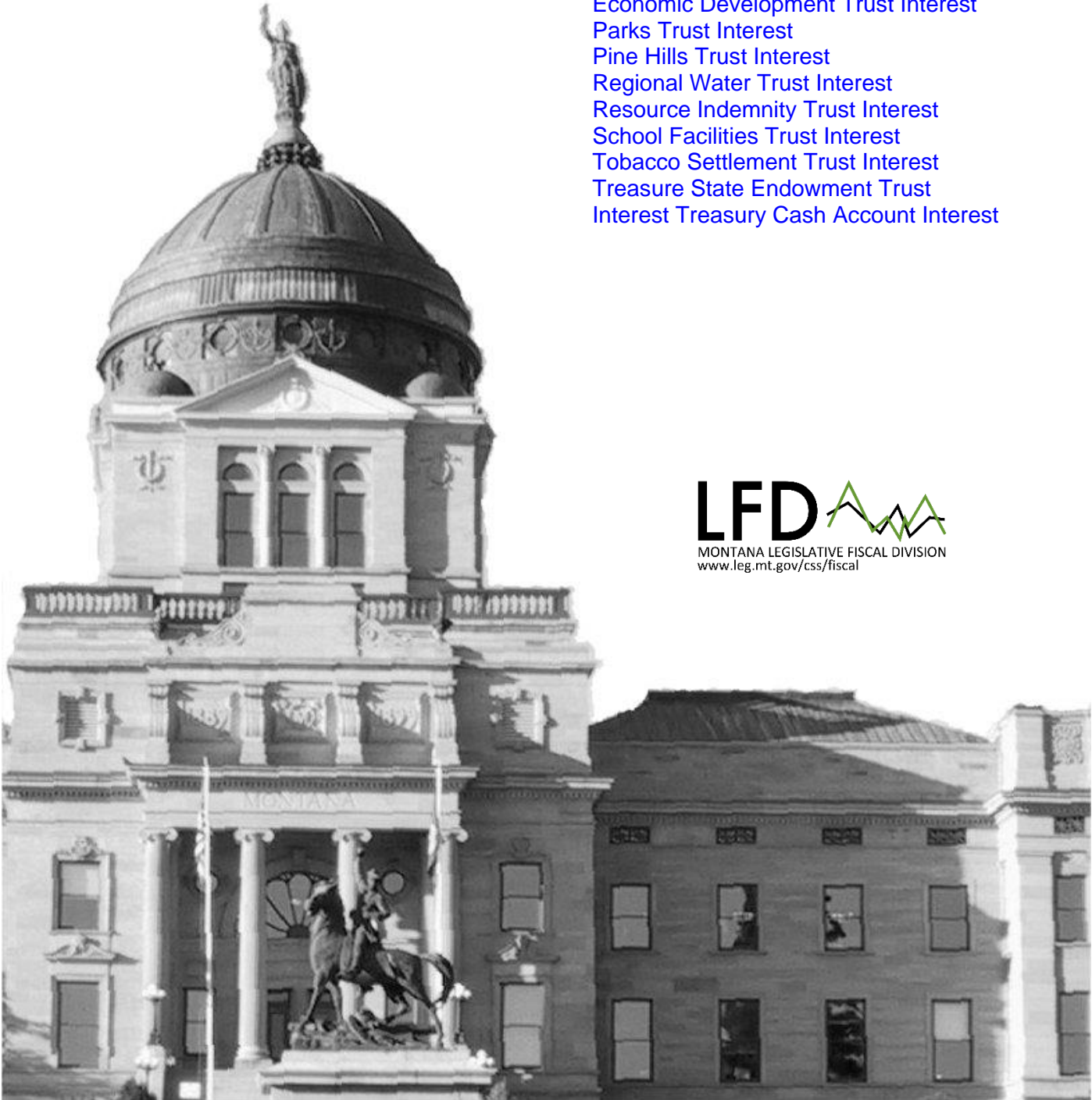


INTEREST EARNINGS

Capital Land Grant
Coal Trust Interest
Common School Interest & Income
Cultural & Aesthetics Trust Interest
Deaf & Blind Trust Interest
Economic Development Trust Interest
Parks Trust Interest
Pine Hills Trust Interest
Regional Water Trust Interest
Resource Indemnity Trust Interest
School Facilities Trust Interest
Tobacco Settlement Trust Interest
Treasure State Endowment Trust
Interest Treasury Cash Account Interest



LFD 
MONTANA LEGISLATIVE FISCAL DIVISION
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Capital Land Grant Interest and Income

Revenue Description

The capital land grant fund is a fund set up for public buildings at the state capital for construction, repair, renovation, and other permanent improvements of state building. Capital land grant funds can also be used for the acquisition of land for such buildings, as well as the payment of principal and interest on bonds issued for any of these purposes. The funds for this come from lands granted by the federal government to the state, which generate income from a variety of sources, as well as interest from principal in the account. Section 12 of the *Enabling Act* requires that income generated on certain sections of federally granted land be used for this purpose.

Statutory Reference

Distribution – [18-2-107, MCA](#)
[Enabling Act](#), Sections 10, 12 & 17

Other – Department of Natural Resources & Conservation (DNRC) trust land administration diversion ([77-1-108, MCA](#) & [77-1-109, MCA](#)); DNRC land bank administration diversion ([77-2-362, MCA](#))

Applicable Tax Rates: N/A

Collection Frequency: Monthly

Distribution

After diversions for DNRC administration, all remaining capital land grant income is deposited into a capital projects fund to be used for projects on the state capital complex in accordance with the provisions of Section 12 of the *Enabling Act*.

Forecast Risks

- Prices and rental charges set by the Board of Land Commissioners
- Commodity prices and production
- Administration costs

Revenue Estimate Methodology

The estimate for interest and income from the capital land grant trust determines the net amount of revenue that will be distributed to the trust beneficiary. Since all the trust income is distributed, the trust has no monetary corpus.

Data

Data from SABHRS provide a history of each individual interest and income revenue component. Department of Natural Resources and Conservation (DNRC) annual reports and other data provide additional information such as mineral prices and production. Budget submissions on the state budgeting system (IBARS) provide anticipated diversions.

Analysis

The estimate is produced by estimating the revenue components and then subtracting estimated diversion amount. The revenue components for this source are made up of timber, grazing, and agricultural fees, oil and gas bonuses, leases and penalties, mineral royalties and miscellaneous rentals. They are typically estimated using a moving average of recently completed fiscal years' collections. DNRC's estimated operational costs are used for the forecast of diversion amounts.

Revenue Estimate Assumptions

This section contains the assumptions used to generate LFD revenue recommendation.

Interest Earnings

Capital Land Grant Interest and Income

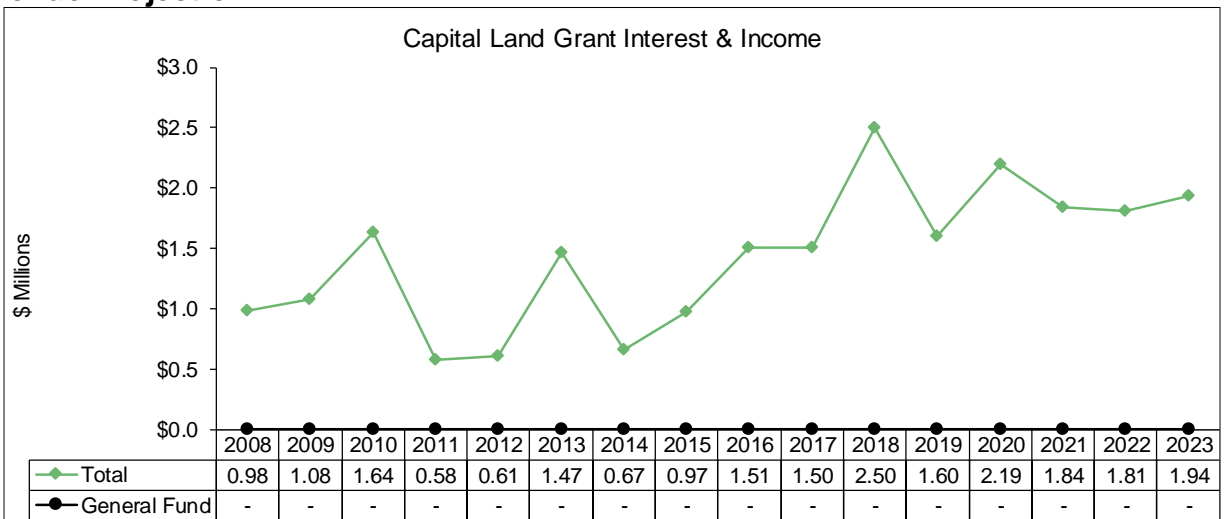
FY	Total Rev. \$ Millions	GF Rev. \$ Millions	Grazing \$ Millions	Agriculture \$ Millions	O&G Lease \$ Millions	O&G Bonus \$ Millions	O&G Penalty \$ Millions
A 2010	\$1.635	-	\$0.185	\$0.087	\$0.027	\$0.032	\$0.014
A 2011	0.58	-	0.19	0.14	0.03	0.08	0.01
A 2012	0.61	-	0.24	0.10	0.03	0.11	0.01
A 2013	1.47	-	0.29	0.14	0.03	-	0.01
A 2014	0.67	-	0.33	0.10	0.03	0.00	0.02
A 2015	0.97	-	0.41	0.10	0.03	0.01	0.02
A 2016	1.51	-	0.56	0.07	0.00	0.00	0.00
A 2017	1.50	-	0.40	0.10	0.00	-	0.00
A 2018	2.50	-	0.32	0.10	0.00	0.01	(0.00)
A 2019	1.60	-	0.38	0.13	0.00	-	0.00
A 2020	2.19	-	0.38	0.11	0.00	-	0.00
F 2021	1.84	-	0.34	0.10	0.01	-	0.00
F 2022	1.81	-	0.36	0.11	0.01	-	0.00
F 2023	1.94	-	0.36	0.11	0.01	-	0.00
F 2024	1.86	-	0.36	0.11	0.01	-	0.00
F 2025	1.87	-	0.36	0.11	0.01	-	0.00

FY	Misc. Rentals \$ Millions	Res. Dev. \$ Millions	Timber Cost \$ Millions	Oil Roy. \$ Millions	Gas Roy. \$ Millions	Timber \$ Millions	Misc. \$ Millions
A 2010	\$0.157	\$0.000	\$0.000	\$0.017	\$0.024	\$1.990	\$0.017
A 2011	0.16	-	-	0.01	0.01	0.70	0.01
A 2012	0.27	-	-	0.01	0.00	0.74	0.02
A 2013	0.28	-	-	0.01	0.00	1.60	0.11
A 2014	0.37	-	-	0.01	0.01	0.67	0.02
A 2015	0.72	-	-	0.00	0.04	0.41	0.01
A 2016	0.17	-	-	0.00	0.00	1.80	0.01
A 2017	0.19	-	-	0.00	0.00	1.99	0.01
A 2018	0.18	-	-	0.49	0.06	2.25	0.03
A 2019	0.20	-	-	0.15	0.02	1.75	0.02
A 2020	0.19	-	-	0.10	0.01	2.49	0.01
F 2021	0.19	-	-	0.03	0.02	2.16	0.02
F 2022	0.19	-	-	0.03	0.01	2.13	0.02
F 2023	0.19	-	-	0.03	0.01	2.26	0.02
F 2024	0.19	-	-	0.03	0.01	2.19	0.01
F 2025	0.19	-	-	0.04	0.01	2.19	0.02

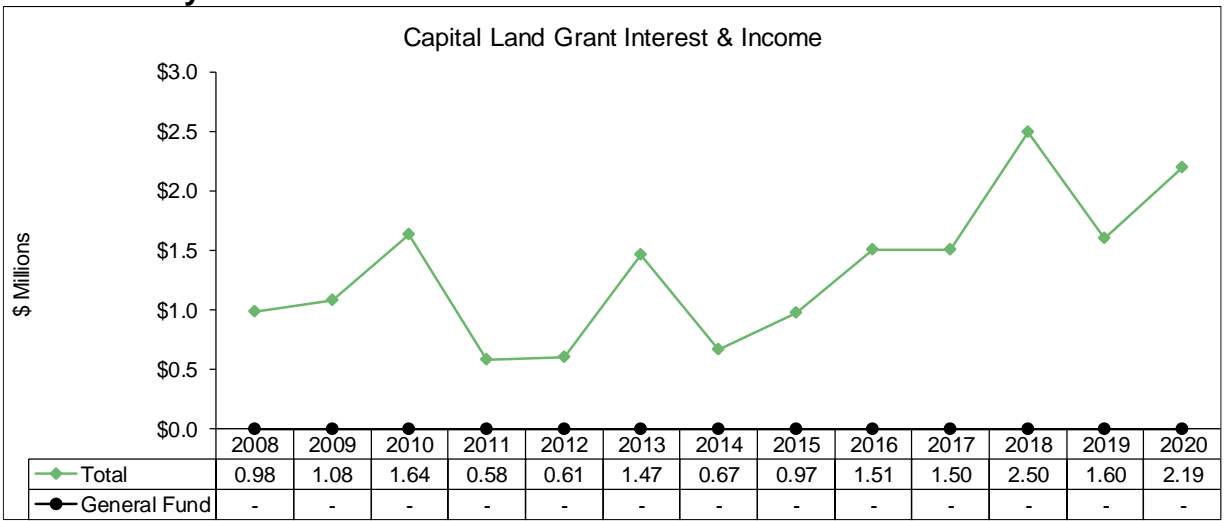
FY	Trust Land Admin. \$ Millions
A 2010	(\$0.915)
A 2011	(0.77)
A 2012	(0.91)
A 2013	(0.81)
A 2014	(0.89)
A 2015	(0.79)
A 2016	(0.80)
A 2017	(0.95)
A 2018	(0.94)
A 2019	(1.06)
A 2020	(1.09)
F 2021	(1.03)
F 2022	(1.06)
F 2023	(1.06)
F 2024	(1.05)
F 2025	(1.05)

**Interest Earnings
Revenue Projection**

Capital Land Grant Interest and Income



Revenue History



Coal Trust Interest

Revenue Description

The coal trust is one of several trusts set up with money from the Coal Severance Tax. The interest money from this fund is for a variety of purposes with the majority going to fund the Public Employees Retirement System.

[Article IX, Section 5](#) of the Montana Constitution requires that 50% of all coal severance tax revenue be deposited in a permanent coal trust fund in which appropriation of the principal requires a three-fourths vote of each house of the legislature. Coal severance tax funds flowing into the trust fund are first used to secure and subsidize state bonds issued to finance water resource and renewable resource development projects and activities. The remaining funds are then split 25% (12.5% of total revenue) to the Big Sky Economic Development trust fund and the remaining 75% (37.5% of total revenue) to the School Facilities Fund.

For more information on the coal permanent trust earnings and distributions, see the chart in the [Coal Severance Tax](#) section.

Statutory Reference

Distribution – [Montana Constitution, Article IX, Section 5](#); [17-5-704, MCA](#); [15-35-108, MCA](#)

Applicable Tax Rates: N/A

Collection Frequency: Monthly

Distribution

Interest earned on the coal severance tax permanent trust fund that is deposited to the general fund is statutorily appropriated as follows:

- \$65,000 to the cooperative development center;
- \$900,000 for the growth through agriculture program provided for in [Title 90, chapter 9](#);
- \$600,000 for the Montana food and agricultural development program
- to the Department of Commerce for specific projects:
 - \$325,000 for a small business development center;
 - \$50,000 for a small business innovative research program;
 - \$625,000 for certified regional development corporations;
 - \$500,000 for the Montana manufacturing extension center at MSU-Bozeman; and
 - \$300,000 for export trade enhancement
- After the above payments, the remaining funds are distributed to the state general fund

Forecast Risks

- Short- and long-term interest rates
- Bond rates

Revenue Estimate Methodology

Data

The Board of Investments (BOI) provides information on historic interest rates as well as the gains and losses from the sale of securities. Projections of future long-term interest rates are provided by the BOI and short-term rates are provided by IHS Markit.

Analysis

Interest Earnings

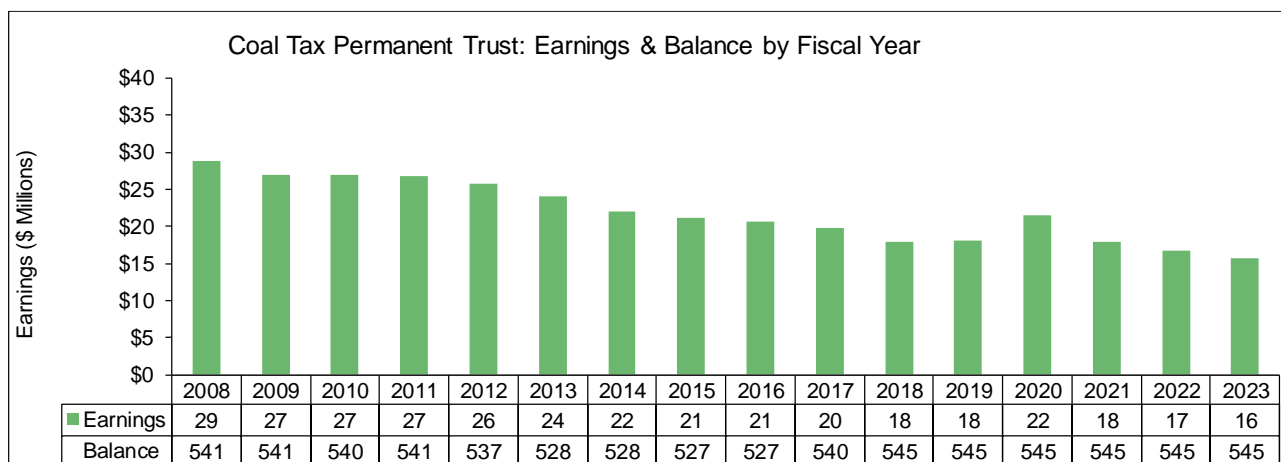
Coal Trust Interest

The coal trust was created from distributions of the coal severance tax. The Constitution requires that 50% of the coal severance tax collections be distributed into the coal trust; currently, the required coal tax revenue flows into two of the sub-trusts and none of the tax revenue is deposited into the permanent coal trust.

Each of the following interest or income components are estimated independently and combined to produce the estimate:

- Trust funds bond pool (TFBP)
- In-state investments
- Short-term investment pool (STIP)

The TFBP was formed in 1995 to manage the fixed investments held in the state’s major trust funds. Each trust owns “shares” of the pool and interest earnings are paid to each trust on a per-share basis. Yearly return rate estimates provided by the BOI are applied to the current and estimated future trust balance to produce a TFBP earnings estimate.



The BOI is required by statute to invest 25% of the coal tax trust in the Montana economy. In-state investments primarily consist of loans to Montana business entities and earnings are equal to the interest charged on the loans.

STIP interest (including other interest) is earned on cash, prior to investment in long-term investments. Funds are acquired from new deposits and maturing securities in the forecast period. Funds are held in STIP until the BOI determines that conditions are favorable for investment in the TFBP. STIP earnings are modeled on an average short-term interest rate based on IHS Markit projections of three short-term investments

After the estimates are calculated, the projected earnings the sources are combined to reach total coal trust interest revenue, and the revenues are distributed as described above.

Revenue Estimate Assumptions

This section contains the assumptions used to generate LFD revenue recommendation.

