

# OTHER GENERAL FUND REVENUE

- All Other Revenue
- Highway Patrol Fines
- Nursing Facilities Fee
- Public Institution Reimbursements
- Tobacco Settlement



**LFD**   
MONTANA LEGISLATIVE FISCAL DIVISION  
[www.leg.mt.gov/css/fiscal](http://www.leg.mt.gov/css/fiscal)

## All Other Revenue

### Revenue Description

There are fifteen sources of taxes, fees, or fines that historically have generated less than \$2.5 million each in annual general fund revenue.

**Statutory Reference:** Various

**Applicable Tax Rates:** Various

**Collection Frequency:** Monthly

**Distribution:** All proceeds are deposited into the general fund.

### Forecast Risks

- Investment license revenue and expenditures
- Liquor license revenue and expenditures
- Number of vehicles registered under the single state registration system
- Fixed costs appropriated for SWCAP/SFCAP
- District court fees
- Revenue and expenditures in the DPHHS cigarette account
- Civil fines
- State Street banking fees
- MSU-EMC debt service payments

### Revenue Estimate Methodology

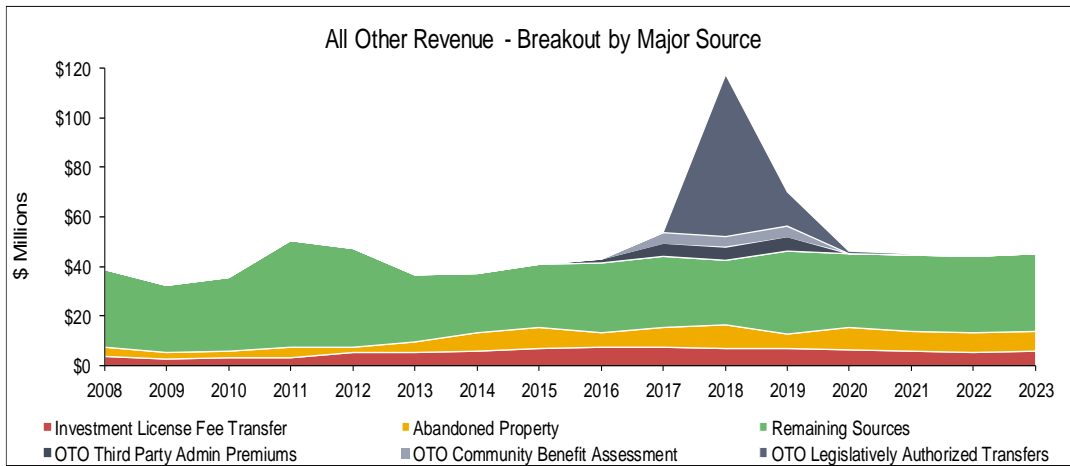
#### Data

Numerous data sources are consulted for each of the applicable fifteen revenue sources that are estimated individually.

#### Analysis

1. Abandoned property is estimated using a nine-year moving average.
2. District court fees are estimated using a five-year average.
3. Investment license fee transfer is the net between non-general fund investment fee revenue collected by the State Auditor and its expenses. These amounts are determined in the "Investment License Fee" revenue source.
4. Statewide Cost Allocation Plan: these amounts are estimated using a five-year moving average.
5. Court surcharge is estimated using a three-year moving average.
6. Veteran's cigarette account transfer: money in the account at the end of a fiscal year in excess of \$2.0 million is transferred to the general fund. To estimate the excess amounts, distributions of cigarette tax revenue to the account (as determined in the "Cigarette Tax" revenue source) is reduced by budgeted present law amounts from the account for each fiscal year obtained from MBARS. Included are expenditure estimates from long range building appropriations. The \$2.0 million limit is then subtracted from the net revenue.
7. Banking charges are estimated to grow by 1% per year.
8. Premiums paid under SB 405 are estimated using collections from FY 2016.
9. The remainder of "All Other" revenue, after the seven revenue sources have been estimated individually, is estimated using a three-year moving average.

The chart below illustrates the major sources of all other revenue. Note that legislatively authorized transfers were a key component of all other revenue in the 2019 biennium, but are not anticipated to continue in the 2021 biennium.



**Revenue Estimate Assumptions**

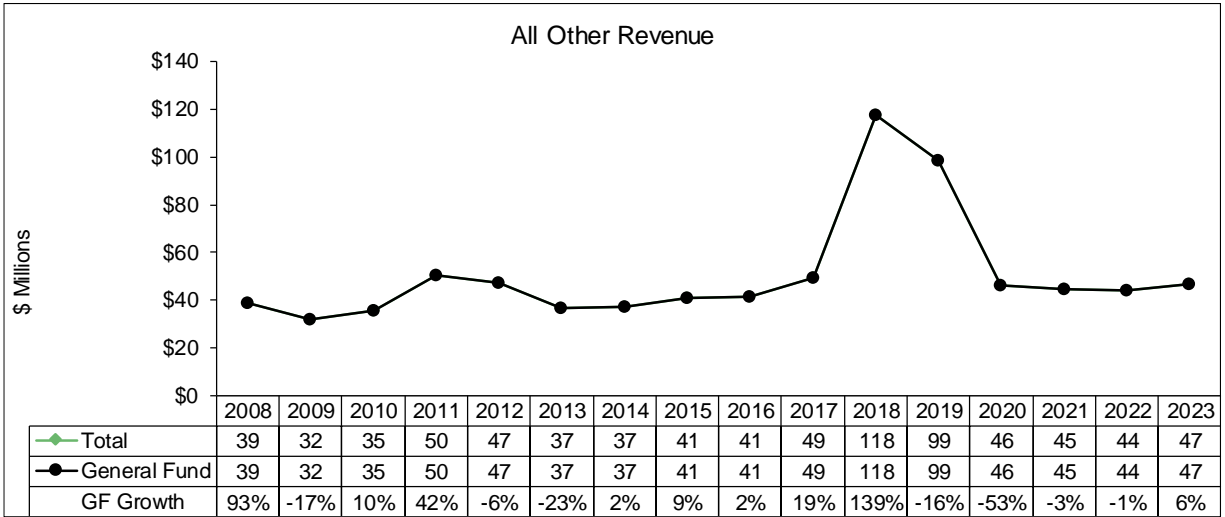
This section contains the assumptions used to generate LFD revenue recommendation.

