

# Summary of Inflation Impacts

Revenue Impact if Inflation Adjustments are Implemented January 1, 2018				
(\$ Millions)				
	FY 2018	FY 2019	FY 2020	FY 2021
<b>General Fund</b>				
Driver's License Fee	\$0.669	\$1.189	\$1.355	\$1.203
Investment License Fee	4.660	9.837	10.364	10.723
Light Vehicle Registration	6.742	13.702	13.877	14.032
Electrical Energy Tax	6.955	14.174	13.834	14.148
Wholesale Energy Trans. Tax	0.760	1.533	1.513	1.525
Beer Tax	1.705	3.312	3.284	3.253
Cigarette Tax	2.821	5.605	5.572	5.545
Tobacco Tax	0.502	1.020	1.034	1.046
Wine Tax	<u>1.568</u>	<u>3.252</u>	<u>3.353</u>	<u>3.447</u>
General Fund Total (Excludes Investment)	21.721	43.787	43.823	44.200
<b>State Special Revenue</b>				
Driver's License Fee	0.163	0.289	0.330	0.292
Beer Tax	0.517	1.115	1.102	1.091
Cigarette Tax	3.802	7.548	7.498	7.457
Tobacco Tax	0.557	1.136	1.151	1.165
Wine Tax	<u>0.758</u>	<u>1.573</u>	<u>1.622</u>	<u>1.667</u>
State Special Revenue Total	5.797	11.661	11.703	11.671
<b>Total Impact</b>	<b>\$27.518</b>	<b>\$55.447</b>	<b>\$55.525</b>	<b>\$55.871</b>

### Tax Rates

Current fee rate: \$40/8-year license  
 Last rate change: 2004  
 2017 inflation factor: 1.304  
 Inflation adjusted rate: \$52/8-year license

### Potential Consumer Impact

Fee increase per 8-year license: \$12

### Other States Comparison

Statistics	License Fee Annual Avg \$/Year
All States Average Fee	\$6.95
All States Median Fee	\$5.75
Maximum Fee	\$21.25
Montana Fee	\$5.00
Montana Fee if Adjusted	\$6.50
Montana Rank	30
Montana Rank if Adjusted	18

### Potential Fiscal Impact

Revenue Impact if Inflation Adjustment is Implemented January 1, 2018					
(\$ Millions)					
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>General Fund</b>					
Inflation Adjusted	\$4.308	\$5.074	\$5.102	\$5.814	\$5.160
Current Law	4.308	4.404	3.913	4.459	3.957
GF Impact	-	0.669	1.189	1.355	1.203
<b>State Special Revenue</b>					
Inflation Adjusted	1.036	1.235	1.240	1.416	1.254
Current Law	1.036	1.072	0.951	1.086	0.962
SSR Impact	-	0.163	0.289	0.330	0.292
<b>Total Impact</b>		<b>\$0.832</b>	<b>\$1.478</b>	<b>\$1.685</b>	<b>\$1.495</b>

### Statutory Reference

Tax Rates – Duplicate licenses: [61-5-114, MCA](#); all others: [61-5-111\(6\), MCA](#)  
 Tax Distribution – [61-5-121, MCA](#)  
 Date Due – Upon application

### Tax Rates

Current tax rate: \$50/individual, \$200/firm  
 Last rate change: 1982  
 2017 inflation factor: 2.578  
 Inflation adjusted rate: \$130/individual, \$515/firm

### Potential Consumer Impact

Tax increase: \$80/individual, \$315/firm

### Other States Comparison

Statistics	Firm License Fee \$/Year	Individual License Fee \$/Year
All States Average	\$207	\$64
All States Median	\$200	\$50
Maximum	\$400	\$285
Montana Fee	\$200	\$50
Montana Fee if Adjusted	\$515	\$130
Montana Rank	23	21
Montana Rank if Adjusted	1	5

Staff at the Montana State Auditor's Office noted that based on recent research from their office, raising investment license fees significantly may result in a decline in revenue due to fewer out-of-state representatives registering in Montana.