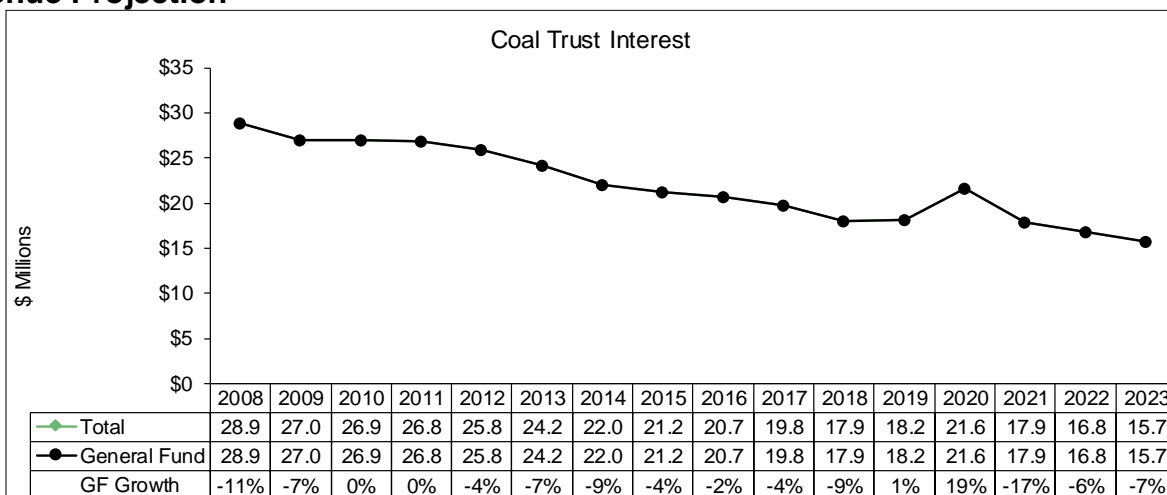
Interest Earnings

Coal Trust Interest

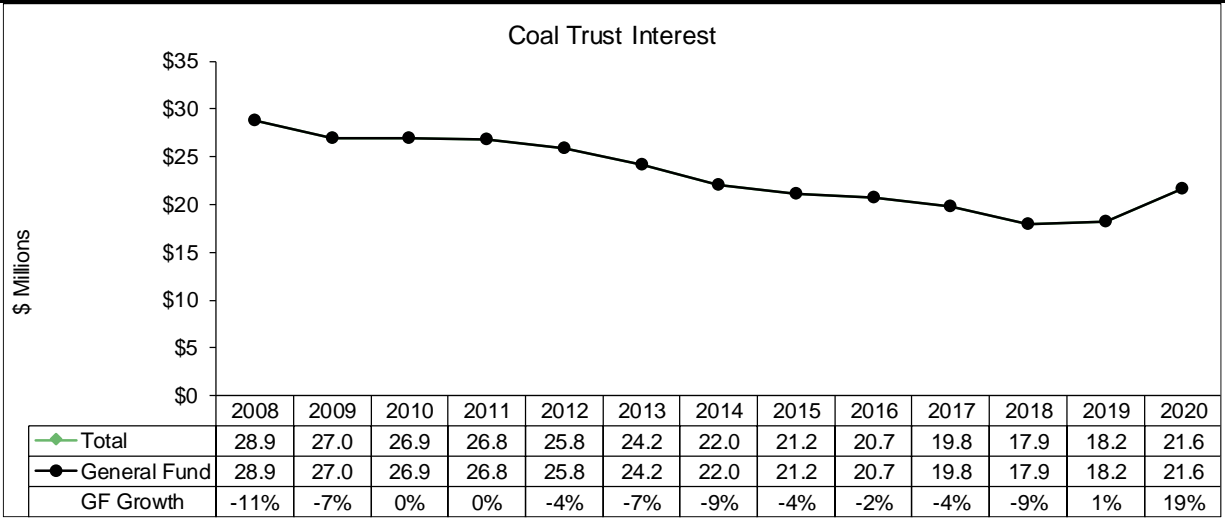
FY	Total Rev. \$ Millions	GF Rev. \$ Millions	TFBP Interest \$ Millions	In_State Interest \$ Millions	Other Interest \$ Millions	STIP Interest \$ Millions
A 2010	\$26.914	\$26.914	\$16.102	\$11.454	\$0.119	\$0.060
A 2011	26.783	26.783	16.687	10.416	0.585	0.053
A 2012	25.840	25.840	17.618	8.701	0.128	0.041
A 2013	24.153	24.153	16.664	7.083	0.453	0.032
A 2014	21.996	21.996	16.058	5.114	0.112	0.013
A 2015	21.168	21.168	15.360	4.585	0.149	0.019
A 2016	20.722	20.722	14.171	4.109	(0.091)	0.064
A 2017	19.799	19.799	12.838	4.216	(0.299)	0.219
A 2018	17.938	17.938	12.417	4.094	0.865	0.219
A 2019	18.172	18.172	12.749	3.911	1.099	0.398
A 2020	21.600	21.600	11.865	3.732	1.272	0.422
F 2021	17.904	17.904	12.041	4.082	1.714	0.067
F 2022	16.828	16.828	10.973	4.082	1.734	0.039
F 2023	15.700	15.700	9.853	4.082	1.722	0.042
F 2024	14.685	14.685	8.829	4.082	1.729	0.044
F 2025	14.905	14.905	9.051	4.082	1.726	0.047

FY	TFBP Long Term Rate	Non Pool STIP Rate	Non Pool In State Rate	Non Pool STIP Bal \$ Millions	Non Pool In-State Bal \$ Millions	Invested TFBP Bal. \$ Millions
A 2010	5.1%	0.3%	5.8%	\$17.745	\$194.937	\$324.357
A 2011	5.0%	0.3%	5.7%	16.06	168.61	343.01
A 2012	4.9%	0.3%	5.6%	13.82	139.78	369.51
A 2013	4.5%	0.2%	5.5%	20.57	116.90	373.83
A 2014	4.3%	0.1%	4.6%	9.24	105.82	380.29
A 2015	4.1%	0.1%	4.5%	21.04	97.10	375.33
A 2016	3.9%	0.3%	3.9%	20.34	111.76	355.02
A 2017	3.6%	0.9%	3.7%	27.61	115.71	354.76
A 2018	3.5%	1.1%	3.3%	13.12	134.29	353.46
A 2019	3.6%	2.1%	3.1%	24.60	119.15	353.73
A 2020	3.4%	1.8%	2.8%	22.77	143.77	353.73
F 2021	3.4%	0.3%	2.8%	22.77	143.77	354.14
F 2022	3.1%	0.2%	2.8%	22.77	143.77	353.96
F 2023	2.8%	0.2%	2.8%	22.77	143.77	353.81
F 2024	2.5%	0.2%	2.8%	22.77	143.77	353.87
F 2025	2.6%	0.2%	2.8%	22.77	143.77	353.90

Revenue Projection



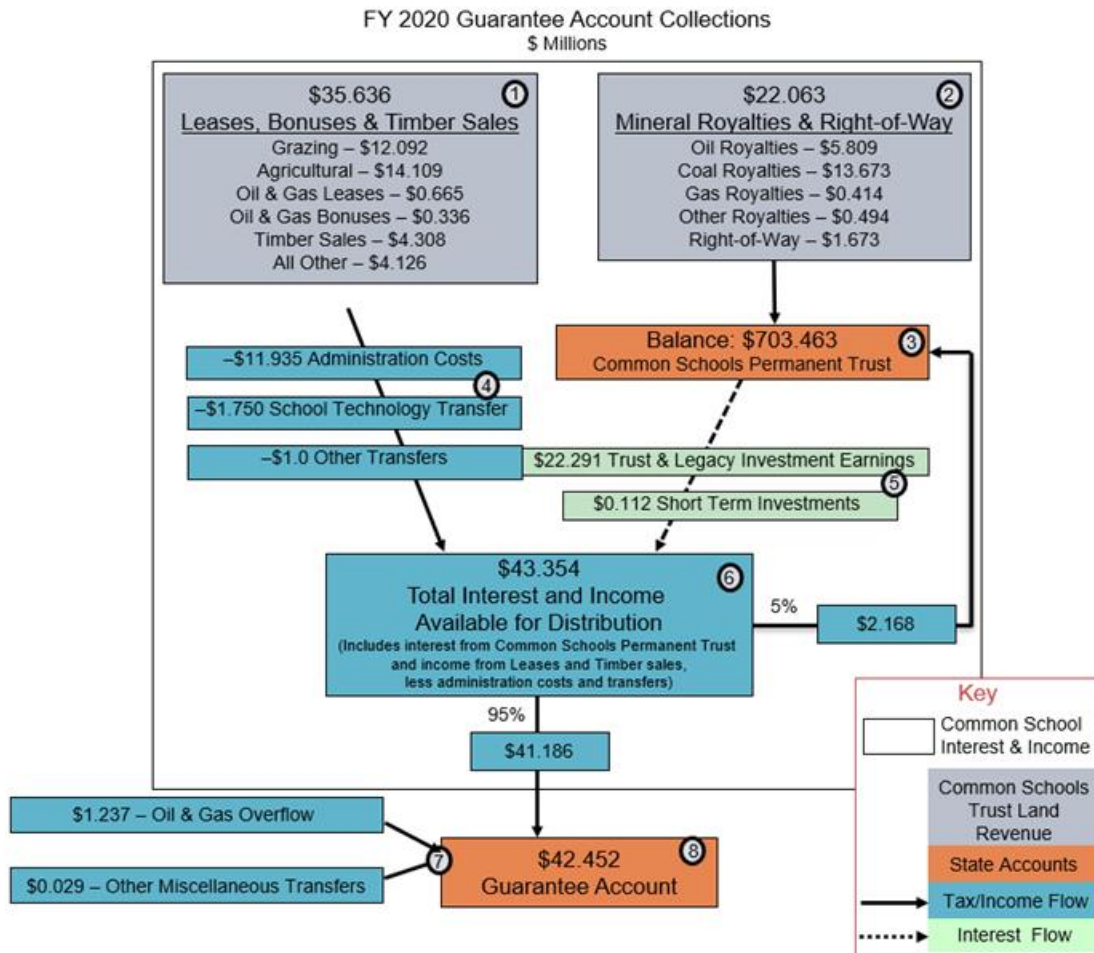
Revenue History



Common School Interest and Income

Revenue Description

The Common School Trust is a fund set up for the support of public schools using income generated from state common school trust land and the subsequent interest on the account. Lands granted by the federal government to the state for the benefit of public schools and various state institutions generate income through rents or crop shares for agricultural purposes, royalties from the sale of mineral rights, and sales of timber. The revenue estimate is net of administration costs for the Department of Natural Resources and Conservation (DNRC) and any other school-related transfers. The chart below shows the FY 2016 earnings and distribution, with subsequent descriptions of each numbered box.



*Totals may not sum exactly due to rounding

1 Leases, Bonuses & Timber Sales: Lands granted by the federal government to the state for the benefit of public schools generate income. Common school lands produce two kinds of revenue: 1) distributable income such as interest earnings, agricultural rents or crop shares, and timber sale revenue; and 2) permanent income that is returned to the trust as income from the sale of minerals, land, and easements.

Box 1 is the distributable income. This common school land revenue includes leases, bonuses and timber sales under 18 million board feet. Revenue from timber sales over 18 million board feet is transferred to the school facility and technology account ([20-9-516, MCA](#)).

Interest Earnings

Common School Interest and Income

② Mineral Royalties & Right-of-Way: This portion is deposited directly into the common schools permanent trust and includes sales of part of all of a piece of common schools trust land including extractable resources such as oil, natural gas, and coal.

③ Common Schools Permanent Trust: The [Enabling Act](#) states that “proceeds from the sale and other permanent disposition of any of the said lands and from every part thereof, shall constitute permanent funds for the support and maintenance of the public schools and the various State institutions for which the lands have been granted.” The Common Schools Permanent Trust is the permanent trust account in which school dedicated funds are held.

④ Costs & Transfer: The amount of revenue deposited to the guarantee account is net of amounts diverted for DNRC administration costs and those deposited directly to the school facility and technology account shown in Box 4. The administration costs diversion funds operational costs in DNRC for common school lands. The school facility and technology account receives timber revenue in excess of 18 million board feet ([77-1-218, MCA](#)). This reduces the amount of revenue distributable to the Guarantee Account.

⑤ Investment Earnings: Funds in the Common Schools Permanent Trust are invested by the [Montana Board of Investments](#), with the interest earned available for distribution. Most of the revenue, the Trust & Legacy Investment Earnings, comes from fixed-income investments. A small amount comes from short-term investments which is interest on the cash when it comes into the Montana Board of Investments and before it is invested in the longer-term Trust Funds Investment Pool.

⑥ Common School Trust Land Interest and Income: This amount is commonly referred to as common school interest and income. It is comprised of the income from leases, bonuses, and timber (Box 1) less costs and transfers (Box 4), plus interest from the Common Schools Permanent Trust (Box 5). The money is distributed as follows:

- 95% is transferred to the state special revenue guarantee account which is statutorily appropriated for schools
- 5% is reinvested in the Common Schools Permanent Trust

⑦ Additional transfers which are not shown here but are included in the [Guarantee Account](#) section.

⑧ Guarantee Account: This is the state special revenue fund ([20-9-104, MCA](#)) which is statutorily appropriated to schools in the form of BASE aid. It is comprised of common school interest and income and other appropriations and is the first source of state school funding (used before general fund).

Note that the common school revenue is not the only source of guarantee account revenue; see the [Guarantee Account](#) section for more information on total revenue transferred to that account.

Statutory Reference

Distribution – [Montana Constitution Article X, Section 5](#); [20-9-342, MCA](#); [20-9-622, MCA](#)
[Enabling Act](#), Section 10

Other – DNRC trust land administration diversion ([77-1-108, MCA](#) & [77-1-109, MCA](#))
DNRC land bank administration diversion ([77-2-362, MCA](#))

Date Due – Last business day of February following the calendar year in which the money was received ([20-9-342, MCA](#)).

Applicable Tax Rates: N/A

Collection Frequency

Revenue is received monthly; distribution to the state special revenue fund occurs three times per year.

Distribution

Interest Earnings

Common School Interest and Income

As described above, 95% of interest and income from the common school permanent trust fund (excluding a portion of timber sale revenue and after amounts diverted for DNRC administration) is distributed to the state special revenue guarantee account and is statutorily appropriated for schools. The remaining 5% is deposited to the permanent trust fund. The amount of timber sale revenue over 18 million board feet is deposited to the school facility and technology account. The amounts deposited to the guarantee account are shown in this revenue source.

Forecast Risks

- Commodity prices and production
- Bond rates

Revenue Estimate Methodology

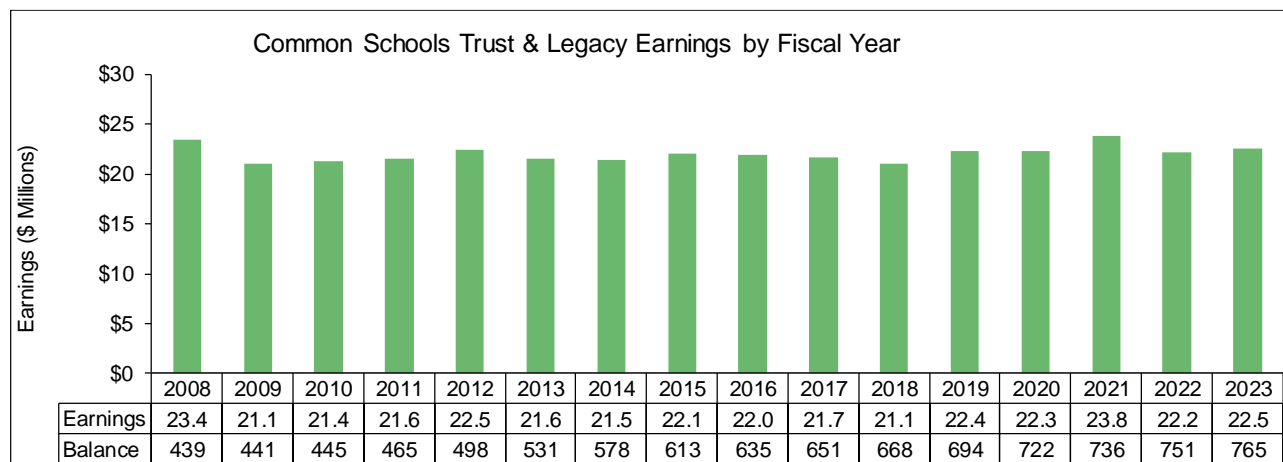
Data

Data from SABHRS provides a history of each individual interest and income revenue component from which estimates can be made. DNRC annual reports and other data provide additional information such as mineral prices and production. DNRC provided data for easement sales and timber harvest volumes. IHS Markit provides future estimates of West Texas Intermediate oil and national well head natural gas prices.

Analysis

In addition to interest earnings, the revenue components for this source are made up of timber, grazing, and agricultural fees, oil and gas bonuses, leases and penalties, mineral royalties and miscellaneous rentals. They are typically estimated using a moving average of recently completed fiscal years' collections

The monetary assets of the common school trust are pooled with monetary assets of other land trusts (termed "Trust and Legacy") and invested by the Board of Investments (BOI) in the trust funds bond pool (TFBP). To forecast the total interest earned, estimated rates of return provided by the BOI are applied to the current and forecast invested balance. Money not invested in the TFBP earns interest at a short-term rate which is forecast by IHS Markit.



Diversions fund operational costs in DNRC, but reduce the amount of permanent and distributable revenue that would have been deposited to the common school trust or distributed to the trust beneficiaries. The cost estimates are provided by DNRC.

The estimate assumes that distributable revenue is used to fund DNRC costs. The total expenditures requested to be made from the Trust Land Administration Account can be funded from distributable revenue, permanent revenue, or a combination of the two. It is up to the DNRC to decide. If permanent revenue is chosen, the corpus of the trust will not grow as rapidly as it would have and interest earnings

Interest Earnings

Common School Interest and Income

from the trust will be less. If distributable revenue is chosen, the amount deposited to the guarantee account to fund public schools will be less, thus requiring more funding from the general fund.

Revenue Estimate Assumptions

This section contains the assumptions used to generate LFD revenue recommendation.

FY	Total Rev. \$ Millions	GF Rev. \$ Millions	TFBP Interest \$ Millions	STIP Interest \$ Millions	Common School Share T&L	Trust Land Admin
A 2010	\$133.315	-	\$22.916	\$0.018	93.2%	(\$8.674)
A 2011	60.14	-	23.19	0.03	0.93	(8.84)
A 2012	102.39	-	24.17	0.03	0.93	(8.72)
A 2013	61.10	-	23.19	0.02	0.93	(9.20)
A 2014	49.73	-	23.04	0.01	0.93	(9.03)
A 2015	48.35	-	24.04	0.00	0.92	(9.55)
A 2016	47.01	-	23.89	0.00	0.92	(10.42)
A 2017	43.06	-	23.61	0.01	0.92	(10.87)
A 2018	41.85	-	22.92	0.03	0.92	(10.80)
A 2019	45.98	-	24.26	0.06	0.92	(10.61)
A 2020	41.19	-	23.98	0.09	0.93	(11.94)
F 2021	41.99	-	25.12	0.02	0.93	(11.27)
F 2022	41.48	-	23.36	0.01	0.93	(11.60)
F 2023	41.92	-	23.80	0.01	0.93	(11.44)
F 2024	43.13	-	25.03	0.01	0.93	(11.52)
F 2025	42.86	-	24.97	0.01	0.93	(11.48)

FY	Trust Income New Deposit \$ Millions	T&L Balance \$ Millions	TFBP Long Term Rate	STIP Balance \$ Millions	STIP Rate
A 2010	\$10.710	\$444.653	5.2%	\$11.340	0.2%
A 2011	22.233	464.553	5.1%	15.565	0.2%
A 2012	31.633	498.053	5.0%	11.492	0.2%
A 2013	35.482	531.053	4.5%	13.436	0.2%
A 2014	35.440	578.053	4.2%	2.546	0.1%
A 2015	26.197	612.524	4.0%	2.927	0.1%
A 2016	20.343	634.528	3.8%	2.585	0.2%
A 2017	16.456	650.603	3.7%	5.141	0.3%
A 2018	17.678	667.803	3.5%	7.514	0.5%
A 2019	24.635	693.503	3.6%	8.903	0.8%
A 2020	23.109	721.603	3.4%	5.898	1.2%
F 2021	17.250	736.173	3.4%	5.898	0.3%
F 2022	17.560	750.803	3.1%	5.898	0.2%
F 2023	16.823	764.842	3.1%	5.898	0.2%
F 2024	17.345	779.358	3.2%	5.898	0.2%
F 2025	17.335	793.854	3.1%	5.898	0.2%