FY	Total Tax \$ Millions	GF Tax \$ Millions	Investment Transfer \$ Millions	SWCAP SFCAP \$ Millions	District Court \$ Millions	Bank Charges \$ Millions	Vets. Account Transfer \$ Millions
A 2010	\$35.451	\$35.451	\$2.969	\$3.938	\$3.481	\$1.554	\$1.590
A 2011	50.44	50.44	3.28	3.93	3.60	1.54	3.90
A 2012	47.32	47.32	4.97	3.97	3.43	1.60	3.68
A 2013	36.58	36.58	5.24	2.33	3.39	1.62	3.38
A 2014	37.32	37.32	5.50	2.88	3.28	1.61	4.16
A 2015	40.82	40.82	6.53	2.91	3.20	1.64	3.22
A 2016	41.44	41.44	7.08	2.97	3.43	1.69	3.56
A 2017	49.29	49.29	7.32	2.38	3.32	1.70	3.15
A 2018	117.64	117.64	6.89	2.86	3.37	1.68	2.92
A 2019	98.80	98.80	6.94	2.86	3.71	1.69	2.46
A 2020	46.06	46.06	6.26	4.00	3.71	1.64	2.45
F 2021	44.69	44.69	5.89	4.00	3.18	1.65	3.50
F 2022	44.07	44.08	5.23	4.00	3.13	1.67	3.50
F 2023	46.68	46.69	5.53	4.00	3.09	1.68	3.50
F 2024	48.26	48.26	6.04	4.00	3.07	1.69	4.50
F 2025	50.40	50.40	6.61	4.00	3.07	1.70	4.50

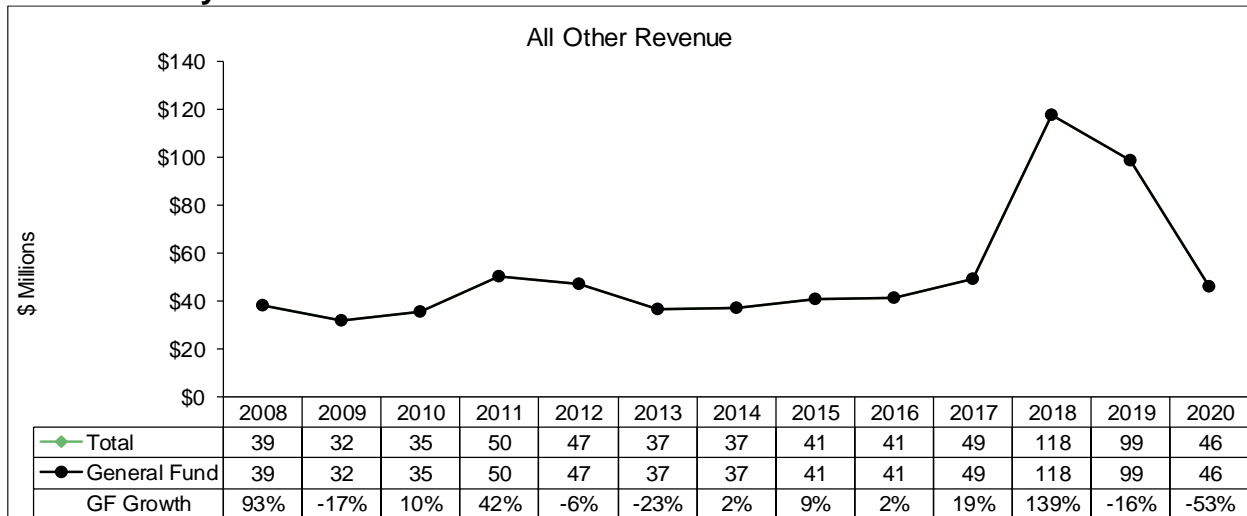
FY	Abandoned Property \$ Millions	Court Surcharge \$ Millions	Third Party Premiums \$ Millions	Remaining Sources \$ Millions
A 2010	\$2.778	\$1.692		\$17.449
A 2011	3.76	1.66		28.77
A 2012	2.23	1.58		25.85
A 2013	4.34	1.53		14.75
A 2014	7.75	1.45		10.70
A 2015	8.72	1.42		13.19
A 2016	5.95	1.39	1.36	15.38
A 2017	8.03	1.39	4.99	17.01
A 2018	9.49	1.25	5.23	14.38
A 2019	5.93	1.25	5.84	21.50
A 2020	9.25	1.23	-	17.07
F 2021	7.73	1.25	-	17.49
F 2022	8.08	1.24	-	17.61
F 2023	8.10	1.24	-	18.42
F 2024	7.82	1.24	-	17.65
F 2025	8.20	1.24	-	17.79

**Other General Fund Sources  
Revenue Projection**

**All Other Revenue**



**Revenue History**



### Highway Patrol Fines

#### Revenue Description

The Montana Highway Patrol issues citations for speeding, driving under the influence of alcohol or drugs, and other misdemeanors. The fines and forfeitures associated with these citations are collected by various state and local courts.

