



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

DATE: November 9, 2021

TO: House and Senate Tax Members
House Appropriations Members
Senate Finance and Claims Members

FROM: Sam Schaefer

RE: FY 2022 General Fund Revenue Update

GENERAL FUND REVENUE SUMMARY

This is the first monthly revenue update during FY 2022 which is designed to apprise interested members of the legislature on year-to-date general fund revenue collections, recent economic trends, and the outlook for FY 2022 relative to the revenue estimate contained in HJ 2.

FY 2022 general fund revenues through the end of October are \$103.1 million or 12.0% above FY 2021 revenues through the same period. It is still extremely early to begin extrapolating where fiscal year revenues will end, with only four months of collections to date. The first of the major property tax payments is not collected until November and is not posted to the state accounting system until December and January. In addition, the first oil and natural gas collections are typically not posted to the state accounting system until January. Furthermore, this early in the fiscal year the timing of collections for smaller sources can confound comparisons with prior years through the same period.

As a result, this is an abbreviated report compared to what is usually supplied later in the fiscal year. It focuses mostly on individual and corporate income taxes, which to date account for 86% of total general fund revenue collections.

YEAR-TO-DATE GENERAL FUND REVENUE

General Fund Revenue Monitoring Report (\$ Millions)

Revenue Source	Actual FY 2021	HJ 2 FY 2021	HJ 2 Est. % Change	Oct FY 2021	Oct FY 2022	YTD Difference	YTD % Change	YTD % Change
Largest Seven Sources								
Individual Income Tax	\$1,765.418	\$1,539.141	-12.8%	\$650.885	\$731.969	\$81.085	12.5%	
Property Tax	310.682	331.451	6.7%	7.870	7.574	(0.296)	-3.8%	
Corporate Income Tax	266.506	161.443	-39.4%	68.434	94.004	25.570	37.4%	
Vehicle Taxes & Fees	117.791	110.949	-5.8%	31.792	30.751	(1.041)	-3.3%	
Oil & Natural Gas Taxes	39.540	43.973	11.2%	-	-	-	-	
Insurance Tax	87.297	92.000	5.4%	16.128	16.772	0.644	4.0%	
Video Gaming Tax	74.917	63.336	-15.5%	18.074	19.999	1.925	10.7%	
Other Business Taxes								
Drivers License Fee	4.698	4.446	-5.4%	1.403	1.670	0.267	19.0%	
Investment Licenses	17.020	16.361	-3.9%	1.211	1.766	0.555	45.8%	
Lodging Facilities Sales Tax	25.874	28.337	9.5%	5.198	7.626	2.428	46.7%	
Public Contractor's Tax	3.897	5.083	30.4%	1.777	0.165	(1.611)	-90.7%	
Railroad Car Tax	5.187	4.391	-15.3%	0.033	0.670	0.637	1923.7%	
Rental Car Sales Tax	3.916	4.681	19.6%	1.025	1.656	0.631	61.6%	
Retail Telecom Excise Tax	8.814	10.168	15.4%	1.458	0.918	(0.541)	-37.1%	
Other Natural Resource Taxes								
Coal Severance Tax	10.084	8.697	-13.8%	2.097	0.076	(2.020)	-96.4%	
Electrical Energy Tax	3.298	3.759	14.0%	0.276	0.416	0.140	50.8%	
Metal Mines Tax	12.136	8.038	-33.8%	0.000	-	(0.000)	-100.0%	
U.S. Mineral Leasing	12.082	16.196	34.1%	2.572	2.882	0.310	12.1%	
Wholesale Energy Trans Tax	2.981	3.460	16.1%	0.546	0.205	(0.340)	-62.3%	
Other Interest Earnings								
Coal Trust Interest Earnings	15.967	16.813	5.3%	3.655	3.398	(0.257)	-7.0%	
TCA Interest Earnings	3.410	1.002	-70.6%	1.226	0.776	(0.450)	-36.7%	
Other Consumption Taxes								
Marijuana Tax	-	6.286	-	-	-	-	-	
Beer Tax	3.315	3.133	-5.5%	0.958	0.948	(0.010)	-1.0%	
Cigarette Tax	27.887	26.542	-4.8%	9.974	8.431	(1.543)	-15.5%	
Liquor Excise Tax	27.823	26.486	-4.8%	7.218	7.471	0.253	3.5%	
Liquor Profits	13.256	15.800	19.2%	-	-	-	-	
Lottery Profits	12.300	13.180	7.2%	-	-	-	-	
Tobacco Tax	5.611	5.617	0.1%	1.533	1.513	(0.020)	-1.3%	
Wine Tax	2.679	2.634	-1.7%	0.700	0.697	(0.003)	-0.4%	
Other Sources								
All Other Revenue	45.607	46.151	1.2%	17.011	14.863	(2.149)	-12.6%	
Highway Patrol Fines	3.517	3.640	3.5%	0.769	0.788	0.019	2.5%	
Nursing Facilities Fee	3.400	3.896	14.6%	0.611	0.458	(0.153)	-25.0%	
Public Institution Reimbursements	13.739	12.382	-9.9%	2.345	1.386	(0.960)	-40.9%	
Tobacco Settlement	13.196	3.028	-77.1%	0.017	-	(0.017)	-100.0%	
Ongoing Revenue Subtotal	2,954.004	2,642.499	-10.5%	856.795	959.851	103.055	12.0%	
OTO Revenue & Transfers Subtotal	9.843	-	-	-	-	-	-	
Grand Total	\$2,963.847	\$2,642.499	-10.8%	\$856.795	\$959.851	\$103.055	12.0%	