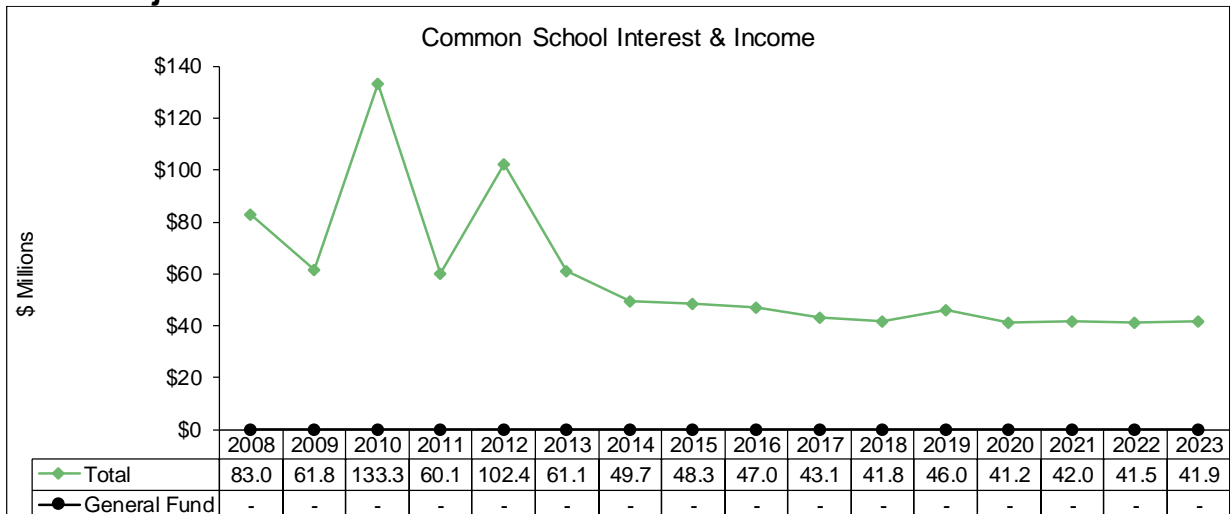
Interest Earnings

Common School Interest and Income

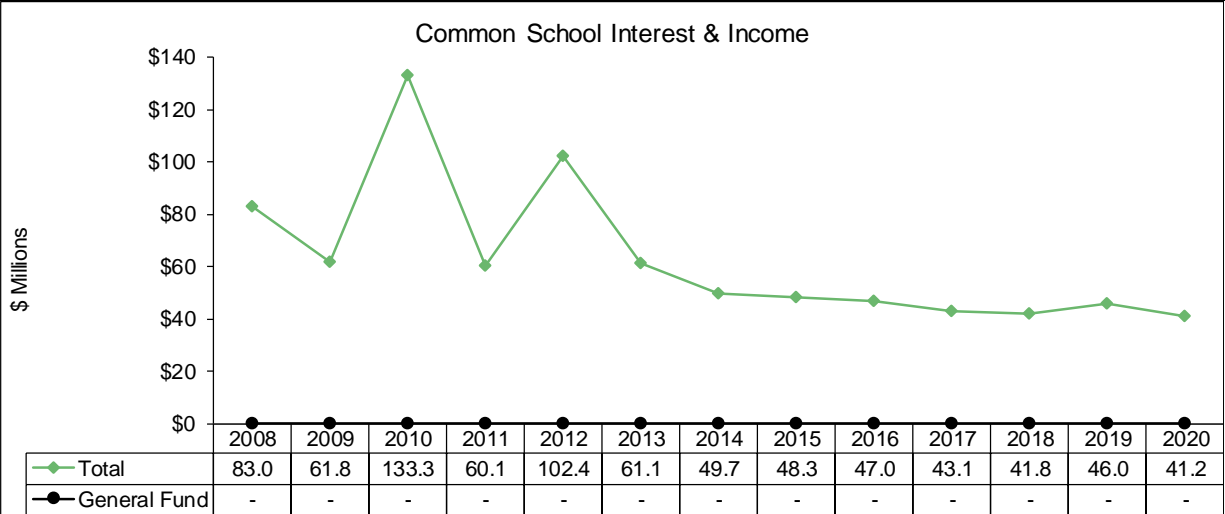
FY	Grazing \$ Millions	Agriculture \$ Millions	Oil & Gas Lease \$ Millions	Oil & Gas Bonus \$ Millions	Oil & Gas Penalty \$ Millions	Misc./Other Rentals \$ Millions	Avista Lease \$ Millions
A 2010	\$5.861	\$10.985	\$2.873	\$7.243	\$0.615	\$85.247	
A 2011	5.98	13.46	2.94	13.23	1.01	2.84	4.26
A 2012	7.47	15.01	3.67	15.10	1.41	3.16	4.38
A 2013	9.27	16.93	3.42	2.02	1.30	2.95	4.50
A 2014	10.52	16.26	2.82	3.08	1.25	3.14	4.57
A 2015	13.12	13.76	1.89	1.89	1.12	3.38	-
A 2016	17.63	11.94	0.95	0.01	0.48	3.48	-
A 2017	12.85	13.16	0.83	0.33	0.43	3.63	-
A 2018	10.36	14.22	0.85	1.77	0.44	3.57	-
A 2019	12.23	15.94	0.70	1.14	0.32	4.02	-
A 2020	12.09	14.11	0.67	0.34	0.16	3.92	-
F 2021	11.00	13.00	0.43	0.34	0.10	3.84	-
F 2022	11.70	13.70	0.50	0.34	0.12	3.93	-
F 2023	11.70	13.70	0.51	0.34	0.12	3.89	-
F 2024	11.47	14.09	0.49	0.34	0.12	3.89	-
F 2025	11.62	13.72	0.48	0.34	0.11	3.90	-

FY	Int. STIP \$ Millions	Int. Trust \$ Millions	Timber \$ Millions	Oil Royalties \$ Millions	Gas Royalties \$ Millions	Coal Royalties \$ Millions	Other Royalties \$ Millions
A 2010	\$0.063	\$21.370	\$2.990	\$12.478	\$2.841	\$4.984	\$0.488
A 2011	0.04	21.57	2.71	12.62	2.33	8.50	0.29
A 2012	0.05	22.52	1.89	14.37	1.47	7.40	0.89
A 2013	0.03	21.56	3.21	17.13	1.20	6.80	0.83
A 2014	0.01	21.50	2.80	17.61	1.59	8.13	1.07
A 2015	0.01	22.13	3.13	12.58	1.22	7.86	0.53
A 2016	0.05	21.97	3.39	6.80	0.53	9.12	0.25
A 2017	0.08	21.72	3.16	6.30	0.54	6.80	0.33
A 2018	0.11	21.11	2.42	7.19	0.77	6.83	0.63
A 2019	0.23	22.38	3.01	8.58	0.64	11.37	0.48
A 2020	0.11	22.29	2.56	5.81	0.41	13.67	0.49
F 2021	0.02	23.84	2.91	7.19	0.97	5.91	0.49
F 2022	0.01	22.16	2.81	7.19	1.14	5.80	0.49
F 2023	0.01	22.55	2.74	6.73	1.13	5.68	0.49
F 2024	0.01	23.72	2.81	7.04	1.50	5.48	0.49
F 2025	0.01	23.65	2.77	6.99	1.79	5.22	0.49

Revenue Projection



Revenue History



Cultural Trust Interest

Revenue Description

The Cultural Trust is one of several trusts set up with money from the coal severance tax. The interest money from this fund is used primarily for works of art in the capitol and for other cultural and aesthetic projects. For more information on the coal permanent trust earnings and distributions, see the chart in the [Coal Severance Tax](#) section.

Statutory Reference

Distribution – [15-35-108\(6\), MCA](#); [22-2-305, MCA](#)

Applicable Tax Rates: N/A

Collection Frequency: Monthly

Distribution

All income from the trust is deposited in a state special revenue fund to be appropriated for protection of art in the state capitol and for other cultural and aesthetic projects.

Forecast Risks

- Short and long-term interest rates
- Bond rates
- Coal price and production

Revenue Estimate Methodology

Data

The Board of Investments (BOI) provides historic interest earnings from the trust as well as the gains and losses from the sale of investment instruments. Projections of interest rates are provided by the BOI, and historic earnings are provided from SABHRS.

Analysis

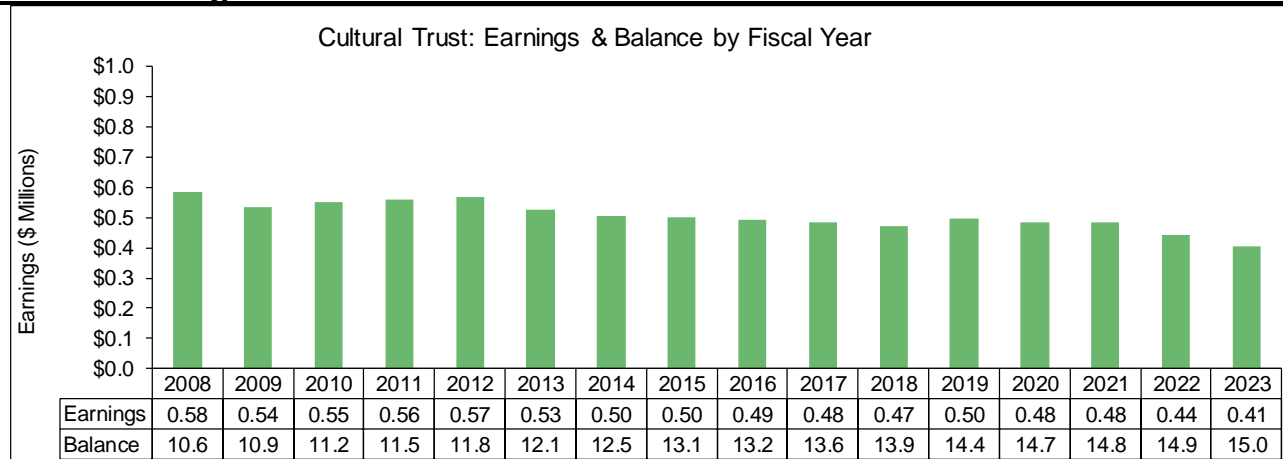
Each of the following interest or income components are estimated independently and combined to produce the estimate:

- Trust fund bond pool (TFBP)
- Short-term investment pool (STIP)
- New trust deposits

TFBP earnings are forecast by applying estimated return rates, provided by the BOI, to the current and forecast trust balance.

Interest Earnings

Cultural Trust Interest



STIP interest is earned on the temporary investment of trust funds. Funds are acquired from activities such as new deposits and investment sales. Funds are held in STIP until the BOI determines that conditions are favorable for deposit in the TFBP. Short-term interest forecasts from IHS Markit are applied to money not invested in the TFBP to calculate future STIP earnings.

The 0.63% coal severance tax distribution to the cultural trust is considered new deposits. New deposits are transferred to the trust on a quarterly basis. These new trust deposits are forecast using estimates of coal severance tax collections.

Revenue Estimate Assumptions

This section contains the assumptions used to generate LFD revenue recommendation.

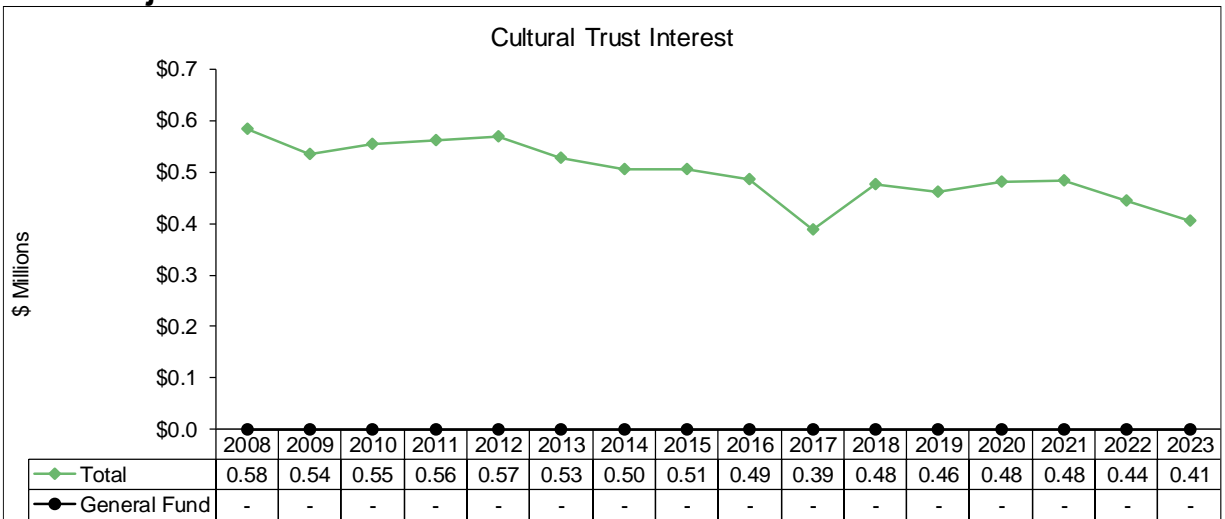
FY	Total Rev. \$ Millions	GF Rev. \$ Millions	TFBP Interest \$ Millions	STIP Interest \$ Millions	Invested Balance \$ Millions	TFBP Long Term Rate
A 2010	\$0.553	-	\$0.553	\$0.000	\$11.024	5.1%
A 2011	0.56	-	0.559	0.000	11.430	5.0%
A 2012	0.57	-	0.567	0.001	11.710	4.9%
A 2013	0.53	-	0.527	0.001	11.930	4.5%
A 2014	0.50	-	0.504	0.000	12.230	4.2%
A 2015	0.51	-	0.501	0.000	12.880	4.0%
A 2016	0.49	-	0.492	0.001	13.059	3.8%
A 2017	0.39	-	0.482	0.002	13.309	3.7%
A 2018	0.48	-	0.466	0.004	13.559	3.5%
A 2019	0.46	-	0.484	0.011	13.759	3.5%
A 2020	0.48	-	0.472	0.011	14.159	3.4%
F 2021	0.48	-	0.482	0.001	14.277	3.4%
F 2022	0.44	-	0.444	0.001	14.398	3.1%
F 2023	0.41	-	0.405	0.001	14.517	2.8%
F 2024	0.37	-	0.366	0.001	14.632	2.5%
F 2025	0.39	-	0.387	0.001	14.743	2.6%

Interest Earnings

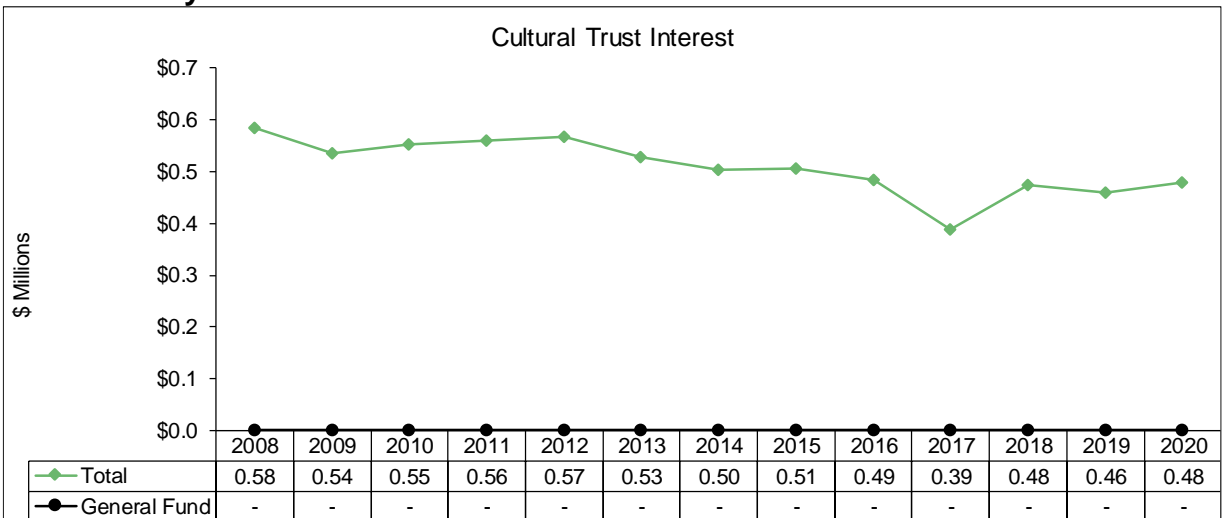
Cultural Trust Interest

FY	Net Coal Tax New Deposit \$ Millions	Non Pool STIP Bal \$ Millions	Non Pool STIP Rate
A 2010	\$0.278	\$0.071	0.5%
A 2011	0.346	0.006	1.0%
A 2012	0.332	0.076	1.5%
A 2013	0.356	0.201	0.4%
A 2014	0.363	0.258	0.2%
A 2015	0.384	0.171	0.2%
A 2016	0.380	0.132	0.8%
A 2017	0.370	0.327	0.9%
A 2018	0.379	0.360	1.3%
A 2019	0.378	0.599	2.2%
A 2020	0.295	0.508	2.0%
F 2021	0.236	0.508	0.3%
F 2022	0.241	0.508	0.2%
F 2023	0.238	0.508	0.2%
F 2024	0.231	0.508	0.2%
F 2025	0.222	0.508	0.2%

Revenue Projection



Revenue History



Deaf and Blind Trust Interest and Income

Revenue Description

The Deaf and Blind Trust is a fund set up for the support of the School for the Deaf and Blind using income generated from state land and the subsequent interest on the account. Lands granted by the federal government to the state for the benefit of public schools and various state institutions generate income through rents or crop shares for agricultural purposes, royalties from the sale of mineral rights, and sales of timber. Up to 25% of distributable revenue may be diverted to the trust land administration account to fund the Department of Natural Resources & Conservation (DNRC) administrative costs.

Statutory Reference

Distribution – [20-8-110, MCA](#)
[Enabling Act](#), Sections 11 & 17

Other – DNRC trust land administration diversion ([77-1-108, MCA](#) & [77-1-109, MCA](#))
DNRC land bank administration diversion ([77-2-362, MCA](#))

Applicable Tax Rates: N/A

Collection Frequency: Monthly

Distribution

Interest and income from the trust, net of amounts to fund DNRC administration costs, are allocated to the School for the Deaf and Blind.

Forecast Risks

- Short and long-term interest rates
- Bond rates

Revenue Estimate Methodology

Data

SABHRS data provide a history of each individual interest and income revenue component; DNRC annual reports and other data provide additional information such as mineral production and timber estimates; and DNRC estimates for operating costs are used for the forecast diversion amounts.

Analysis

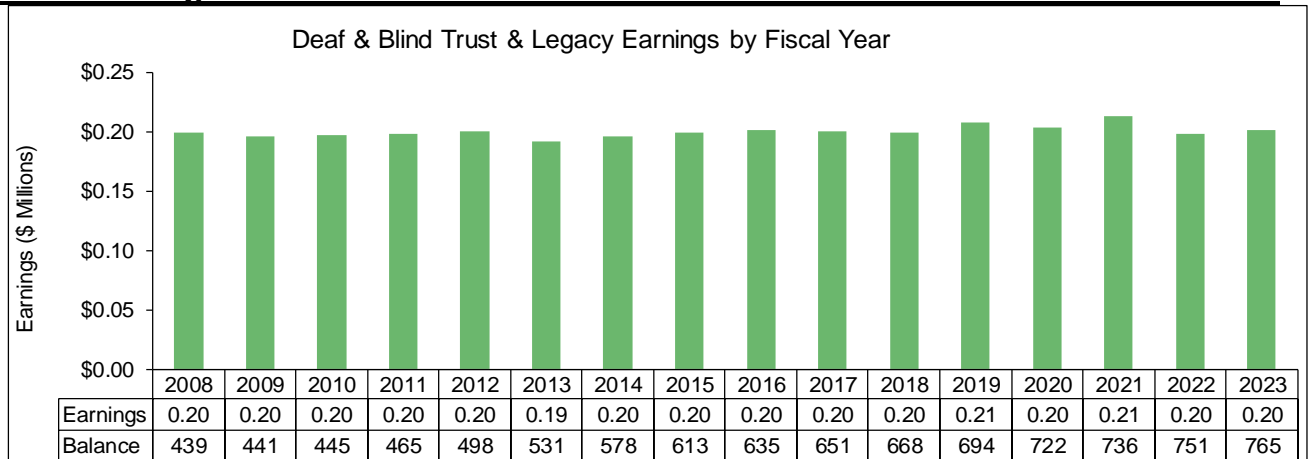
Trust and Legacy Earnings: The monetary assets of the trust are pooled with monetary assets of other land trusts in the T & L and invested by the Board of Investment in the trust funds bond pool. Based on the number of share each trust owns, a share of the earnings is deposited in each trust. The Deaf and Blind trust share is 0.8%. The total pool earnings is a sum of the following:

- Earnings from new deposits – New deposits in the pool initially earn interest at the short-term rate before it is invested in a longer-term investment. IHS Markit forecasts for short-term interest rates are used to project these interest earnings.
- Earnings from existing balance – Most of these funds have been invested in bonds purchased over the past several years. Estimated return rates from the BOI are applied to the current and forecast trust balance to calculate the estimate.
- Non-portfolio earnings – Money not invested in the trust funds bond pool earns interest at the short-term rate.

Once the total amount of the pool earnings has been estimated by summing the above three items, it is multiplied by the Deaf and Blind trust share of 0.8%.

Interest Earnings

Deaf and Blind Interest and Income



Remaining revenue sources such as grazing and agricultural fees, as well as mineral royalties and oil and gas leases are typically estimated using a time series or assuming no growth from the previous fiscal year.

Future diversion amounts are based on estimates from the DNRC, and are assumed to be funded with distributable revenue.

Revenue Estimate Assumptions

This section contains the assumptions used to generate LFD revenue recommendation.