#### Statutory Reference

Tax Rate – General fines: [61-3-601, MCA](#); [61-5-307, MCA](#); [61-7-118, MCA](#); [61-8-711, MCA](#); [61-9-511, MCA](#); multiple others

Tax Distribution – [3-10-601, MCA](#) (fines collected in justice court are included in “All Other Revenue”); [61-10-148, MCA](#) (violations of vehicle size, weight & load); [61-12-701, MCA](#) (fines by Highway Patrol)

Date Due – Upon conviction

**Applicable Tax Rates:** Variable

**Collection Frequency:** Monthly

**Distribution:** All Highway Patrol fines and forfeitures on all offenses that result from citations issued by the Highway Patrol, except those paid to a justices’ court, and received by the state are deposited in the general fund.

#### Forecast Risks

- Significant changes in historical driving patterns

#### Revenue Estimate Methodology

##### Data

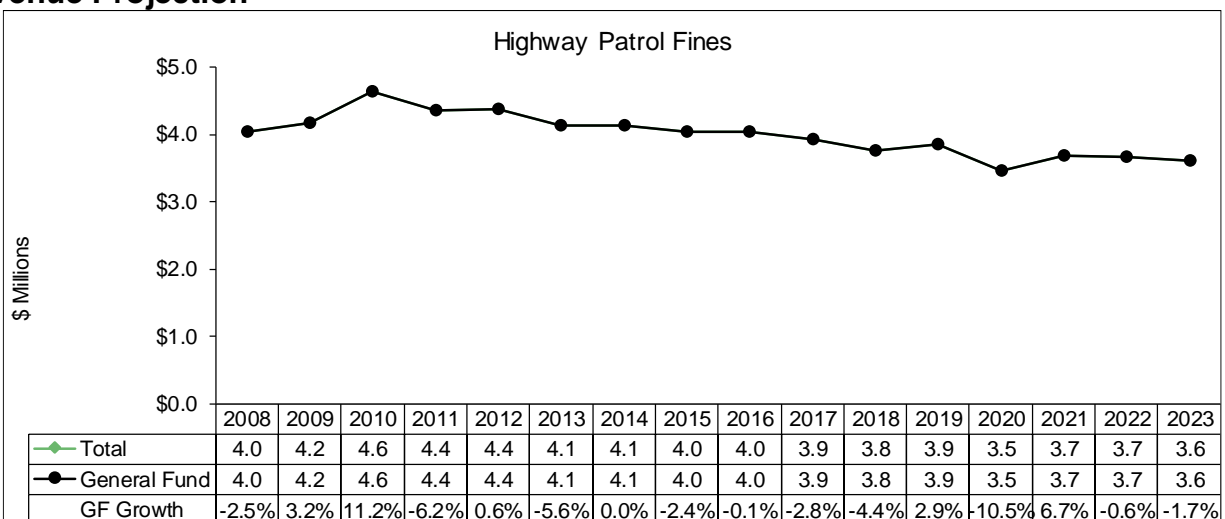
SABHRS data provide a history of highway patrol fine revenue.

##### Analysis

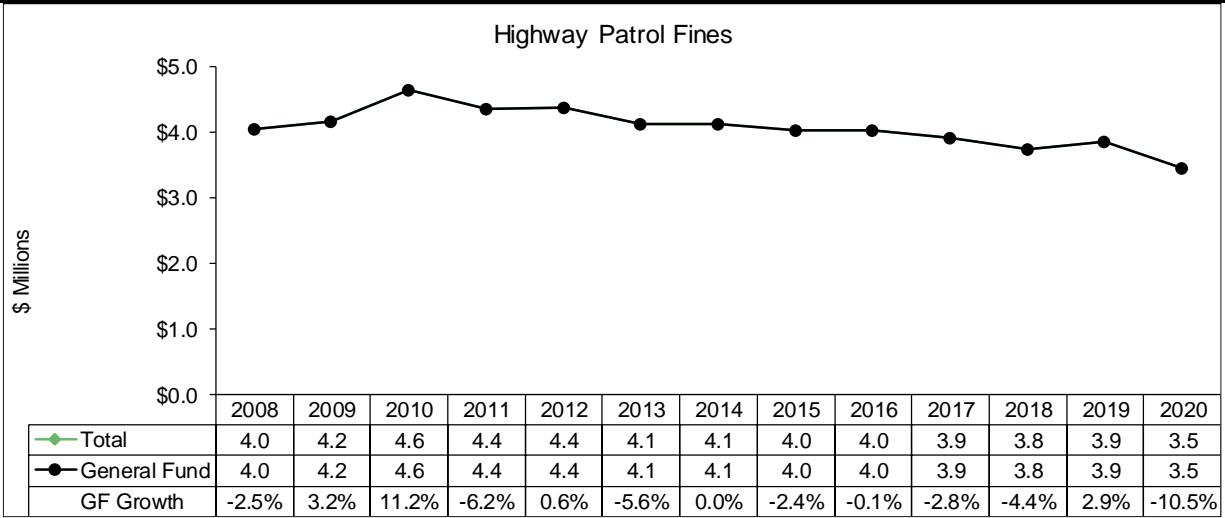
Highway patrol fine revenue is forecast using an autoregressive moving average time series model.

#### Revenue Estimate Assumptions

#### Revenue Projection



#### Revenue History



### Nursing Facilities Fee

#### Revenue Description

Utilization fees are assessed on nursing facilities and intermediate care facilities in Montana. Nursing facilities are health care facilities licensed by the Department of Public Health and Human Services (DPHHS) and include those operated for profit or non-profit, freestanding or part of another health facility, and may be either publicly or privately owned. Nursing facilities do not include adult foster homes, retirement homes, and other alternative living arrangements.

