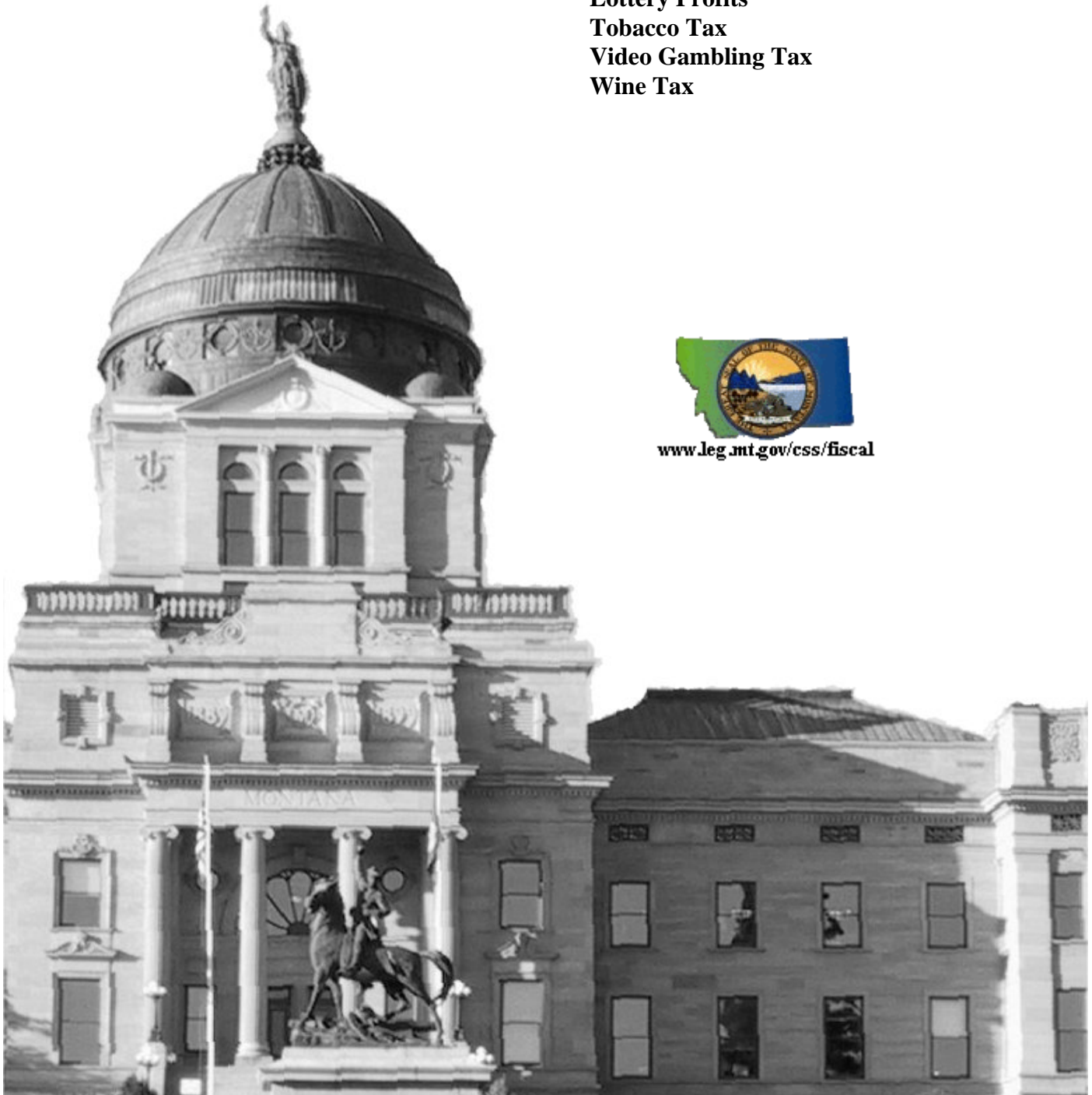# Consumption Taxes

Beer Tax
Cigarette Tax
Diesel Tax
Gasoline Tax
GVW & Other Fees
Liquor Excise & License Tax
Liquor Profits
Lottery Profits
Tobacco Tax
Video Gambling Tax
Wine Tax

www.leg.mt.gov/css/fiscal

Legislative Fiscal Division
Revenue Estimate Profile
Beer Tax

Revenue Description: A tax is levied on each barrel of beer (31 gallons) produced in or imported into Montana based on the amount produced. A portion of the revenue from the beer tax is returned to Indian tribes per an agreement between the Department of Revenue and the tribes.

Statutory Reference:

> Tax Rate (MCA) – 16-1-406
> Distribution (MCA) – 16-1-406
> Date Due – end of the month and collected in the next month

Applicable Tax Rate(s): The per barrel tax varies based on barrels of production:

> up to 5,000 barrels - $1.30
> 5,001 to 10,000 barrels - $2.30
> 10,001 to 20,000 barrels - $3.30
> over 20,000 barrels - $4.30

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

Distribution Chart:
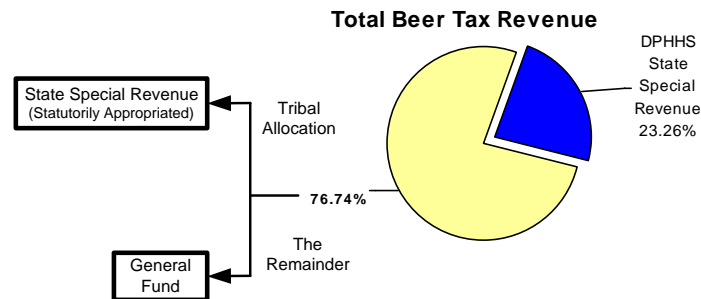
Summary of Legislative Action: The 60th Legislature did not enact legislation that impacted this general fund revenue source.

% of Total General Fund Revenue:

> FY 2004 – 0.21%
> FY 2005 – 0.19%
> FY 2006 – 0.17%

Revenue Estimate Methodology:

Data

To create the beer estimate, data are obtained from the Department of Revenue (DOR) and the state accounting system (SABHRS). The DOR provides the details of taxes paid at each of the four incremental tax rates and information on tribal distributions. SABHRS shows total fiscal year tax collections.

DOR provides data detailing the tax paid at each of the four tax rates. A more accurate calculation of the number of barrels of beer taxed in each fiscal year can be produced with the detailed data. Because the beer tax rate is applied incrementally based on the number of barrels each brewer produces in a year, the number of barrels taxed each year cannot be accurately determined without this information.

Legislative Fiscal Division
Revenue Estimate Profile
Beer Tax

The DOR data are used to determine a "proxy" for barrels of beer consumed in Montana. Besides providing the means to measure the taxable barrels of beer sold by wholesalers and producers in Montana, DOR data are used to develop an effective tax rate. The effective rate is created with a weighted average of beer sales by tax rate. The calculation for the weighted average effective rate is as follows:

$$ETR = (Rate_{\$4.40} * \%Taxed_{\$4.40}) + (Rate_{\$3.40} * \%Taxed_{\$3.40}) + (Rate_{\$2.40} * \%Taxed_{\$2.40}) + (Rate_{\$1.40} * \%Taxed_{\$1.40})$$

Where:
ETR is the effective tax rate.

In the estimated period, the effective tax rate is $4.18 per barrel.

SABHRS data are used in conjunction with the DOR data to derive the number of taxable barrels sold in the state. To calculate taxable barrels, the total tax collected in each fiscal year is divided by the effective tax rate.

Analysis
Analysis of the beer data shows a constant trend for taxable barrels sold in Montana, as demonstrated in the figure below. Consequently, the proxy of taxable barrels sold is regressed in a linear trend model to determine the future taxable barrels of beer that will be sold in Montana. The trend is based on the series of proxy barrels beginning in fiscal 1995.

The statistics of fit show that a linear trend accurately measures the rate of growth in the number of taxable barrels of beer sold in Montana. The model provides an R^2 rating of 0.956. This means that the linear trend explains 95.6 percent of the variability of the number of barrels sold in Montana, when all other impacts are held constant.* The model provides a rate of growth of 16,681 barrels per fiscal year.
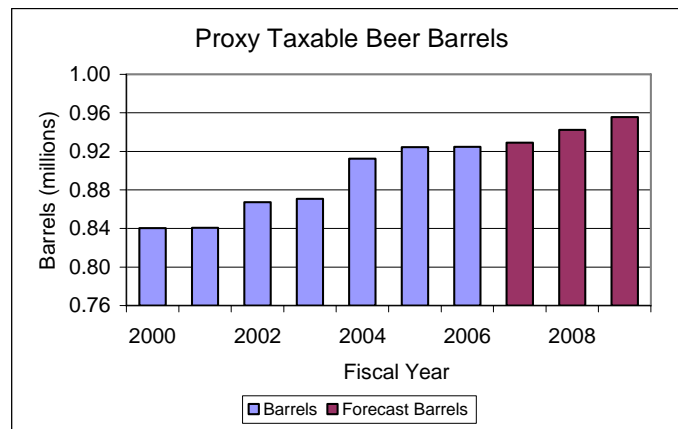
The rate of growth developed in the trend model is 1.5 percent annually. The rate of growth is applied to the most recent actual fiscal year data available, or base year fiscal 2006. As seen in the figure above, the projection for beer consumed in Montana is 928,955 barrels, 942,274 barrels, and 955,539 barrels for fiscal years 2007 through 2009, respectively. Finally, the effective tax rate is applied to the proxy of barrels developed above. This step produces total tax estimates of $3.9 million in fiscal 2007, $3.9 million in fiscal 2008, and $4.0 million in fiscal 2009.

Adjustment and Distribution
The last step in producing the estimate for beer tax collections is to calculate the tax distributions. Beer taxes are distributed between two funds, the general fund, 76.74 percent, and the Department of Health and Human Services alcohol state special revenue account, 23.26 percent. Finally, the general fund distribution is reduced by tribal reimbursements. At this time, three of the seven tribal governments receive beer tax dollars, Blackfeet, Fort Belknap, and Fort Peck. These tribal governments adhere to the Montana beer tax laws. The state of Montana collects the tribes' portion of the beer tax and quarterly distributes those collections based on a formula (per capita beer consumption times tribal membership times the Montana tax rate).
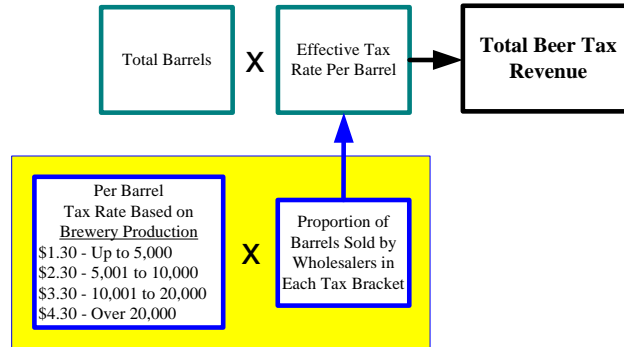
*For additional information concerning the statistics of fit for the model used for this projection, contact the Legislative Fiscal Division.

Legislative Fiscal Division
Revenue Estimate Profile
Beer Tax

Forecast 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 2007 legislature that may affect future estimates of this revenue source.

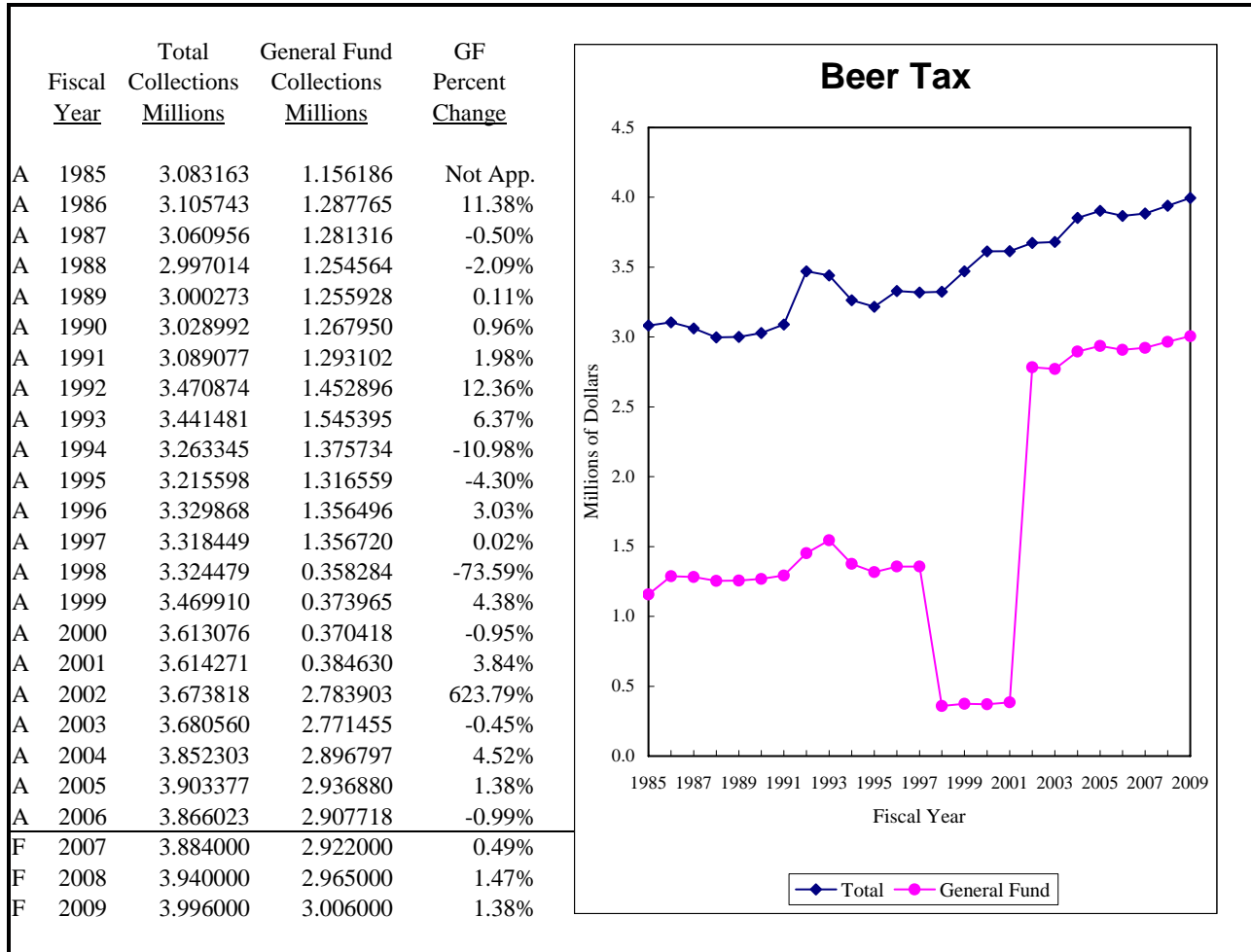|	t	Total Tax	GF Tax	Barrels	Tax Rate	Effective Tax Rate	GF Allocation	Tribal
	Fiscal	Millions	Millions	Millions	$ Per Barrel	$ Per Barrel	Percent	Millions
Actual	2000	3.613076	0.370418	0.840250	4.300000		0.116283	0.049723
Actual	2001	3.614271	0.384630	0.840528	4.300000		0.116300	0.035710
Actual	2002	3.673818	2.783903	0.867120	4.300000	4.236803	0.767400	0.035385
Actual	2003	3.680560	2.771455	0.870776	4.300000	4.226759	0.767400	0.053007
Actual	2004	3.852303	2.896797	0.912591	4.300000	4.221281	0.767400	0.059460
Actual	2005	3.903377	2.936880	0.924338	4.300000	4.222887	0.767402	0.058580
Actual	2006	3.866023	2.907718	0.924681	4.300000	4.180928	0.767400	0.059068
Forecast	2007	3.884000	2.922000	0.928955	4.300000	4.180928	0.767400	0.059000
Forecast	2008	3.940000	2.965000	0.942274	4.300000	4.180928	0.767400	0.059000
Forecast	2009	3.996000	3.006000	0.955593	4.300000	4.180928	0.767400	0.061000

Total Tax = Barrels * Effective Tax Rate

GF Tax = Barrels * Effective Tax Rate * GF Allocation - Tribal

Legislative Fiscal Division

Revenue Estimate Profile

Beer Tax

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1985	3.083163	1.156186	Not App.
A	1986	3.105743	1.287765	11.38%
A	1987	3.060956	1.281316	-0.50%
A	1988	2.997014	1.254564	-2.09%
A	1989	3.000273	1.255928	0.11%
A	1990	3.028992	1.267950	0.96%
A	1991	3.089077	1.293102	1.98%
A	1992	3.470874	1.452896	12.36%
A	1993	3.441481	1.545395	6.37%
A	1994	3.263345	1.375734	-10.98%
A	1995	3.215598	1.316559	-4.30%
A	1996	3.329868	1.356496	3.03%
A	1997	3.318449	1.356720	0.02%
A	1998	3.324479	0.358284	-73.59%
A	1999	3.469910	0.373965	4.38%
A	2000	3.613076	0.370418	-0.95%
A	2001	3.614271	0.384630	3.84%
A	2002	3.673818	2.783903	623.79%
A	2003	3.680560	2.771455	-0.45%
A	2004	3.852303	2.896797	4.52%
A	2005	3.903377	2.936880	1.38%
A	2006	3.866023	2.907718	-0.99%
F	2007	3.884000	2.922000	0.49%
F	2008	3.940000	2.965000	1.47%
F	2009	3.996000	3.006000	1.38%

Beer Tax chart — Millions of Dollars vs. Fiscal Year (1985–2009), Total and General Fund.

Legislative Fiscal Division
Revenue Estimate Profile
Cigarette Tax

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

Beginning May 1, 2003, the Fifty-eighth Legislature passed SB 407 increasing the tax on cigarettes to $0.70 per 20-cigarette package, a 289 percent increase from the previous $0.18 tax. Shortly thereafter, the electorate approved I-149 that raised the tax on packs of 20 cigarettes by $1.00 to $1.70, beginning January 1, 2005, an increase of 143 percent. Both SB 407 and I-149 changed the distributor percentage discounts, but the amounts that distributors are allowed to retain for administration of the tax stayed relatively constant. SB 407 changed the distribution of the tax revenues to increase the amount deposited into the state general fund. I-149 increased tax revenues for veterans' nursing home operation and maintenance and provided revenue to a new state special revenue fund for health and Medicaid initiatives.

