

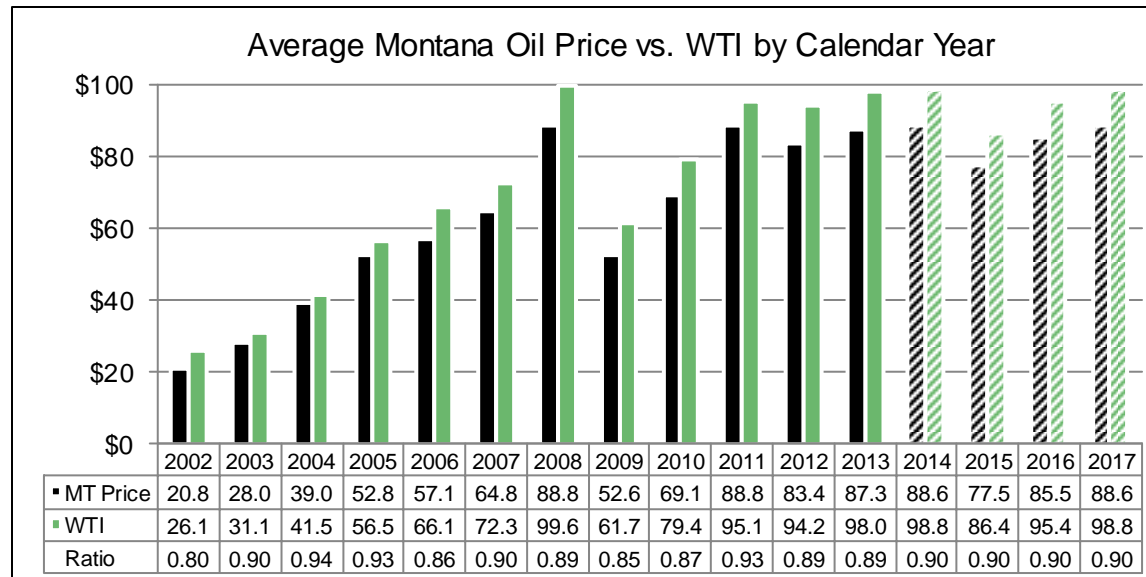
DRAFT

Highlights of September Economic Presentations

With November IHS Data Update

Overview of Montana Oil & Natural Gas

By Dave Purcell, Tudor, Pickering, Holt & Co.

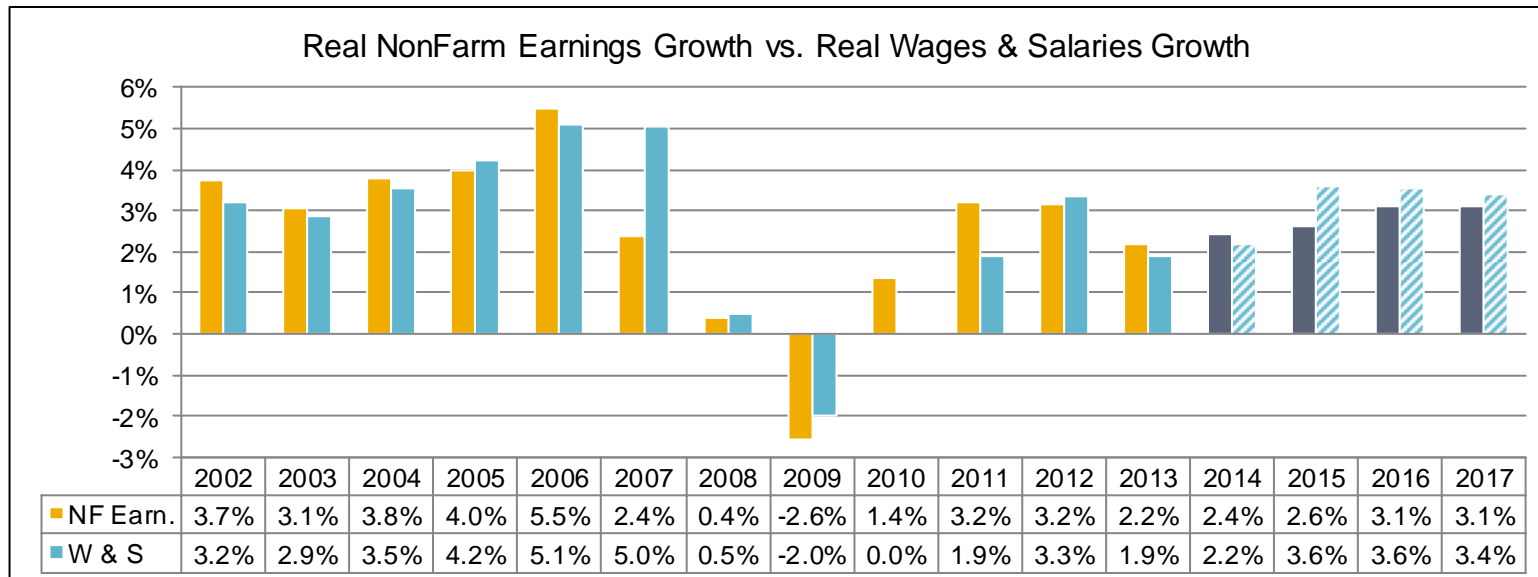


Key Points

- Oil price: futures curve a terrible predictor; Brent to hover \$100-\$110/bbl
- Bakken price differential moving to \$5 based on improved infrastructure
- Oil export regulations: likely to ease in 2016, regardless of presidential party
- Natural gas price: still soft; continue to struggle with increased production