#### Statutory Reference

Tax Rate – Nursing facility utilization fee: [15-60-102, MCA](#); intermediate care facility utilization fee: [15-67-102\(2\), MCA](#)

Tax Distribution – Nursing facility utilization fee: [15-60-102, MCA](#) & [15-60-210, MCA](#); intermediate care facility utilization fee: [15-67-102\(3\), MCA](#)

Date Due – Nursing facility utilization fee due the last day of the month following the close of the calendar quarter ([15-60-201, MCA](#)); intermediate care facility utilization fee due the month following the close of the calendar quarter ([15-67-201\(1\), MCA](#))

#### Applicable Tax Rates

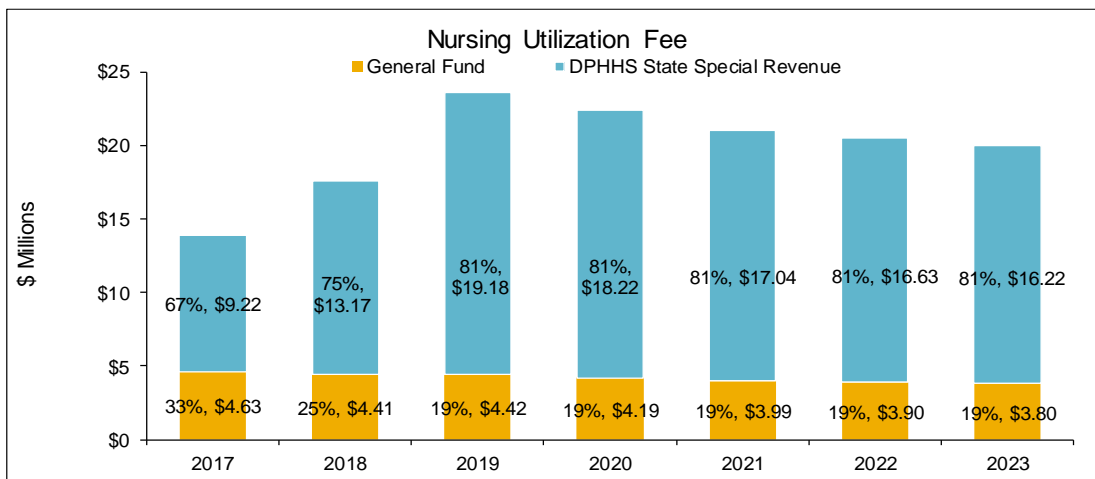
Nursing facility utilization fee: \$8.30 per bed day through end of FY 2017. With the passage of [HB 618 \(2017 Session\)](#) the fee increased to \$11.30 per day through FY 2018, and \$15.30 per day after July 31, 2018. Intermediate care facility utilization fee: 6% of a facility’s quarterly revenue divided by quarterly bed days.

Bed days are defined as a 24-hour period in which a resident of a nursing facility is present in the facility or in which a bed is held for a resident while on temporary leave.

**Collection Frequency:** Quarterly

#### Distribution

Nursing facility fee revenue is distributed between the general fund and the DPHHS state special revenue prevention and stabilization fund. The following chart shows the changing distribution of nursing facility fee revenue for FY 2017 to FY 2023.



#### Forecast Risks

- Change in rate of facility utilization

#### Revenue Estimate Methodology

**Other General Fund Sources**

**Nursing Facilities Fee**

Data

SABHRS data provide a history of nursing facilities fee revenue.

Analysis

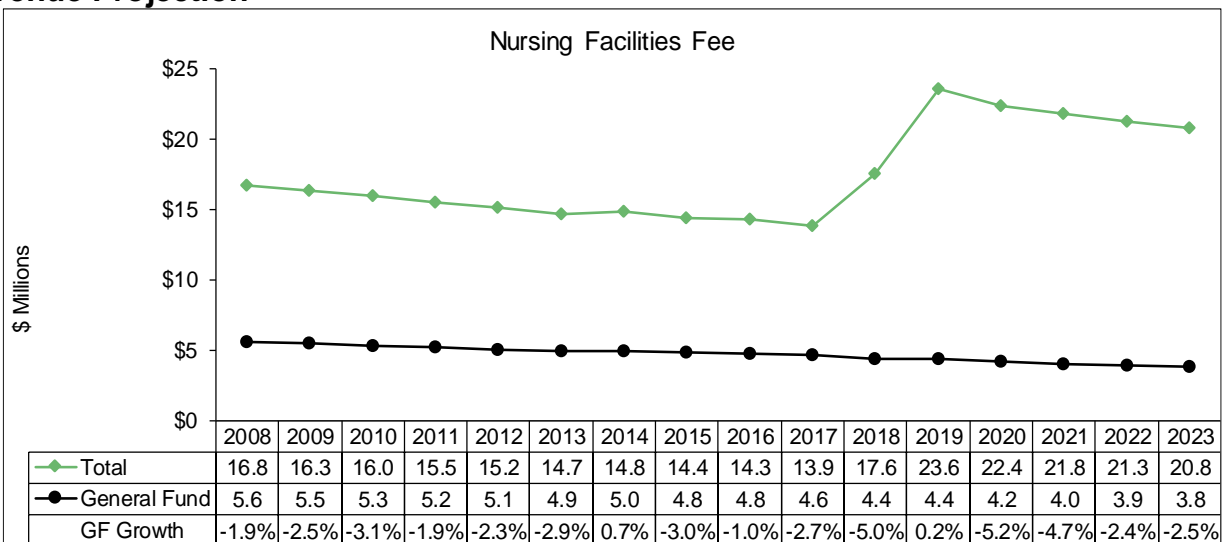
Proxy bed days for nursing facilities are determined by dividing the difference between total nursing utilization fees and interim care fees by the nursing facilities fee daily rate per bed day. Future bed days are based on a time trend of the proxy bed days, which are then multiplied by the applicable fee rate of to obtain an estimate of future nursing facilities fees. Intermediate care revenue was anticipated to phase out by the end of FY 2017 due to [SB 411 \(2015 Session\)](#), however it was extended by [HB 387 \(2017 session\)](#) to close by the end of FY 2019. For FY 2019, total nursing facilities fees are the sum of nursing facilities fees and interim care facilities fees; in FY 2020 and beyond, nursing facilities are the only source of revenue.