Statutory Reference:

> Tax Rate (MCA) – 16-11-111
> Tax Distribution (MCA) – 16-11-119
> Date Due – within 30 days after purchase of the insignia (16-11-117)

Applicable Tax Rate(s):

- Beginning January 2005, the excise tax on cigarettes is $1.70 per package of 20 cigarettes, prorated for packages that differ from 20 cigarettes.
- Wholesalers pay a license fee of $50.00 and each retailer pays a license fee of $5.00. License fees are renewable each year and are non-transferable. Revenue from these fees is shown in "All Other General Fund Revenue".

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

- The greater of 8.3% or $2.0 million to DPHHS for veterans' nursing home operation and maintenance
- 2.6% to the long-range building program
- 44.0% for health and Medicaid initiatives
- The remainder (45.1%) to the general fund

Distribution Chart
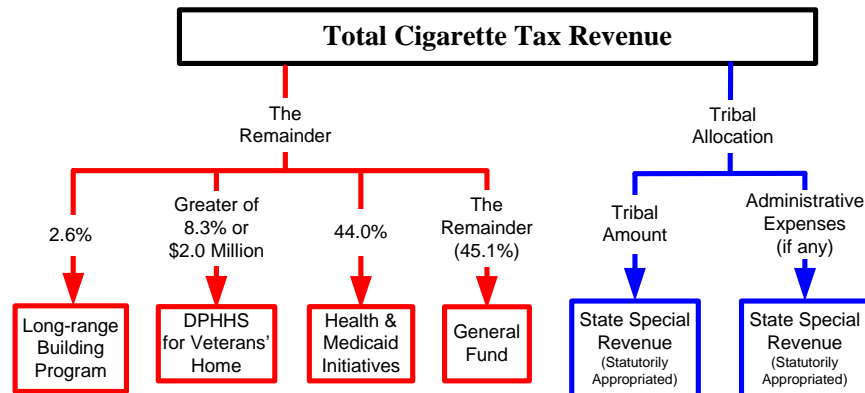
Legislative Fiscal Division

Revenue Estimate Profile

Cigarette Tax

Summary of Legislative Action: The 60th Legislature did not enact legislation that impacted this general fund revenue source.

% of Total General Fund Revenue:

> FY 2004 – 2.61%
> FY 2005 – 2.29%
> FY 2006 – 2.02%

Revenue Estimate Methodology:

Data

Data from the state accounting system (SABHRS) and the Department of Revenue (DOR) are used to forecast cigarette tax revenues. The DOR provides information on the number of cigarette insignias (stamps) sold in each month and the amount of discounts given to cigarette distributors. Historic observations of tax collections are available through SABHRS.

DOR provides detailed information on the sales of tax insignias by pack size, company, Tribal, and month. To prepare the raw data for analysis, the total number of insignia sales is reduced by discounts and refunds given to the distributor. The resulting amount serves as a proxy for the number of taxable cigarette packs consumed in Montana in a year. The actual SABHRS data serves as a check against the number of proxy packs of cigarettes calculated by this method.

Analysis

In 1982, the consumption of cigarettes began to decrease as a result of an increased awareness of the health risks associated with smoking. Between 1982 and 2002, cigarette consumption decreased at a rate of almost 2 percent annually. Each of the two recent tax increases caused consumption to decrease at a greater rate for two years. These decreases forced downward shifts in Montana's consumption curve. The shifts are evident in the figure below between fiscal years 2003 and 2004, -7.7 percent, and between fiscal years 2005 and 2006, -21.7 percent.
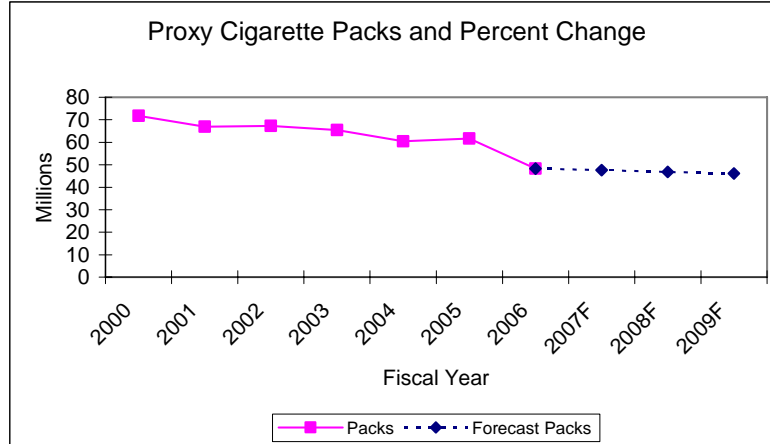
Experts in the field of cigarette consumption find that following the initial consumption response to the price adjustment of a tax increase, the consumption decline should return to the normal pattern. Shown in the figure above, the forecast of packs decline by approximately two percent per year, following the reduction experienced in fiscal 2006.

Analysis shows that following the impacts from the price increases that were driven by the two tax increases, cigarette consumption declined at the slower rate of 1.6 percent. Consequently, the estimate of taxable cigarette pack sales for the forecast period is calculated by applying the decline of 1.6 percent to the base year, fiscal 2006, proxy for taxable packs. The estimates of proxy taxable cigarette packs are 47.6 million, 46.8 million, and 46.1 million for fiscal years 2007 through 2009, respectively. When the current tax rate is applied to the proxy for taxable packs, total estimates of $80.6 million, $78.8 million, and $77.6 million are produced for fiscal years 2007 through 2009, respectively.

Adjustment and Distribution

After estimating the gross cigarette tax collections, the estimates are reduced by the discounts and credits passed on to distributors. The last step in producing the estimate for the cigarette tax is to calculate the tax distributions. First, cigarette tax revenue is reduced by tribal distributions. At this time, five of the seven tribal governments receive cigarette tax dollars, Blackfeet, Fort Belknap, Fort Peck, Chippewa Cree, and Crow. These tribal governments adhere to Montana cigarette tax laws. The state of Montana collects the tribes' portion of the tax and quarterly distributes the collections based on a formula (per capita cigarette consumption times tribal membership times the Montana tax rate). Finally, the remaining tax revenues are distributed proportionally to the programs funded with cigarette tax revenues and to the general fund.

Forecast Methodology:

Packs of Cigarettes (20 count) X Tax Rate Per Pack − Discounts − Refunds → **Total Cigarette Tax 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 2007 legislature that may affect future estimates of this revenue source.

	t Fiscal	Total Tax Millions	GF Tax Millions	Pack Millions	Tax Rate Per Pack	GF Percent Allocation	Tribal Millions	Discounts Refunds Millions
Actual	2000	11.766271	8.463793		0.180000	0.719327	0.178384	
Actual	2001	11.628459	8.284722		0.180000	0.712452	0.285740	
Actual	2002	11.052174	7.886903		0.180000	0.713606	0.254115	
Actual	2003	16.093023	12.576306		0.266667	0.781476	0.285856	
Actual	2004	41.582824	36.001502	60.906841	0.700000	0.865778	0.396269	1.051966
Actual	2005	54.765357	35.116847	58.871073	1.200000	0.641224	0.841913	3.582335
Actual	2006	80.180236	34.573004	48.336403	1.700000	0.431191	3.521691	0.838378
Forecast	2007	80.060000	34.516000	47.579745	1.700000	0.451000	3.528000	0.825254
Forecast	2008	78.807000	33.843000	46.834932	1.700000	0.451000	3.766000	0.812336
Forecast	2009	77.573000	33.308000	46.101778	1.700000	0.451000	3.719000	0.799620

Total Tax = Packs * Tax Rate - Discounts/Refunds

GF Tax = (Total Tax - Tribal) * GF Allocation

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1985	12.981436	0.000000	Not App.
A	1986	12.466822	0.000000	Not App.
A	1987	11.894715	0.000000	Not App.
A	1988	11.278326	0.000000	Not App.
A	1989	11.113087	0.000000	Not App.
A	1990	11.567081	0.000000	Not App.
A	1991	11.733190	0.000000	Not App.
A	1992	12.172864	0.000000	Not App.
A	1993	12.698195	0.000000	Not App.
A	1994	12.495504	0.000000	Not App.
A	1995	13.114640	0.000000	Not App.
A	1996	12.969138	0.000000	Not App.
A	1997	13.267373	0.000000	Not App.
A	1998	13.244550	9.543855	Not App.
A	1999	12.265346	8.822721	-7.56%
A	2000	11.766271	8.463793	-4.07%
A	2001	11.628459	8.284722	-2.12%
A	2002	11.052174	7.886903	-4.80%
A	2003	16.093023	12.576306	59.46%
A	2004	41.582824	36.001502	186.26%
A	2005	54.765357	35.116847	-2.46%
A	2006	80.180236	34.573004	-1.55%
F	2007	80.060000	34.516000	-0.16%
F	2008	78.807000	33.843000	-1.95%
F	2009	77.573000	33.308000	-1.58%

Cigarette Tax

Legislative Fiscal Division
Revenue Estimate Profile
Diesel Tax

Revenue Description: The Montana Constitution (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 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; and 2) a tax of $0.0075 assessed on each gallon of diesel fuel for the purpose of funding petroleum storage tank cleanup.

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.

Statutory Reference:

Tax Rate (MCA) – 15-70-321(2), 15-11-313 (storage tank cleanup)
Tax Distribution (MCA) – 15-70-101(1), 75-11-314 (storage tank cleanup)
Date Due – 25th of the following month (15-70-344(1))

Applicable Tax Rate(s):

1. Diesel (Special) Fuel Tax - $0.2775 per gallon
2. 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 (if any) that are deposited in the tribal motor fuels administration account and statutorily appropriated; 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.

Distribution Chart:

State Special Revenue Fund

100%
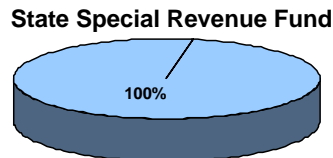
Summary of Legislative Action: The 60th Legislature did not enact legislation that impacted this revenue source.

% of Total General Fund Revenue: N/A

Revenue Estimate Methodology:

Data
The data used in the diesel tax estimate are obtained from the state accounting system (SABHRS). The SABHRS data includes a historic series of diesel tax revenues and is used to produce a proxy amount for taxable gallons of diesel sold in Montana.

Total diesel taxes are composed of two distinct taxes, the diesel tax and the diesel petroleum storage tank cleanup tax (imposed to cover the cost of storage tank cleanup). Each rate is applied to a proxy for taxable diesel gallons. To create the proxy, the actual tax revenues are increased by refunds and then divided by the "effective tax rate". The effective tax rate is created in recognition of the statutory credit provided to diesel distributors for collection and payment of the tax. Under current law, diesel distributors are allowed to keep 1 percent of the tax on all diesel receipts and must pay 99 percent of the tax receipts to the state. The effective rate for the forecast period is $0.274725. After calculating the proxy taxable gallons, the data can be analyzed.

Analysis

The diesel tax is imposed on each gallon of diesel sold in the state. Diesel sales may be function of the price per gallon of diesel and highly susceptible to economic activity. Because of the high variability of diesel sales, a log model is used to project future sales. Log models reduce the variability in the data observations and provide a better estimate of the expected sales of gallons of diesel. The statistics of fit show that the log model accurately measures the rate of growth in the number of taxable gallons of diesel sold in Montana. The model provides an R^2 rating of 0.991. This means that the log model explains 99.1 percent of the variability of the number of gallons sold in Montana, when all other impacts are held constant.*
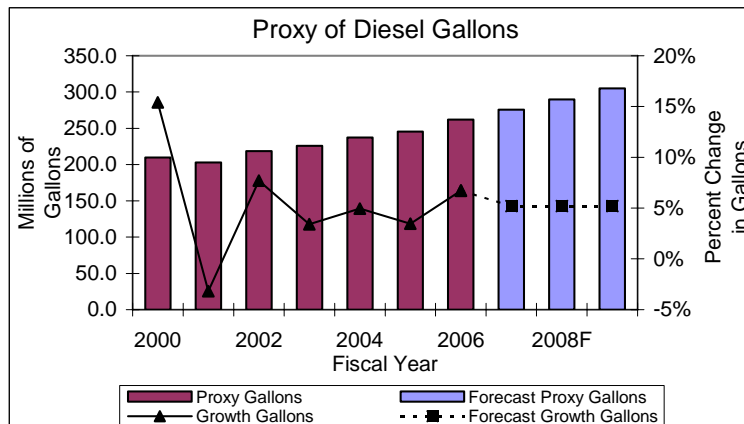
The figure above shows the actual gallons of diesel sold in Montana between fiscal 2000 and fiscal 2006 and the expected sales of diesel for fiscal 2007 through 2009. Instead of using the number of taxable gallons produced in the log model to estimate future diesel taxes, the growth rate of gallons, as produced in the model, is calculated and applied to base year gallons (2006). The average growth rate resulting from the model was 5.2 percent. When applied to the proxy of taxable diesel gallons sold in fiscal 2006, future consumption of diesel is expected to be 275.6 million in fiscal 2007, 298.9 million in fiscal 2008, and 305.0 million in fiscal 2009.

After the proxy of taxable gallons is estimated, the effective diesel tax rate is applied to the estimate. The gross tax receipts of the diesel tax are expected to be $75.7 million, $79.7 million, and $83.8 million in fiscal years 2007 through 2009, respectively. Next, the diesel tank tax is applied to the estimate for taxable diesel gallons producing expected tax receipts of $2.96 million in fiscal 2007, $3.11 million in fiscal 2007, and $3.28 million in fiscal 2009. The two estimates are summed and produce total gross diesel tax estimates of $78.7 million, $82.8 million, and $87.1 million in fiscal 2007 through fiscal 2009, respectively.

Adjustments

One adjustment is made to the expected gross diesel tax revenues. Gross tax revenues are reduced by refunds amounting to $4.4 million in fiscal 2007, $4.6 million in fiscal 2008, and $4.9 million in fiscal 2009. The resulting estimates for diesel taxes are $74.3 million in fiscal 2007, $78.1 million in fiscal 2008, and $82.2 million in fiscal 2009.

*For additional information concerning the statistics of fit for the model used for this projection, contact the Legislative Fiscal Division.

Forecast Methodology:
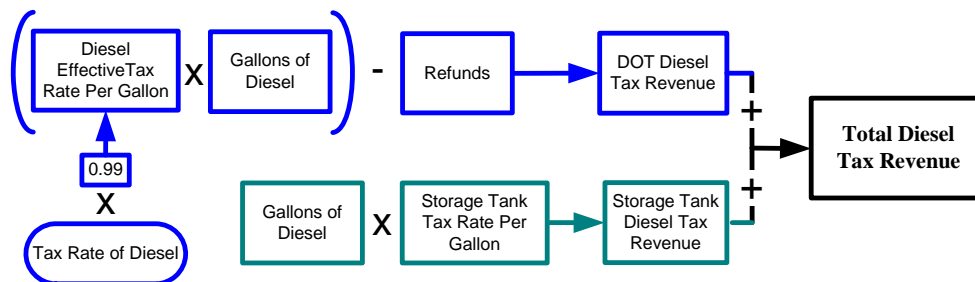
Legislative Fiscal Division

Revenue Estimate Profile

Diesel 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 2007 legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	Gross	Diesel Tax	Tank Tax
	Fiscal	Millions	Millions	Millions	Millions	Millions
Actual	2000	56.454757	0.000000	59.780702	54.259213	2.195544
Actual	2001	54.048082	0.000000	57.941310	51.861214	2.186868
Actual	2002	58.260741	0.000000	62.220598	56.094333	2.166408
Actual	2003	60.133456	0.000000	64.332478	57.901809	2.231647
Actual	2004	63.181143	0.000000	67.600256	60.750470	2.430673
Actual	2005	65.366712	0.000000	70.069177	62.722690	2.644022
Actual	2006	70.594582	0.000000	74.766720	67.780065	2.814517
Forecast	2007	74.285000	0.000000	78.675613	71.324465	2.960838
Forecast	2008	78.147000	0.000000	82.765824	75.032503	3.114766
Forecast	2009	82.210000	0.000000	87.068678	78.933315	3.276697

	t	Refunds	Diesel Effective	Tank Effective	Diesel Gallons	Tank Gallons
	Fiscal	Millions	Rate	Rate	Millions	Millions
Actual	2000	-3.325945	0.274725	0.007500	209.610185	292.739200
Actual	2001	-3.893228	0.274725	0.007500	202.946372	291.582400
Actual	2002	-3.959857	0.274725	0.007500	218.597470	288.854400
Actual	2003	-4.199022	0.274725	0.007500	226.047251	297.552933
Actual	2004	-4.419113	0.274725	0.007500	237.217519	324.089733
Actual	2005	-4.702465	0.274725	0.007500	245.427810	352.536267
Actual	2006	-4.172138	0.274725	0.007500	261.906281	375.268933
Forecast	2007	-4.390310	0.274725	0.007500	275.602056	394.778414
Forecast	2008	-4.618555	0.274725	0.007500	289.930141	415.302154
Forecast	2009	-4.858666	0.274725	0.007500	305.003118	436.892882

	t	GF	DOT	GF	DOT
	Fiscal	Percent	Percent	Millions	Millions
Actual	2000	0.0000%	100.0000%	0.000000	54.259213
Actual	2001	0.0000%	100.0000%	0.000000	51.861214
Actual	2002	0.0000%	100.0000%	0.000000	56.094333
Actual	2003	0.0000%	100.0000%	0.000000	57.901809
Actual	2004	0.0000%	100.0000%	0.000000	60.750470
Actual	2005	0.0000%	100.0000%	0.000000	62.722690
Actual	2006	0.0000%	100.0000%	0.000000	67.780065
Forecast	2007	0.0000%	100.0000%	0.000000	71.324000
Forecast	2008	0.0000%	100.0000%	0.000000	75.032000
Forecast	2009	0.0000%	100.0000%	0.000000	78.933000

Total Tax = Diesel Effective * Diesel Gallons + Tank Effective * Tank Gallons + Refunds

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1985	19.278727	0.000000	Not App.
A	1986	18.576576	0.000000	Not App.
A	1987	17.541396	0.000000	Not App.
A	1988	21.185521	0.000000	Not App.
A	1989	22.708493	0.000000	Not App.
A	1990	23.821548	0.000000	Not App.
A	1991	22.797863	0.000000	Not App.
A	1992	27.113375	0.000000	Not App.
A	1993	26.158033	0.000000	Not App.
A	1994	51.750972	0.000000	Not App.
A	1995	39.412902	0.000000	Not App.
A	1996	49.192097	0.000000	Not App.
A	1997	45.957040	0.000000	Not App.
A	1998	49.981150	0.000000	Not App.
A	1999	48.216516	0.000000	Not App.
A	2000	56.454757	0.000000	Not App.
A	2001	54.048082	0.000000	Not App.
A	2002	58.260741	0.000000	Not App.
A	2003	60.133456	0.000000	Not App.
A	2004	63.181143	0.000000	Not App.
A	2005	65.366712	0.000000	Not App.
A	2006	70.594582	0.000000	Not App.
F	2007	74.285000	0.000000	Not App.
F	2008	78.147000	0.000000	Not App.
F	2009	82.210000	0.000000	Not App.