Montana Economic Outlook

By Pat Barkey, Bureau of Business & Economic Research

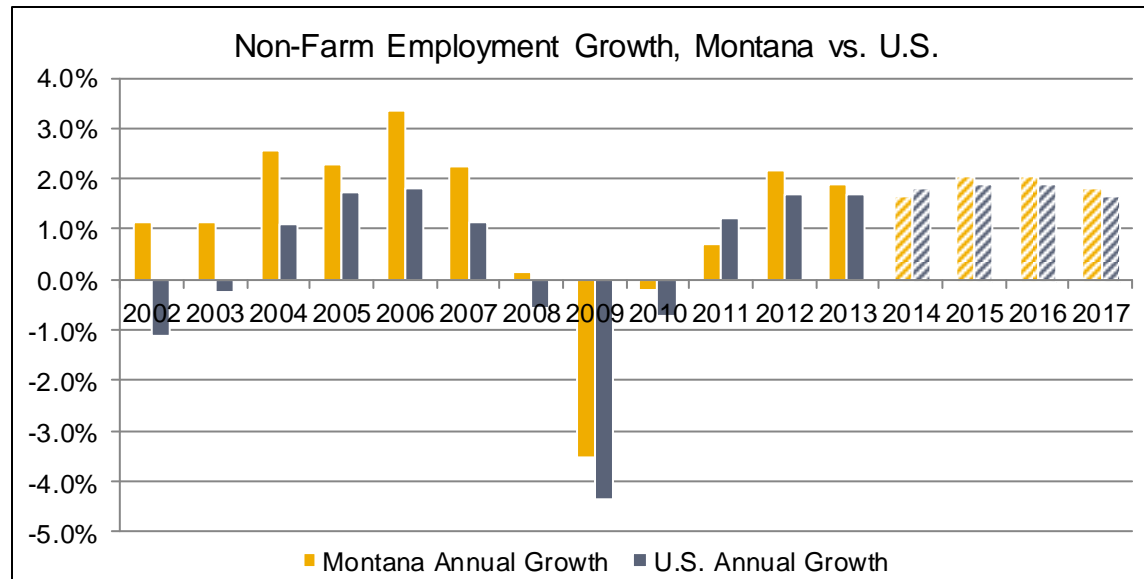


Key Points

- Underwhelming housing growth
- Low wage growth holding back home construction
- Non-farm earnings growth in 2013 below forecast
- Concern for slower growth in 2014

Montana Business & Labor Trends

By Barb Wagner, Department of Labor & Industry

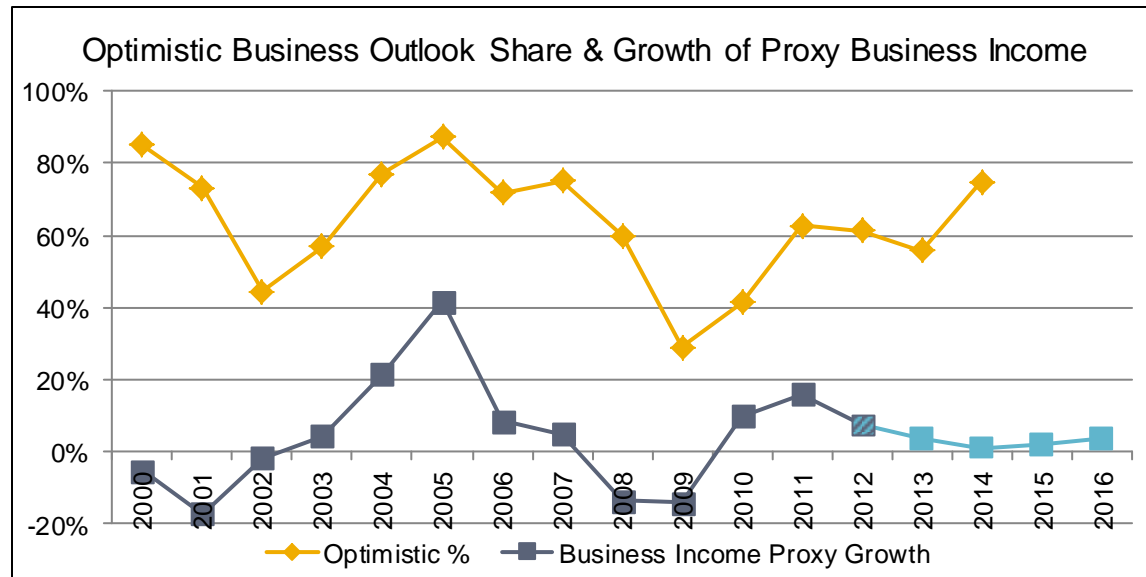


Key Points

- Job growth in 2012 & 2013 was above 20-year average and faster than U.S.
- All industries added jobs except government
- High rates of entrepreneurialism; low wages could be a factor
- Aging population and lower labor force participation rates a concern

Chamber of Commerce Perspective

By Glenn Oppel, Montana Chamber of Commerce

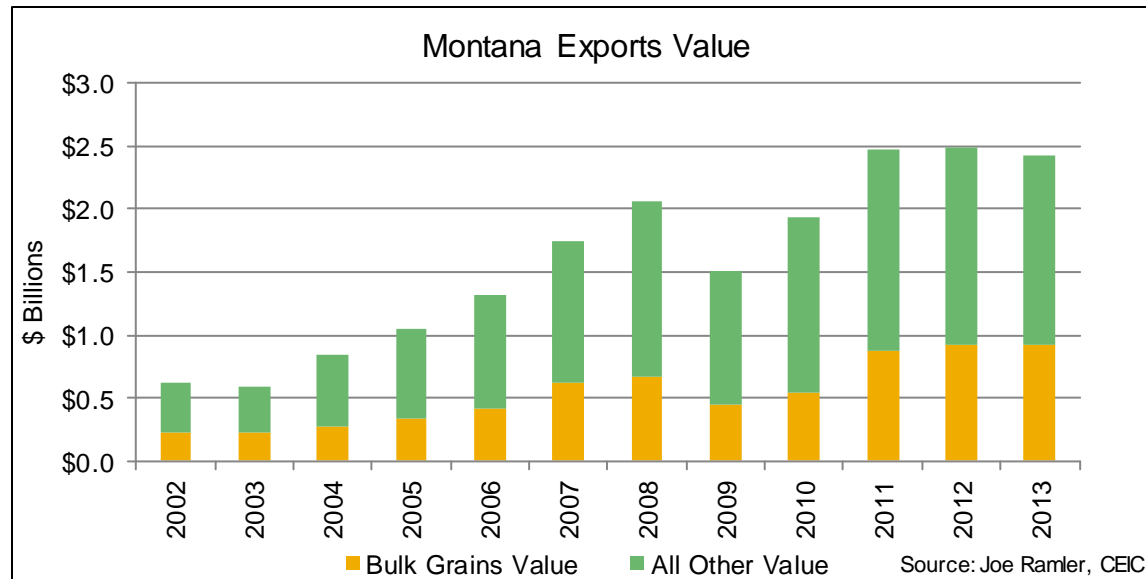


Key Points

- Focused on Minneapolis Federal Reserve business survey results
- Outlook throughout the Federal 9th District has improved
- Montana outlook quite optimistic; caveat: small number of responses
- Data is available on a time-relevant basis