FY	Total Rev. \$ Millions	GF Rev. \$ Millions	TFBP Interest \$ Millions	STIP Interest \$ Millions	Deaf & Blind Share T&L	D&B T&L Interest \$ Millions
A 2010	\$0.265	-	\$22.916	\$0.018	0.9%	\$0.198
A 2011	0.33	-	23.194	0.033	0.9%	0.198
A 2012	0.24	-	24.175	0.028	0.8%	0.201
A 2013	0.30	-	23.189	0.022	0.8%	0.192
A 2014	0.28	-	23.042	0.007	0.8%	0.196
A 2015	0.31	-	24.044	0.003	0.8%	0.199
A 2016	0.34	-	23.894	0.004	0.8%	0.201
A 2017	0.28	-	23.612	0.013	0.8%	0.200
A 2018	0.26	-	22.923	0.033	0.8%	0.200
A 2019	0.32	-	24.257	0.062	0.8%	0.207
A 2020	0.31	-	23.984	0.091	0.8%	0.203
F 2021	0.36	-	25.118	0.017	0.8%	0.213
F 2022	0.36	-	23.365	0.010	0.8%	0.198
F 2023	0.36	-	23.802	0.011	0.8%	0.202
F 2024	0.38	-	25.033	0.012	0.8%	0.212
F 2025	0.39	-	24.969	0.012	0.8%	0.212

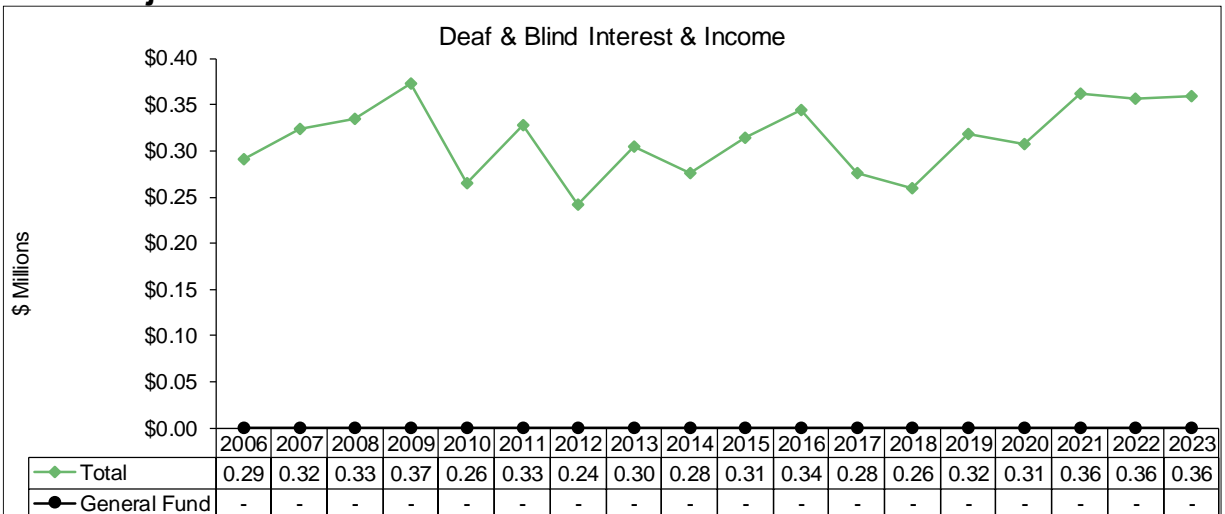
Interest Earnings

Deaf and Blind Interest and Income

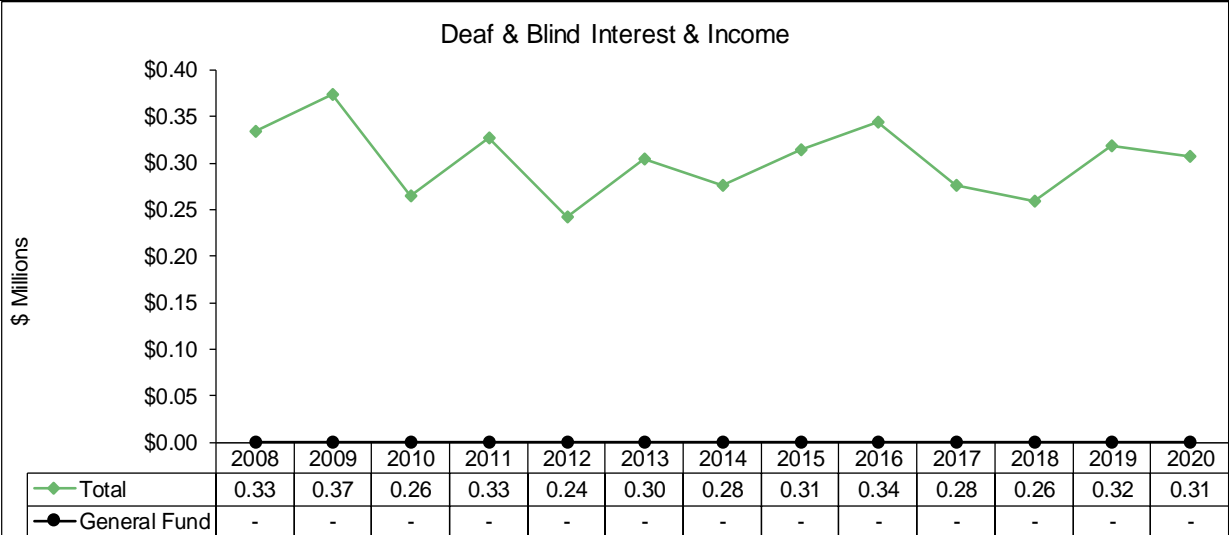
FY	Trust Income New Deposit \$ Millions	TFBP Long Term Rate	Non Pool STIP Rate	Non Pool STIP Bal \$ Millions	T&L Balance \$ Millions
A 2010	\$10.710	5.2%	0.2%	\$11.340	\$444.653
A 2011	22.233	5.1%	0.1%	15.565	464.553
A 2012	31.633	5.0%	0.1%	11.492	498.053
A 2013	35.482	4.5%	0.1%	13.436	531.053
A 2014	35.440	4.2%	0.1%	2.546	578.053
A 2015	26.197	4.0%	0.1%	2.927	612.524
A 2016	20.343	3.8%	0.3%	2.585	634.528
A 2017	16.456	3.7%	0.7%	5.141	650.603
A 2018	17.678	3.5%	1.5%	7.514	667.803
A 2019	24.635	3.6%	2.1%	8.903	693.503
A 2020	23.109	3.4%	1.3%	5.898	721.603
F 2021	17.250	3.4%	0.3%	5.898	736.173
F 2022	17.560	3.1%	0.2%	5.898	750.803
F 2023	16.823	3.1%	0.2%	5.898	764.842
F 2024	17.345	3.2%	0.2%	5.898	779.358
F 2025	17.335	3.1%	0.2%	5.898	793.854

FY	Grazing \$ Millions	Agriculture \$ Millions	Oil & Gas Lease \$ Millions	Oil & Gas Bonus \$ Millions	Oil & Gas Penalty \$ Millions	Misc. \$ Millions	TLMD Adm. \$ Millions
A 2010	\$0.056	\$0.027	\$0.009	-	\$0.003	\$0.057	(0.085)
A 2011	0.06	0.04	0.01	-	0.00	0.09	(0.21)
A 2012	0.07	0.04	0.01	0.04	-	0.09	(0.14)
A 2013	0.08	0.04	0.01	-	-	0.10	(0.12)
A 2014	0.09	0.03	0.01	-	0.00	0.11	(0.14)
A 2015	0.11	0.05	0.00	-	0.00	0.11	(0.15)
A 2016	0.15	0.05	-	-	-	0.10	(0.13)
A 2017	0.11	0.03	-	-	-	0.09	(0.14)
A 2018	0.08	0.03	-	-	-	0.09	(0.14)
A 2019	0.10	0.06	-	-	-	0.62	(0.14)
A 2020	0.10	0.07	-	-	-	0.13	(0.19)
F 2021	0.09	0.06	-	-	-	0.15	(0.16)
F 2022	0.10	0.06	-	-	-	0.16	(0.16)
F 2023	0.10	0.06	-	-	-	0.17	(0.17)
F 2024	0.10	0.07	-	-	-	0.17	(0.16)
F 2025	0.10	0.06	-	-	-	0.18	(0.16)

Revenue Projection



Revenue History



Economic Development Trust Interest

Revenue Description

The Economic Development trust is one of several trusts set up with money from the coal severance tax. The interest money from this fund is used primarily for economic development by local governments and certified regional and economic development organizations. The deposits of coal severance tax revenue to this fund terminate at the end of FY 2025. For more information on the coal permanent trust earnings and distributions, see the chart in the [Coal Severance Tax](#) section.

[Article IX, Section 5](#) of the Montana Constitution requires that 50% of all coal severance tax revenue be deposited in a permanent coal trust fund in which appropriation of the principal requires a three-fourths vote of each house of the legislature. Coal severance tax funds flowing into the trust fund are first used to secure and subsidize state bonds issued to finance water resource and renewable resource development projects and activities. The remaining funds are then split 25% (12.5% of total revenue) to the Big Sky Economic Development trust fund and the remaining 75% (37.5% of total revenue) to the School Facilities Fund under passage of [SB 260 \(2017 Session\)](#).

Statutory Reference

Distribution – [Montana Constitution, Article IX, Section 5](#); [17-5-703 \(5b\), MCA](#); [90-1-205, MCA](#)

Date Due – Monthly ([17-5-703\(5b\), MCA](#))

Applicable Tax Rates: N/A

Collection Frequency: Monthly

Distribution

Interest earnings are deposited to a state special revenue fund and are statutorily appropriated to the Department of Commerce to pay administrative expenses with the remainder for:

- 75% to local governments to be used for job creation; and
- 25% to certified regional development corporations and economic development organizations

Forecast Risks

- Short and long-term interest rates
- Bond rates
- Coal price and production

Revenue Estimate Methodology

Data

The Board of Investments (BOI) provides information on historic interest rates as well as the gains and losses from the sale of securities. Projections of future interest rates are provided by the BOI and historic interest collections are obtained from SABHRS.

Analysis

Each of the following interest or income components are estimated independently and combined to produce the overall estimate:

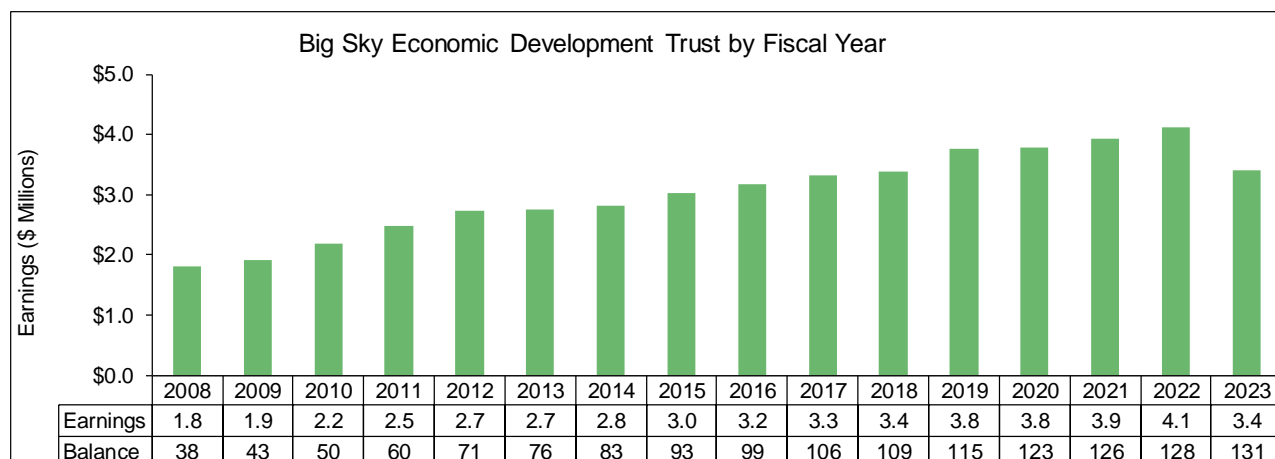
- Trust funds bond pool (TFBP)
- Short-term investment pool (STIP)
- New trust deposits

The TFBP was formed in 1995 to manage the fixed investments held in the state's major trust funds. Each trust owns "shares" of the pool and interest earnings are paid to each trust on a per-share basis. TFBP earnings are the largest source of earnings for the trust, as shown in the figure below. TFBP

Interest Earnings

Economic Development Trust Interest

earnings are forecast by applying estimated return rates, provided by the BOI, to the current and forecast trust balance.



STIP interest is earned on the temporary investment of trust funds. Funds are acquired from activities such as new deposits and investment sales. Funds are held in STIP until the BOI determines that conditions are favorable for deposit in the TFBP. Short-term interest forecasts from IHS Markit are applied to money not invested in the TFBP to calculate future STIP earnings.

Coal severance tax distributions to the trust are considered new deposits. New deposits are transferred to the trust on a quarterly basis. When the BOI receives the coal tax transfer, the funds are immediately invested in STIP. Funds are expected to remain in STIP for one month before being invested in the TFBP. These new trust deposits are forecast using estimates of coal severance tax collections.

Revenue Estimate Assumptions

This section contains the assumptions used to generate LFD revenue recommendation.

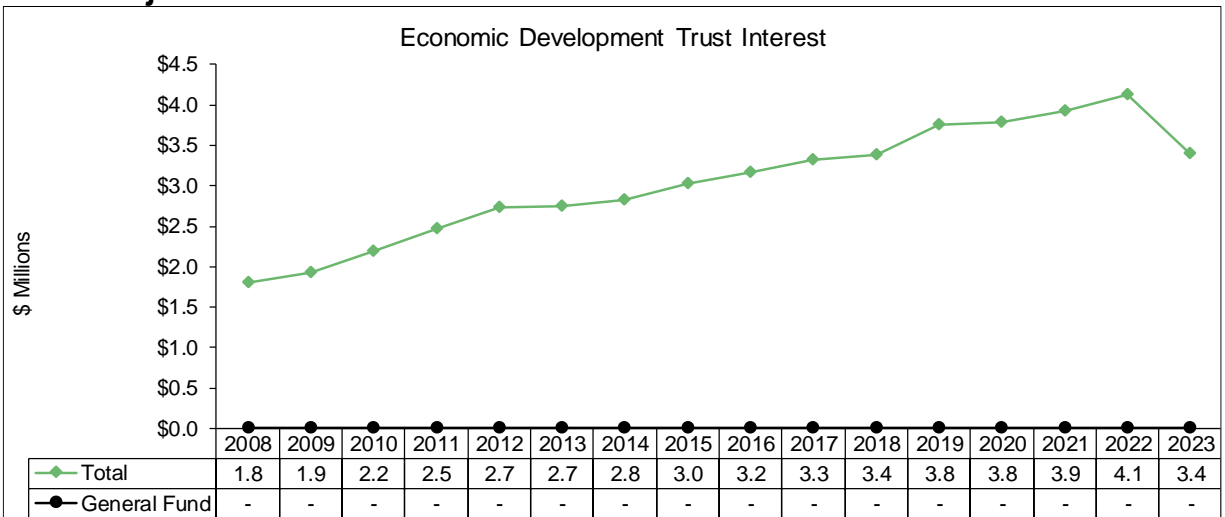
FY	Total Rev. \$ Millions	GF Rev. \$ Millions	TFBP Interest \$ Millions	STIP Interest \$ Millions	Invested Balance \$ Millions	TFBP Long Term Rate
A 2010	\$2.196	-	\$2.185	\$0.011	\$46.779	4.7%
A 2011	2.47	-	2.459	0.013	53.499	4.6%
A 2012	2.73	-	2.711	0.020	58.549	4.6%
A 2013	2.75	-	2.722	0.023	65.999	4.1%
A 2014	2.82	-	2.807	0.015	72.749	3.9%
A 2015	3.02	-	3.009	0.014	82.292	3.7%
A 2016	3.17	-	3.126	0.045	87.999	3.6%
A 2017	3.33	-	3.227	0.099	94.349	3.4%
A 2018	3.39	-	3.229	0.158	98.849	3.3%
A 2019	3.76	-	3.562	0.194	107.249	3.3%
A 2020	3.78	-	3.650	0.133	114.249	3.3%
F 2021	3.93	-	3.901	0.025	117.054	3.3%
F 2022	4.12	-	4.106	0.015	119.818	3.4%
F 2023	3.41	-	3.389	0.016	122.539	2.8%
F 2024	3.13	-	3.108	0.017	125.186	2.5%
F 2025	3.35	-	3.330	0.018	127.737	2.6%

Interest Earnings

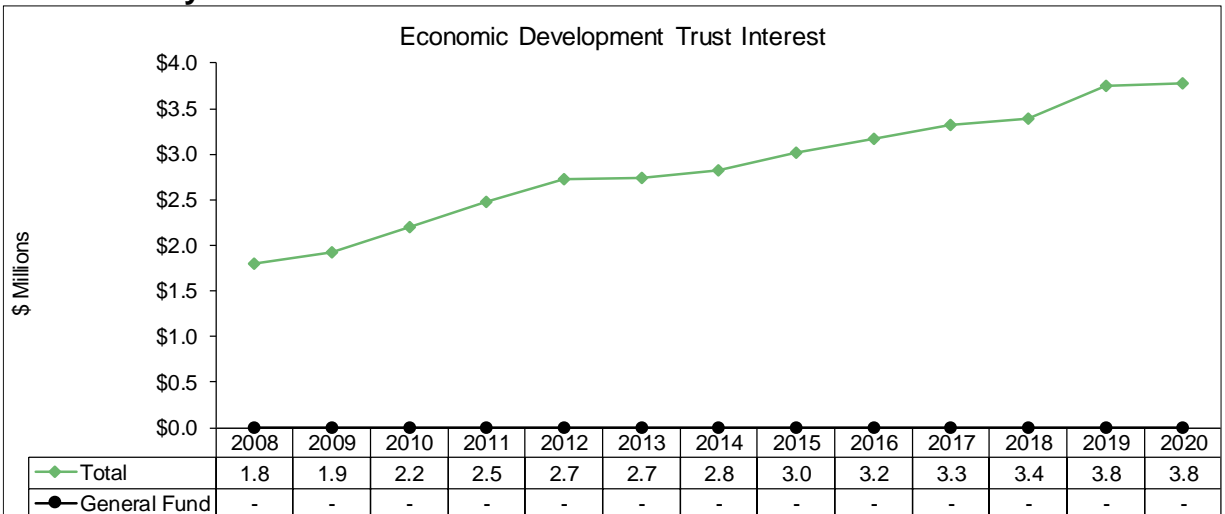
Economic Development Trust Interest

FY	Net Coal Tax New Deposit \$ Millions	STIP Balance \$ Millions	Non Pool STIP Rate
A 2010	\$5.522	\$2.976	0.4%
A 2011	6.871	4.462	0.3%
A 2012	6.593	8.401	0.2%
A 2013	7.072	9.834	0.2%
A 2014	7.210	10.158	0.1%
A 2015	7.611	10.604	0.1%
A 2016	7.545	10.815	0.4%
A 2017	7.351	11.655	0.9%
A 2018	7.512	10.044	1.6%
A 2019	7.504	7.769	2.5%
A 2020	5.844	8.587	1.5%
F 2021	5.609	8.587	0.3%
F 2022	5.528	8.587	0.2%
F 2023	5.442	8.587	0.2%
F 2024	5.294	8.587	0.2%
F 2025	5.103	8.587	0.2%

Revenue Projection



Revenue History



Parks Trust Interest

Revenue Description

The Parks Trust is one of several trusts set up with money from the coal severance tax. Income from the parks trust must be appropriated for the acquisition, development, operation, and maintenance of state parks, state recreational areas, state monuments, and state historical sites under control of the Department of Fish, Wildlife and Parks (FWP). For more information on the coal permanent trust earnings and distributions, see the chart in the [Coal Severance Tax](#) section.

Statutory Reference

Distribution – [15-35-108\(4\), MCA](#)

Applicable Tax Rates: N/A

Collection Frequency: Monthly

Distribution

Interest earnings on the parks trust are allocated to FWP and deposited to a state special revenue fund.

Forecast Risks

- Short- and long-term interest rates
- Bond rates
- Coal price and production

Revenue Estimate Methodology

Data

The Board of Investments (BOI) provides information on historic interest rates as well as the gains and losses from the sale of securities. Projections of future interest rates are provided by the BOI and historic interest collections are obtained from SABHRS.

Analysis

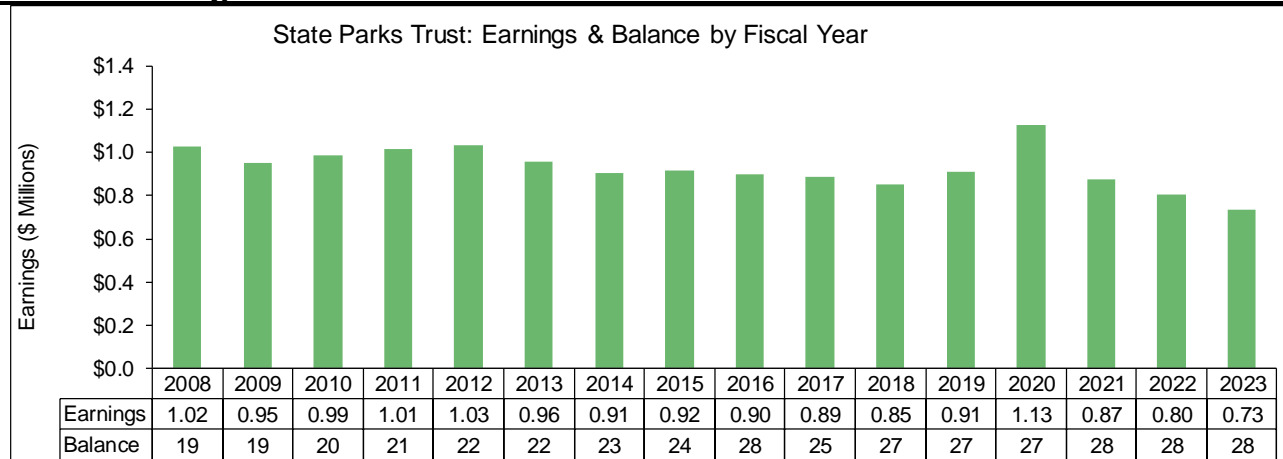
Each of the following interest or income components are estimated independently and combined to produce the overall estimate:

- Trust funds bond pool (TFBP)
- Short-term investment pool (STIP)
- New trust deposits

The TFBP was formed in 1995 to manage the fixed investments held in the state's major trust funds. Each trust owns "shares" of the pool and interest earnings are paid to each trust on a per-share basis. TFBP earnings are the largest source of earnings for the trust, as shown in the figure below. TFBP earnings are forecast by applying estimated return rates, provided by the BOI, to the current and forecast trust balance.

Interest Earnings

Parks Trust Interest



STIP interest is earned on the temporary investment of trust funds. Funds are acquired from activities such as new deposits and investment sales. Funds are held in STIP until the BOI determines that conditions are favorable for deposit in the TFBP. Short-term interest forecasts from IHS Markit are applied to money not invested in the TFBP to calculate future STIP earnings.

The 1.27% coal severance tax distribution to the parks trust is considered new deposits. New deposits are transferred to the trust on a quarterly basis. When the BOI receives the coal tax transfer, the funds are immediately invested in STIP. These new trust deposits are based on estimates of coal severance tax collections.

Revenue Estimate Assumptions

This section contains the assumptions used to generate LFD revenue recommendation.