Diesel Tax

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.

Statutory Reference:

       Tax Rate (MCA) – 15-70-204(1), 15-11-314 (storage tank cleanup)
       Distribution (MCA) – 15-70-101(1), 60-3-201(1), 75-11-313 (storage tank cleanup)
       Date Due – 25th of the following month (15-70-205(1))

Applicable Tax Rate(s):

1. Gasoline License Tax - $0.27 per gallon
2. 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 and statutorily appropriated; 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.

Distribution Chart:

State Special Revenue Fund

100%
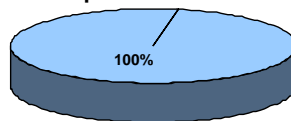
Legislative Fiscal Division
Revenue Estimate Profile
Gasoline Tax

Summary of Legislative Action: The 60th Legislature did not enact legislation that impacted this revenue source.

## % of Total General Fund Revenue: N/A

Revenue Estimate Methodology:

Data

The data used in the gasoline tax estimate are obtained from the state accounting system (SABHRS). The SABHRS data includes a historic series of gasoline tax revenues and is used to produce a proxy amount for taxable gallons of gasoline sold in Montana.

Total gasoline taxes are made up of two distinct taxes, the gasoline tax and the gasoline petroleum storage tank cleanup tax (imposed to cover the cost of storage tank cleanup). Each rate is applied to a proxy for taxable gasoline gallons. To create the proxy, the actual tax revenues are increased by refunds and then divided by the "effective tax rate". The effective tax rate is created in recognition of the statutory credit provided to gasoline distributors for collection and payment of the tax. Under current law, gasoline distributors are allowed to keep 1 percent of the tax on all gasoline receipts and must pay 99 percent of the tax receipts to the state. The effective rate for the forecast period is $0.2673. After calculating the proxy taxable gallons, the data can be analyzed.

Analysis

The gasoline tax is imposed on each gallon of gasoline sold in the state. Gasoline sales may be a function of the price per gallon of gasoline and are highly susceptible to economic activity. Because of the high variability of gasoline sales, a log model is used to project future sales. Log models reduce the variability in the data observations and provide a better estimate of the expected sales of gallons of gasoline. The statistics of fit show that the log model accurately measures the rate of growth in the number of taxable gallons of gasoline sold in Montana. The model provides an R^2 rating of 0.905. This means that the log model explains 90.5 percent of the variability of the number of gallons sold in Montana, when all other impacts are held constant.*
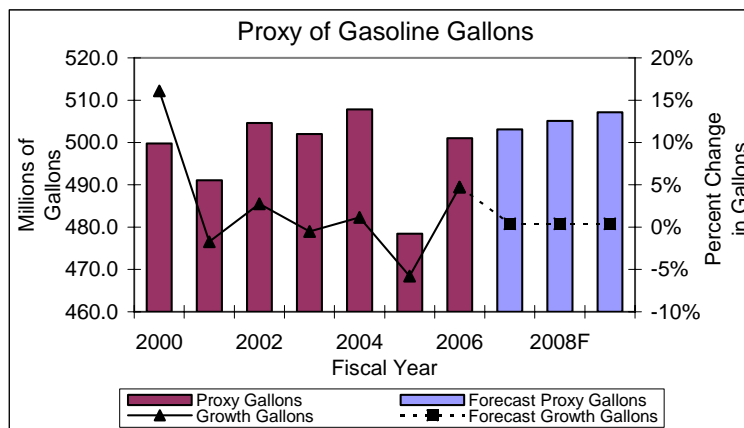
The figure above shows the actual gallons of gasoline sold in Montana between fiscal years 2000 and 2006 and the expected sales of gasoline for fiscal years 2007 through 2009. Instead of using the number of taxable gallons produced in the log model to estimate future gasoline taxes, the growth rate of gallons, as produced in the model, is calculated and applied to base year gallons (fiscal 2006). The average growth rate resulting from the model was 0.41 percent. When applied to the proxy of taxable gasoline gallons sold in fiscal 2006, future consumption of gasoline is expected to be 503.1 million gallons in fiscal 2007, 505.1 million gallons in fiscal 2008, and 507.2 million gallons in fiscal 2009.

After the proxy of taxable gallons is estimated, the effective gasoline tax rate is applied to the estimate. The gross tax receipts of the gasoline tax are expected to be $134.5 million, $135.0 million, and $135.6 million in fiscal years 2007 through 2009. Next, the gasoline tank tax is applied to the estimate for taxable gasoline gallons producing expected tax receipts of $3.74 million in fiscal 2007, $3.76 million in fiscal 2008, and $3.77 million in fiscal 2009. The two estimates are summed and produce total gross gasoline tax estimates of $138.2 million, $138.8 million, and $139.3 million in fiscal years 2007 through fiscal 2009, respectively.
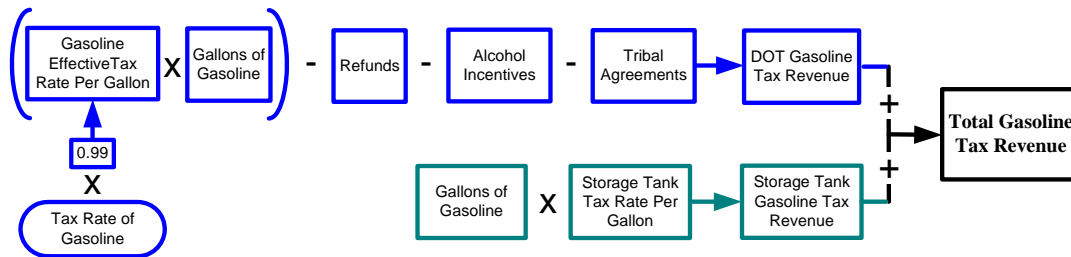
Adjustments

One adjustment is made to the expected gross gasoline tax revenues. Gross tax revenues are reduced by refunds amounting to approximately $2.5 million in each of the forecast fiscal years. The resulting estimates for gasoline taxes are $135.7 million in fiscal 2007, $136.3 million in fiscal 2008, and $136.8 million in fiscal 2009.

*For additional information concerning the statistics of fit for the model used for this projection, contact the Legislative Fiscal Division.

Forecast 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 2007 legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	Gross Tax	Gas Tax	Tank Tax
	Fiscal	Millions	Millions	Millions	Millions	Millions
Actual	2000	130.551884	0.000000	137.379589	126.764307	3.787577
Actual	2001	127.754608	0.000000	134.969262	124.059136	3.695472
Actual	2002	131.730649	0.000000	138.612875	128.001188	3.729461
Actual	2003	131.269072	0.000000	137.967329	127.490014	3.779058
Actual	2004	132.962343	0.000000	139.553197	129.154089	3.808254
Actual	2005	125.076432	0.000000	131.616384	121.342893	3.733539
Actual	2006	135.191541	0.000000	137.651975	131.464648	3.726893
Forecast	2007	135.742000	0.000000	138.212632	132.000104	3.742073
Forecast	2008	136.295000	0.000000	138.775710	132.537872	3.757318
Forecast	2009	136.850000	0.000000	139.340943	133.077699	3.772621

			Alcohol		Gas	Tank	Gas	Tank
	t	Refunds	Incentives	Tribal	Effective	Effective	Gallons	Gallons
	Fiscal	Millions	Millions	Millions	Rate	Rate	Millions	Millions
Actual	2000	-3.267807	0.000000	-3.559898	0.267300	0.007500	499.783060	505.01027
Actual	2001	-3.458208	0.000000	-3.756446	0.267300	0.007500	491.110325	492.72960
Actual	2002	-3.152765	0.000000	-3.729461	0.267300	0.007500	504.614343	497.26147
Actual	2003	-2.985118	0.000000	-3.713139	0.267300	0.007500	502.013734	503.87440
Actual	2004	-2.829688	0.000000	-3.761166	0.267300	0.007500	507.837422	507.76720
Actual	2005	-2.786979	0.000000	-3.752973	0.267300	0.007500	478.424411	497.80520
Actual	2006	-2.460434	0.000000	-3.784988	0.267300	0.007500	501.029113	496.91907
Forecast	2007	-2.470455	0.000000	-3.800404	0.267300	0.007500	503.069805	498.94302
Forecast	2008	-2.480520	0.000000	-3.815887	0.267300	0.007500	505.119311	500.97571
Forecast	2009	-2.490623	0.000000	-3.831429	0.267300	0.007500	507.176662	503.01619

Legislative Fiscal Division
Revenue Estimate Profile
Gasoline Tax

	t Fiscal	GF Percent	DOT Percent	FWP Snow Percent	FWP Boat Percent	Aeronautics Percent	Off Highway Percent
Actual	2000	0.0000%	98.3551%	0.4729%	0.9253%	0.0411%	0.0000%
Actual	2001	0.0000%	98.3544%	0.4698%	0.9272%	0.0418%	0.0000%
Actual	2002	0.0000%	98.3640%	0.4711%	0.9227%	0.0411%	0.0000%
Actual	2003	0.0000%	98.3533%	0.4734%	0.9262%	0.0412%	0.0000%
Actual	2004	0.0000%	98.3535%	0.4734%	0.9262%	0.0412%	0.0000%
Actual	2005	0.0000%	98.3480%	0.4746%	0.9283%	0.0412%	0.0000%
Actual	2006	0.0000%	98.3800%	0.4657%	0.9111%	0.0405%	0.0000%
Forecast	2007	0.0000%	98.3800%	0.4657%	0.9111%	0.0405%	0.0000%
Forecast	2008	0.0000%	98.3800%	0.4657%	0.9111%	0.0405%	0.0000%
Forecast	2009	0.0000%	98.3800%	0.4657%	0.9111%	0.0405%	0.0000%

	t Fiscal	DOT Percent	FWP Snow Percent	FWP Boat Percent	Aeronautics Percent
Actual	2000	0.01030%	0.02060%	0.05140%	0.01030%
Actual	2001	0.01030%	0.02050%	0.05140%	0.01030%
Actual	2002	0.01030%	0.01950%	0.04920%	0.01030%
Actual	2003	0.01030%	0.02060%	0.05150%	0.01030%
Actual	2004	0.01030%	0.02060%	0.05140%	0.01030%
Actual	2005	0.01030%	0.02100%	0.05240%	0.01030%
Actual	2006	0.01010%	0.02030%	0.05080%	0.01010%
Forecast	2007	0.01010%	0.02030%	0.05080%	0.01010%
Forecast	2008	0.01010%	0.02030%	0.05080%	0.01010%
Forecast	2009	0.01010%	0.02030%	0.05080%	0.01010%

	t Fiscal	GF Millions	DOT Millions	FWP Snow Millions	FWP Boat Millions	Aeronautics Millions	Off Highway Millions
Actual	2000	0.000000	124.679120	0.599491	1.172918	0.052130	0.143357
Actual	2001	0.000000	122.017676	0.582819	1.150251	0.051863	0.141735
Actual	2002	0.000000	125.907096	0.603018	1.181094	0.052552	0.143185
Actual	2003	0.000000	125.390592	0.603563	1.180857	0.052481	0.144352
Actual	2004	0.000000	127.027523	0.611397	1.196224	0.053166	0.146194
Actual	2005	0.000000	119.338308	0.575949	1.126371	0.050038	0.138114
Actual	2006	0.000000	129.396116	0.594629	1.163307	0.051698	0.142272
Forecast	2007	0.000000	129.923000	0.597000	1.168000	0.052000	0.143000
Forecast	2008	0.000000	130.329000	0.635000	1.242000	0.055000	0.152000
Forecast	2009	0.000000	130.858000	0.638000	1.247000	0.055000	0.153000

	t Fiscal	Weed Gasoline Millions	Snow Enforce. Gasoline Millions	Snow Con-Ed. Gasoline Millions	OHV Con-Ed. Gasoline Millions
Actual	2000	0.013032	0.026065	0.065162	0.013032
Actual	2001	0.012782	0.025441	0.063787	0.012782
Actual	2002	0.013138	0.024943	0.063024	0.013138
Actual	2003	0.013120	0.026270	0.065659	0.013120
Actual	2004	0.013299	0.026570	0.066424	0.013292
Actual	2005	0.012510	0.025528	0.063565	0.012510
Actual	2006	0.012924	0.025951	0.064827	0.012924
Forecast	2007	0.013000	0.026000	0.065000	0.013000
Forecast	2008	0.014000	0.028000	0.069000	0.014000
Forecast	2009	0.014000	0.028000	0.070000	0.014000

Total Tax = Gas Effective * Gas Gallons + Tank Effective * Tank Gallons + Refunds

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1985	61.880197	0.000000	Not App.
A	1986	60.481887	0.000000	Not App.
A	1987	67.631602	0.000000	Not App.
A	1988	80.889296	0.000000	Not App.
A	1989	83.951442	0.000000	Not App.
A	1990	87.893465	0.000000	Not App.
A	1991	87.110555	0.000000	Not App.
A	1992	94.018718	0.000000	Not App.
A	1993	89.738559	0.000000	Not App.
A	1994	111.863525	0.000000	Not App.
A	1995	122.796443	0.000000	Not App.
A	1996	126.214407	0.000000	Not App.
A	1997	128.847545	0.000000	Not App.
A	1998	127.512638	0.000000	Not App.
A	1999	111.536744	0.000000	Not App.
A	2000	130.551884	0.000000	Not App.
A	2001	127.754608	0.000000	Not App.
A	2002	131.730649	0.000000	Not App.
A	2003	131.269072	0.000000	Not App.
A	2004	132.962343	0.000000	Not App.
A	2005	125.076432	0.000000	Not App.
A	2006	135.191541	0.000000	Not App.
F	2007	135.742000	0.000000	Not App.
F	2008	136.295000	0.000000	Not App.
F	2009	136.850000	0.000000	Not App.

Gasoline Tax

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. Miscellaneous permits comprise the second income component under this source. Enactment of the federal "Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users" replaces the single state registration system (SSRS) with a new uniform carrier registration program. Elimination of the SSRS (effective January 1, 2007) eliminates the $5 state fee that is deposited to the general fund. The revenue will be replaced with revenue from a federal fee. Montana is expected to receive revenue from this fee in the same amount of the lost SSRS revenue.

Statutory Reference:

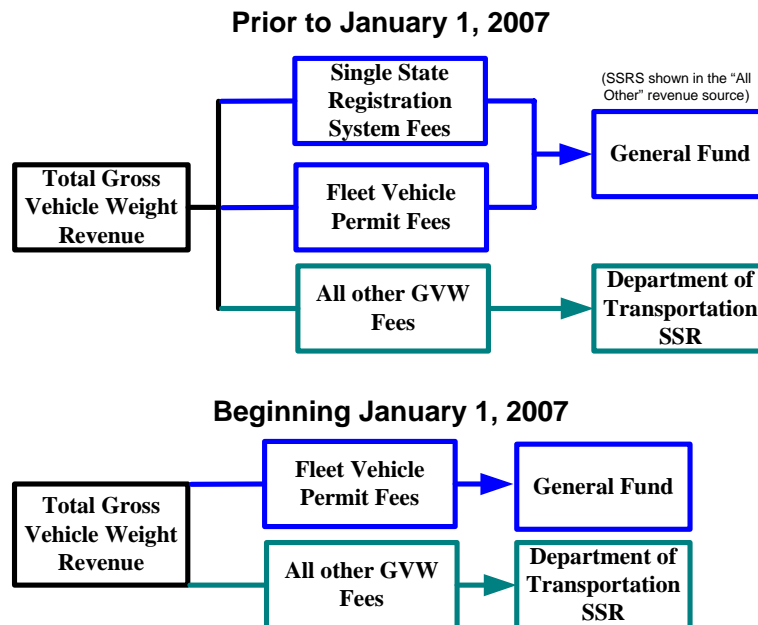Tax Rate – Multiple, single state registration fee (Administrative Rules 18.8.202)
Tax Distribution (MCA) – Multiple, single state registration fee (61-3-708 & 710)
Date Due – upon registration and annually thereafter or prior to the new year if permit is wanted by then (61-3-708)

Applicable Tax Rate(s): Various. Single state registration fee - $5.00

Distribution: The majority of GVW revenue is allocated to the Department of Transportation. The single state registration system fee is deposited to the general fund and is accounted for in the "All Other General Fund Revenue" profile. Revenue from this fee will terminate January 1, 2007 due to passage of federal highway legislation.

Distribution Chart:

Prior to January 1, 2007

```
                              Single State
                              Registration          (SSRS shown in the "All
                              System Fees            Other" revenue source)
Total Gross                                          General Fund
Vehicle Weight                Fleet Vehicle
Revenue                       Permit Fees

                              All other GVW          Department of
                              Fees                   Transportation
                                                     SSR
```

Beginning January 1, 2007

```
                              Fleet Vehicle          General Fund
Total Gross                   Permit Fees
Vehicle Weight
Revenue                       All other GVW          Department of
                              Fees                   Transportation
                                                     SSR
```

Summary of Legislative Action: The 60th Legislature did not enact legislation that impacted this general fund revenue source.

% of Total General Fund Revenue: 0.00% (the general portion is included in "All Other General Fund")

Revenue Estimate Methodology:

Data

The data used in the gross weight vehicle (GVW) tax estimate are obtained from the state accounting system (SABHRS). The SABHRS data provides the historic collection data for the 13 different types of fees and permits. No adjustments are required on the raw data in preparation for analysis.