Agricultural Outlook

By Myles Watts, Montana State University

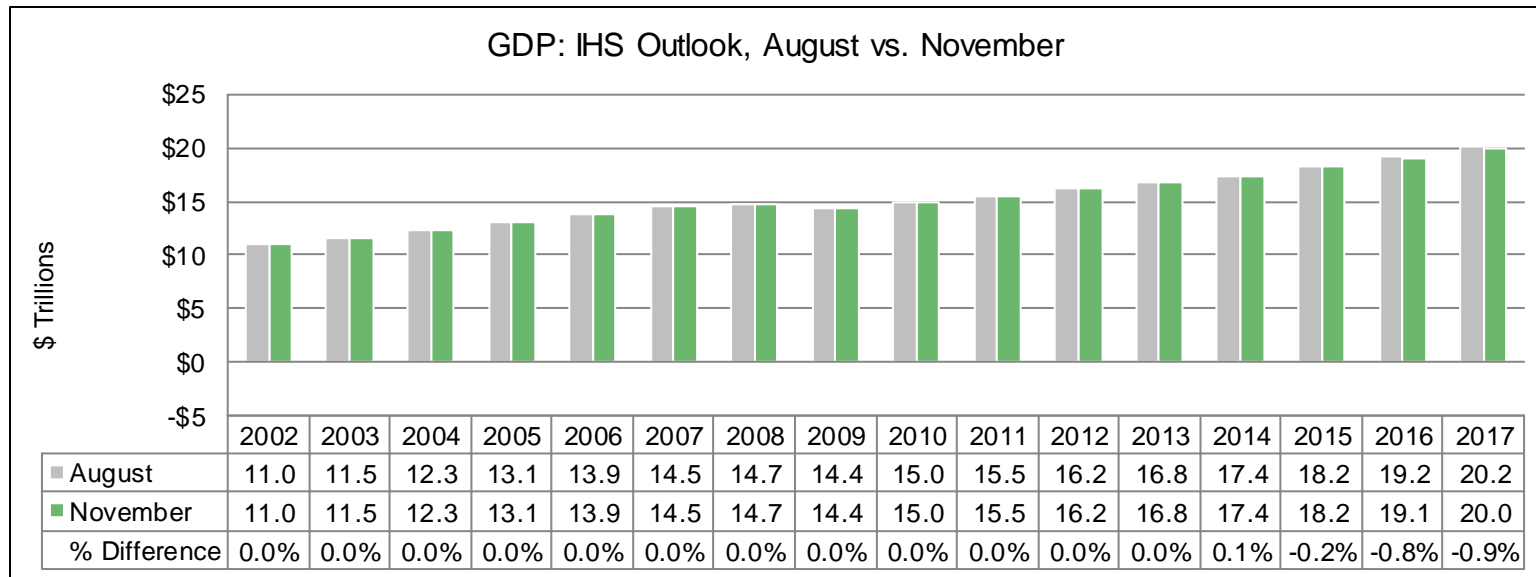


Key Points

- \$100 million rainstorm; may be reflected in Q4 estimated payments
- Wheat: prices down; yield up
- Cattle: prices up, herd numbers down due to drought
- Revenue: up overall before factoring in summer flooding

Overview of US. & Montana Economies—with Update

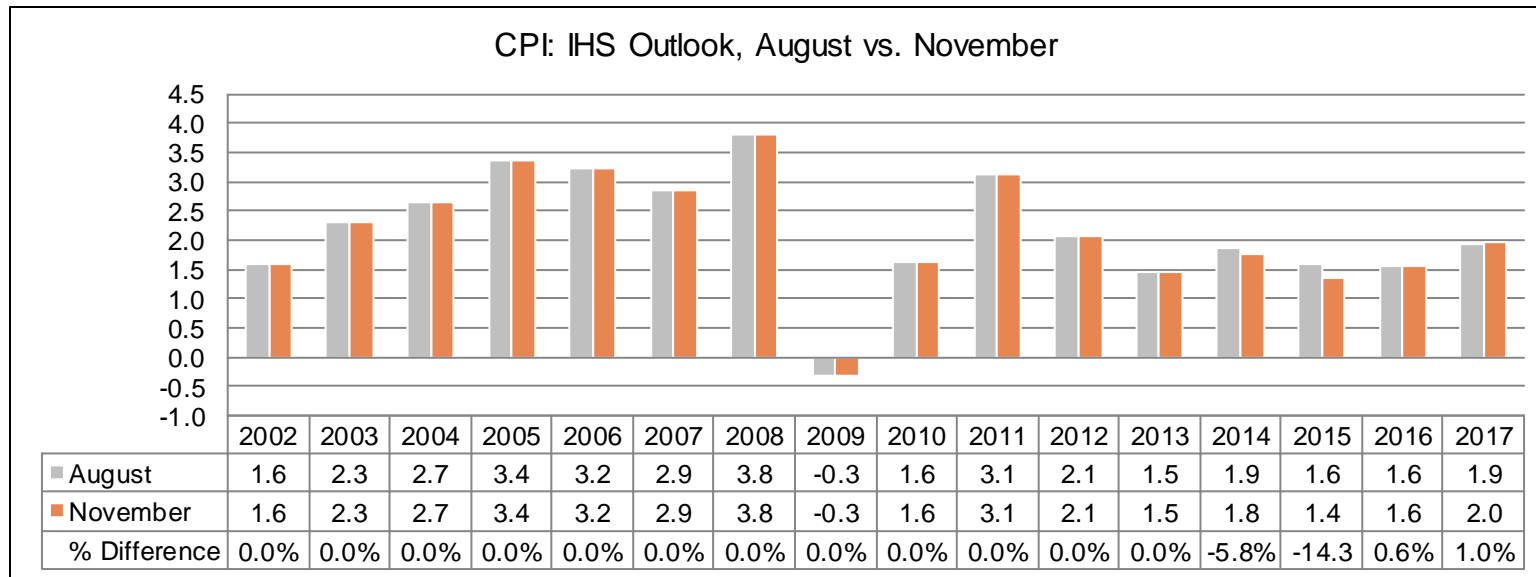
By Doug Handler & Steven Frable, IHS Economics