### Potential Fiscal Impact

Revenue Impact if Inflation Adjustment is Implemented January 1, 2018 (\$ Millions)					
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
General Fund					
Inflation Adjusted	\$7.327	\$12.331	\$17.933	\$18.894	\$19.548
Current Law	7.327	7.671	8.096	8.530	8.825
<b>Total Impact</b>		<b>\$4.660</b>	<b>\$9.837</b>	<b>\$10.364</b>	<b>\$10.723</b>

### Statutory Reference

Fee Rate – [30-10-209, MCA](#) and [30-10-904, MCA](#)

Fee Distribution – Excess to general fund: [30-10-115, MCA](#) and [30-10-209\(6\), MCA](#); portfolio notice fee: [30-10-209\(1d\), MCA](#), [30-10-210\(2\), MCA](#) and [30-10-907, MCA](#)

Date Due – Dealers: upon registration and annually before December 31<sup>st</sup> thereafter ([30-10-201 \(9&11\), MCA](#)); securities: upon registration ([30-10-206, MCA](#)) and renewal ([30-10-209\(1b\)](#))

## Tax Rates

Current tax rate: Age = 0-4 years: \$217; Age = 5-10 years: \$87; Age ≥ 11 years: \$28  
 Last rate change: 2005; however, this analysis offsets for SSR fee increases of \$5 and 3% in 2017  
 2017 inflation factor: 1.226  
 Inflation adjusted rate less offset: Age = 0-4 years: \$262; Age = 5-10 years: \$97; Age ≥ 11 years: \$28

## Potential Consumer Impact

Tax increase: Age = 0-4 years: \$45; Age = 5-10 years: \$10; Age ≥ 11 years: \$0

## Other States Comparison

Registration fees vary significantly from state to state. Many states assess a flat fee while other states utilize a scale based on weight, vehicle age or taxable value. The comparison below assumes a new vehicle with a MSRP of \$25,000 and a weight of 3,500 lbs.—roughly equivalent to a Subaru Outback. Sales taxes are averaged over four years.

Statistics	Reg. Fee New \$25K Car \$/Year	Annual Reg & 25% Sales Tax New \$25K Car
All States Average	\$81	\$389
All States Median	\$43	\$405
Maximum	\$446	\$793
Montana Fee	\$217	\$217
Montana Fee if Adjusted	\$275	\$275
Montana Rank	6	46
Montana Rank if Adjusted	5	44

## Potential Fiscal Impact

Revenue Impact if Inflation Adjustment with Offset is Implemented January 1, 2018					
(\$ Millions)					
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
General Fund					
Inflation Adjusted	\$87.982	\$96.433	\$104.847	\$106.190	\$107.377
Current Law	87.982	89.692	91.146	92.313	93.344
General Fund Impact		\$6.742	\$13.702	\$13.877	\$14.032

## Statutory Reference

Tax Rate – Watercraft, snowmobiles, off-highway vehicles (OHV), and light vehicles registrations: [61-3-321, MCA](#); vehicles greater than 1 ton: [61-3-529, MCA](#)  
 Tax Distribution – [61-3-509, MCA](#)  
 Date Due – Revenue for prior month is due on or before the 20<sup>th</sup> of the month ([15-1-504, MCA](#); [61-3-509, MCA](#)).

## Tax Rates

Current tax rate: \$0.20/MWh  
 Last rate change: 1977  
 2017 inflation factor: 4.133  
 Inflation adjusted rate: \$0.83/MWh

## Potential Consumer Impact

Increased taxes for electrical generation companies, with potential for higher power costs to consumers

## Other States Comparison

Unable to find comparable data for other states

## Potential Fiscal Impact

Revenue Impact if Inflation Adjustment is Implemented January 1, 2018 (\$ Millions)					
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
General Fund					
Inflation Adjusted	\$4.314	\$11.394	\$18.698	\$18.250	\$18.664
Current Law	4.314	4.439	4.524	4.416	4.516
<b>Total Impact</b>		<b>\$6.955</b>	<b>\$14.174</b>	<b>\$13.834</b>	<b>\$14.148</b>

## Statutory Reference

Tax Rate – [15-51-101, MCA](#)

Tax Distribution – [17-2-124\(2\), MCA](#); [15-51-103, MCA](#)

Date Due – Thirty days after the end of the calendar quarter ([15-51-101, MCA](#); [15-51-102, MCA](#))

### Tax Rates

Current tax rate: \$0.15/MWh  
 Last rate change: 2000  
 2017 inflation factor: 1.434  
 Inflation adjusted rate: \$0.22/MWh

### Potential Consumer Impact

Increased taxes for electrical generation companies, with potential for higher power costs to consumers

### Other States Comparison

Unable to find comparable data for other states

### Potential Fiscal Impact

Revenue Impact if Inflation Adjustment is Implemented January 1, 2018					
(\$ Millions)					
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
General Fund					
Inflation Adjusted	\$3.464	\$4.265	\$5.070	\$5.003	\$5.044
Current Law	3.464	3.505	3.537	3.490	3.519
<b>Total Impact</b>		<b>\$0.760</b>	<b>\$1.533</b>	<b>\$1.513</b>	<b>\$1.525</b>