Legislative Fiscal Division
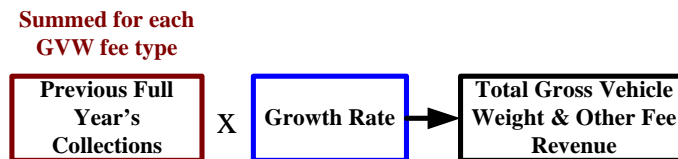## Revenue Estimate Profile
GVW and Other Fees

Analysis

The state of Montana imposes many fees and requires several types of permits based on the gross weight of commercial and large privately owned vehicles. In preparing the GVW estimate, 13 sources of fees and permit revenues are analyzed. Most of the sources demonstrate a payment history that can be adequately measured by applying a growth rate to a base year (fiscal 2006). The largest sources of revenue in the GVW are the gross vehicle weight fees collected by both counties and the state. The figure below demonstrates the relative importance of these two sources to the overall GVW collections.
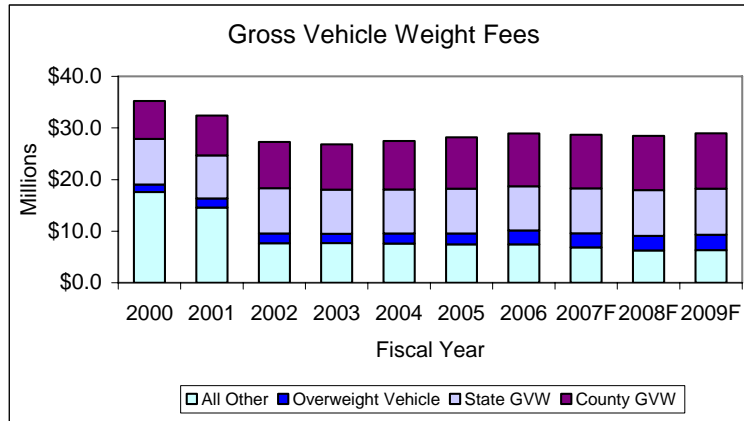
Both county and state GVW fees are forecast with a compound growth rate and are expected to grow by 1.5 percent over the next biennium. Applying the growth rate to fiscal 2006 revenues, the resulting estimates for county GVW are $10.40 million in fiscal 2007, $10.56 million in fiscal 2008, and $10.72 million in fiscal 2009. The estimates for state GVW are $8.67 million, $8.82 million, and $8.95 million for fiscal 2007 through fiscal 2009, respectively. Another large source of revenue included in the GVW is the fee for overweight vehicles. This fee is estimated with a three-year moving average growth rate. When applied to the base, collections of overweight vehicle fees are expected to be $2.75 million, $2.86 million, and $2.97 million for fiscal 2007 through fiscal 2009. The all other GVW fees, as shown in the figure above, are a collection of 10 different fees and permit types. While each of these fees is estimated separately, in combination the fees are expected to decline by 8.27 percent in fiscal 2007 and 8.74 percent in fiscal 2008, while increasing by 1.17 percent in fiscal 2009. Declines in all other fees are related to the elimination of the single state registration system (resulting from the passage of new federal legislation). When summed, all other fees are expected to be $6.86 million in fiscal 2007, $6.26 million in fiscal 2008, and $6.33 million in fiscal 2009. Finally, the estimates for each of the GWV fees and permit collections are combined to produce the total estimate for GVW fees, $28.7 million, $28.5 million, and $29.0 million in fiscal 2007 through fiscal 2009, respectively.

Forecast Methodology:

Summed for each GVW fee type

Previous Full Year's Collections	X	Growth Rate	→	Total Gross Vehicle Weight & Other Fee Revenue

Legislative Fiscal Division

Revenue Estimate Profile

GVW and Other Fees

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 2007 legislature that may affect future estimates of this revenue source.

	t Fiscal	Total Tax Millions	GF Tax Millions	GVW Millions	SSRS Millions	Form 3 Millions	Trip Millions	County Millions
Actual	2000	35.210631	1.275935	8.852775	1.275935	0.855910	0.880540	7.321056
Actual	2001	32.377206	1.252221	8.363842	1.252221	0.812782	0.844991	7.681434
Actual	2002	27.265844	1.044512	8.813717	1.044512	0.859843	0.440875	8.933475
Actual	2003	26.818248	1.183822	8.503261	1.183822	1.043854	0.441475	8.800388
Actual	2004	27.499842	1.215079	8.586289	1.215080	1.006892	0.455112	9.397954
Actual	2005	28.149492	1.168512	8.690129	1.168512	0.992080	0.514477	9.919972
Actual	2006	28.916122	1.330190	8.554869	1.336310	1.059142	0.541849	10.242789
Forecast	2007	28.693000	0.668000	8.686213	0.668155	1.059142	0.541849	10.400048
Forecast	2008	28.497000	0.000000	8.819573	0.000000	1.059142	0.541849	10.559721
Forecast	2009	28.982000	0.000000	8.954981	0.000000	1.059142	0.541849	10.721846

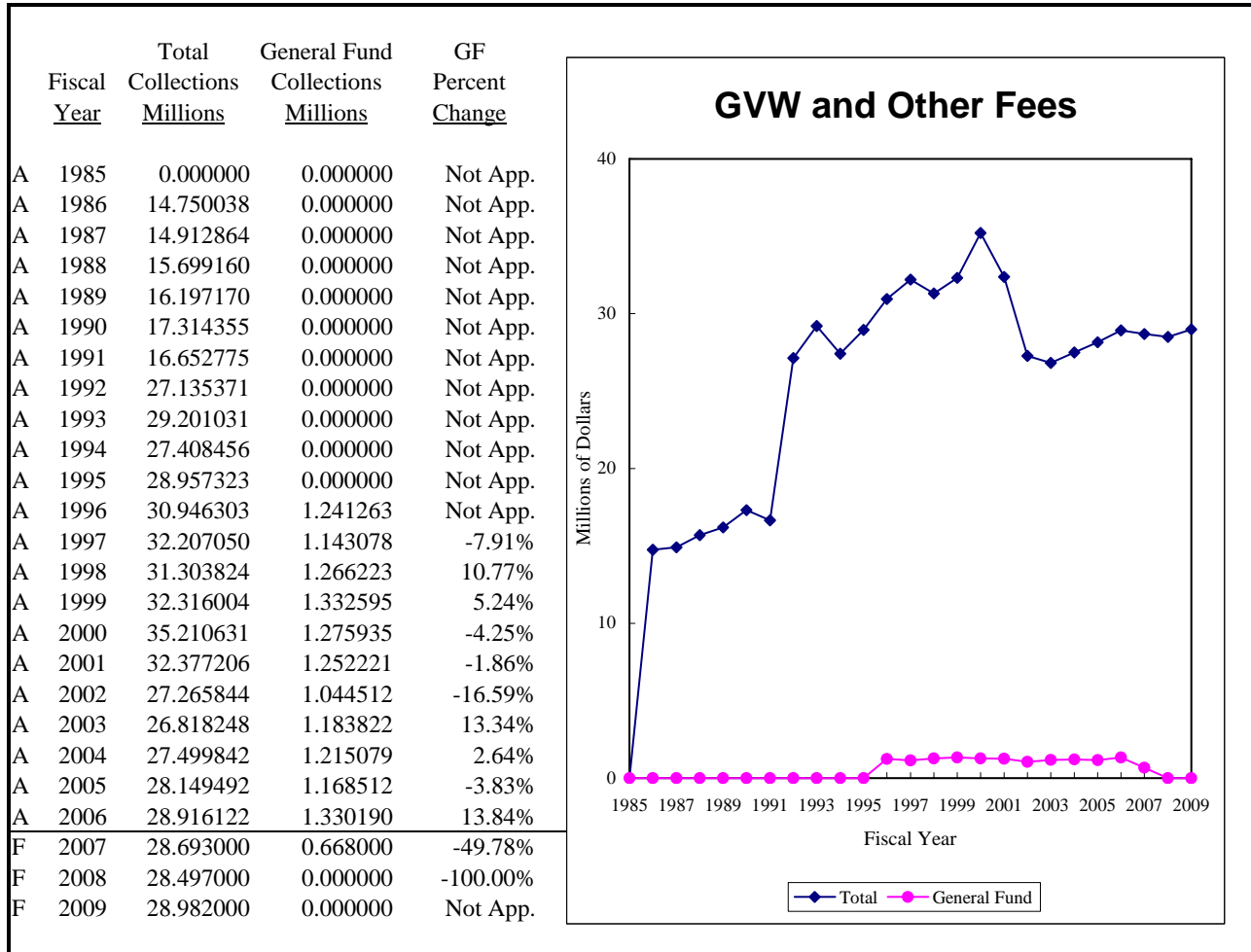|	t Fiscal	Sales Millions	Overweight Millions	Special Millions	Restricted Millions	Fuel Millions	LPG Millions	Other Millions
Actual	2000	12.533721	1.459102	0.918654	0.000000	0.105370	0.000000	1.007568
Actual	2001	9.923131	1.768619	0.953853	0.000000	0.124626	0.000000	0.651707
Actual	2002	-0.639815	1.845340	0.902845	0.000000	0.107580	0.000000	4.957472
Actual	2003	0.000000	1.815747	0.921775	0.000000	0.105750	0.000000	4.002176
Actual	2004	0.000000	1.902635	0.977915	0.000000	0.108120	0.000000	3.849845
Actual	2005	0.000000	2.075045	1.029744	0.000000	0.110360	0.000000	3.649173
Actual	2006	0.000000	2.645635	1.104107	0.000000	0.117720	0.000000	3.313701
Forecast	2007	0.000000	2.751146	1.161076	0.000000	0.111272	0.000000	3.313701
Forecast	2008	0.000000	2.860865	1.230041	0.000000	0.111350	0.000000	3.313701
Forecast	2009	0.000000	2.974960	1.302639	0.000000	0.112097	0.000000	3.313701

Total Tax = GVW + SSRS + Form 3 + Trip + County + Sales + Overweight + Special + Restricted + Fuel + LPG + Other

Legislative Fiscal Division

Revenue Estimate Profile
GVW and Other Fees

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1985	0.000000	0.000000	Not App.
A	1986	14.750038	0.000000	Not App.
A	1987	14.912864	0.000000	Not App.
A	1988	15.699160	0.000000	Not App.
A	1989	16.197170	0.000000	Not App.
A	1990	17.314355	0.000000	Not App.
A	1991	16.652775	0.000000	Not App.
A	1992	27.135371	0.000000	Not App.
A	1993	29.201031	0.000000	Not App.
A	1994	27.408456	0.000000	Not App.
A	1995	28.957323	0.000000	Not App.
A	1996	30.946303	1.241263	Not App.
A	1997	32.207050	1.143078	-7.91%
A	1998	31.303824	1.266223	10.77%
A	1999	32.316004	1.332595	5.24%
A	2000	35.210631	1.275935	-4.25%
A	2001	32.377206	1.252221	-1.86%
A	2002	27.265844	1.044512	-16.59%
A	2003	26.818248	1.183822	13.34%
A	2004	27.499842	1.215079	2.64%
A	2005	28.149492	1.168512	-3.83%
A	2006	28.916122	1.330190	13.84%
F	2007	28.693000	0.668000	-49.78%
F	2008	28.497000	0.000000	-100.00%
F	2009	28.982000	0.000000	Not App.

GVW and Other Fees

Legislative Fiscal Division
Revenue Estimate Profile
Liquor Excise and License Tax

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

Statutory Reference:

Tax Rate (MCA) – Excise tax (16-1-401), License tax (16-1-404)
Tax Distribution (MCA) – Excise tax (16-1-401 & 16-2-108), License tax (16-1-404)
Date Due – Excise tax is collected at the time of sale and distributed by the 10th day of each month. License tax is collected at the time of sale.

Applicable Tax Rate(s):

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

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

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

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

Distribution:

Excise tax revenue, less amounts distributed to Indian tribes, is deposited in the enterprise fund for transfer to the general fund.
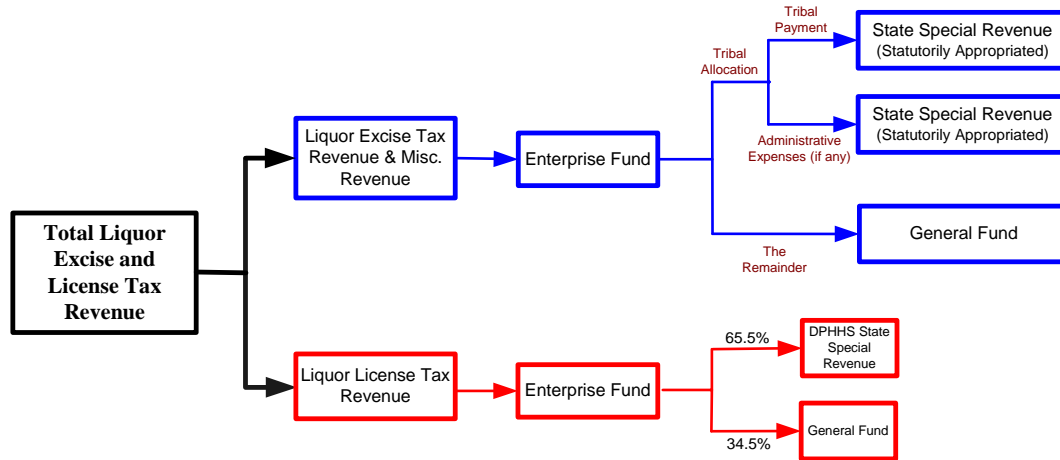
License tax revenue is allocated to the enterprise fund for transfer 34.5 % to the general fund and 65.5% to the Department of Public Health and Human Services for alcohol treatment and rehabilitation programs.

Distribution Chart:

Summary of Legislative Action: The 60th Legislature did not enact legislation that impacted this general fund revenue source.

% of Total General Fund Revenue:

FY 2004 – 0.78%
FY 2005 – 0.75%
FY 2006 – 0.74%

Revenue Estimate Methodology:

Data
To create the liquor excise and the liquor license tax projections, the data are obtained from the Department of Revenue (DOR), Global Insight, and the state accounting system (SABHRS). The DOR data provides the details of monthly liquor sales and costs. Global Insight provides estimates for the change in the consumer price index (CPI), and historic tax revenue data from SABHRS are used to confirm the adequacy of the estimates.

Total liquor taxes are made up of two taxes, an excise tax and a license tax. While each tax has a different rate, both taxes are assessed on the retail sales price of the commodity. The tax rate is lower for companies that produce less than 200,000 gallons. However, for the purpose of estimating future liquor taxes, the tax rates for liquor sales by companies who produce less than 200,000 gallons of liquor are not considered.   Consequently, the rate of the excise tax is estimated at 16 percent of the price, and the license tax is estimated at 10 percent of the price.

Analysis
Analysis shows a constant upward trend in liquor sales in Montana, as shown in the figure below.
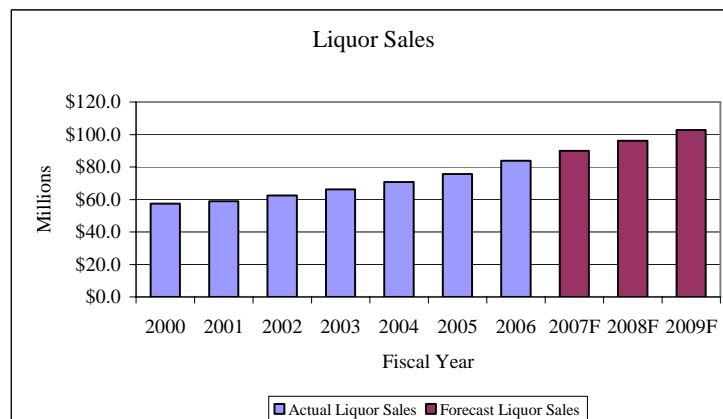
Legislative Fiscal Division
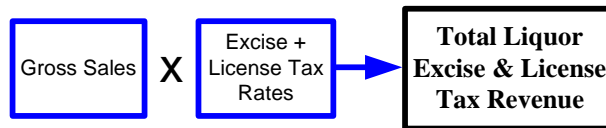## Revenue Estimate Profile
Liquor Excise and License Tax

The estimate of liquor taxes is calculated by applying growth rates to base year values of both the amount of liquor units sold and the per unit price of liquor. The expected sales of liquor units are estimated by applying a three-year average growth factor. The growth factor for the forecast period is 5.46 percent. The growth rate for the price per liquor unit is estimated using the past year price as the base. This price is adjusted in subsequent years by the change in the CPI, as estimated by Global Insight. The calculated growth rates are 4.9 percent in fiscal 2007, 3.8 percent in fiscal 2008, and 3.4 percent in fiscal 2009. When total units times sales per unit are multiplied, total estimated gross liquor sales in Montana are $90.0 million, $96.2 million, and $102.7 million for fiscal years 2007 through 2009, respectively. The final step is to apply both tax rates to the estimate of liquor sales to determine the estimate for the combined liquor excise and license taxes. This method produces total tax estimates of $18.6 million in fiscal 2007, $19.9 million in fiscal 2008, and $21.2 million in fiscal 2009.

Adjustment and Distribution
The last step in producing the estimate for liquor taxes is to calculate the tax distributions. Liquor taxes are distributed to the general fund after a reduction for tribal reimbursements. At this time, three of the seven tribal governments receive liquor tax dollars, Blackfeet, Fort Belknap, and Fort Peck. These tribal governments adhere to the Montana liquor tax laws. The state of Montana collects the tribes' portion of the liquor taxes and quarterly distributes those collections based on a formula (per capita liquor consumption times tribal membership times the Montana tax rate). After reducing the excise tax revenue by the tribal distribution, the revenue is distributed to the enterprise fund and then to the general fund. The license tax is distributed to the enterprise fund and then to the general fund and the Department of Public Health and Human Services.