- November revision direct impact on the general fund revenue outlook
- Individual income tax: slightly lower outlook for retirement income

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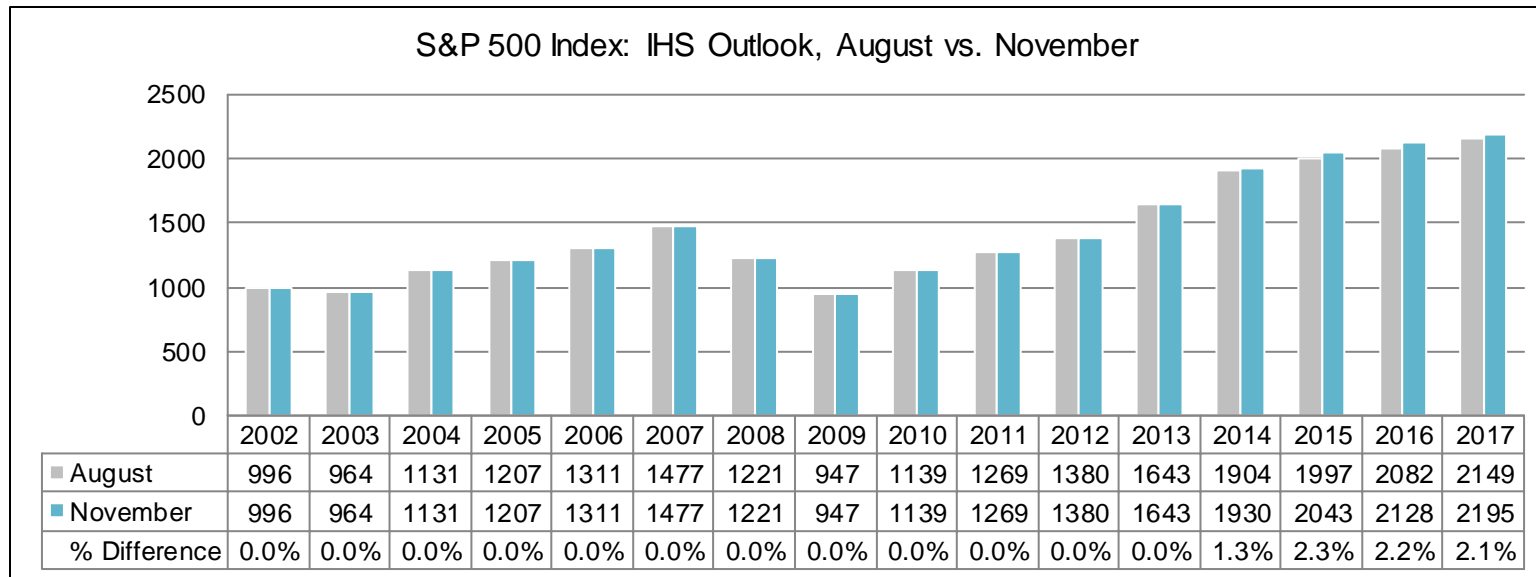


November revision direct impacts on the general fund revenue outlook

- Individual income tax: income brackets, income thresholds and exemption amounts are all inflation adjusted
- Liquor profits: slight decrease in unit sales

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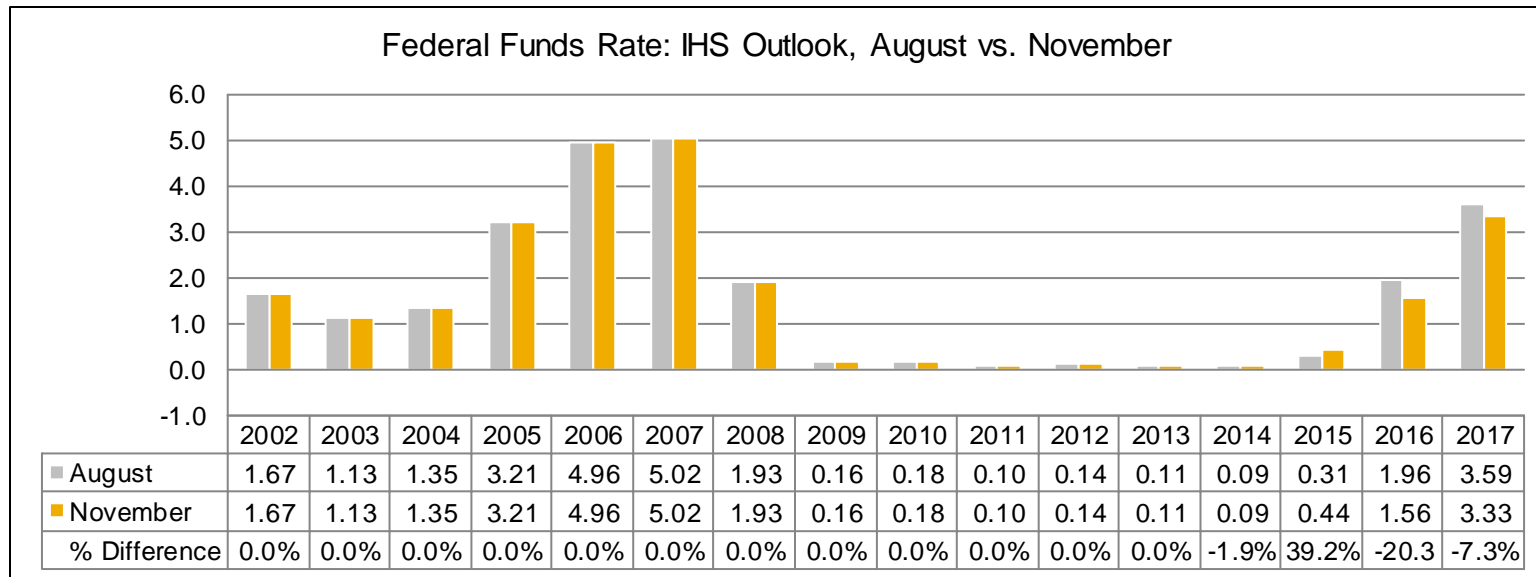