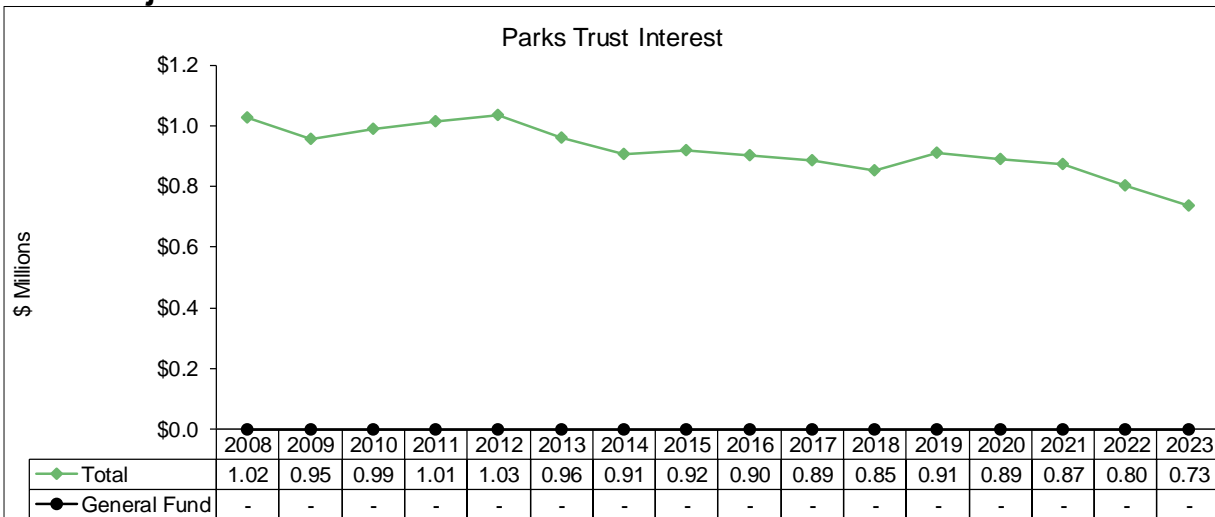
FY	Total Rev. \$ Millions	GF Rev. \$ Millions	TFBP Interest \$ Millions	STIP Interest \$ Millions	Invested Balance \$ Millions	TFBP Long Term Rate
A 2010	\$0.989	-	\$0.989	\$0.001	\$19.711	5.1%
A 2011	1.01	-	1.013	0.001	20.551	5.0%
A 2012	1.03	-	1.033	0.001	21.301	4.9%
A 2013	0.96	-	0.958	0.001	22.001	4.4%
A 2014	0.91	-	0.905	0.001	22.159	4.1%
A 2015	0.92	-	0.919	0.001	23.676	4.0%
A 2016	0.90	-	0.897	0.003	23.676	3.8%
A 2017	0.89	-	0.872	0.003	23.986	3.7%
A 2018	0.85	-	0.840	0.012	24.986	3.4%
A 2019	0.91	-	0.885	0.025	25.212	3.5%
A 2020	0.89	-	0.862	0.264	25.502	3.4%
F 2021	0.87	-	0.868	0.006	25.740	3.4%
F 2022	0.80	-	0.801	0.003	25.983	3.1%
F 2023	0.73	-	0.731	0.004	26.223	2.8%
F 2024	0.66	-	0.661	0.004	26.455	2.5%
F 2025	0.70	-	0.700	0.004	26.679	2.6%

Interest Earnings

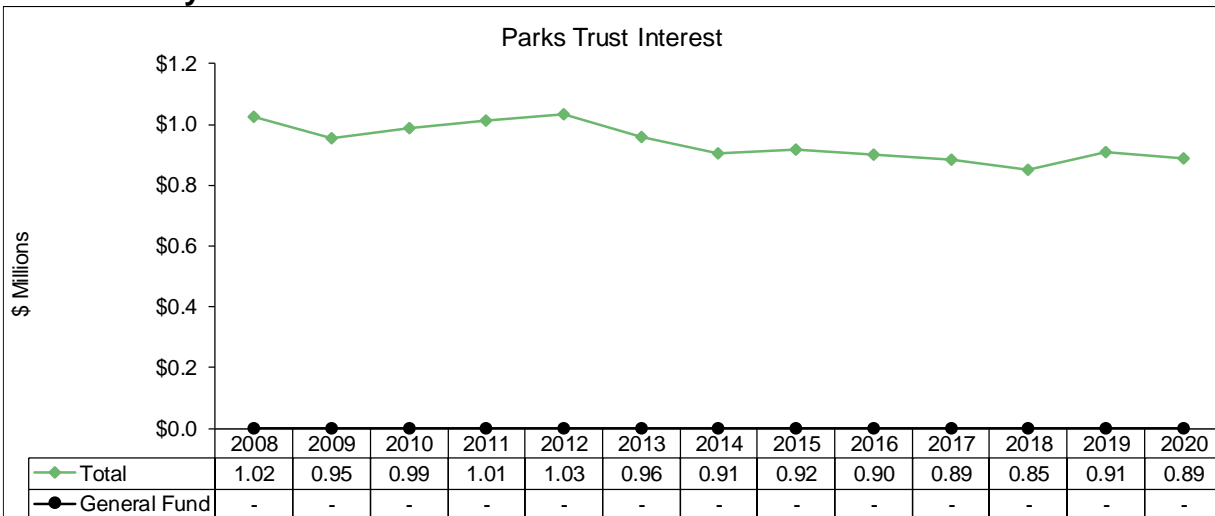
Parks Trust Interest

FY	Net Coal Tax New Deposit \$ Millions	STIP Balance \$ Millions	Non Pool STIP Rate
A 2010	\$0.561	\$0.242	0.3%
A 2011	0.698	0.252	0.3%
A 2012	0.670	0.289	0.3%
A 2013	0.718	0.551	0.3%
A 2014	0.732	0.994	0.2%
A 2015	0.773	0.499	0.1%
A 2016	0.767	0.937	0.4%
A 2017	0.747	1.265	0.3%
A 2018	0.763	1.822	0.8%
A 2019	0.762	1.530	1.5%
A 2020	0.482	1.887	15.4%
F 2021	0.476	1.887	0.3%
F 2022	0.487	1.887	0.2%
F 2023	0.479	1.887	0.2%
F 2024	0.465	1.887	0.2%
F 2025	0.447	1.887	0.2%

Revenue Projection



Revenue History



Pine Hills Interest and Income

Revenue Description

The Pine Hills trust is a fund set up for the support of the Pine Hills youth correctional facility using income generated from state land and the subsequent interest on the account. Lands granted by the federal government to the state for the benefit of public schools and various state institutions generate income through rents or crop shares for agricultural purposes, royalties from the sale of mineral rights, and sales of timber. Up to 25% of distributable revenue may be diverted to the trust land administration account to fund the Department of Natural Resources & Conservation (DNRC) administrative costs.

Statutory Reference

Distribution – [17-3-1003, MCA](#)
[Enabling Act](#), Sections 11 & 17

Other – DNRC trust land administration diversion ([77-1-108, MCA](#) & [77-1-109, MCA](#))
DNRC land bank administration diversion ([77-2-362, MCA](#))

Applicable Tax Rates: N/A

Collection Frequency: Monthly

Distribution

Interest and income from the trust, net of amounts to fund DNRC administration, is allocated to the Department of Corrections for support of the Pine Hills youth correctional facility.

Forecast Risks

- Short- and long-term interest rates
- Bond rates

Revenue Estimate Methodology

Data

SABHRS data provide a history of each individual interest and income revenue component; DNRC annual reports and other data provide additional information such as mineral production and timber estimates; and DNRC estimates for operating costs are used for the forecast diversion amounts.

Analysis

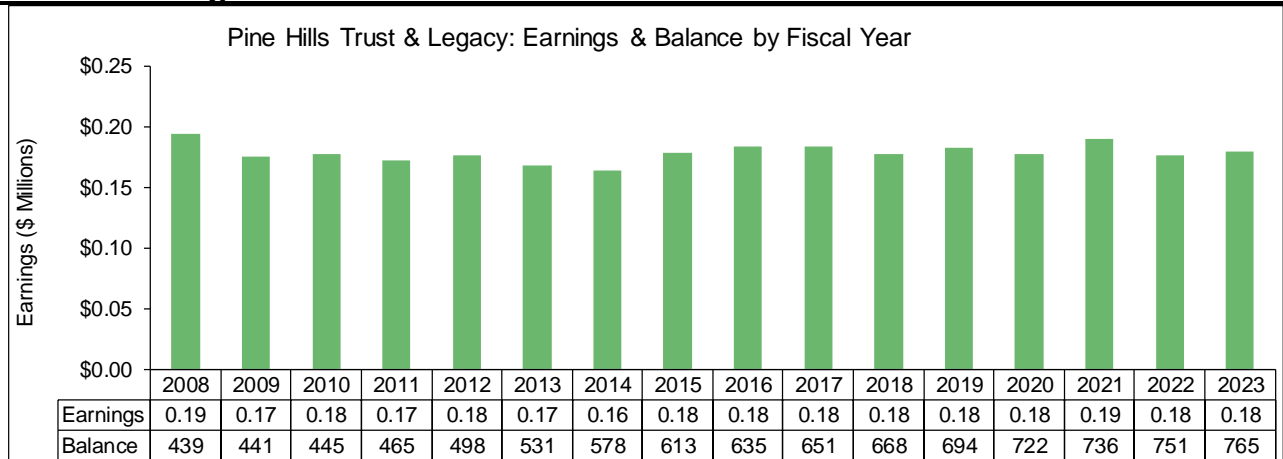
Trust and Legacy Earnings: The monetary assets of the trust are pooled with monetary assets of other land trusts in the T & L and invested by the Board of Investments in the trust funds bond pool. Based on the number of share each trust owns, a share of the earnings is deposited in each trust. The Pine Hills trust share is 0.8%. The total pool earnings are a sum of the following:

- Earnings from new deposits – New deposits in the pool initially earn interest at the short-term rate before it is invested in a longer-term investment. IHS Markit forecasts for short-term interest rates are used to project these interest earnings.
- Earnings from existing balance – Most of these funds have been invested in bonds purchased over the past several years. Estimated return rates from the BOI are applied to the current and forecast trust balance to calculate the estimate.
- Non-portfolio earnings – Money not invested in the trust funds bond pool earns interest at the short-term rate.

Once the total amount of the pool earnings has been estimated by summing the above three items, it is multiplied by the Pine Hills trust share of 0.8%.

Interest Earnings

Pine Hills Interest and Income



Remaining revenue sources such as grazing and agricultural fees, as well as mineral royalties and oil and gas leases are typically estimated using a time series or assuming no growth from the previous fiscal year.

Future diversion amounts are based on estimates from the DNRC, and are assumed to be funded with distributable revenue.

Revenue Estimate Assumptions

This section contains the assumptions used to generate LFD revenue recommendation.

FY	Total Rev. \$ Millions	GF Rev. \$ Millions	TFBP Interest \$ Millions	STIP Interest \$ Millions	Pine Hills Share T&L	Pine Hills T&L Interest \$ Millions
A 2010	\$0.263	-	\$22.916	\$0.018	0.8%	\$0.177
A 2011	0.33	-	23.194	0.033	0.7%	0.17
A 2012	0.39	-	24.175	0.028	0.7%	0.18
A 2013	0.30	-	23.189	0.022	0.7%	0.17
A 2014	0.34	-	23.042	0.007	0.7%	0.16
A 2015	0.36	-	24.044	0.003	0.7%	0.18
A 2016	0.39	-	23.894	0.004	0.8%	0.18
A 2017	0.39	-	23.612	0.013	0.8%	0.18
A 2018	0.34	-	22.923	0.033	0.8%	0.18
A 2019	0.39	-	24.257	0.062	0.8%	0.18
A 2020	0.38	-	23.984	0.091	0.7%	0.18
F 2021	0.39	-	25.118	0.017	0.7%	0.19
F 2022	0.40	-	23.365	0.010	0.7%	0.18
F 2023	0.42	-	23.802	0.011	0.7%	0.18
F 2024	0.45	-	25.033	0.012	0.7%	0.19
F 2025	0.47	-	24.969	0.012	0.7%	0.19

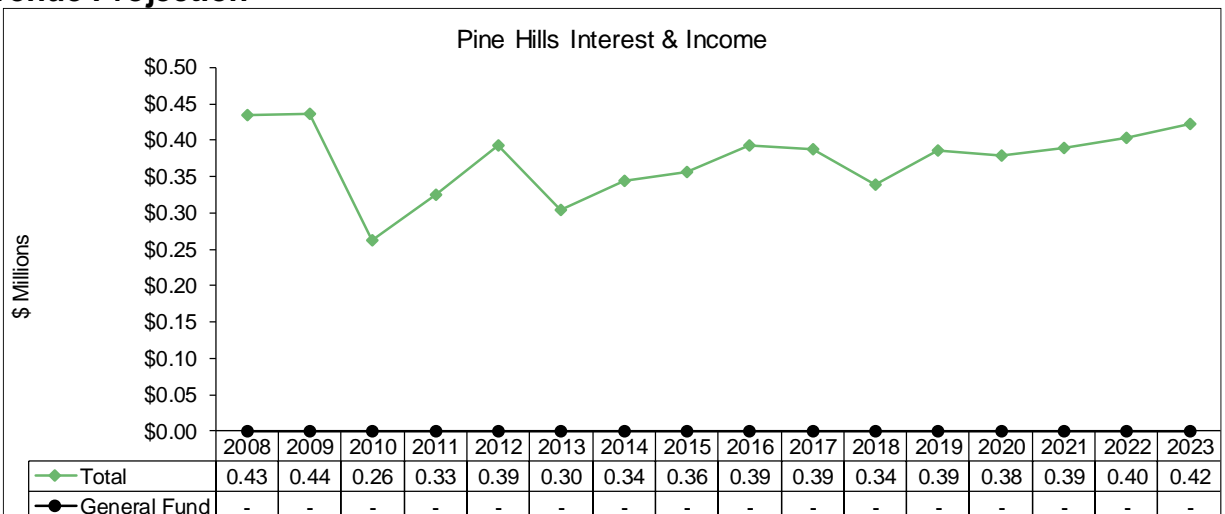
Interest Earnings

Pine Hills Interest and Income

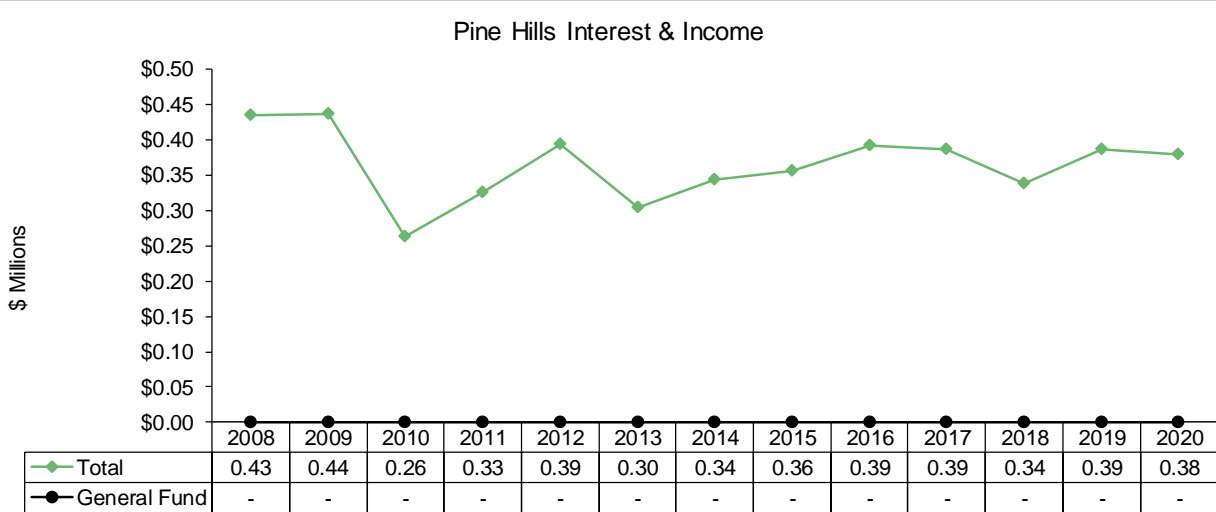
FY	Trust Income New Deposit \$ Millions	TFBP Long Term Rate	Non Pool STIP Rate	Non Pool STIP Bal \$ Millions	T&L Balance \$ Millions
A 2010	\$10.710	5.2%	0.2%	\$11.340	\$444.653
A 2011	22.233	5.1%	0.1%	15.565	464.553
A 2012	31.633	5.0%	0.1%	11.492	498.053
A 2013	35.482	4.5%	0.1%	13.436	531.053
A 2014	35.440	4.2%	0.1%	2.546	578.053
A 2015	26.197	4.0%	0.1%	2.927	612.524
A 2016	20.343	3.8%	0.3%	2.585	634.528
A 2017	16.456	3.7%	0.7%	5.141	650.603
A 2018	17.678	3.5%	1.5%	7.514	667.803
A 2019	24.635	3.6%	2.1%	8.903	693.503
A 2020	23.109	3.4%	1.3%	5.898	721.603
F 2021	17.250	3.4%	0.3%	5.898	736.173
F 2022	17.560	3.1%	0.2%	5.898	750.803
F 2023	16.823	3.1%	0.2%	5.898	764.842
F 2024	17.345	3.2%	0.2%	5.898	779.358
F 2025	17.335	3.1%	0.2%	5.898	793.854

FY	Grazing \$ Millions	Agriculture \$ Millions	Misc. Fees \$ Millions	Oil & Gas Lease \$ Millions	Oil & Gas Bonus \$ Millions	Oil & Gas Penalty \$ Millions	TLMD Adm. \$ Millions
A 2010	\$0.084	\$0.024	\$0.106	\$0.025	-	\$0.005	(0.158)
A 2011	0.08	0.02	0.14	0.02	0.00	0.00	(0.11)
A 2012	0.10	0.03	0.15	0.03	0.05	0.00	(0.11)
A 2013	0.12	0.02	0.15	0.03	-	0.01	(0.20)
A 2014	0.14	0.02	0.15	0.03	-	0.02	(0.18)
A 2015	0.18	0.02	0.16	0.02	0.00	0.01	(0.19)
A 2016	0.24	0.03	0.16	0.00	0.00	0.00	(0.19)
A 2017	0.17	0.02	0.17	-	-	-	(0.14)
A 2018	0.14	0.04	0.20	-	-	-	(0.16)
A 2019	0.16	0.03	0.22	-	-	-	(0.20)
A 2020	0.16	0.02	0.23	-	-	-	(0.21)
F 2021	0.15	0.02	0.24	-	-	-	(0.21)
F 2022	0.15	0.02	0.26	-	-	-	(0.21)
F 2023	0.15	0.02	0.27	-	-	-	(0.21)
F 2024	0.15	0.02	0.29	-	-	-	(0.21)
F 2025	0.15	0.02	0.31	-	-	-	(0.21)

Revenue Projection



Revenue History



Regional Water Trust Interest**Revenue Description**

The Regional Water trust is one of several trusts set up with money from the coal severance tax. Interest earned on the fund is used to provide matching funds to plan and construct regional drinking water systems in Montana and fund state and local entity administrative expenses. Except for administrative expenses, state funds must be matched equally by local funds. The funds in the account are further restricted to finance regional drinking water systems from the waters of the Tiber reservoir and the Missouri River within specific geographic areas.

The fund previously received 25% of the coal severance tax distribution to the coal trust fund. The deposit of coal severance tax revenue to this fund terminated at the end of FY 2016. For more information on the coal permanent trust earnings and distributions, see the chart in the Coal Severance Tax section.

Statutory Reference

Distribution – [Montana Constitution, Article IX, Section 5; 17-5-703 \(4b\), MCA; 90-6-715, MCA](#)

Date Due – Monthly ([17-5-703\(4d\), MCA](#))

Applicable Tax Rates: N/A

Collection Frequency: Monthly

Distribution

Interest earnings are deposited to a state special revenue fund and appropriated to the Department of Natural Resources and Conservation to fund eligible projects and pay administrative expenses.

Forecast Risks

- Short and long-term interest rates
- Bond rates
- Coal price and production

Revenue Estimate MethodologyData

The Board of Investments (BOI) provides information on historic interest rates as well as the gains and losses from the sale of securities. Projections of future interest rates are provided by the BOI and historic interest collections are obtained from SABHRS.