Forecast Methodology:

Gross Sales **X** Excise + License Tax Rates → **Total Liquor Excise & License Tax 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 2007 legislature that may affect future estimates of this revenue source.

	t Fiscal	Total Tax Millions	GF Tax Millions	Tribal Millions	Gross Sales Millions	Excise Rate Percent	License Rate Percent	GF License Allocation Percent
Actual	2000	11.849397	7.171721	0.118276	45.609283	0.160000	0.100000	
Actual	2001	12.137310	7.342732	0.126171	46.701813	0.160000	0.100000	
Actual	2002	12.895945	9.513531	0.133456	49.615021	0.160000	0.100000	0.344908
Actual	2003	13.644481	10.042488	0.165323	52.479352	0.160000	0.100000	0.345000
Actual	2004	14.615466	10.717967	0.216395	56.212333	0.160000	0.100000	0.345000
Actual	2005	15.618635	11.468432	0.216693	60.068788	0.160000	0.100000	0.345000
Actual	2006	17.311704	12.709110	0.242086	66.600387	0.160000	0.100000	0.345000
Forecast	2007	18.574000	13.639000	0.256000	71.438795	0.160000	0.100000	0.345000
Forecast	2008	19.851000	14.573000	0.277000	76.350772	0.160000	0.100000	0.345000
Forecast	2009	21.188000	15.551000	0.299000	81.492041	0.160000	0.100000	0.345000

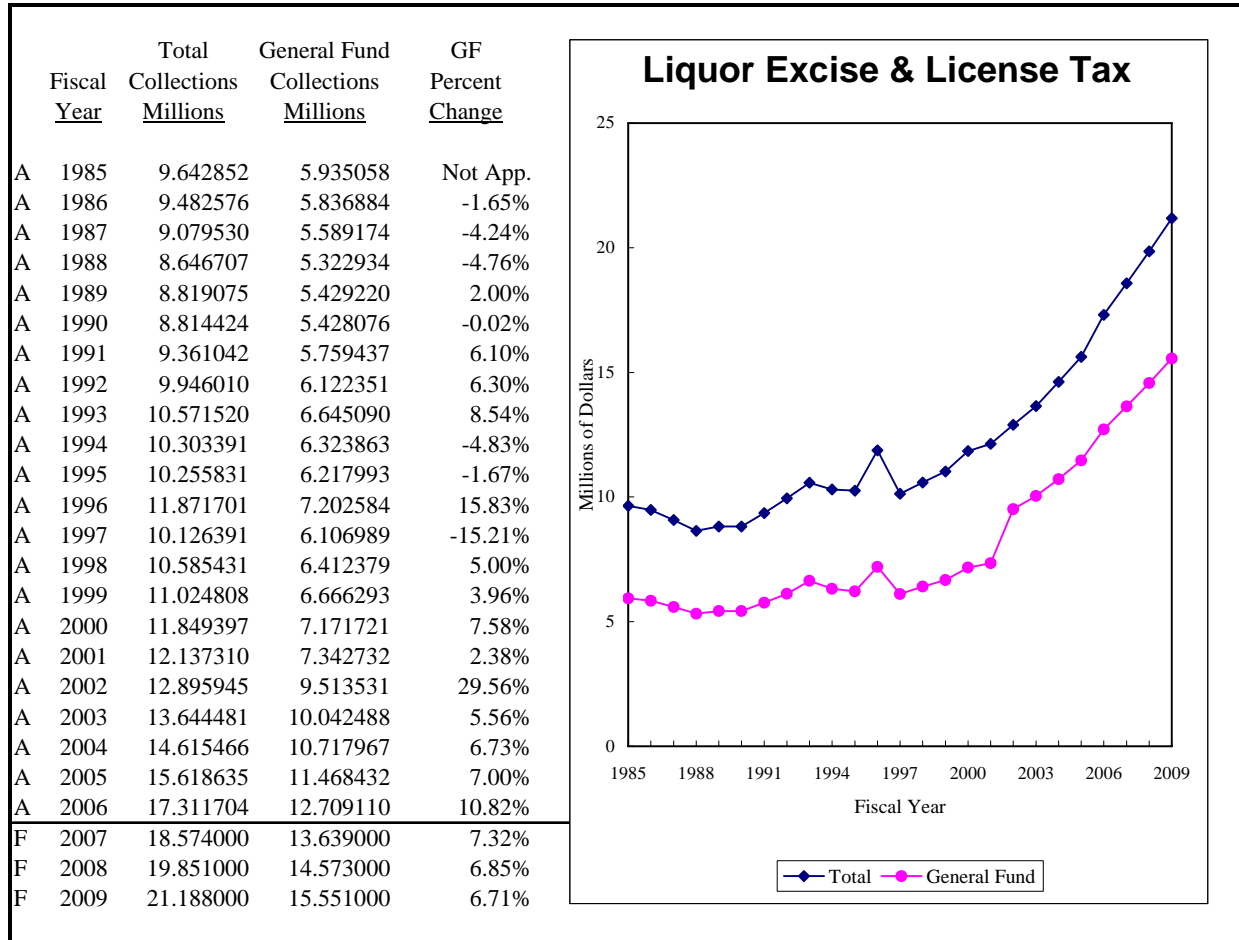Total Tax = Gross Sales * Excise Rate + Gross Sales * License Rate
GF Tax = Gross Sales * Excise Rate - Tribal + Gross Sales * License Rate * GF License Allocation

Legislative Fiscal Division
Revenue Estimate Profile
Liquor Excise and License Tax

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1985	9.642852	5.935058	Not App.
A	1986	9.482576	5.836884	-1.65%
A	1987	9.079530	5.589174	-4.24%
A	1988	8.646707	5.322934	-4.76%
A	1989	8.819075	5.429220	2.00%
A	1990	8.814424	5.428076	-0.02%
A	1991	9.361042	5.759437	6.10%
A	1992	9.946010	6.122351	6.30%
A	1993	10.571520	6.645090	8.54%
A	1994	10.303391	6.323863	-4.83%
A	1995	10.255831	6.217993	-1.67%
A	1996	11.871701	7.202584	15.83%
A	1997	10.126391	6.106989	-15.21%
A	1998	10.585431	6.412379	5.00%
A	1999	11.024808	6.666293	3.96%
A	2000	11.849397	7.171721	7.58%
A	2001	12.137310	7.342732	2.38%
A	2002	12.895945	9.513531	29.56%
A	2003	13.644481	10.042488	5.56%
A	2004	14.615466	10.717967	6.73%
A	2005	15.618635	11.468432	7.00%
A	2006	17.311704	12.709110	10.82%
F	2007	18.574000	13.639000	7.32%
F	2008	19.851000	14.573000	6.85%
F	2009	21.188000	15.551000	6.71%

Liquor Excise & License Tax

Legislative Fiscal Division
Revenue Estimate Profile
Liquor Profits

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

Liquor profits received by the state are primarily generated by a mark-up on the sale of liquor and fortified wine, less costs such as commissions and discounts. House Bill 348 enacted by the 2001 legislature phased-in liquor store commission increases based on sales volume over a three-year period beginning fiscal 2003. A 40.0 percent mark-up is added to the state's base cost for liquor. The state's mark-up percentage on the base cost of fortified wine (excluding hard cider) varies according to the size of the container:
- 1.5 liter – 42% plus $0.27/bottle
- 1.0, .720 and .750 liter – 51% plus $0.12/bottle
- .375 liter – 59% plus $0.02/bottle

The mark-up percentage for both liquor and wine is determined by administrative rule (see ARM 42.11.104).

Statutory Reference:

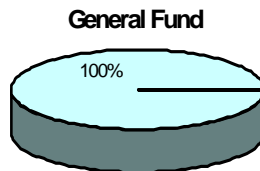Tax Rate – Authority to markup the price is found in 16-1-404(2) and ARM 42.11.104
Tax Distribution (MCA) – 16-2-108(4)
Date Due – NA

Applicable Tax Rate(s): N/A

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

Distribution Chart:

General Fund

100%

Summary of Legislative Action:

Special Session - House Bill 2 – The amount of money appropriated from certain accounts impacts the amount of general fund revenue from various sources. Although these revenue amounts are estimated prior to the session based on present law appropriations requested in the Executive Budget and finalized in HJ 2, final appropriations set by the legislature (such as those in HB 2, HB 13, HB 63 and HB 131) may differ and, thus, may affect revenue. Because the legislature appropriated more from the liquor enterprise fund as language appropriations, liquor profits decrease for a general fund revenue decrease of $139,847 in FY 2008 and $208,051 in FY 2009.

Liquor Profits -- Legislation Passed by 60th Legislature			
Estimated General Fund Impact for Fiscal 2007,2008,2009			
Bill Number and Short Title	Fiscal 2007	Fiscal 2008	Fiscal 2009
SS HB0002 General appropriations act		(139,847)	(208,051)
Total Estimated General Fund Impact	$0	($139,847)	($208,051)

% of Total General Fund Revenue:

FY 2004 – 0.47%
FY 2005 – 0.43%
FY 2006 – 0.44%

Legislative Fiscal Division
## Revenue Estimate Profile
Liquor Profits

Revenue Estimate Methodology:

Data

The estimate for the liquor profits is dependent on total liquor sales, the cost of goods sold, and other operational expenditures. Data are obtained from the Department of Revenue (DOR), the state budget system (MBARS), and the state accounting system (SABHRS). DOR provides monthly historical data for the total liquor sales, the number of units of liquor sold, and the average price for each unit of liquor. MBARS provides the present law operational budget for the DOR liquor division. SABHRS data provides a historic breakout of liquor expenses and is used as a comparison to check the adequacy of the estimate.

Analysis

As seen in the figure below, the profits are a small part of the total liquor sales. Since fiscal 2000, profits have averaged about 9.3 percent of liquor sales. In the forecast period, profits are expected to be approximately 8.4 percent of total sales.
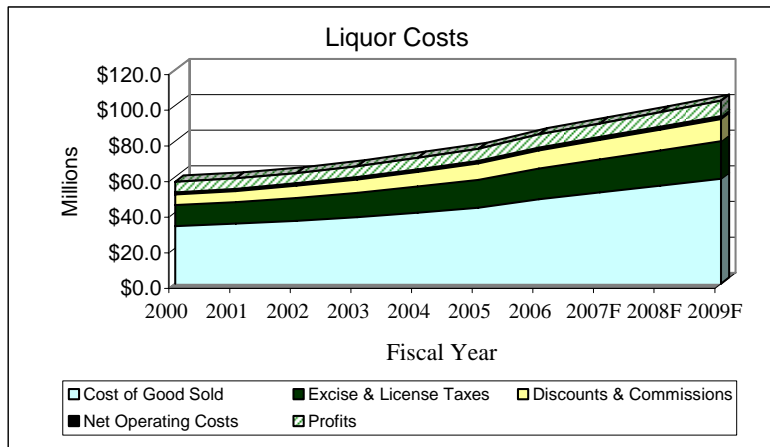
The starting point in estimating liquor profits is the gross sales of liquor. The steps in determining the liquor profits are as follows:
- Determine units
- Determine total sales value (units * price per unit)
- Determine costs of goods sold (units * cost per unit)
- Calculate discounts and commissions
- Obtain operating budgets
- Calculate taxes

Liquor profits are estimated by reducing total liquor sales (for the methodology of total liquor sales, see the "Liquor Excise and License Tax" revenue section) by all the costs of doing business. Gross liquor sales are expected to be $90.0 million in fiscal 2007, $96.2 million in fiscal 2008, and $102.7 million in fiscal 2009. For the purpose of estimating liquor profits, the cost of doing business includes the cost of the goods sold (cost of liquor and transportation), the taxes (excise and license), discounts and commissions, and net operating costs (program administration). The cost of goods sold is expected to be $51.2 million, $55.0 million, and $58.8 million for fiscal years 2007 through fiscal 2009, respectively. All other costs of the liquor operation are expected to amount to $31.2 million, $33.2 million, and $35.3 million, for fiscal 2007 through fiscal 2009, respectively, in the MBARS DOR budget. The total expense of the DOR liquor operations is budgeted at $83.5 million in fiscal 2007, $88.2 million in fiscal 2008, and $94.1 million in fiscal 2009. When costs are subtracted from total sales, the resulting estimate for liquor profits is $7.6 million in fiscal 2007, $8.0 million in fiscal 2008, and $8.5 million in fiscal 2009.*

* Amounts are rounded.

Forecast Methodology:

Gross Liquor Sales Including Taxes **+** Miscellaneous Income **−** Excise & License Taxes **−** Discounts & Commissions **−** Costs of Goods Sold **−** Liquor Operation Costs **→** **Total Liquor Profits Revenue**

Legislative Fiscal Division
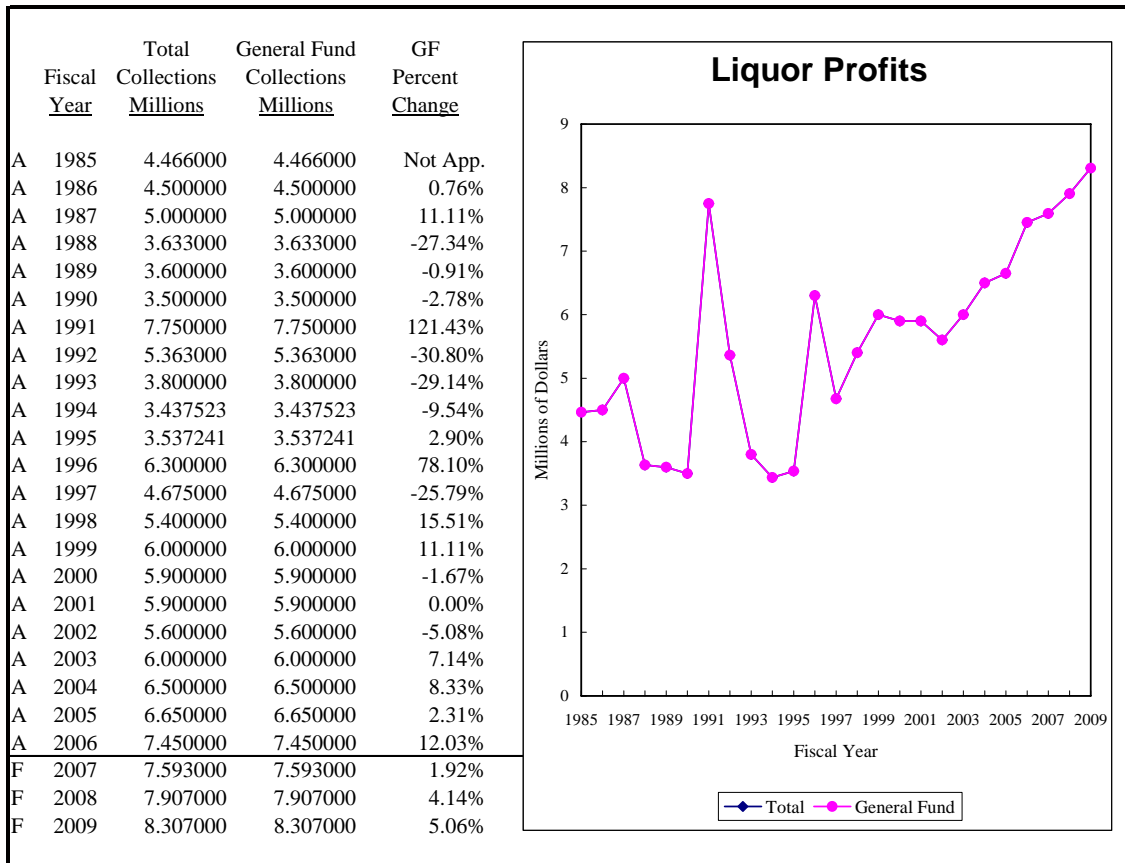## Revenue Estimate Profile
Liquor Profits

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 2007 legislature that may affect future estimates of this revenue source.

	t Fiscal	GF Profit Millions	Gross Sales Millions	Excise License Tax Millions	Discount Commission Millions	Cost of Goods Millions	Operation Costs Millions	Other Income Millions
Actual	2000	5.900000	57.467696	11.853082	6.003244	32.318259	1.202429	0.039667
Actual	2001	5.900000	58.844284	12.141061	6.134579	33.666541	1.301124	0.003416
Actual	2002	5.600000	62.514926	12.898347	6.797458	35.279453	1.477563	0.008387
Actual	2003	6.000000	66.123983	13.643474	7.432835	37.321005	1.484600	0.007831
Actual	2004	6.500000	70.827539	14.613826	8.165280	39.933421	1.506793	0.009589
Actual	2005	6.650000	75.686673	15.616350	9.161860	42.693308	1.566587	0.013557
Actual	2006	7.450000	83.916488	17.309889	10.147568	47.324246	1.676123	0.019051
Forecast	2007	7.593000	90.012882	18.574087	10.885178	51.247374	1.731815	0.019051
Forecast	2008	8.047000	96.201973	19.851201	11.633619	54.959595	1.729232	0.019051
Forecast	2009	8.515000	102.679972	21.187931	12.416998	58.842362	1.736035	0.019051

GF Profits = Gross Sales - Excise/License Tax - Discount/Commission - Cost of Goods - Operation Costs + Other

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1985	4.466000	4.466000	Not App.
A	1986	4.500000	4.500000	0.76%
A	1987	5.000000	5.000000	11.11%
A	1988	3.633000	3.633000	-27.34%
A	1989	3.600000	3.600000	-0.91%
A	1990	3.500000	3.500000	-2.78%
A	1991	7.750000	7.750000	121.43%
A	1992	5.363000	5.363000	-30.80%
A	1993	3.800000	3.800000	-29.14%
A	1994	3.437523	3.437523	-9.54%
A	1995	3.537241	3.537241	2.90%
A	1996	6.300000	6.300000	78.10%
A	1997	4.675000	4.675000	-25.79%
A	1998	5.400000	5.400000	15.51%
A	1999	6.000000	6.000000	11.11%
A	2000	5.900000	5.900000	-1.67%
A	2001	5.900000	5.900000	0.00%
A	2002	5.600000	5.600000	-5.08%
A	2003	6.000000	6.000000	7.14%
A	2004	6.500000	6.500000	8.33%
A	2005	6.650000	6.650000	2.31%
A	2006	7.450000	7.450000	12.03%
F	2007	7.593000	7.593000	1.92%
F	2008	7.907000	7.907000	4.14%
F	2009	8.307000	8.307000	5.06%

Liquor Profits

Legislative Fiscal Division
Revenue Estimate Profile
Lottery Profits

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

Lottery revenue is derived from ticket sales, sales agents license fees, and unclaimed prizes. Sales revenue is initially deposited into an enterprise fund known as the state lottery fund. After paying prizes, ticket costs, commissions, and other operating costs, any profits are transferred to the general fund.

Statutory Reference:

       Tax Rate – NA
       Distribution (MCA) – 23-7-402(3)
       Date Due – quarterly (23-7-402(3))

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

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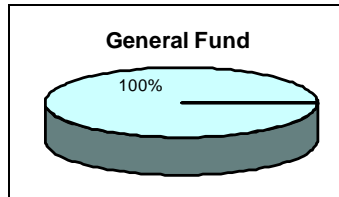
Distribution Chart:

General Fund
100%

Summary of Legislative Action:

Special Session - House Bill 2 – The amount of money appropriated from certain accounts impacts the amount of general fund revenue from various sources. Although these revenue amounts are estimated prior to the session based on present law appropriations requested in the Executive Budget and finalized in HJ 2, final appropriations set by the legislature (such as those in HB 2, HB 13, HB 63 and HB 131) may differ and, thus, may affect revenue. Because the legislature appropriated more from the lottery enterprise fund, lottery profits decrease for a general fund revenue decrease of $44,287 in FY 2008 and $114,363 in FY 2009.