November revision direct impacts on the general fund revenue outlook

- Individual income tax: small increases in capital gains income and retirement income
- Insurance tax: slight increase in insurance premium tax

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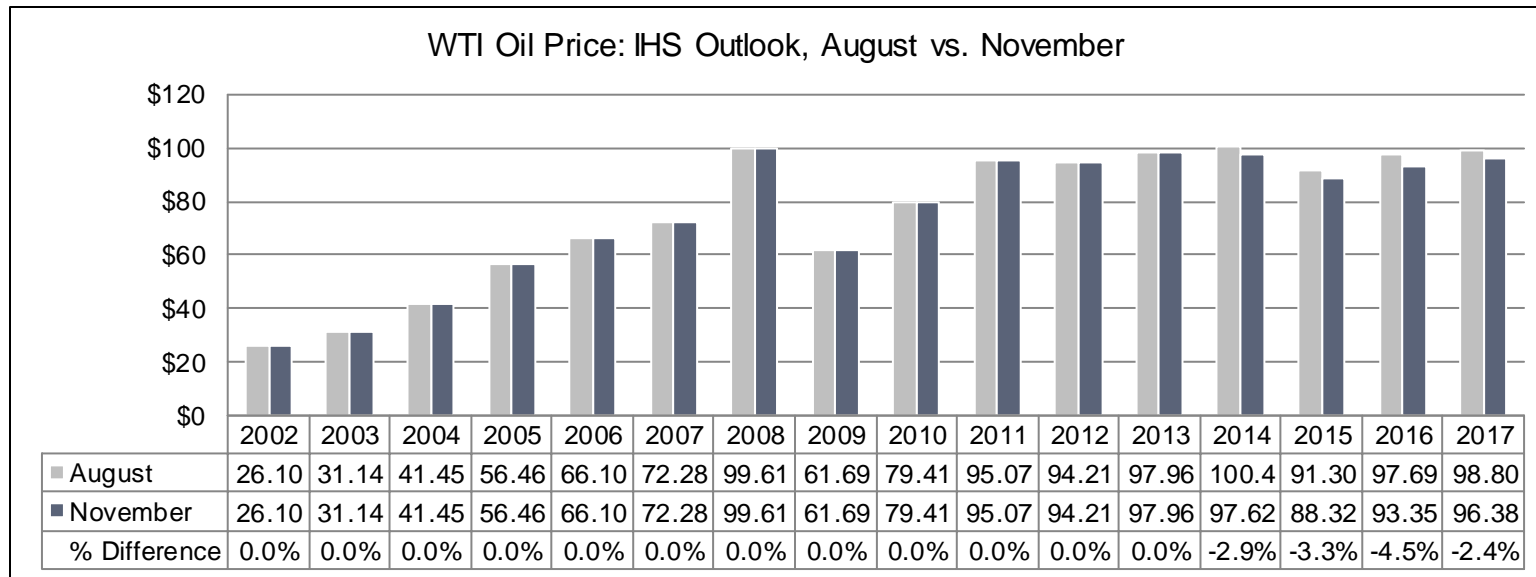


November revision direct impacts on the general fund revenue outlook

- Treasury cash account interest earnings: downward revision
- Coal trust interest earnings: slight decrease

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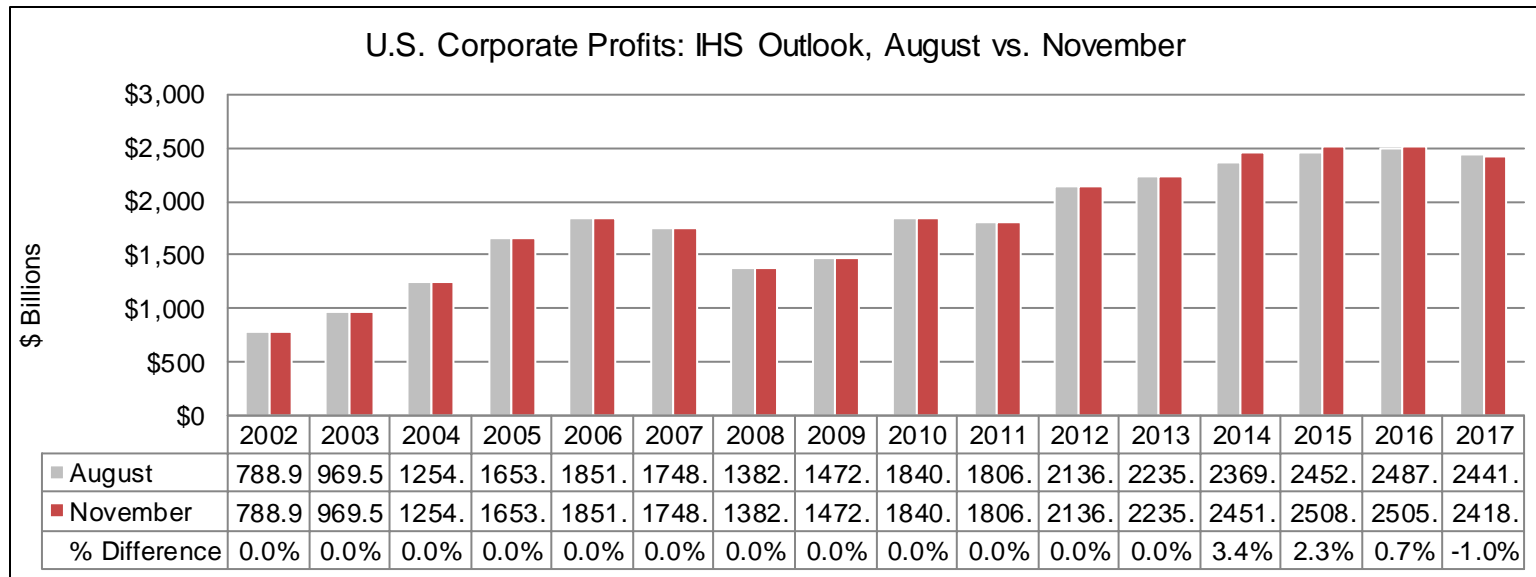


November revision direct impacts on the general fund revenue outlook

- Oil & natural gas taxes: negative change
- Corporation income tax: small decline
- Individual income tax: downward revision in Schedule E income