Analysis

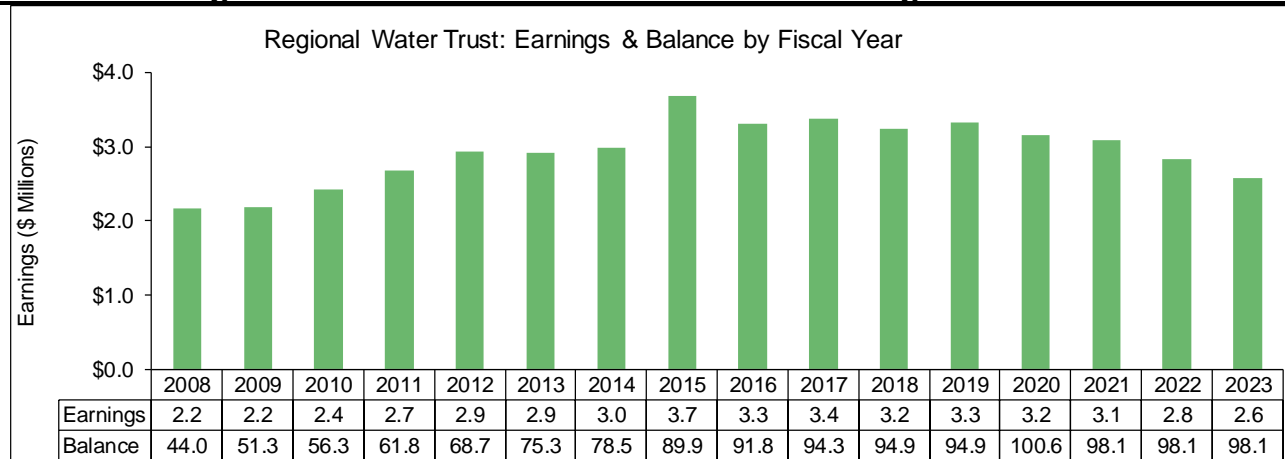
Each of the following interest or income components are estimated independently and combined:

- Trust fund bond pool (TFBP)
- Short-term investment pool (STIP)
- New trust deposits

The TFBP was formed in 1995 to manage the fixed investments held in the state's major trust funds. Each trust owns "shares" of the pool and interest earnings are paid to each trust on a per-share basis. TFBP earnings are the largest source of earnings for the trust, as shown in the figure below. TFBP earnings are forecast by applying estimated return rates, provided by the BOI, to the current and forecast trust balance.

Interest Earnings

Regional Water Trust Interest



The regional water trust was projected to sunset at the end of FY 2016. However, [HB 180 \(2015 Session\)](#) extended the sunset of the trust until the end of FY 2031.

STIP interest is earned on the temporary investment of trust funds. Funds are acquired from activities such as new deposits and investment sales. Funds are held in STIP until the BOI determines that conditions are favorable for deposit in the TFBP. Short-term interest forecasts from IHS Markit are applied to money not invested in the TFBP to calculate future STIP earnings.

Revenue Estimate Assumptions

This section contains the assumptions used to generate LFD revenue recommendation.

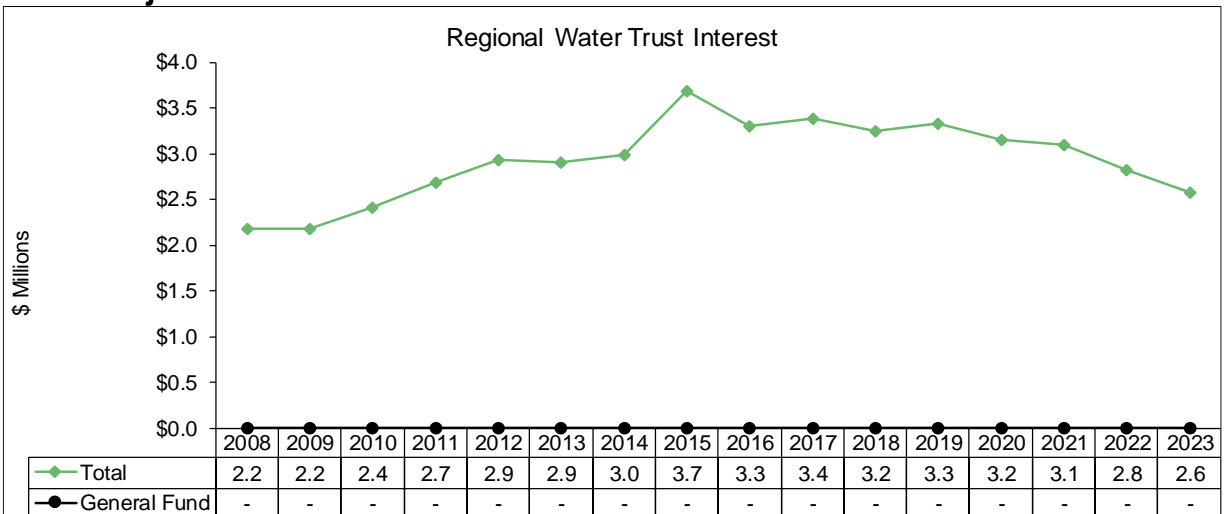
FY	Total Rev. \$ Millions	GF Rev. \$ Millions	TFBP Interest \$ Millions	STIP Interest \$ Millions	Invested Balance \$ Millions	TFBP Long Term Rate
A 2010	\$2.419	-	\$2.393	\$0.025	\$50.572	5.0%
A 2011	2.68	-	2.664	0.021	57.292	4.9%
A 2012	2.94	-	2.913	0.023	62.342	4.9%
A 2013	2.91	-	2.896	0.016	70.292	4.4%
A 2014	2.99	-	2.988	0.006	76.542	4.1%
A 2015	3.68	-	3.176	0.003	84.792	3.9%
A 2016	3.31	-	3.285	0.022	91.792	3.7%
A 2017	3.38	-	3.341	0.038	94.292	3.6%
A 2018	3.25	-	3.173	0.044	93.670	3.4%
A 2019	3.33	-	3.240	0.091	93.670	3.5%
A 2020	3.15	-	3.111	0.042	93.670	3.3%
F 2021	3.09	-	3.080	0.013	93.670	3.3%
F 2022	2.83	-	2.822	0.008	93.670	3.0%
F 2023	2.57	-	2.566	0.008	93.670	2.7%
F 2024	2.32	-	2.309	0.009	93.670	2.5%
F 2025	2.43	-	2.424	0.009	93.670	2.6%

Interest Earnings

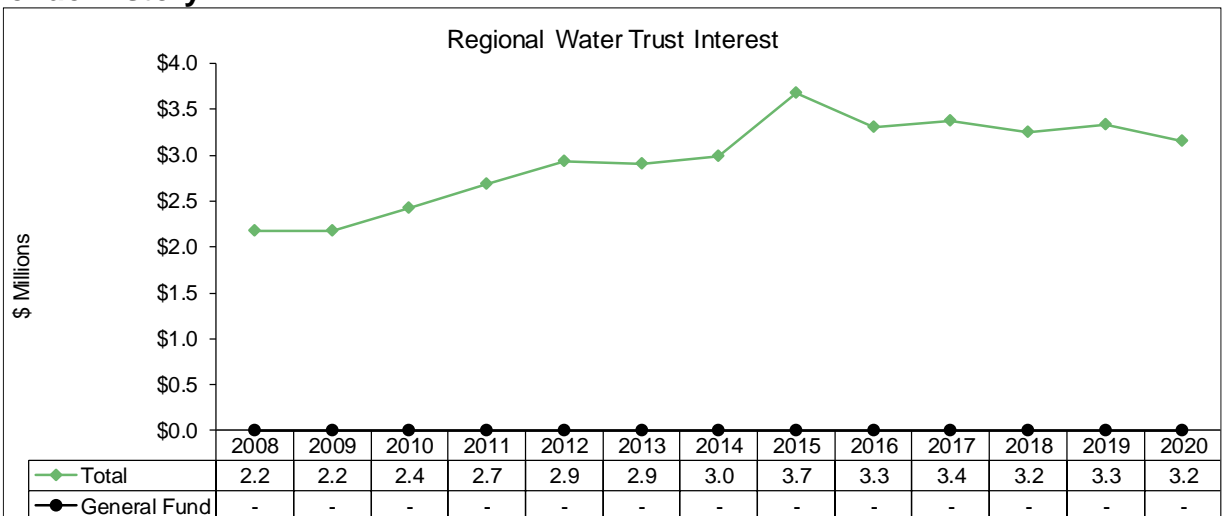
Regional Water Trust Interest

FY	Net Coal Tax New Deposit \$ Millions	STIP Balance \$ Millions	Non Pool STIP Rate
A 2010	\$5.522	\$5.488	0.4%
A 2011	6.871	7.188	0.3%
A 2012	6.593	7.198	0.3%
A 2013	7.072	4.646	0.3%
A 2014	7.210	1.958	0.2%
A 2015	7.611	3.094	0.1%
A 2016	7.545	6.143	0.5%
A 2017	-	0.709	1.1%
A 2018	-	4.550	1.7%
A 2019	-	1.192	3.2%
A 2020	-	4.434	1.5%
F 2021	-	4.434	0.3%
F 2022	-	4.434	0.2%
F 2023	-	4.434	0.2%
F 2024	-	4.434	0.2%
F 2025	-	4.434	0.2%

Revenue Projection



Revenue History



Resource Indemnity Trust Interest

Revenue Description

The Resource Indemnity Trust was set up from resource extraction taxes. The interest money from this fund is used for a variety of purposes focusing on natural resource and environmental projects. For more information, see the [LFD brochure](#).

[Article IX, Section 2](#) of the Montana Constitution and [Title 15, Chapter 38, MCA](#), requires that certain resource extraction taxes, as determined by the legislature, be placed in a trust. The principal of the Resource Indemnity Trust (RIT), up to \$100 million, cannot be appropriated and is guaranteed by the state against loss or diversion. The principal of the trust reached \$100 million in FY 2003, and subsequently no longer receives additional tax deposits. Interest earnings on the RIT are spent to improve the total environment and rectify damage to the environment. It was also the legislature’s intent that the use of interest earnings for operations of state government be minimized.

Statutory Reference

Distribution – [Montana Constitution, Article IX, Section 2](#); [15-38-202\(2\), MCA](#); [15-38-203, MCA](#)

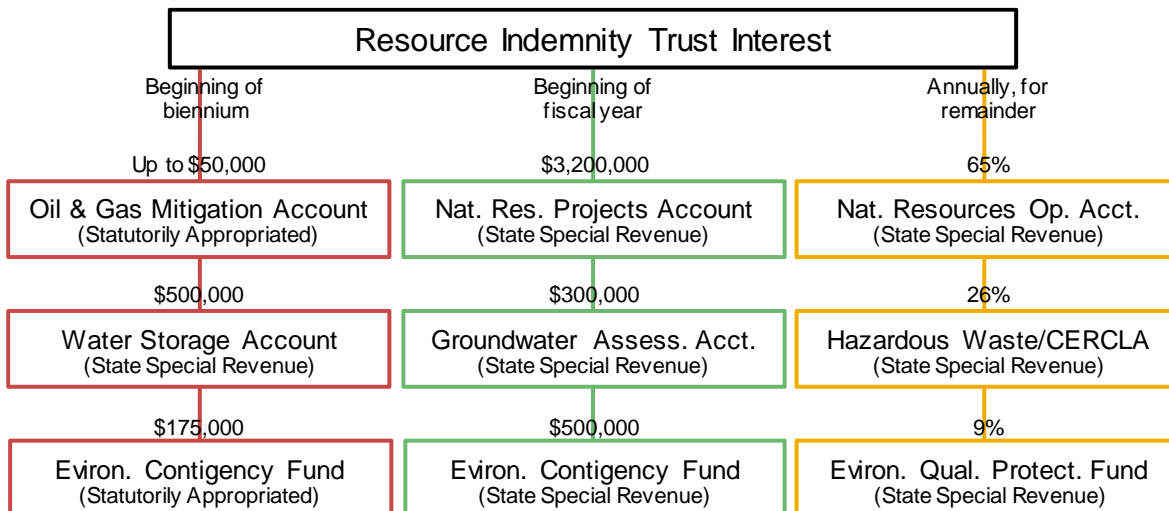
Applicable Tax Rates: N/A

Collection Frequency: Monthly

Distribution

Statute allocates RIT interest earnings in the following manner:

- 1) At the beginning of the biennium, an amount not to exceed \$50,000 to the oil and gas mitigation account to bring the balance up to \$200,000
- 2) At the beginning of the biennium, \$500,000 to the water storage state special revenue account
- 3) At the beginning of the biennium, \$175,000 to the environmental contingency fund
- 4) \$3.2 million annually to the natural resources projects state special revenue account
- 5) \$300,000 annually to the ground water assessment account
- 6) \$500,000 annually to the future fisheries program for bull trout and cutthroat trout recovery
- 7) Of the remaining RIT interest earnings:
 - a) 65% to the natural resources operations state special revenue account
 - b) 26% to the hazardous waste/CERCLA state special revenue account
 - c) 9% to the environmental quality protection state special revenue fund



Forecast Risks

- Short and long-term interest rates

Revenue Estimate Methodology

Data

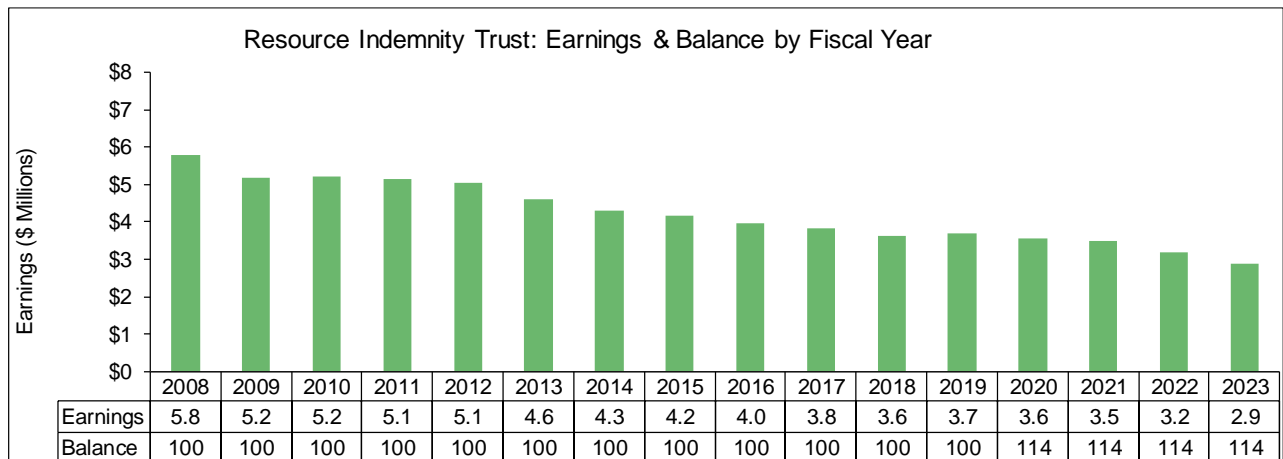
The Board of Investments (BOI) provides information on historic interest rates as well as the gains and losses from the sale of securities. Projections of future interest rates are provided by the BOI and IHS Markit, and historic interest collections are obtained from SABHRS.

Analysis

Each of the following interest or income components are estimated independently and combined:

- Trust funds bond pool (TFBP)
- Short-term investment pool (STIP)

The TFBP was formed in 1995 to manage the fixed investments held in the state’s major trust funds. Each trust owns “shares” of the pool and interest earnings are paid to each trust on a per-share basis. TFBP earnings are the largest source of earnings for the trust, as shown in the figure below. TFBP earnings are forecast by applying estimated return rates, provided by the BOI, to the current and forecast trust balance.



STIP interest (including other interest) is earned on cash, prior to investment in long-term investments. Funds are acquired from new deposits and/or maturing securities in the forecast period. Funds are held in STIP until the BOI determines that conditions are favorable for investment in the TFBP. Short-term interest forecasts from IHS Markit are applied to money not invested in the TFBP to calculate future STIP earnings.

Revenue Estimate Assumptions

This section contains the assumptions used to generate LFD revenue recommendation.

Interest Earnings

Resource Indemnity Trust Interest

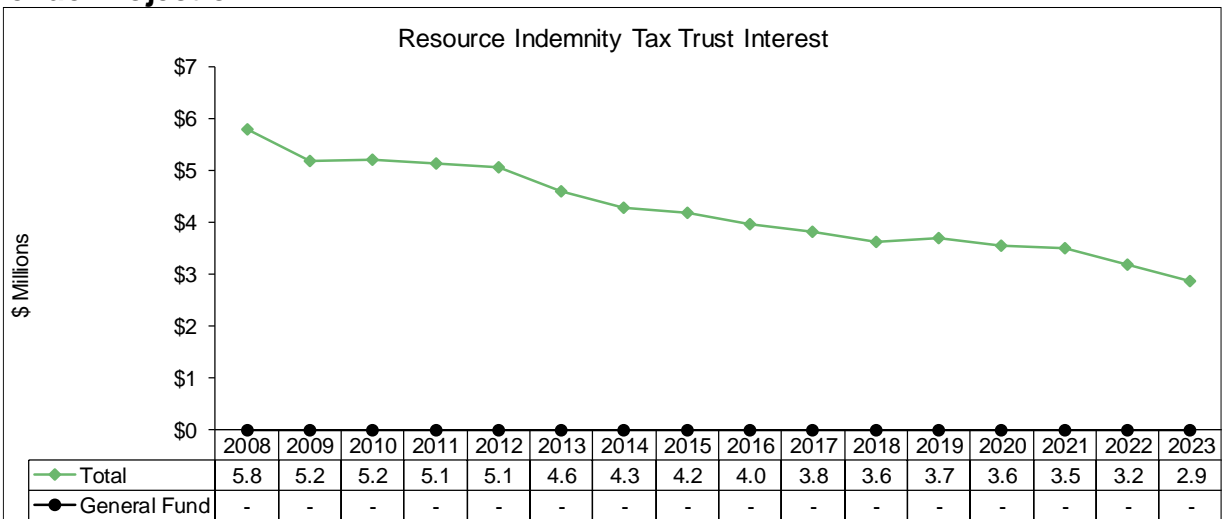
FY	Total Rev. \$ Millions	GF Rev. \$ Millions	TFBP Interest \$ Millions	STIP Interest \$ Millions	Invested Balance \$ Millions	TFBP Long Term Rate	Net Tax New Deposit \$ Millions
A 2010	\$5.213	-	\$5.212	\$0.001	\$100.000	5.2%	-
A 2011	5.13	-	5.13	0.00	100.00	5.1%	-
A 2012	5.06	-	5.06	0.00	100.00	5.1%	-
A 2013	4.60	-	4.60	0.00	100.00	4.6%	-
A 2014	4.30	-	4.30	0.00	100.00	4.3%	-
A 2015	4.18	-	4.18	0.00	100.00	4.2%	-
A 2016	3.97	-	3.97	0.00	100.00	4.0%	-
A 2017	3.82	-	3.82	0.00	100.00	3.8%	-
A 2018	3.62	-	3.62	0.00	100.00	3.6%	-
A 2019	3.70	-	3.70	0.00	100.00	3.7%	-
A 2020	3.56	-	3.55	0.00	100.00	3.6%	-
F 2021	3.50	-	3.50	0.00	100.00	3.5%	-
F 2022	3.19	-	3.19	0.00	100.00	3.2%	-
F 2023	2.87	-	2.87	0.00	100.00	2.9%	-
F 2024	2.55	-	2.55	0.00	100.00	2.5%	-
F 2025	2.68	-	2.68	0.00	100.00	2.7%	-

FY	STIP Balance \$ Millions	Non Pool STIP Rate	Hazardous Waste \$ Millions	Environmental Quality \$ Millions	Renewable Resource \$ Millions	Reclamation Development \$ Millions
A 2010	\$0.434	0.3%	\$0.049	\$0.017	\$0.000	\$0.000
A 2011	0.44	0.3%	0.22	0.08	-	-
A 2012	0.42	0.3%	0.05	0.02	-	-
A 2013	0.37	0.2%	0.08	0.03	-	-
A 2014	0.02	0.2%	-	-	-	-
A 2015	0.02	1.7%	-	-	-	-
A 2016	0.02	5.0%	-	-	-	-
A 2017	0.02	0.8%	-	-	-	-
A 2018	0.02	1.5%	-	-	-	-
A 2019	0.02	2.1%	-	-	-	-
A 2020	0.02	1.3%	-	-	-	-
F 2021	0.02	0.3%	-	-	-	-
F 2022	0.02	0.2%	-	-	-	-
F 2023	0.02	0.2%	-	-	-	-
F 2024	0.02	0.2%	-	-	-	-
F 2025	0.02	0.00	-	-	-	-

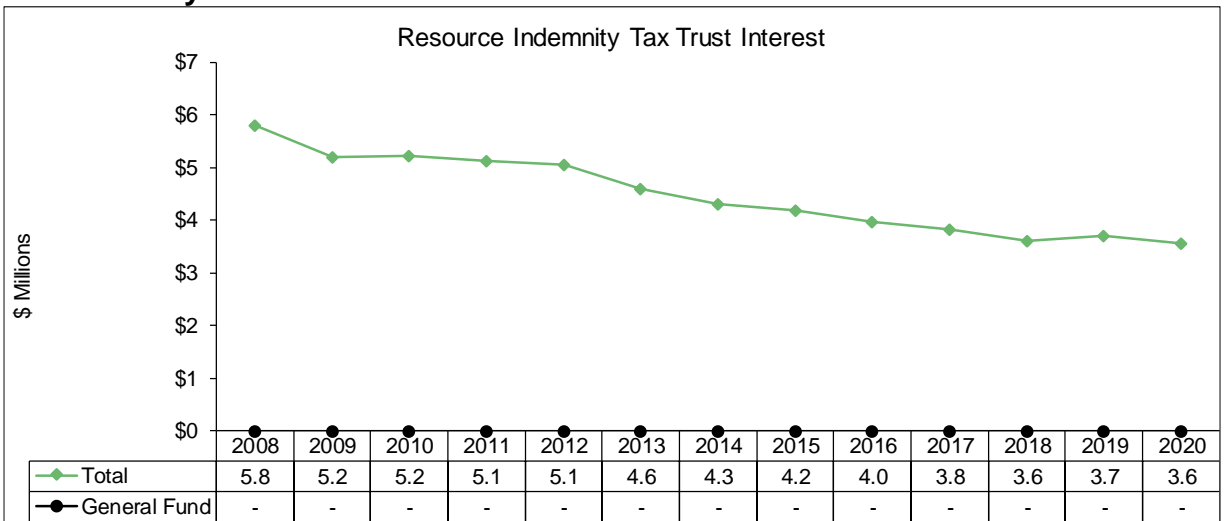
FY	Environmental Contingency \$ Millions	Water Storage \$ Millions	Oil & Gas Receipts \$ Millions	FWP Receipts \$ Millions	Groundwater Receipts \$ Millions	NR Operation Receipts \$ Millions	NR Projects Receipts \$ Millions
A 2010	\$0.175	\$0.500	\$0.050	\$0.500	\$0.300	\$0.122	\$3.500
A 2011	-	-	-	0.50	0.30	0.54	3.50
A 2012	0.03	0.50	0.05	0.50	0.30	0.12	3.50
A 2013	-	-	-	0.50	0.30	0.20	3.50
A 2014	0.15	0.43	-	0.43	0.26	-	3.02
A 2015	-	-	-	0.49	0.29	-	3.40
A 2016	0.09	0.38	0.49	0.38	0.23	-	2.42
A 2017	-	-	-	0.48	0.29	-	3.05
A 2018	0.13	0.37	0.13	0.37	0.22	-	2.39
A 2019	-	-	-	0.46	0.28	-	2.96
A 2020	0.12	0.34	0.38	0.34	0.20	-	2.18
F 2021	-	-	-	0.44	0.26	-	2.80
F 2022	0.10	0.30	0.43	0.30	0.18	-	1.91
F 2023	-	-	-	0.36	0.22	-	2.29
F 2024	0.08	0.24	0.43	0.24	0.14	-	1.53
F 2025	-	-	-	0.33	0.20	-	2.14

**Interest Earnings
Revenue Projection**

Resource Indemnity Trust Interest



Revenue History



School Facilities Trust Interest

Revenue Description

The School Facilities trust is one of several trusts set up with money from the coal severance tax. The interest money from this fund is used for school facility projects authorized by the legislature. The deposits of coal severance tax revenue to this fund terminate when the size of the balance of the fund reaches \$200 million, at which point the distribution reverts to the permanent fund. For more information on the coal permanent trust earnings and distributions, see the chart in the [Coal Severance Tax](#) section.

