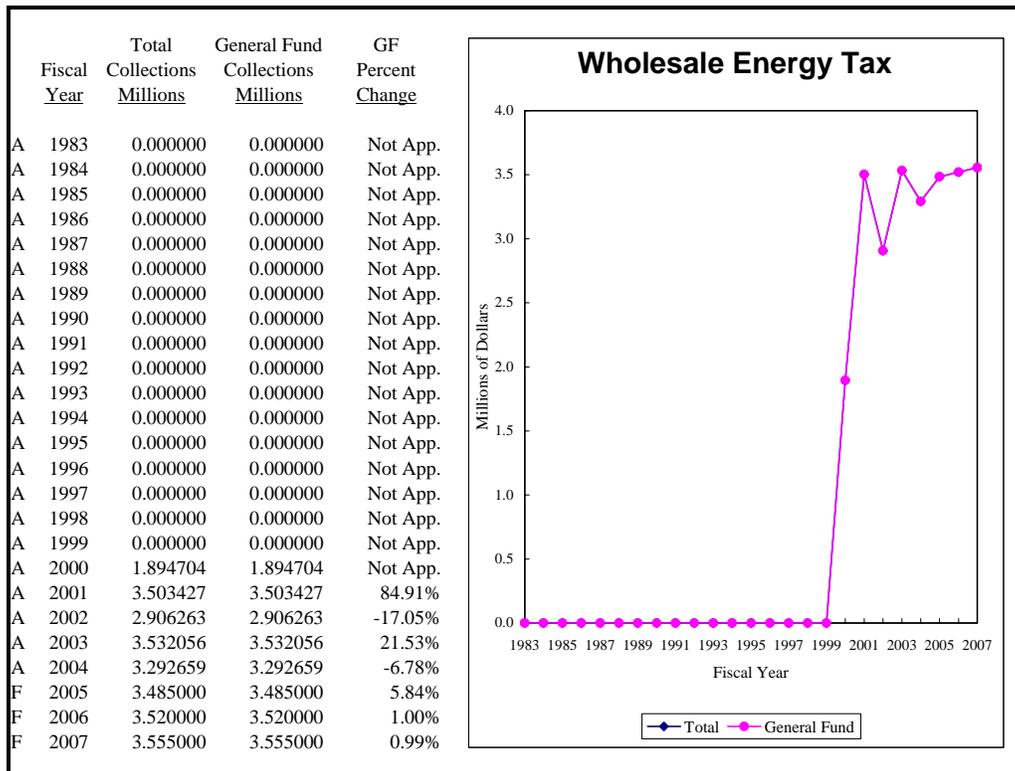
Tax Rate (MCA) – 15-72-104(1)

Tax Distribution (MCA) – 15-72-106(3)

Date Due – 30th day of the month following the end of the calendar quarter

% of Total FY 2004 General Fund Revenue: 0.24%

Revenue Projection:

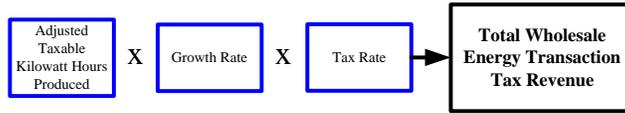


Legislative Fiscal Division

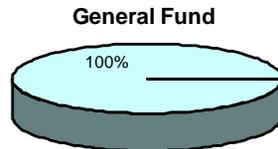
Revenue Estimate Profile

Wholesale Energy Tax

Forecast Methodology



Distribution Methodology



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 2005 legislature that may affect future estimates of this revenue source.

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>KWH CY</u>	<u>KWH FY</u>	<u>Credits</u>	<u>Tax</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Rate</u>
Actual	2000	1.894704	1.894704	23293.307441	12273.924051	0.000000	0.000150
Actual	2001	3.503427	3.503427	21930.042719	22658.110488	0.000000	0.000150
Actual	2002	2.906263	2.906263	22296.733482	22775.157501	0.000000	0.000150
Actual	2003	3.532056	3.532056	22642.729021	24780.402486	0.000000	0.000150
Actual	2004	3.292659	3.292659	20608.753860	23961.126405	0.000000	0.000150
Forecast	2005	3.485000	3.485000	21496.438957	23235.938955	0.000000	0.000150
Forecast	2006	3.520000	3.520000	20713.191669	23468.298345	0.000000	0.000150
Forecast	2007	3.555000	3.555000	21582.297662	23702.981328	0.000000	0.000150