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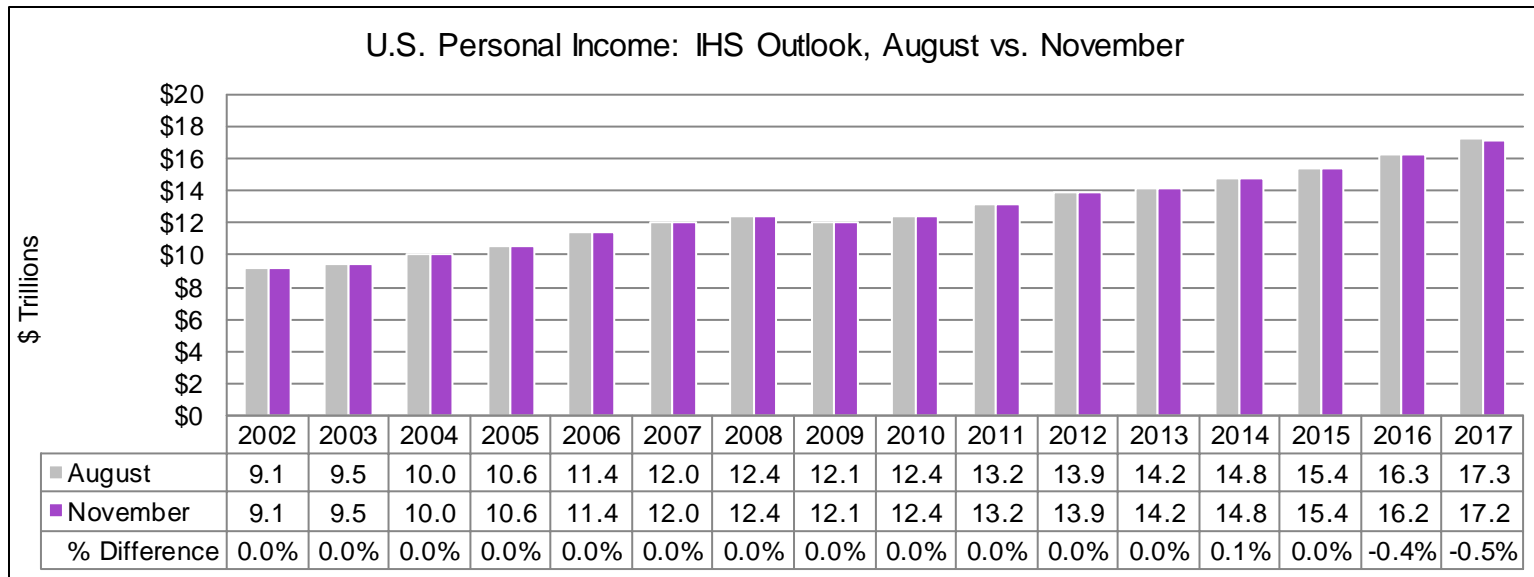


November revision direct impact on the general fund revenue outlook

- Individual income tax: small positive change in dividend income

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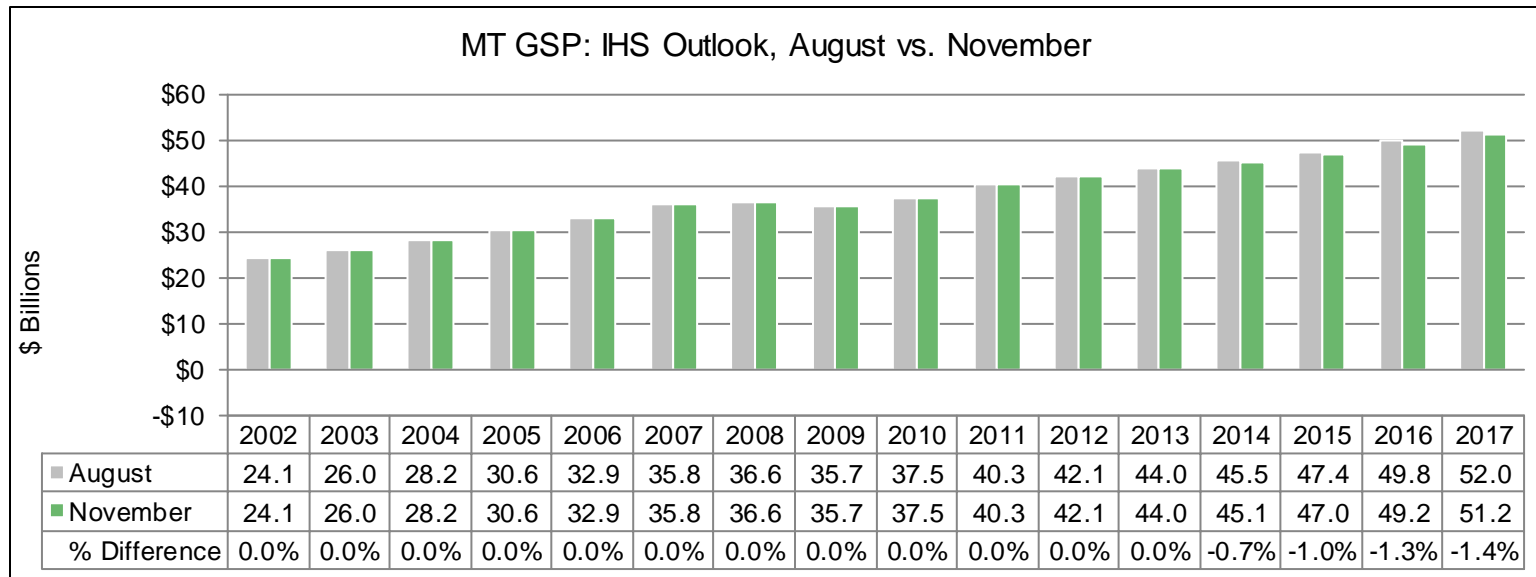


November revision direct impacts on the general fund revenue outlook

- Lodging taxes: slight downward change
- Public institution reimbursements: minimal positive change