**Revenue Estimate Assumptions**

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

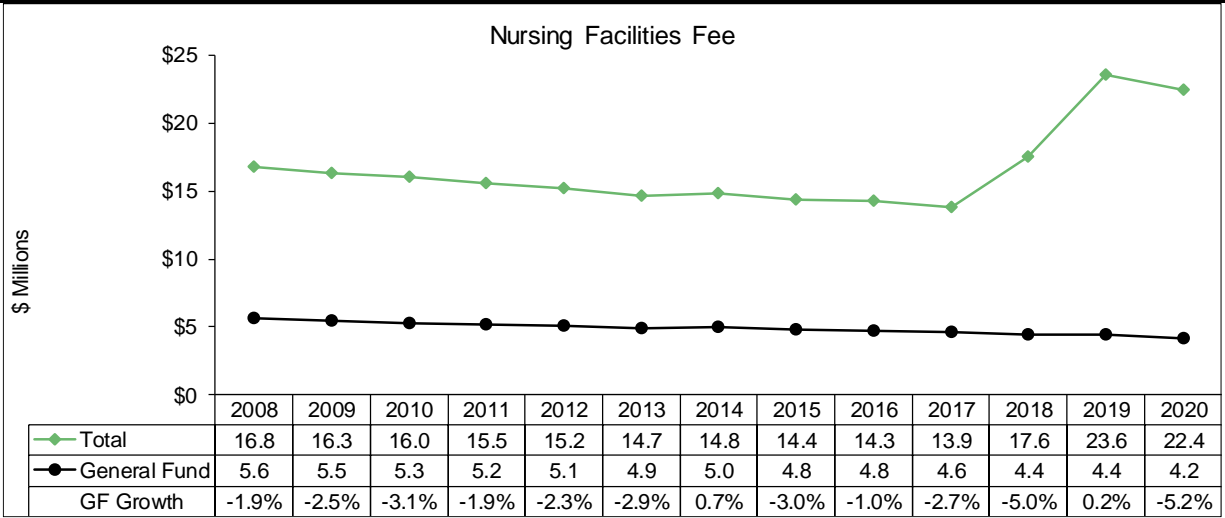
FY	Total Tax \$ Millions	GF Tax \$ Millions	Nursing Home	MDC
			Bed Days (Millions)	Revenue (Millions)
A 2010	\$16.019	\$5.300	1.820	\$15.233
A 2011	15.54	5.20	1.76	15.53
A 2012	15.18	5.08	1.72	14.70
A 2013	14.67	4.93	1.65	15.86
A 2014	14.84	4.96	1.68	15.10
A 2015	14.39	4.81	1.62	15.10
A 2016	14.27	4.76	1.59	17.28
A 2017	13.85	4.63	1.58	12.39
A 2018	17.57	4.41	1.50	10.24
A 2019	23.60	4.42	1.52	6.62
A 2020	22.41	4.19	1.44	5.39
F 2021	21.82	3.99	1.43	-
F 2022	21.29	3.90	1.39	-
F 2023	20.76	3.80	1.36	-
F 2024	20.23	3.70	1.32	-
F 2025	19.71	3.61	1.29	-

**Revenue Projection**



**Revenue History**





**Public Institution Reimbursements**

**Revenue Description**

The Department of Public Health and Human Services (DPHHS) receives reimbursement for the cost of sheltering and treating residents at the Montana Developmental Center (MDC), the Montana Mental Health Nursing Care Center (MMHNCC), Montana State Hospital (MSH), Montana Chemical Dependency Treatment Center (MCDC), and the Montana Veterans' Home (MVH).

Reimbursement comes from four sources: state and federally matched Medicaid monies, federal Medicare funds, insurance payments if available, and private payments by residents or persons legally responsible for them.

**Statutory Reference**

Tax Rate – [53-1-402, MCA](#) (requirement to pay)

Tax Distribution – [53-1-413, MCA](#)

Date Due – Monthly ([53-1-405\(3\), MCA](#))

**Applicable Tax Rates:** Three variables determine the level of Medicaid nursing home payments: the number of patient days eligible for Medicaid reimbursement, the reimbursement rate per patient day, and the private resources of Medicaid patients.

**Collection Frequency:** Monthly

**Distribution**

Institutional reimbursements for MDC, MMHNCC, and MSH are first used for debt service with the remainder distributed to the general fund. Reimbursements for MCDC and MVH are distributed to a DPHHS state special revenue fund to be appropriated to those facilities.

**Forecast Risks**

- Changes in insurance, Medicaid, Medicare eligibility and payment levels
- Values of state and local medical spending
- Changing Montana per capita income

**Revenue Estimate Methodology**

Data

The public institution reimbursement estimate is based on data obtained from SABHRS and the Kaiser Family Foundation number of Montana nursing home residents.