Lottery Profits -- Legislation Passed by 60th Legislature			
Estimated General Fund Impact for Fiscal 2007,2008,2009			
Bill Number and Short Title	Fiscal 2007	Fiscal 2008	Fiscal 2009
SS HB0002 General appropriations act		(44,287)	(114,363)
Total Estimated General Fund Impact	$0	($44,287)	($114,363)

% of Total General Fund Revenue:

       FY 2004 – 0.59%
       FY 2005 – 0.41%
       FY 2006 – 0.53%

Revenue Estimate Methodology:

The estimate for lottery profits is derived by estimating the various sources of revenue to the enterprise fund and then estimating the

various expenses of the fund. Revenues less expenses are considered net revenue (profits).

Data
Data from SABHRS provide a history of the enterprise fund revenues and expenditures. Annual reports received from the Montana Lottery Commission provide additional financial information about the fund. Lottery personnel are contacted for their views on trends in lottery tickets sale and other factors that may influence revenues or expenditures. The state budgeting system is used to obtain estimates of appropriated administrative expenses. Montana population statistics from Global Insight (see "Montana Population" in the Overview section) are used to derive per capita ticket sales.

Analysis
The estimate for lottery profits is derived by first estimating the four revenue components and then the two expenditure components.

Revenue
1. Ticket sales – This component comprises the large majority of lottery revenue. To derive this estimate, a per capita ticket sales amount is multiplied by the estimate of Montana's population. The average of the per capital ticket sales for FY 2005 and FY 2006 is used as a proxy for each of the subsequent years to be estimated.
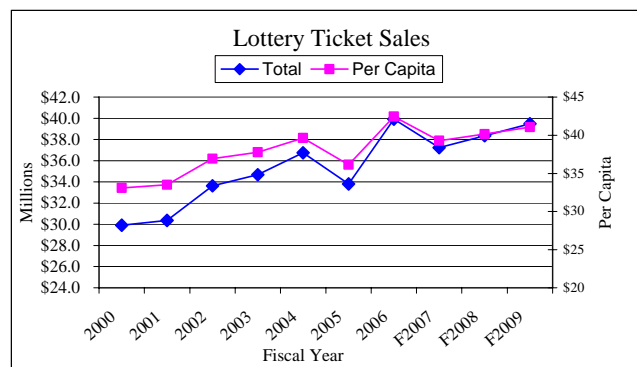
2. Licenses – Applicants who apply for a sales agent license pay a $50 license fee. To estimate this revenue component, the amount from the last known fiscal year is used for all subsequent years.
3. Interest earnings – Money in the lottery enterprise fund as well as Montana's share of money held by the Multi-State Lottery Association, earns interest at the short-term interest rate and is deposited to the enterprise fund. To estimate interest earnings, the average daily balance is multiplied by the short-term interest rate. The average daily balance is determined by: a) first, deriving the balance for the last known fiscal year by dividing known interest earnings by the known short-term interest rate; b) second, developing a balance ratio between the balance derived from (a) above and ticket sales from the last known fiscal year; c) multiplying this ratio by the ticket sales estimate (from number 1 above) for each subsequent year to derive the average daily balance. Once the balance has been estimated, it is multiplied by the applicable short-term interest rate (see the "Treasury Cash Account" revenue source for details on the development of this rate).
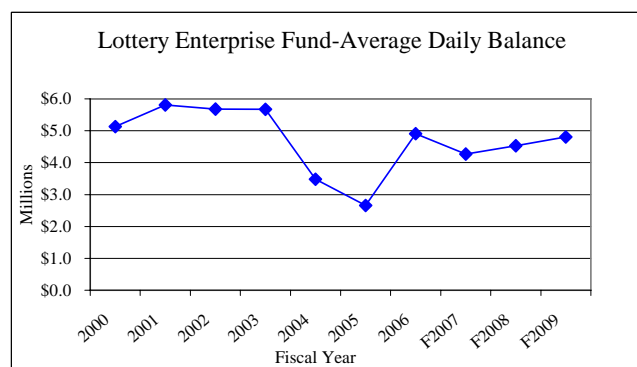
4. Other – The small amounts of miscellaneous revenue from the last known fiscal year is used for all subsequent years.
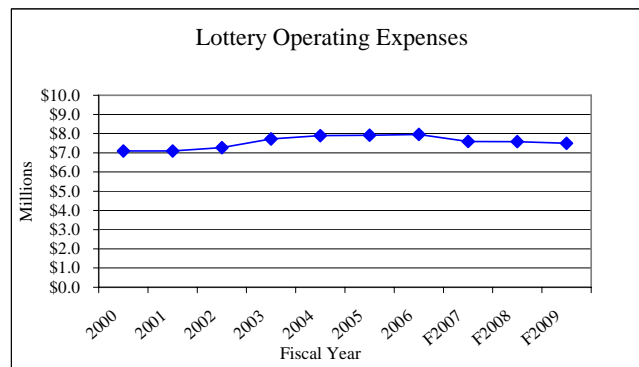
Expenditures

1. Prizes and Commissions – Since the ratio of prizes and commissions to ticket sales is relative constant, this ratio is computed for all years with actual data. The ratio from the last known year is multiplied by the estimated amount of ticket sales (see above) for each subsequent fiscal year to derive the estimate of prizes and commissions.

Ratio: Prizes & Commissions to Ticket Sales
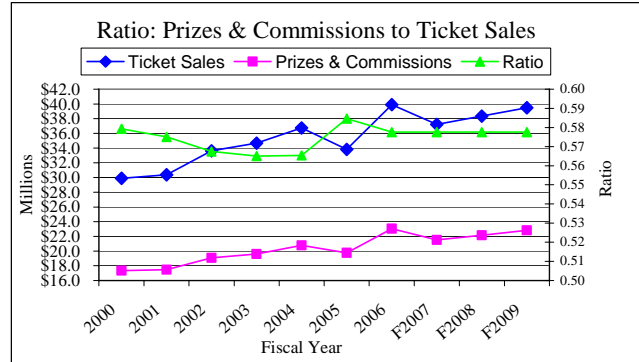
2. Operations – To estimate the operational costs for the three fiscal years in question, budget submissions by the Lottery Commission, as shown on the state budgeting system, are used.

Lottery Operating Expenses

Adjustments and Distribution

Once total revenue and total expenditures have been estimated, the difference is the expected profit. All profits are deposited to the general fund.

Forecast Methodology:

Ticket Sales **+** Interest Earnings **+** Other Revenue **−** Lottery Operation Costs **−** Prize Amounts **→** **Total Lottery Profits 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 2007 legislature that may affect future estimates of this revenue source.

Legislative Fiscal Division
Revenue Estimate Profile
Lottery Profits

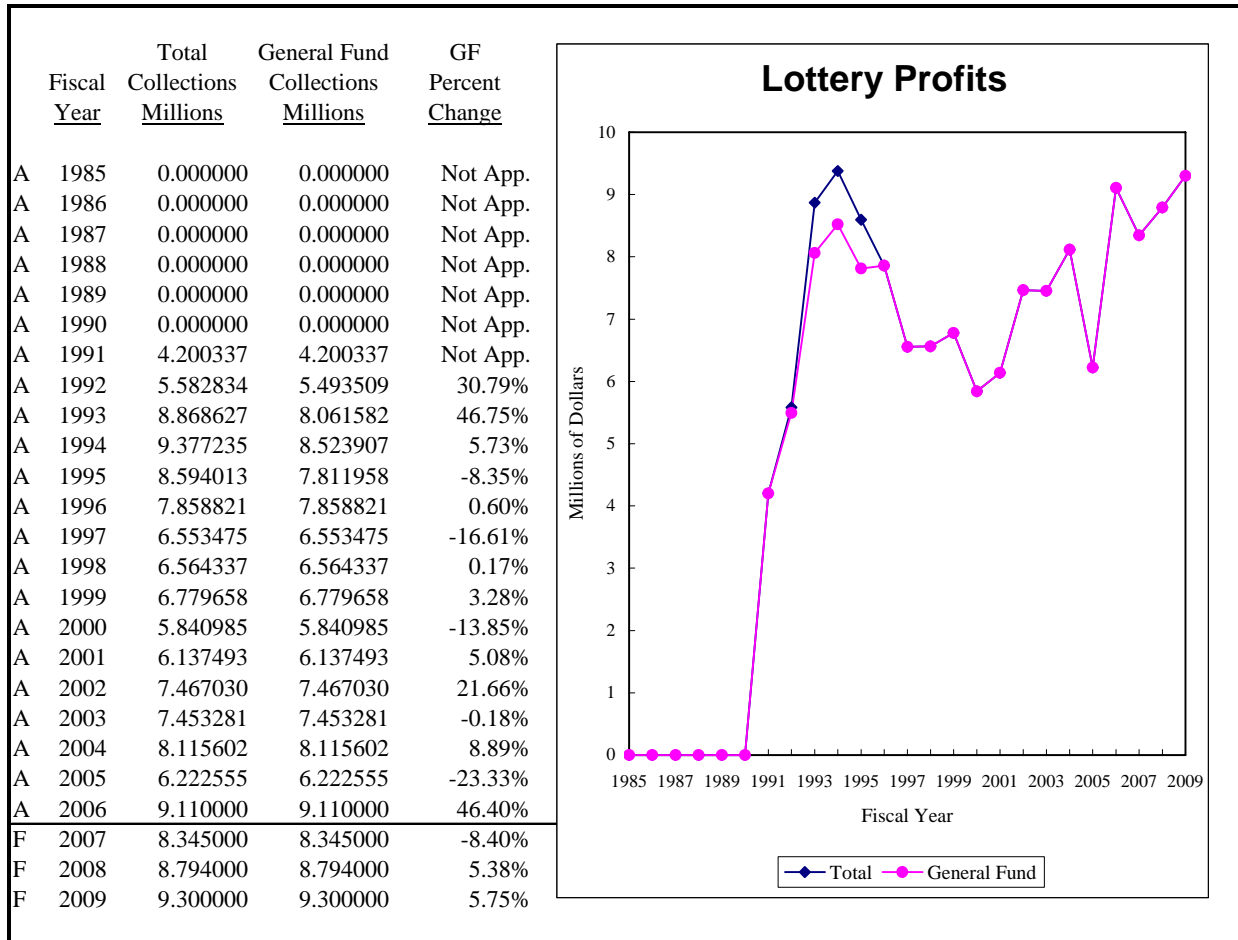|	t Fiscal	Total Profit Millions	GF Profits Millions	Sales Millions	Interest Millions	Other Millions	Operating Millions	Prizes Millions
Actual	2000	5.840985	5.840985	29.899809	0.278620	0.075465	7.091950	17.320959
Actual	2001	6.137493	6.137493	30.366526	0.275320	0.056324	7.098631	17.462046
Actual	2002	7.467030	7.467030	33.632276	0.145685	0.039096	7.264246	19.085781
Actual	2003	7.453281	7.453281	34.682494	0.077164	0.014065	7.721733	19.598709
Actual	2004	8.115602	8.115602	36.737657	0.043993	0.002536	7.897710	20.770874
Actual	2005	6.222555	6.222555	33.811245	0.063414	0.030023	7.912905	19.769222
Actual	2006	9.110455	9.110455	39.918414	0.199918	0.010548	7.962362	23.056063
Forecast	2007	8.345000	8.345000	37.231473	0.199406	0.010548	7.592722	21.504154
Forecast	2008	8.838000	8.838000	38.347539	0.208324	0.010548	7.580451	22.148772
Forecast	2009	9.414000	9.414000	39.489039	0.218942	0.010548	7.497295	22.808079

Total Profits = Sales + Interest + Other - Operating - Prizes

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change	
A	1985	0.000000	0.000000	Not App.	
A	1986	0.000000	0.000000	Not App.	
A	1987	0.000000	0.000000	Not App.	
A	1988	0.000000	0.000000	Not App.	
A	1989	0.000000	0.000000	Not App.	
A	1990	0.000000	0.000000	Not App.	
A	1991	4.200337	4.200337	Not App.	
A	1992	5.582834	5.493509	30.79%	
A	1993	8.868627	8.061582	46.75%	
A	1994	9.377235	8.523907	5.73%	
A	1995	8.594013	7.811958	-8.35%	
A	1996	7.858821	7.858821	0.60%	
A	1997	6.553475	6.553475	-16.61%	
A	1998	6.564337	6.564337	0.17%	
A	1999	6.779658	6.779658	3.28%	
A	2000	5.840985	5.840985	-13.85%	
A	2001	6.137493	6.137493	5.08%	
A	2002	7.467030	7.467030	21.66%	
A	2003	7.453281	7.453281	-0.18%	
A	2004	8.115602	8.115602	8.89%	
A	2005	6.222555	6.222555	-23.33%	
A	2006	9.110000	9.110000	46.40%	
F	2007	8.345000	8.345000	-8.40%	
F	2008	8.794000	8.794000	5.38%	
F	2009	9.300000	9.300000	5.75%	

Lottery Profits

Legislative Fiscal Division
Revenue Estimate Profile
Tobacco Tax

Revenue Description: The tobacco tax is an excise tax on tobacco products sold in Montana. Cigarettes are not subject to the tobacco tax. The tax is considered a direct tax on retail consumers, but is collected by the wholesaler. Tobacco products shipped from Montana and destined for retail sale and consumption outside the state are not subject to the tax.

Beginning May 1, 2003, the Fifty-eighth Legislature passed SB 407 that doubled the tax on all tobacco products other than cigarettes and moist snuff from 12.5 percent to 25.0 percent of the wholesale price. Furthermore, moist snuff is now taxed individually, increasing the rate from the equivalent of $0.28 an ounce to $0.35 an ounce. Beginning January 1, 2005, the electorate approved I-149 that raised the tax on other tobacco products to 50 percent of the wholesale price and moist snuff to $0.85 per ounce. Wholesalers are allowed a discount of 2.5 percent, until January 1, 2005 when the discount will be reduced to 1.5 percent, to cover collection and administrative expenses. The wholesaler is entitled to a refund for tobacco products that remain unsold. I-149 adjusted distributions to allow half of the tax revenues to flow into the state general fund and half to flow into a new state special revenue fund for health and Medicaid initiatives.

The state has tobacco revenue sharing agreements with five tribes in Montana. In the agreements with the Blackfeet, Fort Belknap, Fort Peck, Chippewa Cree, and Crow tribes, the state collects the tax imposed by the tribes and distributes the revenue to the tribes on a quarterly basis. Indian consumers of tobacco on other reservations are exempt from paying the tobacco tax.

Statutory Reference:
> Tax Rate (MCA) – 16-11-111(7)
> Tax Distribution (MCA) – 16-11-114(2), 16-11-119(3)
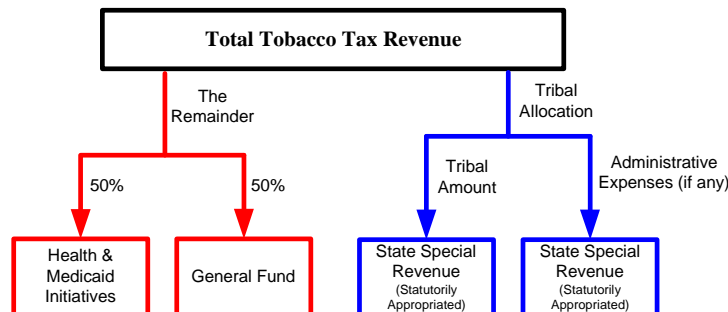
Applicable Tax Rate(s):
- Tobacco products - 50.0 percent of the wholesale price
- Moist snuff - $0.85 per ounce

Distribution:
- 50% to a state special revenue fund to be used of health and Medicaid initiatives
- 50% to the general fund

Distribution Chart:

Summary of Legislative Action: The 60th Legislature did not enact legislation that impacted this general fund revenue source.

% of Total General Fund Revenue:
> FY 2004 – 0.26%
> FY 2005 – 0.26%
> FY 2006 – 0.26%

Revenue Estimate Methodology:

<u>Data</u>

Data are obtained from the state accounting system (SABHRS), the Department of Revenue (DOR), and Global Insight is used to forecast tobacco tax revenues. The tobacco tax is made up of two taxes on the consumption of tobacco products. The tax on snuff (most tobacco) is assessed on the number of ounces sold, and the tax on all other tobacco products (not including cigarettes) is assessed on the wholesale value of the product. The DOR provides information, by distributor and month, on the number of ounces of snuff and the value of the tobacco products sold in each month and the records of tribal distributions. Other data provided by DOR include the amount of discounts and credits given to tobacco distributors. Historic observations of tax collections are available through SABHRS and Global Insight supplies projections of the consumer price index (CPI).

DOR provides monthly information on the sales of snuff, in ounces, and the wholesale value of the sales of other tobacco products purchased in Montana. The only actions needed to prepare the data for analysis is to sum the monthly data across all distributor purchases and over the fiscal years. While administrative discounts and credits are provided to the distributors for collecting the tax, the tax base is not reduced for those amounts until later in the process. The actual SABHRS data serves as a comparative check against the collection data provided by the DOR.

<u>Analysis</u>

For the first full year in fiscal 2004, the tobacco tax assessment distinguished between moist snuff and other tobacco products. In the 58th Legislature, the taxation of moist snuff was changed. A new tax rate is now imposed on ounces of snuff sold instead of on value, as other tobacco products are taxed. Consequently, the method used to estimate tobacco tax collections was changed to reflect the changes in the law. The figure below shows the number of ounces of moist snuff sold to wholesalers since fiscal 2004 and the projected sales of ounces through the forecast period. Additionally, the figure shows the wholesaler sales and projected sales of other tobacco products over the same period.
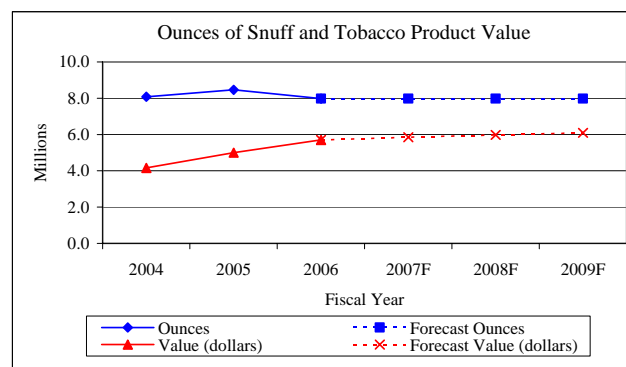
The annual growth experienced by both snuff and other tobacco products between fiscal years 2004 and 2005 was around 1.8 percent. However, in fiscal 2006 the growth in the value of other tobacco products continued to grow slowly, while the sales of moist snuff dropped by almost 6 percent. Consequently, the estimate for the tobacco taxes is derived by applying growth rates to the value of other tobacco products and the ounces of moist snuff sold in Montana.