Overview of U.S. & Montana Economies—with Update

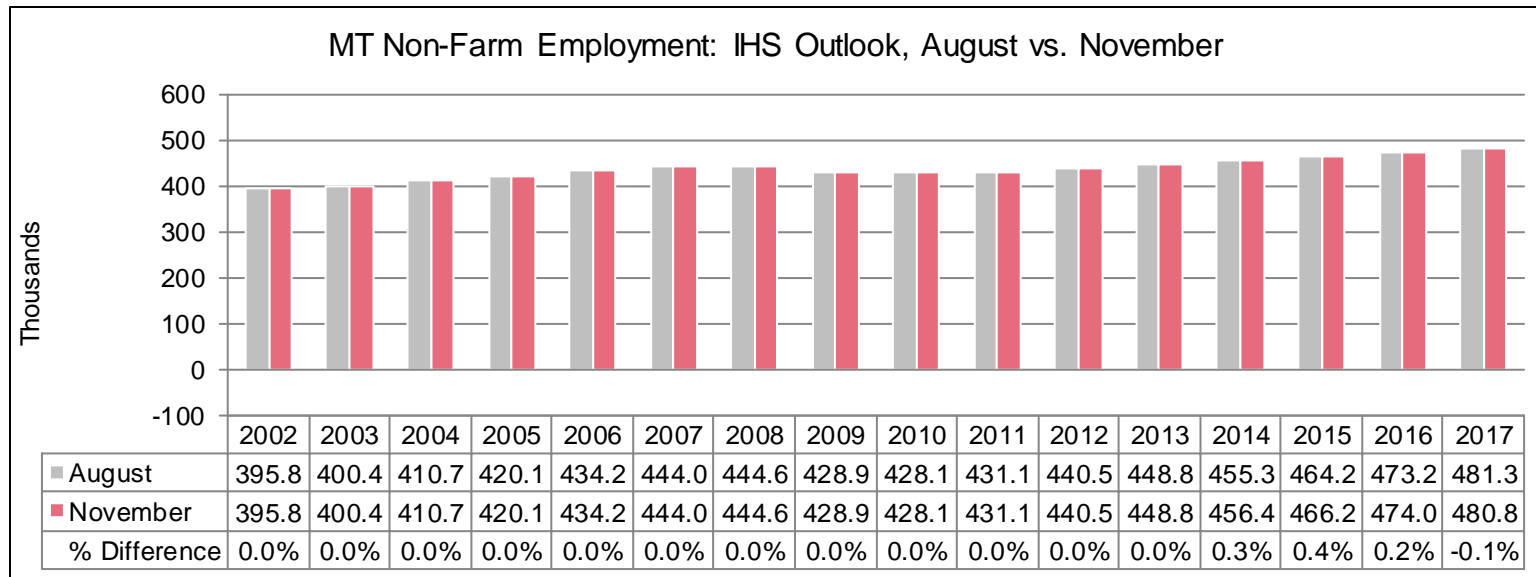
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There is no direct impact to the revenue outlook by this change.

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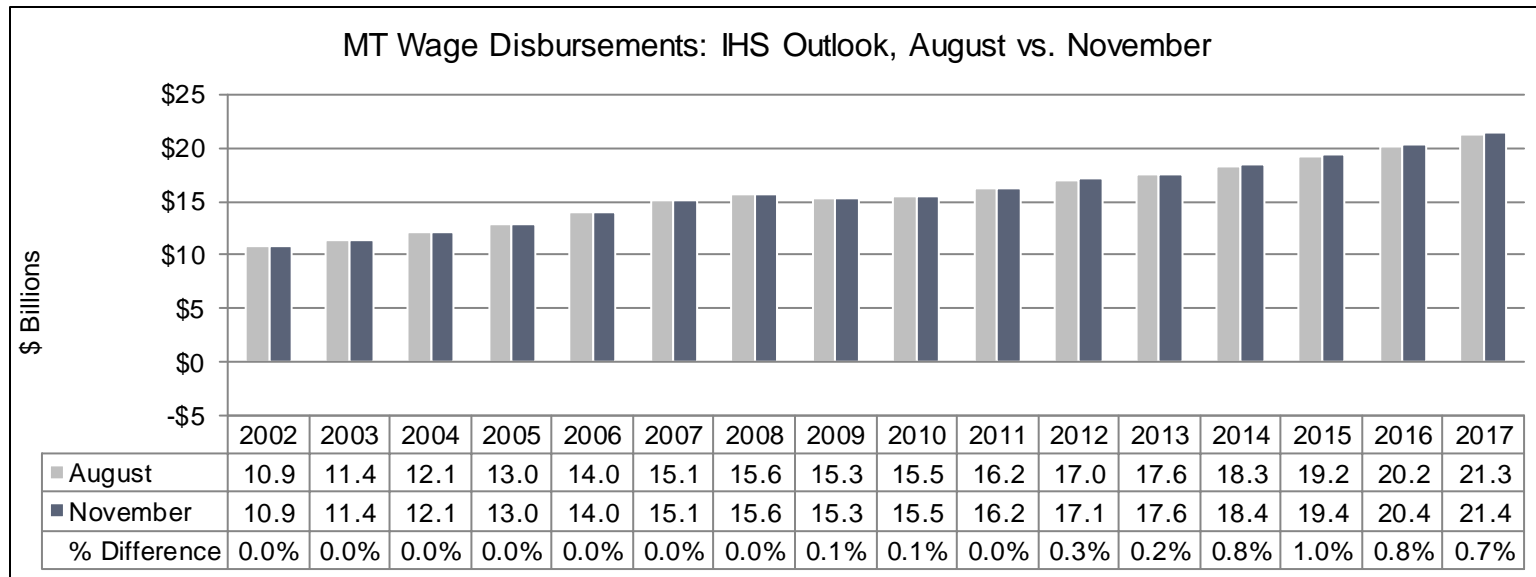