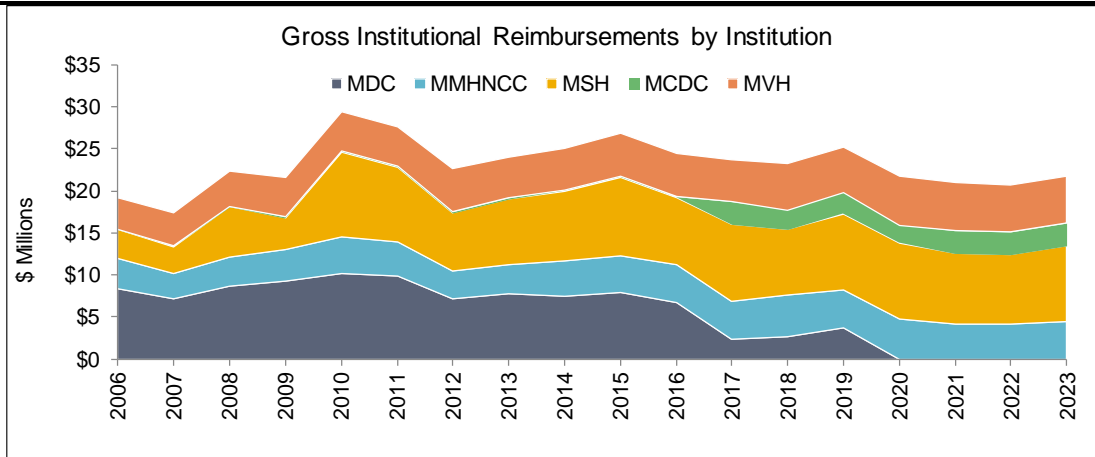
Analysis

Future nursing home residents are based on a time trend of total nursing home residents from the Kaiser Family Foundation. Total reimbursements are modeled on the number of nursing facility residents, with future modeled growth applied to the last year of actual collections. Debt service for MSH is subtracted from the total to produce anticipated general fund collections.

As seen in the following figure, MDC is the primary source of total reimbursements. MMHNCC and MVH are also significant contributors, while reimbursements from MCDC makes up a very small portion of total collections. As a result of [SB 411 \(2015 Session\)](#) MDC was expected to close at the end of FY 2017, however [HB 387 \(2017 Session\)](#) allowed for the facility to be kept open on a limited bases at least through the 2019 biennium.

## Other General Fund Sources

## Public Institution Reimbursements

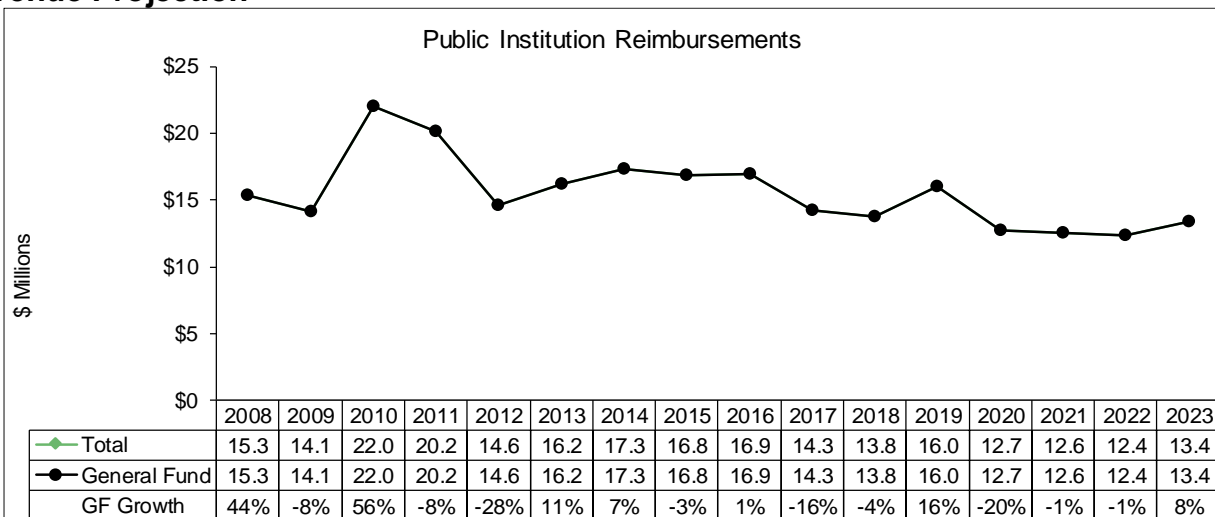


## Revenue Estimate Assumptions

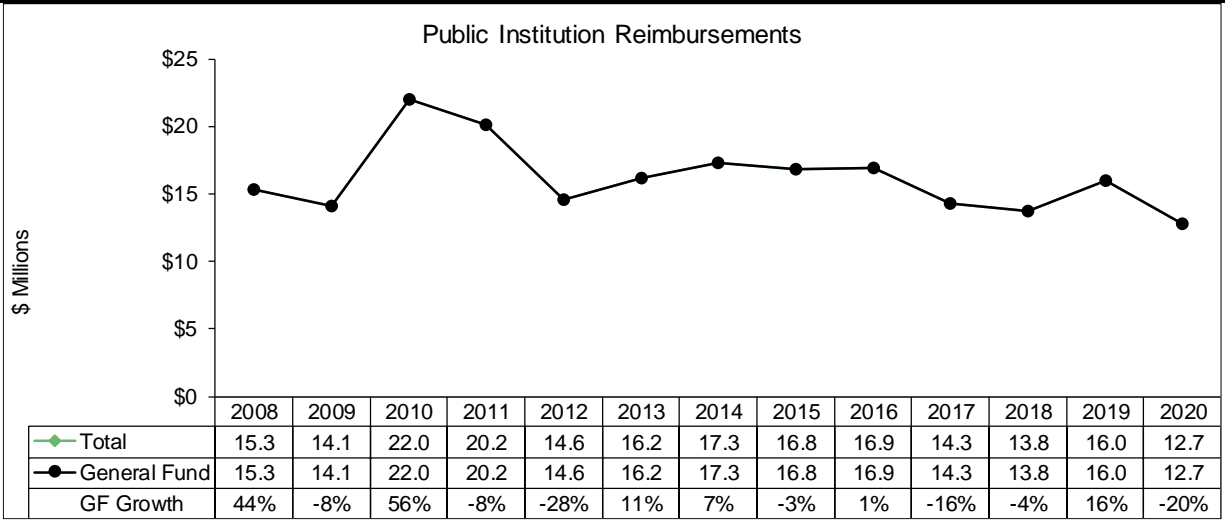
This section contains the assumptions used to generate LFD revenue recommendation.