With a consistent growth pattern in the value of tobacco products consumed in Montana, growth in the value of other tobacco products is expected to equal the growth in the CPI. This assumption indicates that little, if any, growth is expected in the sales of products themselves, but increases in the price of products will drive the increases in other tobacco tax revenues. The value of the sales of tobacco products is expected to be $5.9 million in fiscal 2007, $6.0 million in fiscal 2008, and $6.09 million in fiscal 2009. Because of the uncertainty surrounding the future sales of ounces of snuff sold in Montana, no growth is applied to ounces of snuff in estimating this portion of the tax. The number of ounces of snuff sold in Montana is expected to be 8.0 million for fiscal years 2007 through 2009. When the current tax rates are applied to the proxy of snuff ounces and sales of other tobacco products, the combined gross tax collections are $9.4 million in fiscal 2007, $9.4 million in fiscal 2008, and $9.5 million in fiscal 2009.

Adjustment and Distribution

The estimates for gross collections of the tobacco taxes are adjusted for discounts and credits provided to the distributors. Finally, calculations are made for the distribution of the tobacco tax. Tobacco taxes are distributed to the general fund after being reduced by tribal reimbursements. At this time, five of the seven tribal governments receive tobacco tax dollars: Blackfeet, Fort Belknap, Fort Peck, Chippewa Cree, and Crow. These tribal governments adhere to Montana tobacco tax laws. The state of Montana collects the tribes' portion of the tax and quarterly distributes the collections based on a formula (per capita tobacco products consumption times tribal membership times the Montana tax rate).

Forecast Methodology:
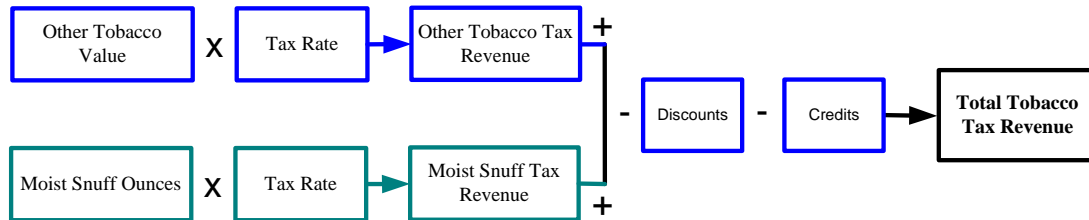
Revenue Estimate Assumptions:

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 2007 legislature that may affect future estimates of this revenue source.

	t Fiscal	Total Tax Millions	GF Tax Millions	Tribal Millions	Other Value Millions	Tax Rate Percent	Snuff Ounces Millions	Tax Rate Per Ounce
Actual	2000	2.042241	2.016799	0.025442	16.337928	12.5000%		
Actual	2001	2.097590	2.047995	0.049595	16.780720	12.5000%		
Actual	2002	2.228525	2.182827	0.045698	17.828200	12.5000%		
Actual	2003	2.360471	2.304532	0.055939	18.883768	12.5000%		
Actual	2004	3.625894	3.561574	0.064320	4.160119	25.0000%	8.079726	0.350000
Actual	2005	6.452428	4.024017	0.087097	4.999756	37.5000%	8.460370	0.600000
Actual	2006	9.118758	4.359968	0.398823	5.696871	50.0000%	7.981529	0.850000
Forecast	2007	9.136000	4.401000	0.334000	5.850453	50.0000%	7.981529	0.850000
Forecast	2008	9.194000	4.385000	0.424000	5.973892	50.0000%	7.981529	0.850000
Forecast	2009	9.247000	4.406000	0.436000	6.087282	50.0000%	7.981529	0.850000

	t Fiscal	Disc. Other Millions	Disc. Snuff Millions	Credits Millions	GF Allocation Percent
Actual	2000				
Actual	2001				
Actual	2002				
Actual	2003				
Actual	2004	0.030860	0.065578	0.091947	0.982261
Actual	2005	0.033518	0.086638	0.097616	0.623644
Actual	2006	0.042732	0.101759	0.424804	0.478132
Forecast	2007	0.043884	0.101758	0.428190	0.500000
Forecast	2008	0.044810	0.101758	0.430912	0.500000
Forecast	2009	0.045661	0.101758	0.433412	0.500000

Total Tax = Snuff Ounces * Tax Rate Per Ounce + Other Value * Tax Rate Percent -
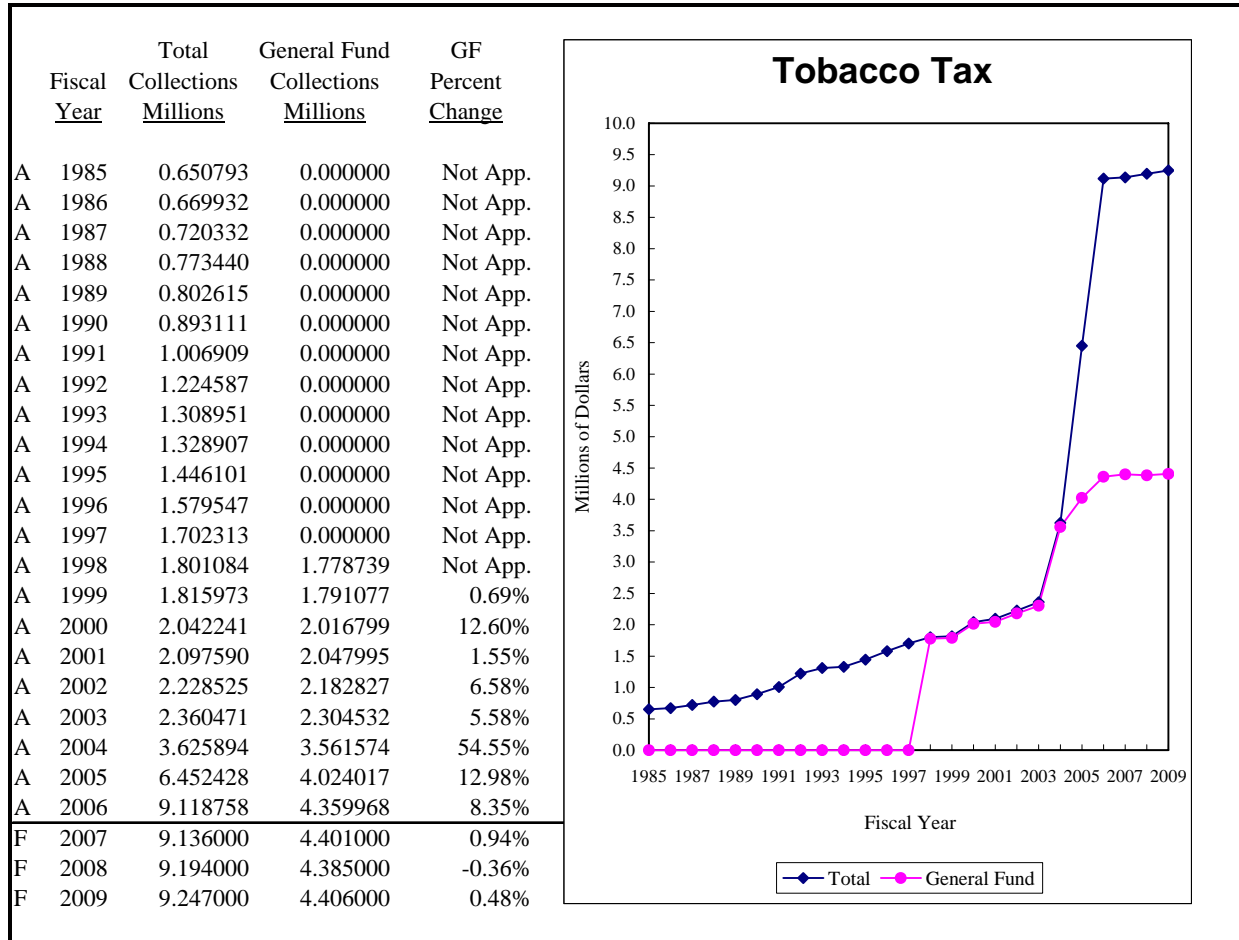　　　Disc. Other - Disc. Snuff - Credit
GF Tax = (Total Tax - Tribal) * GF Allocation

Legislative Fiscal Division
Revenue Estimate Profile
Tobacco Tax

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1985	0.650793	0.000000	Not App.
A	1986	0.669932	0.000000	Not App.
A	1987	0.720332	0.000000	Not App.
A	1988	0.773440	0.000000	Not App.
A	1989	0.802615	0.000000	Not App.
A	1990	0.893111	0.000000	Not App.
A	1991	1.006909	0.000000	Not App.
A	1992	1.224587	0.000000	Not App.
A	1993	1.308951	0.000000	Not App.
A	1994	1.328907	0.000000	Not App.
A	1995	1.446101	0.000000	Not App.
A	1996	1.579547	0.000000	Not App.
A	1997	1.702313	0.000000	Not App.
A	1998	1.801084	1.778739	Not App.
A	1999	1.815973	1.791077	0.69%
A	2000	2.042241	2.016799	12.60%
A	2001	2.097590	2.047995	1.55%
A	2002	2.228525	2.182827	6.58%
A	2003	2.360471	2.304532	5.58%
A	2004	3.625894	3.561574	54.55%
A	2005	6.452428	4.024017	12.98%
A	2006	9.118758	4.359968	8.35%
F	2007	9.136000	4.401000	0.94%
F	2008	9.194000	4.385000	-0.36%
F	2009	9.247000	4.406000	0.48%

Tobacco Tax

Legislative Fiscal Division
Revenue Estimate Profile
Video Gambling Tax

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

Statutory Reference:

> Tax Rate (MCA) – route operator license (23-5-129), gambling establishment operator license (23-5-177), card table fee (23-5-306(2)), bingo/keno permit (23-5-407), video tax (23-5-610(1)), machine permit fee (23-5-612(2))
> Tax Distribution (MCA) – card table fee (23-5-306(3&4)), video (23-5-610(6)), machine permit fee (23-5-612(3))
> Date Due – card table fees due annually and distributed quarterly to local governments (23-5-306(1&4)), video tax due 15 and 25 days after the end of the quarter (23-5-610(5)(a&b)), machine permit fees due annually prorated on a quarterly basis (23-5-612(2a)), bingo and keno taxes due July 31.

Applicable Tax Rate(s):

License Fees
- Video Gambling Machine Permit - $220 annually (prorated basis), $25 machine transfer processing fee
- Video Gambling Manufacturer License - $1,000 annually. An additional application fee is charged manufacturers to cover processing costs of the initial application. The manufacture license may be waived by the DOJ if the manufacture is also a licensed distributor or route operator.
- Video Gambling Machine Examination Fee – An amount equal to actual DOJ costs of examining the electronic equipment
- Distributor License - $1,000 annually. The distributor license may be waived by the DOJ if the distributor is also a licensed operator or manufacturer. An additional application fee is charged distributors to cover processing costs of the initial application.
- Route Operator License - $1,000 annually. The operator license may be waived by the DOJ if the operator is also a licensed distributor or manufacturer. An additional application fee is charged operators to cover processing costs of the initial application.
- Bingo/Keno Manufacture License - $1,000 annually. An additional application fee is charged manufacturers to cover processing costs of the initial application.
- Gambling Establishment Operator License – An amount equal to the actual DOJ costs of determining licensure qualifications
- Antique Slot Machine Seller Permit - $50 annually
- Live Card Game Table - $250 annually for the first table and $500 for each additional table
- Card Game Dealer License - $75 for the first year, $25 for each subsequent year
- Pinochle Tournament Permit - $25
- Card Room Contractor License - $150 annually
- Bingo/Keno Permit - $250 annually
- Bingo/Keno Examination Fee – An amount equal to actual DOJ costs of examining the electronic equipment
- Sports Tab Game Seller License - $100 annually. An additional application fee is charged to cover processing costs of the initial application.
- Casino Night Permit - $25

Gambling Taxes
- Video – 15.0% of gross income (defined as net of payouts) per video gambling machine
- Bingo/Keno – 1.0% of gross proceeds
- Sport Tabs – $1.00 for each 100 sport tabs sold

Distribution:

License Fees
1. $100 of the live card game table fee and $100 of the video gambling machine permit fee (prorated basis) are statutorily appropriated for distribution to local governments.
2. All other license fee revenue is retained by DOJ to cover administrative costs.
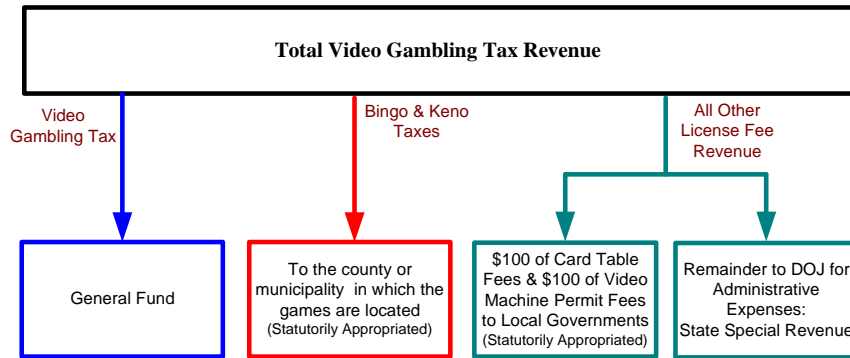
Legislative Fiscal Division
Revenue Estimate Profile
Video Gambling Tax

Gambling Taxes
1. Video – All of video gambling tax receipts are deposited into the general fund.
2. Bingo/Keno – All collections are statutorily appropriated for distribution to the municipality or county in which the game is located.
3. Sport Tabs – All collections are retained by DOJ for administration purposes.

Distribution Chart:

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                        ┌──────────────────────────────────────────────┐
                        │       Total Video Gambling Tax Revenue        │
                        └──────────────────────────────────────────────┘
        Video                        Bingo & Keno              All Other
    Gambling Tax                       Taxes               License Fee
                                                            Revenue