[Article IX, Section 5](#) of the Montana Constitution requires that 50% of all coal severance tax revenue be deposited in a permanent coal trust fund in which appropriation of the principal requires a three-fourths vote of each house of the legislature. Coal severance tax funds flowing into the trust fund are first used to secure and subsidize state bonds issued to finance water resource and renewable resource development projects and activities. The remaining funds are then split 25% (12.5% of total revenue) to the Big Sky Economic Development trust fund and the remaining 75% (37.5% of total revenue) to the School Facilities Fund under passage of [SB 260 \(2017 Session\)](#).

Statutory Reference

Distribution – [Montana Constitution, Article IX, Section 5](#); [17-5-703 \(5b\), MCA](#); [20-9-380, MCA](#)

Date Due – Monthly ([17-5-703\(5b\), MCA](#))

Applicable Tax Rates: N/A

Collection Frequency: Monthly

Distribution

Interest earnings are deposited in the school major maintenance aid account. The purpose of the account is to provide funding for basic school facility projects.

Forecast Risks

- Short and long-term interest rates
- Bond rates
- Coal price and production

Revenue Estimate Methodology

Data

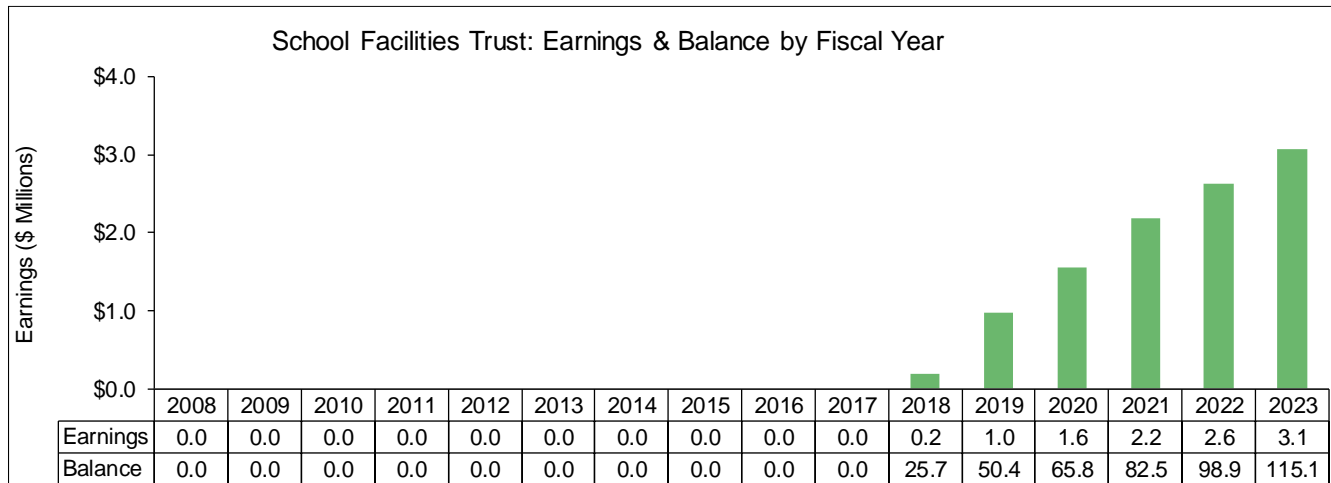
The Board of Investments (BOI) provides information on historic interest rates as well as the gains and losses from the sale of securities. Projections of future interest rates are provided by the BOI and historic interest collections are obtained from SABHRS.

Analysis

Each of the following interest or income components are estimated independently and combined to produce the overall estimate:

- Trust funds bond pool (TFBP)
- Short-term investment pool (STIP)
- New trust deposits

The TFBP was formed in 1995 to manage the fixed investments held in the state's major trust funds. Each trust owns "shares" of the pool and interest earnings are paid to each trust on a per-share basis. TFBP earnings are the largest source of earnings for the trust. TFBP earnings are forecast by applying estimated return rates, provided by the BOI, to the current and forecast trust balance. Forecasted amounts are shown in the chart below.



STIP interest is earned on the temporary investment of trust funds. Funds are acquired from activities such as new deposits and investment sales. Funds are held in STIP until the BOI determines that conditions are favorable for deposit in the TFBP. Short-term interest forecasts from IHS Markit are applied to money not invested in the TFBP to calculate future STIP earnings.

Coal severance tax distributions to the trust are considered new deposits. New deposits are transferred to the trust on a quarterly basis. When the BOI receives the coal tax transfer, the funds are immediately invested in STIP. Funds are expected to remain in STIP for one month before being invested in the TFBP. These new trust deposits are forecast using estimates of coal severance tax collections.

Revenue Estimate Assumptions

This section contains the assumptions used to generate LFD revenue recommendation.

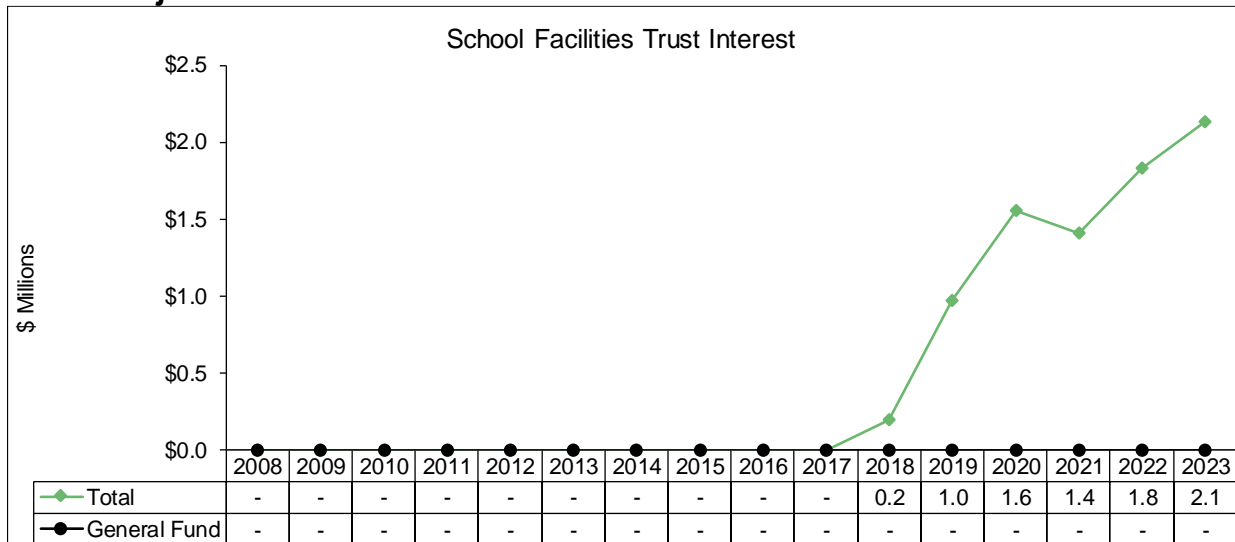
FY	Total Rev. \$ Millions	GF Rev. \$ Millions	TFBP Interest \$ Millions	STIP Interest \$ Millions	Loan Interest \$ Millions	Invested Balance \$ Millions	TFBP Long Term Rate
A 2010							
A 2011							
A 2012							
A 2013							
A 2014							
A 2015							
A 2016							
A 2017							
A 2018	\$0.193	-	\$0.173	\$0.020	-	\$22.537	0.8%
A 2019	0.97	-	0.79	0.12	-	45.05	2.3%
A 2020	1.55	-	1.47	0.08	-	62.58	2.7%
F 2021	1.41	-	1.39	0.01	-	36.59	3.8%
F 2022	1.83	-	1.82	0.01	-	53.18	3.4%
F 2023	2.13	-	2.12	0.01	-	69.51	3.0%
F 2024	3.29	-	2.28	0.01	-	85.39	2.7%
F 2025	4.69	-	2.68	0.01	-	100.70	2.7%

Interest Earnings

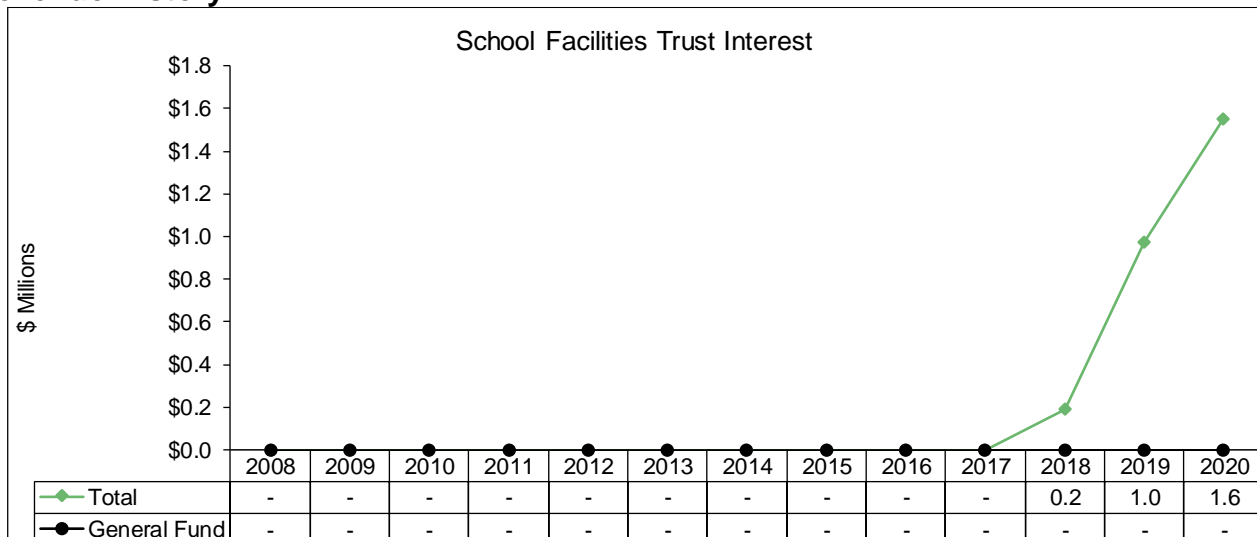
School Facilities Trust Interest

FY	Net Coal Tax New Deposit \$ Millions	Non Pool STIP Bal \$ Millions	Non Pool STIP Rate
A 2010			
A 2011			
A 2012			
A 2013			
A 2014			
A 2015			
A 2016			
A 2017			
A 2018	22.537	3.196	1.5%
A 2019	22.511	5.380	2.1%
A 2020	17.533	3.201	1.3%
F 2021	16.826	3.201	0.3%
F 2022	16.585	3.201	0.2%
F 2023	16.327	3.201	0.2%
F 2024	15.881	3.201	0.2%
F 2025	15.310	3.201	0.2%

Revenue Projection



Revenue History



Tobacco Trust Interest

Revenue Description

The tobacco trust fund is set up with money from the tobacco settlement which included 46 states and various United States territories. In 2000, as required by constitutional amendment, the state began depositing 40% of the tobacco settlement funds into a trust. As required in statute, 10% of the trust earnings must be deposited in the trust.

This revenue source is only the interest resulting from that account (highlighted in the distribution chart); revenue from continued payments from the tobacco settlement is explained in the Tobacco Settlement section under the Other General Funds section.

Statutory Reference

Distribution – [Montana Constitution Article XII, Section 4](#); [17-6-601, MCA](#); [17-6-603, MCA](#)

Date Due – Interest deposits are mostly made monthly, but none in July and two in June

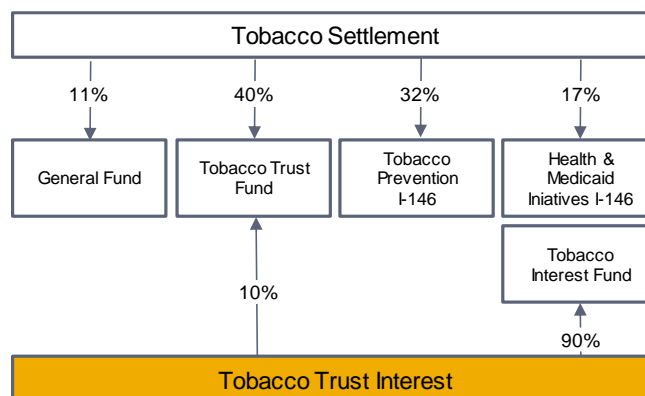
Applicable Tax Rates: N/A

Collection Frequency: Monthly

Distribution

Interest earnings from the trust fund are distributed as follows

1. 90% to a state special revenue account for appropriation by the legislature for disease prevention programs (includes chronic disease programs) and state programs providing benefits, services, or coverage that are related to the health care needs of the people of Montana; and
2. 10% to the tobacco settlement trust fund



Forecast Risks

- Short and long-term interest rates

Revenue Estimate Methodology

Data

The Board of Investments (BOI) provides information on historic interest rates as well as the gains and losses from the sale of securities. Projections of future interest rates are provided by the BOI and historic interest collections are obtained from SABHRS.

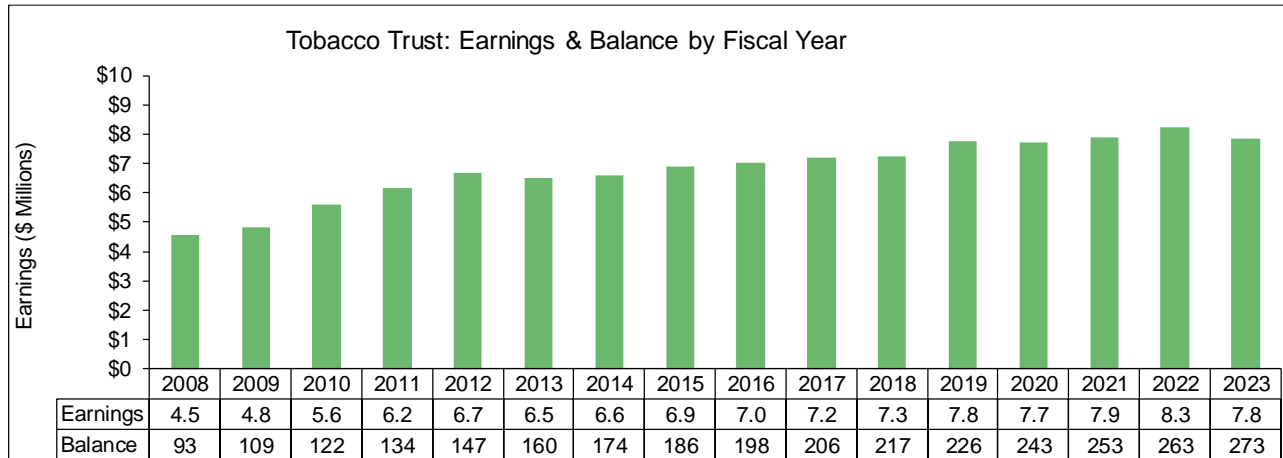
Analysis

Each of the following interest or income components are estimated independently and combined:

- Trust funds bond pool (TFBP)

- Short-term investment pool (STIP)
- New trust deposits

The TFBP was formed in 1995 to manage the fixed investments held in the state’s major trust funds. Each trust owns “shares” of the pool and interest earnings are paid to each trust on a per-share basis. TFBP earnings are the largest source of earnings for the trust, as shown in the figure below. TFBP earnings are forecast by applying estimated return rates, provided by the BOI, to the current and forecast trust balance.



STIP interest (including other interest) is earned on cash, prior to investment in long-term investments. Funds are acquired from new deposits and/or maturing securities in the forecast period. Funds are held in STIP until the BOI determines that conditions are favorable for investment in the TFBP. Short-term interest forecasts from IHS Markit are applied to money not invested in the TFBP to calculate future STIP earnings.

The 40% distribution of tobacco settlement funds and 10% of retained interest earnings are considered new deposits in the tobacco settlement trust. New deposits are transferred to the trust on a quarterly basis. When the BOI receives the tobacco settlement funds, they are immediately invested in STIP. Funds are expected to remain in STIP for one month before being invested in the TFBP. The interest earned on new deposits is estimated by summing STIP earnings for one month with TFBP earnings for the remainder of the year.

Revenue Estimate Assumptions

This section contains the assumptions used to generate LFD revenue recommendation.