Individual Income Tax: Strong growth, but extremely early to make predictions about final collections

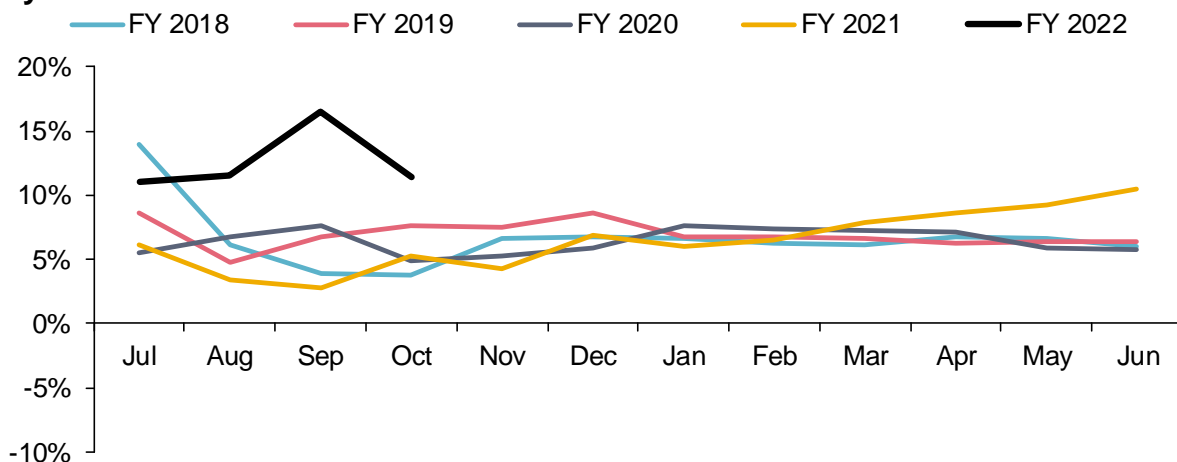
Individual income tax collections through the end of October are \$81.1 million or 12.5% above the year-to-date collections in FY 2021. Withholding growth has remained strong at 11.4%. The year-over-year decline in estimated payments is a result of an additional payment being booked in early FY 2021 that was attributed to FY 2020, due to the extension of Tax Day. A true comparison, with the additional quarterly payment removed, shows year-over-year growth in estimated payments of nearly 20%.

Individual Income Tax (\$ Millions)

Account	YTD 2022	YTD 2021	\$ Difference	% Difference
Withholding	\$388.8	\$349.1	\$39.7	11.4%
Estimated Payments	143.6	170.1	(26.5)	-15.6%
Current Year Payments	31.6	26.8	4.8	18.0%
Audit, P&I, Amended	12.7	11.6	1.1	9.8%
Refunds	141.9	85.0	56.9	66.9%
Partnership Income Tax	12.7	7.6	5.1	67.1%
Mineral Royalties	0.7	0.7	(0.0)	-0.3%
Total	732.0	650.9	81.1	12.5%

Withholding accounts for over two-thirds of individual income tax and about one-third of total general fund revenue and is continuing to show year-over-year growth compared to FY 2021 collections. As shown in the following chart, withholding growth tends to be relatively variable in the first half of the year, but typically stabilizes by February. However, it continued to increase through the final months of FY 2021 compared to prior years.

Cumulative year-over-year withholding growth is strong this early in the year



Corporate Income Tax: Strong growth, but extremely early to make predictions about final collections

Corporate income tax collections through the end of October are 37.4% or \$25.6 million above this time in FY 2021. The growth has been driven primarily by quarterly estimated payments, which typically account for approximately 75% of total corporate income taxes. Once again though, it is far too early to speculate where final collections will end up, as three quarters of estimated payments will be made before the fiscal year ends.

Account	YTD 2022	YTD 2021	\$ Difference	% Difference
Corporation Tax	\$13.9	\$14.3	(\$0.5)	-3.2%
Estimated Payments	\$69.2	\$52.0	17.1	33.0%
Refunds	1.9	(1.2)	3.1	-260.3%
Audit, P&I, Amended	9.0	3.3	5.7	174.0%
Total	\$94.0	\$68.4	\$25.6	37.4%

Remaining Sources: Slightly Below Last Year

The remaining revenue sources only account for 14% of year-to-date revenues at this point in the fiscal year. As seen on the table on page 2, most sources have double-digit percentage differences from the prior year. This is common for this early in the fiscal year and is strongly impacted by the timing of monthly payments and when taxes are due.