November revision direct impacts on the general fund revenue outlook

- Individual income tax: slight increase

Overview of US. & Montana Economies—with Update

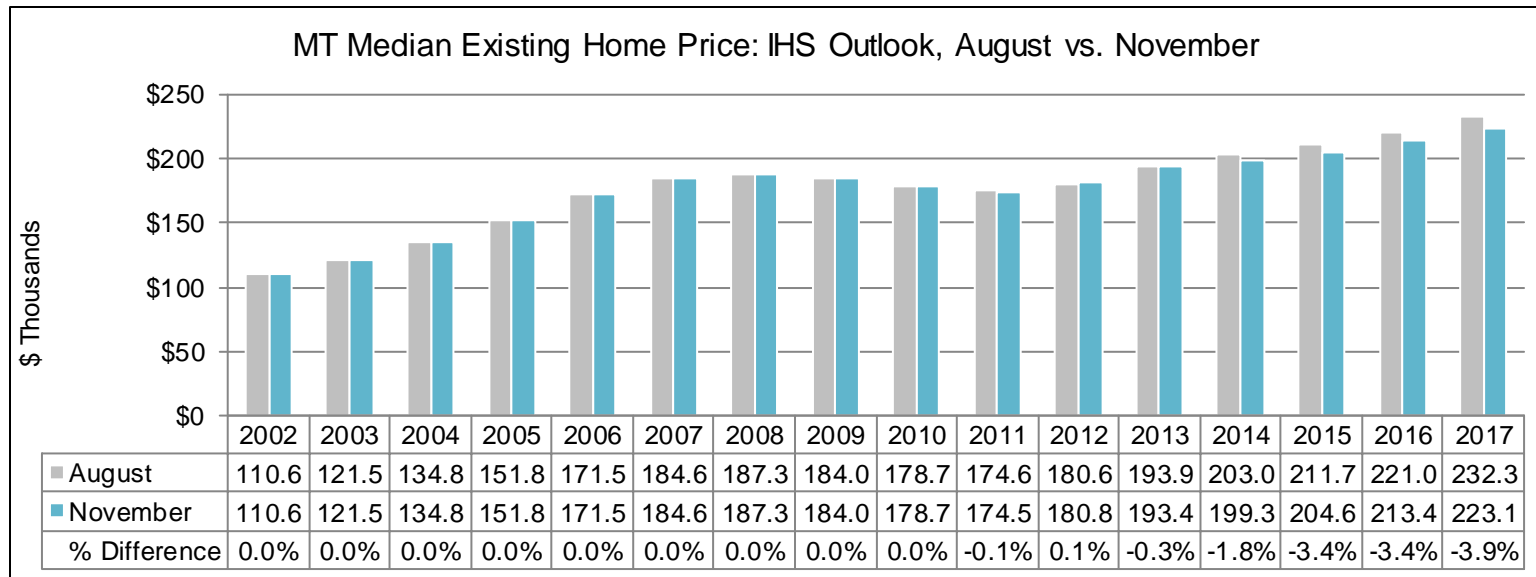
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- November revision direct impacts on the general fund revenue outlook
- Individual income tax: upward revision

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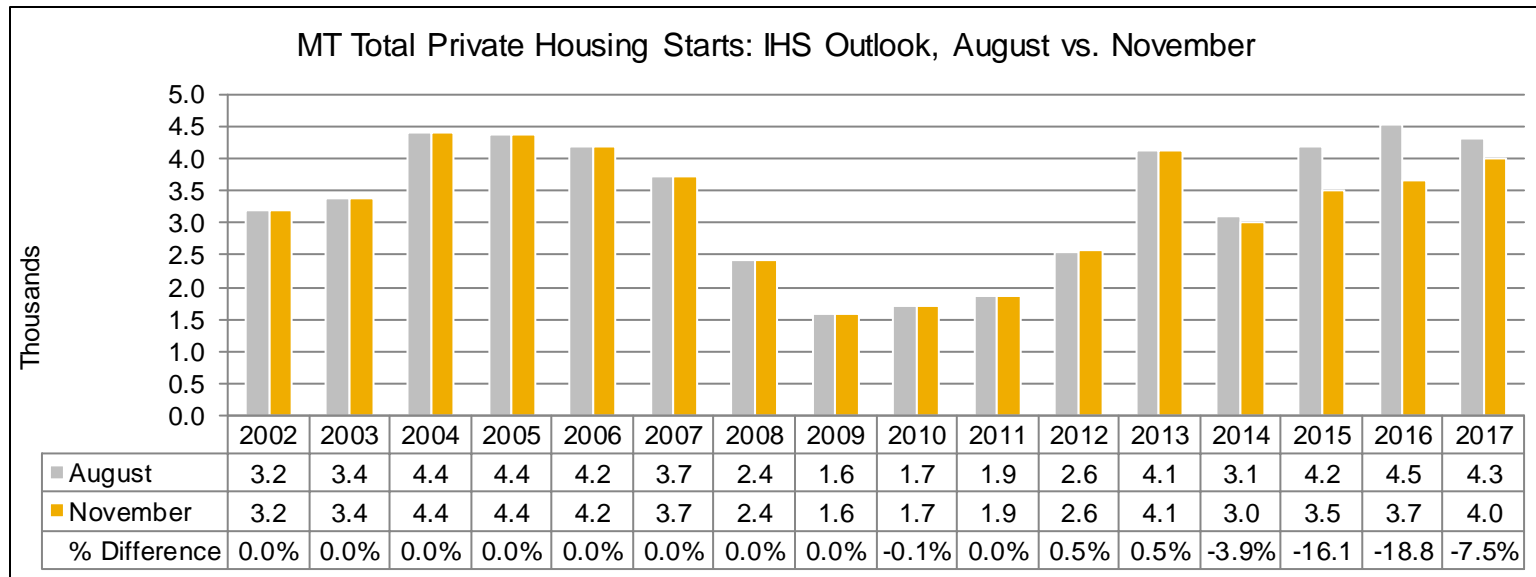


November revision direct impacts on the general fund revenue outlook

- Individual income tax: decline in capital gains income
- Corporation income tax: decrease in tax liability of large banks

Overview of US. & Montana Economies—with Update

By Doug Handler & Steven Frable, IHS Economics



November revision direct impacts on the general fund revenue outlook

- Individual income tax: decline in outlook for capital gains income

Summary

September Economic Presentations

- Provided a variety of perspectives
- Allowed for a comparison of alternatives to the IHS outlook
- Did not unanimously suggest changes to the IHS baseline forecast

IHS November Update

- Some upward revisions, some downward revisions
- Overall impact to general fund estimate relatively small

NOTE: All IHS charts contain October data as a placeholder for November data, which is not yet available. The conclusions regarding the IHS November update (again, based on the October data) are therefore preliminary and will be revised as necessary.