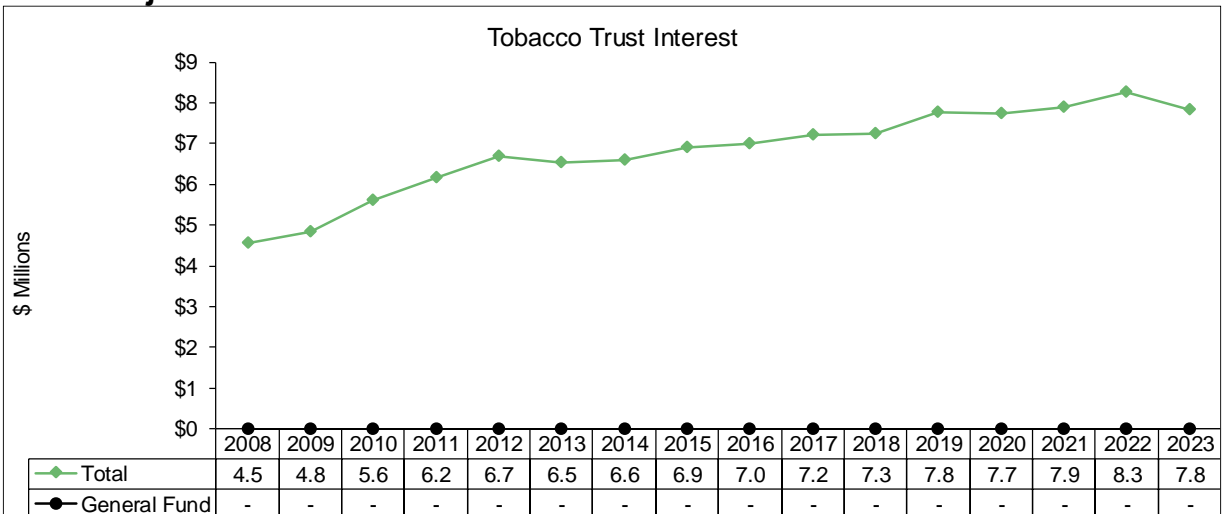
Interest Earnings

Tobacco Trust Interest

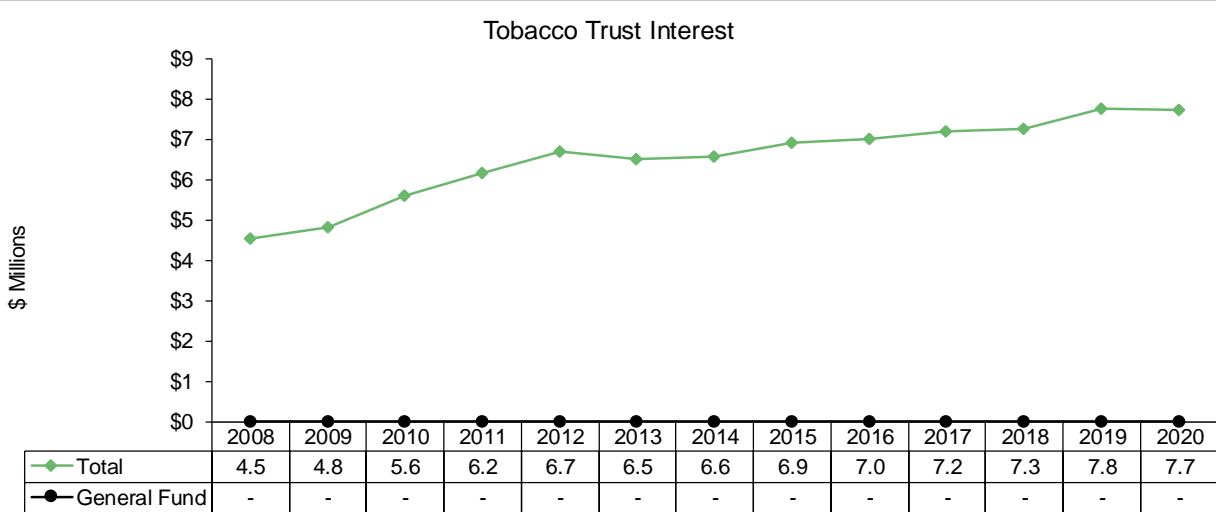
FY	Total Rev. \$ Millions	GF Rev. \$ Millions	TFBP Interest \$ Millions	STIP Interest \$ Millions	90 Percent Interest \$ Millions	10 Percent Interest \$ Millions
A 2010	\$5.599	-	\$5.597	\$0.002	\$5.039	\$0.560
A 2011	6.17	-	6.148	0.001	5.56	0.62
A 2012	6.70	-	6.615	0.003	6.03	0.67
A 2013	6.53	-	6.523	0.002	5.87	0.65
A 2014	6.59	-	6.591	0.001	5.93	0.66
A 2015	6.92	-	6.916	0.001	6.22	0.69
A 2016	7.01	-	7.003	0.006	6.31	0.70
A 2017	7.22	-	7.199	0.018	6.50	0.72
A 2018	7.26	-	7.100	0.064	6.53	0.73
A 2019	7.76	-	7.618	0.139	6.98	0.78
A 2020	7.72	-	7.594	0.131	6.95	0.77
F 2021	7.88	-	7.874	0.010	7.10	0.79
F 2022	8.25	-	8.245	0.006	7.43	0.83
F 2023	7.85	-	7.839	0.006	7.06	0.78
F 2024	7.37	-	7.366	0.006	6.64	0.74
F 2025	8.07	-	8.063	0.007	7.26	0.81

FY	Tobacco New Deposit \$ Millions	TFBP Long Term Rate	Non Pool STIP Rate	Non Pool STIP Bal \$ Millions	Invested Balance \$ Millions
A 2010	\$12.613	4.9%	1.9%	\$0.064	\$121.893
A 2011	11.850	4.8%	1.7%	0.105	134.317
A 2012	12.081	4.7%	0.3%	2.109	145.059
A 2013	12.078	4.3%	0.2%	0.294	159.609
A 2014	13.257	4.0%	0.2%	0.609	173.209
A 2015	11.727	3.9%	0.2%	0.277	185.959
A 2016	12.260	3.6%	1.1%	0.823	198.409
A 2017	12.157	3.6%	0.5%	6.507	205.604
A 2018	10.101	3.2%	1.0%	5.825	217.104
A 2019	11.032	3.4%	1.9%	9.118	225.604
A 2020	9.652	3.2%	2.2%	2.561	242.604
F 2021	9.348	3.3%	0.3%	2.561	238.888
F 2022	9.148	3.0%	0.2%	2.561	273.007
F 2023	9.038	2.7%	0.2%	2.561	285.679
F 2024	8.926	2.5%	0.2%	2.561	298.351
F 2025	8.853	2.6%	0.2%	2.561	311.023

Revenue Projection



Revenue History



Treasure State Endowment Trust Interest

Revenue Description

The Treasure State Endowment Trust is one of several trusts set up with money from the coal severance tax. Interest earned on the fund is used to finance local infrastructure projects, as prioritized by the Departments of Commerce and Natural Resources and Conservation (DNRC) and authorized by the legislature via the Treasure State Endowment Program (TSEP).

This fund previously received 50% of the coal severance tax distribution to the coal trust fund. The deposit of coal severance tax revenue to this fund terminated at the end of FY 2016. For more information on the coal permanent trust earnings and distributions, see the chart in the Coal Severance Tax section.

Statutory Reference

Distribution – [17-5-703 \(4c\), MCA](#); [90-6-701\(2\), MCA](#)

Date Due – Monthly ([17-5-703 \(4c\), MCA](#))

Applicable Tax Rates: N/A

Collection Frequency: Monthly

Distribution: Interest earnings are allocated to the Department of Commerce to fund TSEP.

Forecast Risks

- Short and long-term interest rates
- Bond rates
- Coal price and production

Revenue Estimate Methodology

Data

The Board of Investments (BOI) provides information on historic interest rates as well as the gains and losses from the sale of securities. Projections of future interest rates are provided by the BOI and historic interest collections are obtained from SABHRS.

Analysis

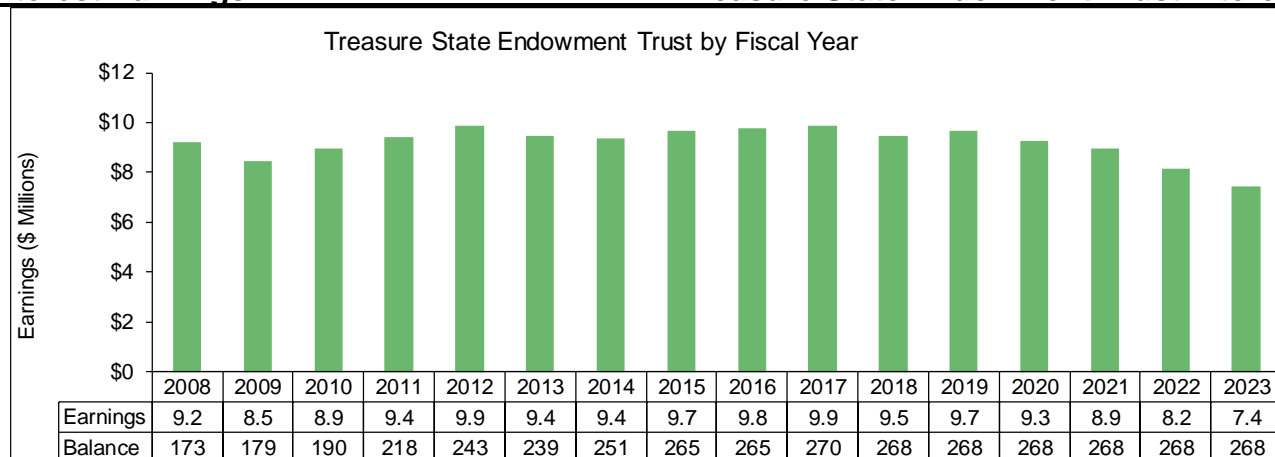
Each of the following interest or income components are estimated independently and combined:

- Trust funds bond pool (TFBP)
- In-state investments
- Short-term investment pool (STIP)
- New trust deposits

The TFBP was formed in 1995 to manage the fixed investments held in the state's major trust funds. Each trust owns "shares" of the pool and interest earnings are paid to each trust on a per-share basis. TFBP earnings are the largest source of earnings for the trust, as shown in the figure below. TFBP earnings are forecast by applying estimated return rates, provided by the BOI, to the current and forecast trust balance.

Interest Earnings

Treasure State Endowment Trust Interest



Earnings from in-state investments have historically been the second largest source of income to the TSE trust. The BOI is required by statute to invest 25% of coal tax trust in the Montana economy. In-state investments primarily consist of loans to Montana business entities and earnings are equal to the interest charged on the loans.

STIP interest (including other interest) is earned on cash, prior to investment in long-term investments. Funds are acquired from new deposits and/or maturing securities in the forecast period. Funds are held in STIP until the BOI determines that conditions are favorable for investment in the TFBP. Short-term interest forecasts from IHS Markit are applied to money not invested in the TFBP to calculate future STIP earnings.

Revenue Estimate Assumptions

This section contains the assumptions used to generate LFD revenue recommendation.

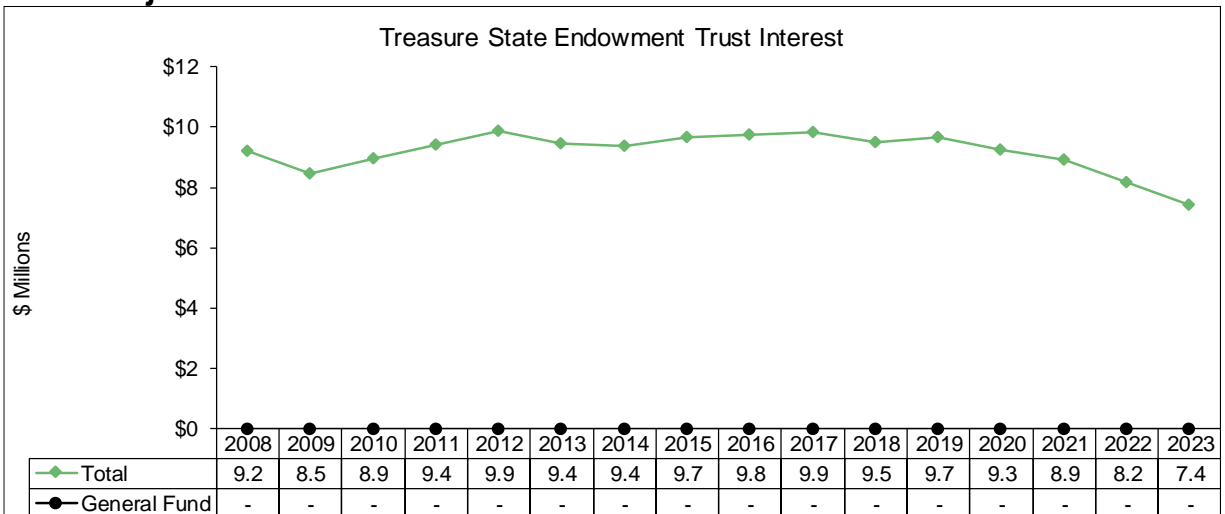
FY	Total Rev. \$ Millions	GF Rev. \$ Millions	TFBP Interest \$ Millions	STIP Interest \$ Millions	Loan Interest \$ Millions	Invested Balance \$ Millions	TFBP Long Term Rate
A 2010	\$8.940	-	\$8.799	\$0.026	\$0.118	\$181.247	5.1%
A 2011	9.42	-	9.287	0.029	0.104	194.848	5.0%
A 2012	9.87	-	9.742	0.049	0.079	205.133	4.9%
A 2013	9.45	-	9.344	0.053	0.054	219.433	4.4%
A 2014	9.36	-	9.297	0.029	0.003	233.933	4.1%
A 2015	9.65	-	9.616	0.018	0.023	251.183	4.0%
A 2016	9.77	-	9.668	0.078	0.021	266.273	3.7%
A 2017	9.85	-	9.660	0.180	0.013	269.683	3.6%
A 2018	9.48	-	9.158	0.227	0.009	268.044	3.4%
A 2019	9.67	-	9.354	0.312	0.008	268.044	3.5%
A 2020	9.25	-	8.981	0.266	0.006	268.044	3.4%
F 2021	8.94	-	8.886	0.050	0.004	268.044	3.3%
F 2022	8.17	-	8.135	0.029	0.003	268.044	3.0%
F 2023	7.42	-	7.385	0.031	0.001	268.044	2.8%
F 2024	6.67	-	6.637	0.033	0.000	268.044	2.5%
F 2025	7.00	-	6.969	0.035	(0.001)	268.044	2.6%

Interest Earnings

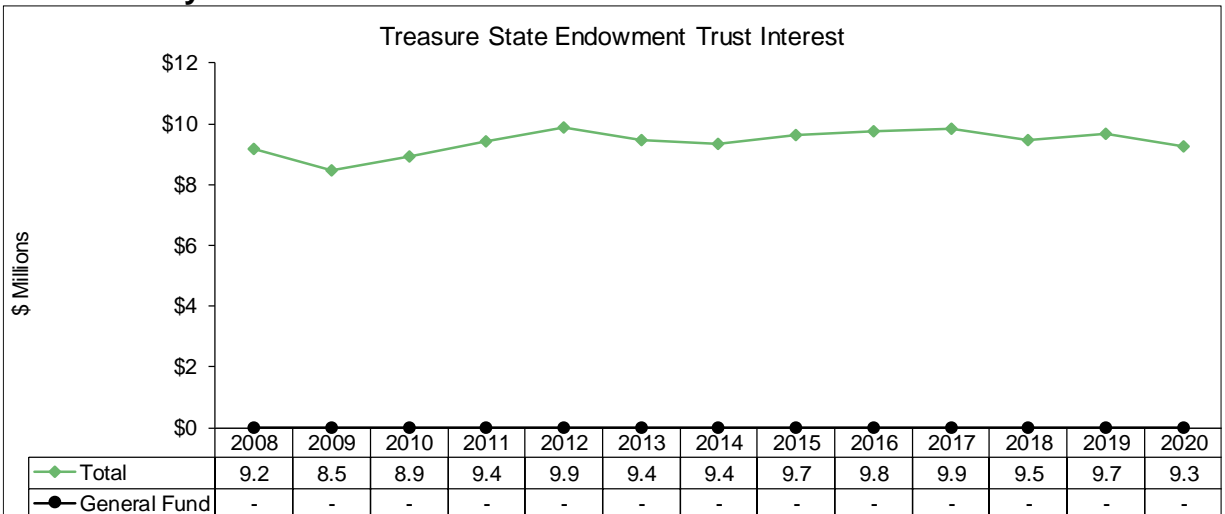
Treasure State Endowment Trust Interest

FY	Net Coal Tax New Deposit \$ Millions	Non Pool STIP Bal \$ Millions	Non Pool STIP Rate	Non Pool Loan Rate	Non Pool Loan Bal \$ Millions
A 2010	\$11.044	\$5.990	0.4%	7.1%	\$1.561
A 2011	13.743	11.411	0.3%	6.9%	1.427
A 2012	13.186	19.140	0.3%	6.6%	0.990
A 2013	14.143	20.036	0.3%	6.8%	0.601
A 2014	14.419	19.250	0.1%	0.5%	0.461
A 2015	15.223	12.369	0.1%	5.2%	0.405
A 2016	15.090	22.190	0.5%	5.5%	0.345
A 2017	-	20.253	0.8%	4.7%	0.211
A 2018	-	13.344	1.4%	4.6%	0.177
A 2019	-	14.908	2.2%	4.4%	0.141
A 2020	-	16.966	1.7%	4.3%	0.109
F 2021	-	16.966	0.3%	4.2%	0.085
F 2022	-	16.966	0.2%	4.0%	0.066
F 2023	-	16.966	0.2%	3.9%	0.032
F 2024	-	16.966	0.2%	3.8%	0.008
F 2025	-	16.966	0.2%	3.7%	(0.015)

Revenue Projection



Revenue History



Treasury Cash Account Interest

Revenue Description

Interest is generated by excess treasury cash being invested in short and medium-term investments. The Board of Investments (BOI) is responsible for investing all state funds. [Title 17, Chapter 6, MCA](#), provides guidelines under which the funds must be invested. Unless specifically stated by statute, all interest earned on these investments is deposited in the general fund.

Statutory Reference

Distribution – [17-6-202\(2\), MCA](#)

Date Due – Interest deposits are mostly made monthly, with two in June and none in July

Applicable Tax Rates: N/A

Collection Frequency: Ongoing

Distribution: All proceeds are deposited into the general fund.

Forecast Risks

- Short-term interest rates
- Average daily balance

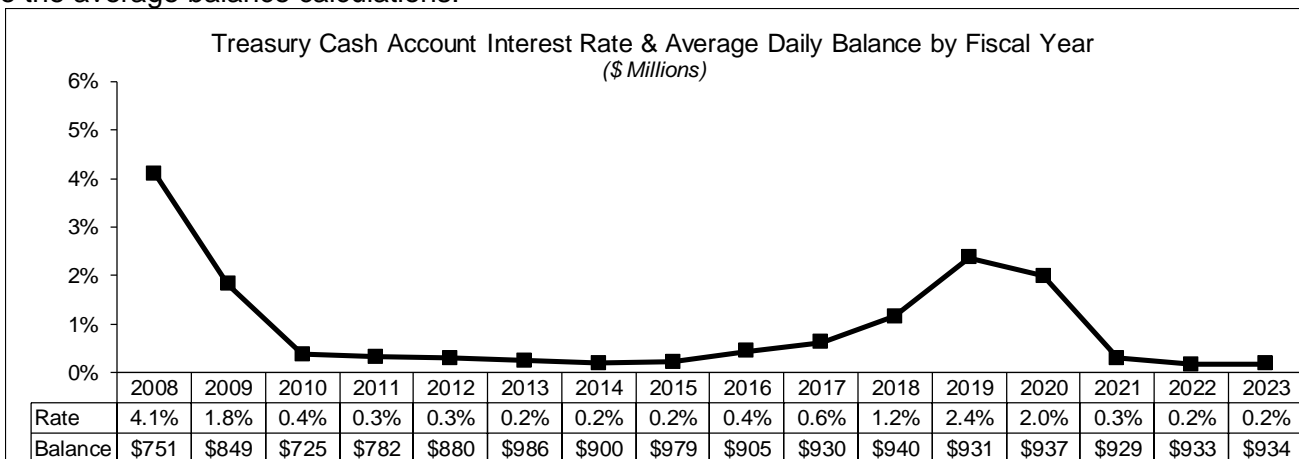
Revenue Estimate Methodology

Data

The BOI provides monthly reports on the treasury cash account balance. Projections of future interest rates are provided by IHS Markit and historic interest collections are obtained from SABHRS.

Analysis

The average balance of the TCA is modeled off the forecast general fund ending fund balance. When cash flow is insufficient, tax revenue anticipation notes (TRANS) are issued to meet short-term cash flow needs. The term of the loan and amount borrowed are used to determine the amount to be added to the average balance calculations.



Short-term interest rates are estimated by based on a composite rate of IHS Markit forecasts for the 3-month commercial paper, 3-month Treasury bill, and 6-month Treasury bill rates. The average TCA balance multiplied by the composite interest rate produces total fiscal year revenue.

Revenue Estimate Assumptions

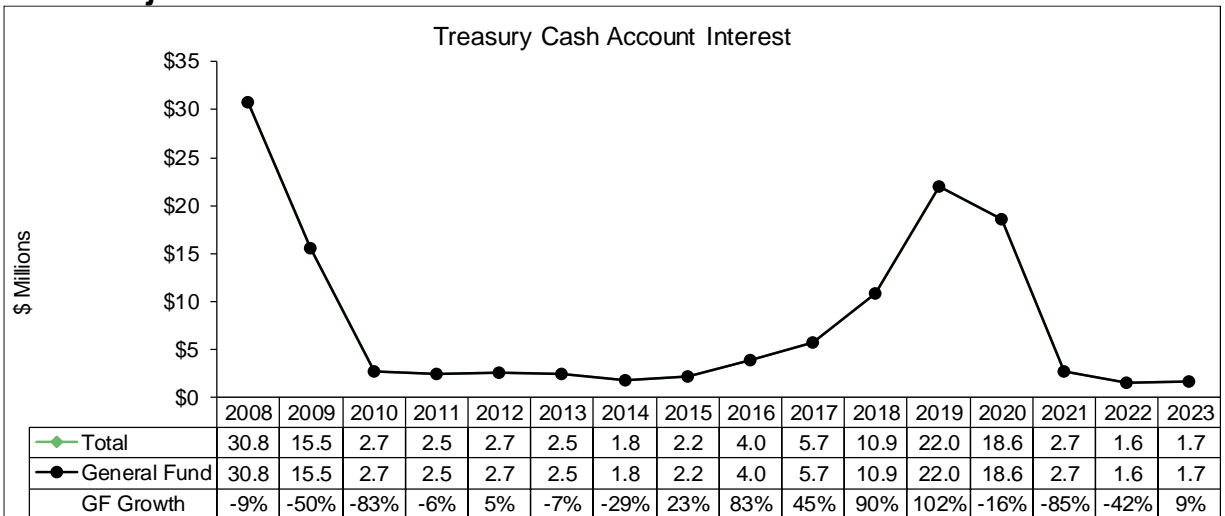
This section contains the assumptions used to generate LFD revenue recommendation.

Interest Earnings

Treasury Cash Account Interest

FY	Total Rev. \$ Millions	GF Rev. \$ Millions	Avg. Bal. Millions	Short-Term Interest Rate
A 2010	\$2.692	\$2.692	\$725.341	0.4%
A 2011	2.52	2.52	781.88	0.3%
A 2012	2.65	2.65	880.34	0.3%
A 2013	2.46	2.46	986.18	0.2%
A 2014	1.76	1.76	900.46	0.3%
A 2015	2.16	2.16	978.60	0.3%
A 2016	3.96	3.96	905.49	0.5%
A 2017	5.73	5.73	930.22	0.9%
A 2018	10.89	10.89	940.19	1.7%
A 2019	22.04	22.04	930.99	2.2%
A 2020	18.60	18.60	937.10	1.4%
F 2021	2.74	2.74	928.80	0.5%
F 2022	1.58	1.58	933.46	0.3%
F 2023	1.72	1.72	934.11	0.4%
F 2024	1.82	1.82	932.89	0.4%
F 2025	1.91	1.91	933.27	0.4%

Revenue Projection



Revenue History