  ┌──────────────┐      ┌──────────────────┐  ┌──────────────────┐  ┌──────────────────┐
  │              │      │  To the county or │  │ $100 of Card Table│  │ Remainder to DOJ for│
  │ General Fund │      │ municipality in which │ Fees & $100 of Video│  │  Administrative   │
  │              │      │   the games are located│ Machine Permit Fees│  │    Expenses:      │
  │              │      │ (Statutorily Appropriated)│ to Local Governments│  │ State Special Revenue│
  │              │      │                  │  │(Statutorily Appropriated)│  │                  │
  └──────────────┘      └──────────────────┘  └──────────────────┘  └──────────────────┘
```

Summary of Legislative Action: The 60[th] Legislature did not enact legislation that impacted this general fund revenue source.

% of Total General Fund Revenue:

> FY 2004 - 3.69%
> FY 2005 - 3.49%
> FY 2006 - 3.35%

Revenue Estimate Methodology:

Video gambling revenue is comprised of many components. Because these components have separate distributions, the estimating methodology incorporates separate estimates for the components based on the type of revenue, either tax revenue or permit revenue.

Data
Monthly reports are provided by the Department of Justice. These reports show historical and current numbers of gambling machine permits issued by machine type (poker, keno, bingo, and multi-game), and the number of operator licenses, live card game table permits, card dealer licenses, and bingo and keno permits issued. Historic and current video gambling machine gross income (defined as total income net of payouts) and sports tab tax collections are shown by quarter and historic and current bingo and keno tax collections are shown yearly. Historic and current revenue collections are obtained from SABHRS. Also provided by the Department of Justice are quarterly statewide net income and average daily income by machine type (poker, keno, and multi-game). Montana population statistics are used to derive per capita video gambling machine gross income.

Analysis
The revenue estimate is determined in a three-step process:
1. Revenue from the tax on video gambling machine gross income (defined as net of payouts) is the largest component of this revenue source and all revenue from this tax is distributed to the general fund. To determine the total gross income, gross income for poker, keno, and multiple-game machines are summed for the last known fiscal year. This sum and the estimate for each succeeding fiscal year are multiplied by a growth factor. The growth factor represents the rate of increase of per capita gross revenue between fiscal 1995 and fiscal 2006. Once total gross income is estimated, the revenue estimate for this component is determined by multiplying total gross income by the tax rate. The total gross income and growth rates are shown in the chart below.

Video Machine Gross Income
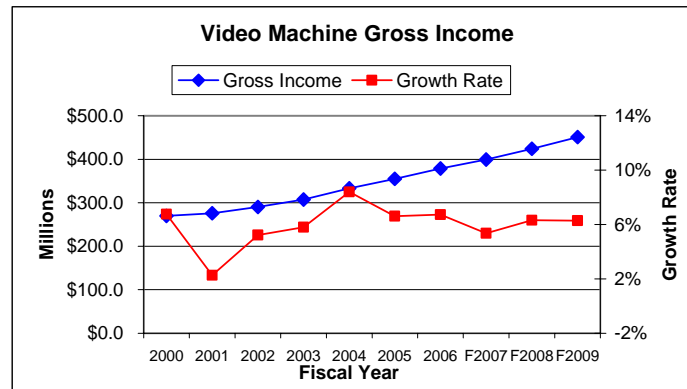

2. Permit and license fees are the second component to this revenue source, the revenue from which is deposited to the state special revenue fund and distributed to the Department of Justice to pay administrative costs and to local governments. There are three separate estimates for permit and license fees:

    a. Video gambling manufacturing license – The number of licenses from the last known fiscal year is multiplied by the $1,000 license fee and the product used as the estimate for all subsequent fiscal years.

Video Gambling Manufacturing Licenses
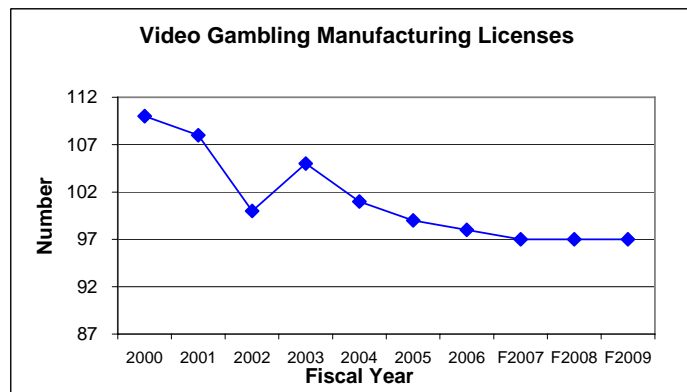
    b. Live game permit/license fees – The numbers of "first" poker tables, "additional" poker tables, and card game tables from the last known fiscal year are multiplied by the $250 permit fee and the product used for all subsequent fiscal years for each type. For bingo/keno games, the number of games in the last known fiscal years is multiplied by the $250 permit fee and the product used for all subsequent fiscal years for each type. For card game dealers, the number of dealers from the last known fiscal year is multiplied by the $75 license fee and the product used for all subsequent fiscal years.

Live Game Tables
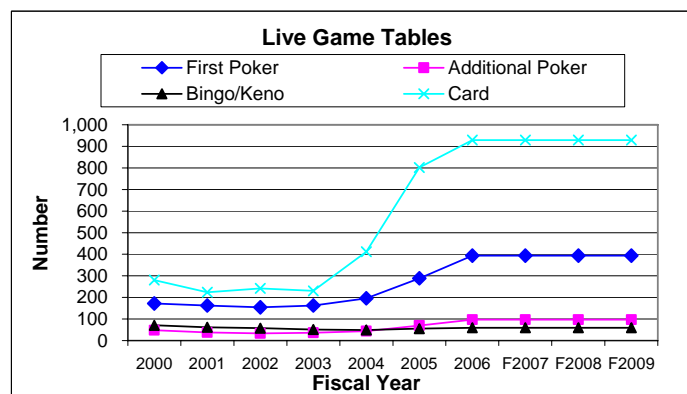
    c. Video gambling machine permit fees – The numbers of video, bingo/multi game, and keno machine permits for the last known fiscal year are summed. The sum is multiplied by the ratio of the amount of revenue deposited to DOJ gambling

license account to the total amount of permit fee revenue for the last known fiscal year (this ratio is less than 1 and so reduces the total machine permit fees). This is done to adjust for discrepancies in the last known fiscal year between actual collections and totals derived by multiplying number of permits by the applicable permit/license fee. Once the total adjusted number of permits has been estimated, it is multiplied by the $220 fee.
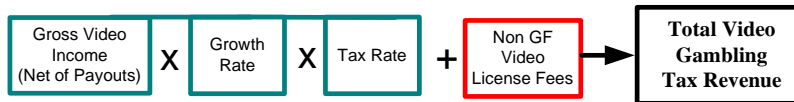

Video Gambling Machine Permits
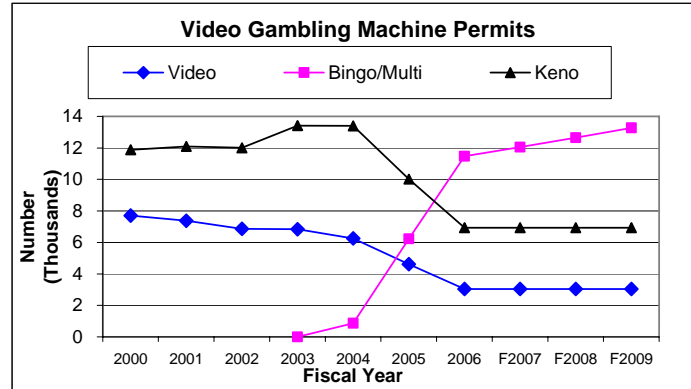
3. Bingo and keno taxes – The total amount of revenue received in the last known fiscal year is carried forward for all subsequent fiscal years.

Adjustments and Distribution
Since the general fund and the state special revenue component are estimated under separate methodologies, the distribution of the revenue has already been done.

Forecast Methodology:

Gross Video Income (Net of Payouts) X Growth Rate X Tax Rate + Non GF Video License Fees → **Total Video Gambling Tax 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 2007 legislature that may affect future estimates of this revenue source.

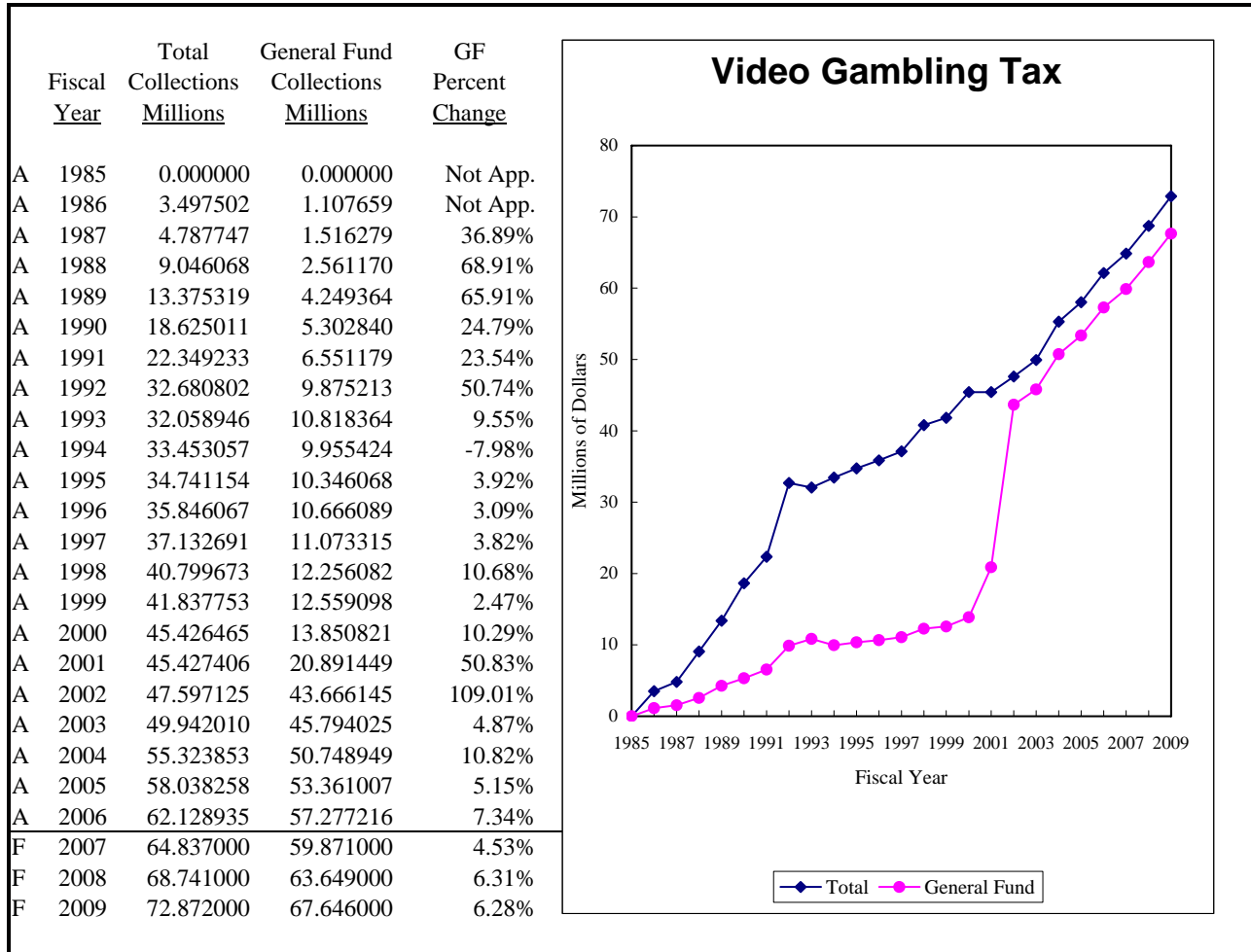|	t Fiscal	Total Tax Millions	GF Tax Millions	Net Income Millions	Tax Rate	Net Income Tax Millions	Non GF Fee Millions	Surtax Millions
Actual	2000	45.426465	13.850821	269.776957	0.150000	41.431382	3.995083	
Actual	2001	45.427406	20.891449	275.867992	0.150000	41.502013	3.925393	
Actual	2002	47.597125	43.666145	290.298949	0.150000	43.668454	3.928671	
Actual	2003	49.942010	45.794025	307.161266	0.150000	45.816379	4.125631	
Actual	2004	55.323853	50.748949	332.963377	0.150000	50.768922	4.554931	0.273275
Actual	2005	58.038258	53.361007	354.951300	0.150000	53.400781	4.637477	0.274340
Actual	2006	62.128935	57.277216	378.827999	0.150000	57.297216	4.831719	0.000000
Forecast	2007	64.837000	59.871000	399.141519	0.150000	59.871000	4.966000	0.000000
Forecast	2008	68.741000	63.649000	424.324165	0.150000	63.649000	5.092000	0.000000
Forecast	2009	72.872000	67.646000	450.974897	0.150000	67.646000	5.226000	0.000000

Total Tax = Net Income * Tax Rate + Non GF Fee + Surtax
GF Tax = Net Income * Tax Rate

Legislative Fiscal Division

Revenue Estimate Profile
Video Gambling Tax

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1985	0.000000	0.000000	Not App.
A	1986	3.497502	1.107659	Not App.
A	1987	4.787747	1.516279	36.89%
A	1988	9.046068	2.561170	68.91%
A	1989	13.375319	4.249364	65.91%
A	1990	18.625011	5.302840	24.79%
A	1991	22.349233	6.551179	23.54%
A	1992	32.680802	9.875213	50.74%
A	1993	32.058946	10.818364	9.55%
A	1994	33.453057	9.955424	-7.98%
A	1995	34.741154	10.346068	3.92%
A	1996	35.846067	10.666089	3.09%
A	1997	37.132691	11.073315	3.82%
A	1998	40.799673	12.256082	10.68%
A	1999	41.837753	12.559098	2.47%
A	2000	45.426465	13.850821	10.29%
A	2001	45.427406	20.891449	50.83%
A	2002	47.597125	43.666145	109.01%
A	2003	49.942010	45.794025	4.87%
A	2004	55.323853	50.748949	10.82%
A	2005	58.038258	53.361007	5.15%
A	2006	62.128935	57.277216	7.34%
F	2007	64.837000	59.871000	4.53%
F	2008	68.741000	63.649000	6.31%
F	2009	72.872000	67.646000	6.28%

Video Gambling Tax

Legislative Fiscal Division
Revenue Estimate Profile
Wine Tax

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

Statutory Reference:
> Tax Rate (MCA) – 16-1-411(1), 16-2-301(2)
> Tax Distribution (MCA) – 16-1-411(3)
> Date Due – 15[th] day of the month following the sale from the distributor's warehouse (16-1-411(2))

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

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

Distribution Chart:
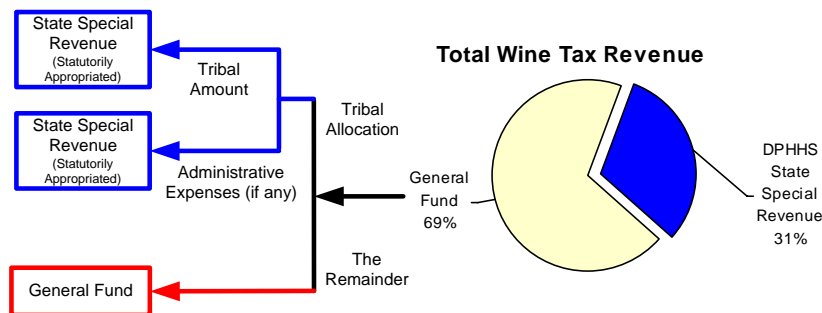
Summary of Legislative Action: The 60[th] Legislature did not enact legislation that impacted this general fund revenue source.

% of Total General Fund Revenue:
> FY 2004 – 0.10%
> FY 2005 – 0.10%
> FY 2006 – 0.10%

Revenue Estimate Methodology:
Data
The state accounting system (SABHRS) and the Department of Revenue (DOR) provide data for the wine tax estimates. The SABHRS data includes total fiscal year tax collection data. The DOR data provides the information related to historic tribal distributions.

Wine tax collections are made up of the collections of two taxes, the wine tax and the hard cider tax. Although each tax is individually established in statute, no distinction between the taxes is made when preparing the estimates. In the past several years, the cider tax has contributed no more than 0.09 percent of the total wine tax collections. In the future, if cider tax collections become more significant the wine tax methodology will be adapted to forecast hard cider tax.

Only one data transformation is required to forecast the future collections of the wine tax. Because wine projections are based on the number of liters of wine consumed in Montana, the data obtained through SABHRS must be used. This task is accomplished by dividing the total tax receipts by the wine tax rate, producing a proxy number of liters of wine.

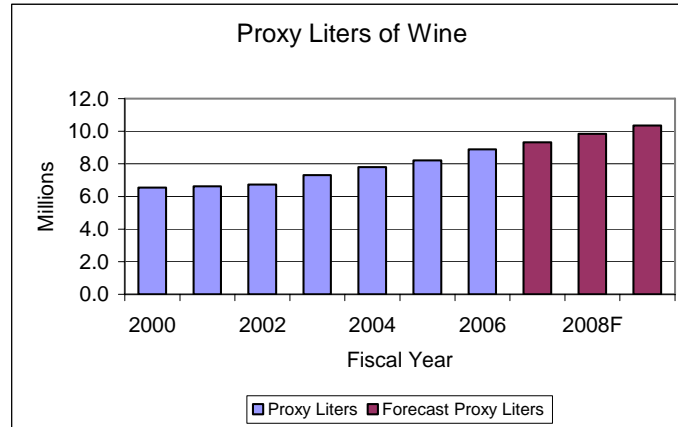The total tax receipts include those taxes that will be distributed to tribal governments.

Analysis

Growth in wine tax collections, measured in liters of wine, has followed a consistent upward trend through time. The trend is apparent in the figure below. Consequently, liters of wine are forecast using a linear regression model.

The model provides a good fit as shown by a R^2 rating of 0.98. This measure means that 98 percent of the variability in the change in liters of wine consumed in Montana can be explained by the passage of time, holding all other impacts constant.*
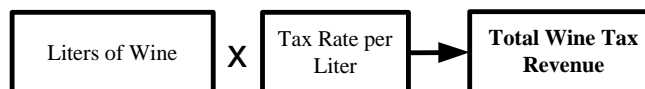
The model predicts that each year the consumption of wine in Montana will increase by approximately 5 percent, holding all other impacts constant. The growth rate developed in the model is then applied to the most recent actual wine consumption data available or base year fiscal 2006. Total wine consumption is expected to be 9.3 million liters in fiscal 2007, 9.8 million liters in fiscal 2008, and 10.3 million liters in fiscal 2009. Finally, the tax rate is applied to the estimate of proxy liters to determine the total expected wine tax collections, which results in estimates of $2.5 million, $ 2.7 million, and $2.8 million for fiscal years 2007 through 2009, respectively.

Adjustment and Distribution

The last step in producing the estimate of the wine tax collections is to calculate the tax distributions. The wine taxes are distributed between two funds. The general fund receives 69 percent and the Department of Health and Human Services alcohol state special revenue account receives 31 percent. The general fund distribution is reduced by tribal reimbursements. At this time, three of the seven tribal governments receive wine tax dollars, Blackfeet, Fort Belknap, and Fort Peck. These tribal governments adhere to Montana wine tax laws. The state of Montana collects the tribes' portion of the tax, and quarterly distributes the collections based on a formula (per capita wine consumption times tribal membership times the Montana tax rate).

*For additional information concerning the statistics of fit for the model used for this projection, contact the Legislative Fiscal Division.

Forecast Methodology:

Liters of Wine **X** Tax Rate per Liter → **Total Wine Tax 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 2007 legislature that may affect future estimates of this revenue source.

Legislative Fiscal Division
Revenue Estimate Profile
Wine Tax

	t Fiscal	Total Tax Millions	GF Tax Millions	Liters Millions	Tax Rate $ Per Liter	Gf Allocation Percent	Tribal Millions
Actual	2000	1.767653	1.016538	6.546863	0.270000	0.590200	0.026730
Actual	2001	1.786403	1.032812	6.616307	0.270000	0.590257	0.021624
Actual	2002	1.815798	1.231862	6.725178	0.270000	0.690186	0.021376
Actual	2003	1.976257	1.339799	7.319470	0.270000	0.690196	0.024205
Actual	2004	2.104357	1.423463	7.793915	0.270000	0.690253	0.029075
Actual	2005	2.217968	1.502601	8.214696	0.270000	0.690319	0.028505
Actual	2006	2.397695	1.623980	8.880352	0.270000	0.690329	0.031219
Forecast	2007	2.519000	1.705000	9.327965	0.270000	0.690000	0.033000
Forecast	2008	2.657000	1.798000	9.838308	0.270000	0.690000	0.035000
Forecast	2009	2.795000	1.892000	10.348650	0.270000	0.690000	0.037000

Total Tax = Liters * Tax Rate

GF Tax = Liters * Tax Rate * GF Allocation - Tribal

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1985	1.132060	0.905648	Not App.
A	1986	1.558356	0.946287	4.49%
A	1987	1.657783	0.982402	3.82%
A	1988	1.569139	0.929861	-5.35%
A	1989	1.453980	0.861618	-7.34%
A	1990	1.404764	0.832453	-3.38%
A	1991	1.346598	0.805117	-3.28%
A	1992	1.433011	0.853172	5.97%
A	1993	1.360770	0.834702	-2.16%
A	1994	1.289013	0.763752	-8.50%
A	1995	1.374297	0.800700	4.84%
A	1996	1.459901	0.845538	5.60%
A	1997	1.525376	0.887340	4.94%
A	1998	1.604299	0.930426	4.86%
A	1999	1.676561	0.964974	3.71%
A	2000	1.767653	1.016538	5.34%
A	2001	1.786403	1.032812	1.60%
A	2002	1.815798	1.231862	19.27%
A	2003	1.976257	1.339799	8.76%
A	2004	2.104357	1.423463	6.24%
A	2005	2.217968	1.502601	5.56%
A	2006	2.397695	1.623980	8.08%
F	2007	2.519000	1.705000	4.99%
F	2008	2.657000	1.798000	5.45%
F	2009	2.795000	1.892000	5.23%

Wine Tax