FY	Total Rev. \$ Millions	GF Rev. \$ Millions	MT Nursing Facility Residents	Calculated Total Reim. \$ Millions	Closure of MDC \$ Millions	MDC Debt Service \$ Millions	MSH Debt Service \$ Millions
A 2010	\$22.000	\$22.000	4,891	\$18.249		\$0.989	\$1.666
A 2011	20.16	20.16	4,734	\$18.359		0.96	1.72
A 2012	14.56	14.56	4,690	\$18.390		0.99	1.67
A 2013	16.21	16.21	4,653	\$18.416		0.98	1.73
A 2014	17.30	17.30	4,564	\$18.479		0.98	1.81
A 2015	16.82	16.82	4,431	\$18.572		0.96	1.81
A 2016	16.91	16.91	4,310	\$18.996		1.00	1.72
A 2017	14.26	14.26	4,153	\$16.981		0.96	1.72
A 2018	13.75	13.75	4,114	\$16.981		2.72	1.72
A 2019	15.99	15.99	3,776	\$16.182		-	1.73
A 2020	12.74	12.74	3,838	\$16.729	-	-	1.63
F 2021	12.55	12.55	3,732	\$16.522	-	-	1.26
F 2022	12.38	12.38	3,625	\$16.316	-	-	1.18
F 2023	13.41	13.41	3,518	\$16.109	-	-	1.20
F 2024	13.24	13.24	3,411	\$15.903	-	-	1.20
F 2025	13.07	13.07	3,304	15.696	-	-	-

## Revenue Projection



## Revenue History



## Tobacco Settlement

### Revenue Description

Montana receives tobacco settlement revenue per the Master Settlement Agreement (MSA) with 60 tobacco companies which concluded litigation with 46 states, Puerto Rico, American Samoa, the U.S. Virgin Islands, the North Mariana Island, Guam and the District of Columbia (52 total settling entities). The lawsuit and subsequent settlement were regarding tobacco-related health care costs.

### Statutory Reference

Tax Rate – N/A

Tax Distribution – [Montana Constitution, Article XII, Section 4](#); [17-6-606, MCA](#); [53-4-1011, MCA](#)

Date Due – Annual payments from settling entities due April 15<sup>th</sup> ([Master Settlement Agreement, Chapter IX\(c\)](#))

### Applicable Tax Rates:

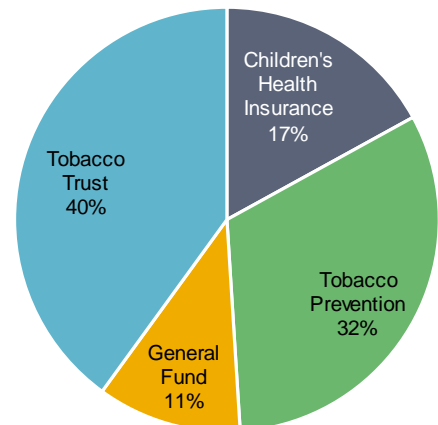
Funds received are subject to adjustments for various reasons including inflation, sales volume, loss of market share due to non-settling companies, operating income, settlements reached by the non-participating states, offsets for litigation, disputed payments, and others. Montana receives 0.4247591% of the total on-going annual payment.

### Collection Frequency

Annual payments are expected each April 15<sup>th</sup> into perpetuity.

### Distribution

The legislature is required to dedicate no less than 40% of tobacco settlement money to a permanent trust fund. The remaining revenue is distributed between the general fund, the Children's Health Insurance Program state special revenue fund, and the Tobacco Prevention state special revenue fund. The adjacent chart shows the FY 2020 distribution of the tobacco settlement funds.



### Forecast Risks

- Inflation
- Volume
- Changing market share for settling companies
- Payment disputes

### Revenue Estimate Methodology

#### Data

PriceWaterhouseCoopers (PWC), the independent auditor to the agreement, gathers all tobacco settlement data and makes all the calculations required by the MSA for determining the amount owed and the distribution. PWC provides detailed documentation of all calculations that is used to inform the model.

#### Analysis

## **Other General Fund Sources**

## **Tobacco Settlement**

The base amount of the settlement is a set value, the analysis and relies on forecasting the adjustments made to that base amount that will result in the final revenue. The adjustments calculated in the model are related to (1) inflation, (2) volume, (3) operating income, (4) states with prior tobacco settlements, (5) non-participating cigarette manufacturers.