### Statutory Reference

Tax Rate – [15-72-104\(1\), MCA](#)

Tax Distribution – [15-72-106\(3\), MCA](#)

Date Due – 30<sup>th</sup> day of the month following the end of the calendar quarter ([15-72-110, MCA](#))

## Tax Rates

Current tax rate: varies by # barrels produced: \$1.30/barrel (<5,000); \$2.30/barrel (5,001 – 10,000); \$4.30/barrel (10,001+)

Last rate change for production above 20,000: 1987

2017 inflation factor: 2.181

Inflation adjusted rate: \$1.30/barrel (<5,000); \$2.30/barrel (5,001 – 10,000); \$4.30/barrel (10,001 – 20,000); \$9.38/barrel (20,001+)

## Potential Consumer Impact

Tax increase per 12-oz can: \$0.02

Tax increase per 6-pack: \$0.09

## Other States Comparison

Statistics	Beer Tax Only \$/Barrel	Total Beer & Sales Tax on \$8 6-pack
All States Average Tax	\$10.73	\$0.62
All States Median Tax	\$7.75	\$0.62
Maximum Tax	\$39.99	\$1.29
Montana Tax	\$4.30	\$0.08
Montana Tax if Adjusted	\$9.38	\$0.17
Montana Rank	39	49
Montana Rank if Adjusted	21	47

## Potential Fiscal Impact

Revenue Impact if Inflation Adjustment is Implemented January 1, 2018 (\$ Millions)					
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
General Fund					
Inflation Adjusted	\$2.998	\$4.754	\$6.358	\$6.327	\$6.291
Current Law	<u>2.998</u>	<u>3.049</u>	<u>3.046</u>	<u>3.043</u>	<u>3.038</u>
GF Impact	-	1.705	3.312	3.284	3.253
State Special Revenue					
Inflation Adjusted	1.011	1.539	2.137	2.123	2.110
Current Law	<u>1.011</u>	<u>1.022</u>	<u>1.022</u>	<u>1.020</u>	<u>1.018</u>
SSR Impact	-	0.517	1.115	1.102	1.091
<b>Total Impact</b>		<b>\$2.222</b>	<b>\$4.427</b>	<b>\$4.387</b>	<b>\$4.344</b>

## Statutory Reference

Tax Rate – [16-1-406, MCA](#)

Distribution – [16-1-406, MCA](#)

Date Due – end of the month and collected in the next month ([16-1-406\(2\), MCA](#))

### Tax Rates

Current tax rate: \$1.70/pack  
 Last rate change: 2006  
 2017 inflation factor: 1.220  
 Inflation adjusted rate: \$2.07/pack

### Potential Consumer Impact

Tax increase per pack: \$0.37

### Other States Comparison

Statistics	Cigarette Tax Only	Total Cigarette & Sales Tax
	\$/Pack	on \$6 pack
All States Average Tax	\$1.67	\$1.99
All States Median Tax	\$1.57	\$1.75
Maximum Tax	\$4.35	\$4.59
Montana Tax	\$1.70	\$1.70
Montana Tax if Adjusted	\$2.07	\$2.07
Montana Rank	21	28
Montana Rank if Adjusted	13	19

### Potential Fiscal Impact

Revenue Impact if Inflation Adjustment is Implemented January 1, 2018					
(\$ Millions)					
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>General Fund</b>					
Inflation Adjusted	\$30.558	\$33.207	\$35.792	\$35.581	\$35.413
Current Law	<u>30.558</u>	<u>30.386</u>	<u>30.187</u>	<u>30.010</u>	<u>29.867</u>
GF Impact	-	2.821	5.605	5.572	5.545
<b>State Special Revenue</b>					
Inflation Adjusted	41.314	44.757	48.200	47.880	47.619
Current Law	<u>41.314</u>	<u>40.955</u>	<u>40.653</u>	<u>40.383</u>	<u>40.162</u>
SSR Impact	-	3.802	7.548	7.498	7.457
<b>Total Impact</b>		<b>\$6.623</b>	<b>\$13.152</b>	<b>\$13.069</b>	<b>\$13.002</b>

Assumes demand elasticity of -45%

### Statutory Reference

Tax Rate – [16-11-111, MCA](#); Tax Distribution – [16-11-119, MCA](#); Date Due – Within 30 days after purchase of the insignia ([16-11-117, MCA](#))



### Tax Rates

Current tax rate: \$0.85/oz.

Last rate change: 2006

2017 inflation factor: 1.220

Inflation adjusted rate: \$1.04/oz.

### Potential Consumer Impact

Tax increase per can of chewing tobacco: \$0.22

### Other States Comparison

The tax rates associated with non-cigarette tobacco products vary across states. Most states tax based on the wholesale price, while some states—including Montana—place a different tax rate on chewing tobacco. The combined effective tobacco tax rate in the adjacent table assumes the national average share of 60% of other tobacco product spending is on chewing tobacco. The total tobacco and sales tax calculation assumes an average wholesale price of \$2 for a can of chew.

Statistics	Snuff Tax Only \$/oz	Comb. Eff. Tobacco Tax Rate	Total Tobacco & Sales Tax \$2 Whsl Tin
All States Average Tax	\$1.06	42%	\$1.19
All States Median Tax	\$0.80	33%	\$0.96
Maximum Tax	\$2.57	129%	\$3.63
Montana Tax	\$0.85	51%	\$1.02
Montana Tax if Adjusted	\$1.04	57%	\$1.24
Montana Rank	9/18	15	20
Montana Rank if Adjusted	8/18	14	18

### Potential Fiscal Impact

Revenue Impact if Inflation Adjustment is Implemented January 1, 2018 (\$ Millions)					
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>General Fund</b>					
Inflation Adjusted	\$6.247	\$7.140	\$7.761	\$7.867	\$7.964
Current Law	<u>6.247</u>	<u>6.638</u>	<u>6.742</u>	<u>6.833</u>	<u>6.918</u>
GF Impact	-	0.502	1.020	1.034	1.046
<b>State Special Revenue</b>					
Inflation Adjusted	7.022	7.928	8.644	8.759	8.863
Current Law	<u>7.022</u>	<u>7.370</u>	<u>7.509</u>	<u>7.608</u>	<u>7.698</u>
SSR Impact	-	0.557	1.136	1.151	1.165
<b>Total Impact</b>		<b>\$1.060</b>	<b>\$2.156</b>	<b>\$2.184</b>	<b>\$2.211</b>

Assumes demand elasticity of -45%

### Statutory Reference

Tax Rate – [16-11-111\(7\), MCA](#)

Tax Distribution – [16-11-114\(2\), MCA](#); [16-11-119\(3\), MCA](#); Date Due – [16-11-111\(8\), MCA](#)

### Tax Rates

Current tax rate: \$0.27/liter  
 Last rate change: 1986  
 2017 inflation factor: 2.229  
 Inflation adjusted rate: \$0.60/liter

### Potential Consumer Impact

Tax increase per bottle: \$0.25  
 Tax increase per 5-oz serving: \$0.05

### Other States Comparison

Statistics	Wine Tax Only \$/Liter	Total Wine & Sales Tax on \$15 Bottle
All States Average Tax	\$0.23	\$0.97
All States Median Tax	\$0.22	\$1.02
Maximum Tax	\$0.84	\$1.63
Montana Tax	\$0.27	\$0.20
Montana Tax if Adjusted	\$0.60	\$0.45
Montana Rank	18	47
Montana Rank if Adjusted	3	47

### Potential Fiscal Impact

Revenue Impact if Inflation Adjustment is Implemented January 1, 2018 (\$ Millions)					
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>General Fund</b>					
Inflation Adjusted	\$2.429	\$4.119	\$5.899	\$6.082	\$6.251
Current Law	<u>2.429</u>	<u>2.551</u>	<u>2.646</u>	<u>2.729</u>	<u>2.805</u>
GF Impact	-	1.568	3.252	3.353	3.447
<b>State Special Revenue</b>					
Inflation Adjusted	1.181	1.992	2.853	2.941	3.023
Current Law	<u>1.181</u>	<u>1.234</u>	<u>1.280</u>	<u>1.320</u>	<u>1.356</u>
SSR Impact	-	0.758	1.573	1.622	1.667
<b>Total Impact</b>		<b>\$2.326</b>	<b>\$4.825</b>	<b>\$4.975</b>	<b>\$5.113</b>

### Statutory Reference

Tax Rates – [16-1-411\(1\), MCA](#); [16-2-301\(2\), MCA](#)  
 Tax Distribution – [16-1-411\(3\), MCA](#); [16-2-301\(2\), MCA](#)  
 Date Due – 15<sup>th</sup> day of the month following the sale from the distributor's warehouse ([16-1-411\(2\), MCA](#))