1. Inflation – This adjustment cumulatively increases the amount owed by the greater of 3% or the amount of the Consumer Price Index for Urban Consumers. This is forecast using the CPI forecast provided by IHS.
2. Volume – Payments are reduced as the number of cigarettes shipped nationally decreases. The current number of cigarettes is compared to the 1997 base number of 475.7 billion cigarettes. The analysis assumes that the historic trend in number of cigarettes shipped will continue through the biennium. Per the settlement agreement, the calculated adjustment is reduced by 2.0% and then applied.
3. Operating income – Payments increase if the aggregate operating income from the sales of cigarettes exceeds the 1996 base amount of \$7,060.840 million, as adjusted for inflation (see above). This adjustment has not been used since 2000 and therefore is not explained in this document.
4. Previous settling states – Before the MSA, four states had settled lawsuits with certain cigarette manufacturers. The agreement recognized this by allowing reductions to the annual payments (as adjusted for inflation and volume) of 12.45% through FY 2007, 12.24% through FY 2017, and 11.07% thereafter.
5. Non-participating manufacturers (NPM) – If tobacco manufacturers who participate in the Master Settlement Agreement lose market share to those manufacturers who do not, their payments may be reduced, if certain criteria are met.

This adjustment is three times the market share loss of the participating manufacturers. Market share loss is determined by subtracting the current year market share of the participating manufacturers from 97.5835%. If the computed market share loss exceeds 16-2/3%, adjustments are made to account for loss of market share. For this to occur, the change in market share for all PM would have to fall to 80%. It is unlikely that this will occur. While this adjustment is not included as such, the estimate is reduced slightly because the participating manufacturers generally dispute a portion of a payment. FY 2014 was the first year that any disputed payment has completed the cycle of litigation, and the state received the disputed 2003 funds.

These forecast adjustments are applied to the base amount, and the result is the total revenue estimate.

Since the early days of the Master Settlement Agreement (MSA) companies had been withholding \$3-5 million dollars from Montana each year in a “disputed payments account.” In November 2021 the state prevailed in receiving the entire disputed amount and all interest earned on the total, resulting in a large one-time only payment as well as preventing the companies from withholding a portion of the payment in future years.

## **Revenue Estimate Assumptions**

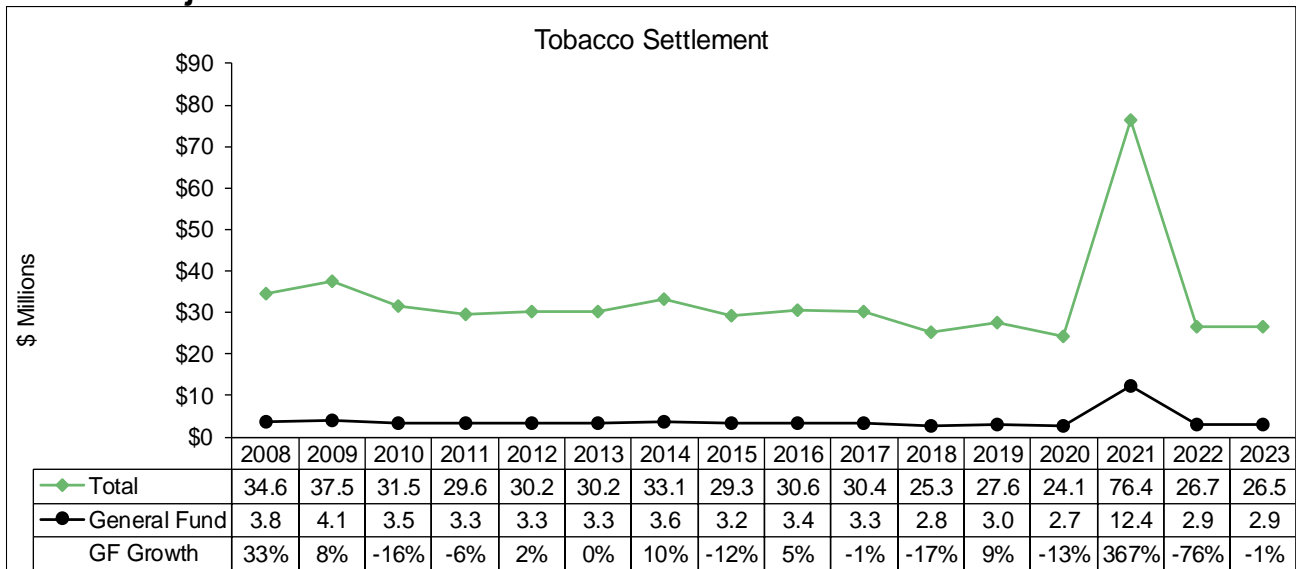
This section contains the assumptions used to generate LFD revenue recommendation.

**Other General Fund Sources**

**Tobacco Settlement**

	Total Settle	GF Settle	Market	Volume	Annual
FY	\$ Millions	\$ Millions	Share	(Millions)	Inflation
					(at least 3.0%)
A 2010	\$31.533	\$3.469	0.937	0.269	3.0%
A 2011	29.62	3.26	0.935	0.258	3.0%
A 2012	30.20	3.32	0.941	0.250	3.0%
A 2013	30.19	3.32	0.938	0.245	3.0%
A 2014	33.14	3.65	0.936	0.235	3.0%
A 2015	29.32	3.23	0.936	0.227	3.0%
A 2016	30.65	3.37	0.934	0.226	3.0%
A 2017	30.39	3.34	0.934	0.221	3.0%
A 2018	25.25	2.78	0.933	0.210	3.0%
A 2019	27.58	3.03	0.927	0.197	3.0%
A 2020	24.13	2.65	0.915	0.183	3.0%
F 2021	76.42	12.41	0.932	0.187	3.0%
F 2022	26.69	2.94	0.928	0.179	3.0%
F 2023	26.47	2.91	0.927	0.172	3.0%
F 2024	26.25	2.89	0.926	0.166	3.0%
F 2025	26.04	2.86	0.926	0.159	3.0%

**Revenue Projection**



**Revenue History**

