

Revenue Interim Committee FY 2024 Year-to- Date Update

January 22, 2024




















Year-to-Date Highlights Through December

- Ongoing general fund, school equalization account (95 mills), and Treasury Cash interest revenues are \$76.6 million or 4.4% above collections through the same period last year.
- In the revenue estimate (HJ 2), these sources were estimated to decrease by 3.3%.
- Typically, through December, about 46% of total fiscal year-end general fund & select state special funds are collected.
- Currently, there is a collection timing anomaly with individual income taxes. This will be discussed later.
- If this anomaly is removed, year-to-date collections would show a decline of approximately 1.0%, which is consistent with the projected decline of 3.3% at this point in the fiscal year.

General Fund, School Equalization, Debt & Liability Free Account Revenue Monitoring Report

(\$ Millions)

Revenue Source	Actual FY 2023	HJ 2 FY 2024	HJ 2 Est. % Change	Dec FY 2023	Dec FY 2024	YTD Difference	YTD % Change	YTD % Change
Largest Seven Sources								
Individual Income Tax	\$2,254.305	\$2,054.152	-8.9%	\$1,172.953	\$1,219.136	\$46.183	3.9%	
Property Tax (General Fund)	355.982	15.861	-95.5%	148.843	6.878	(141.965)	-95.4%	
Property Tax (School Equalization)		424.826			149.394			
Corporate Income Tax	309.884	275.821	-11.0%	159.226	162.862	3.635	2.3%	
Vehicle Taxes & Fees	123.005	122.221	-0.6%	52.690	52.131	(0.559)	-1.1%	
Oil & Natural Gas Taxes	71.039	73.229	3.1%	-	-	-		
Insurance Tax	106.196	105.838	-0.3%	18.579	19.296	0.717	3.9%	
Video Gaming Tax	80.105	83.264	3.9%	20.142	20.858	0.717	3.6%	
Other Business Taxes								
Drivers License Fee	6.601	5.919	-10.3%	2.729	2.823	0.094	3.4%	
Investment Licenses	20.942	20.741	-1.0%	2.305	1.713	(0.592)	-25.7%	
Lodging Facilities Sales Tax	42.338	57.476	35.8%	15.724	17.876	2.152	13.7%	
Public Contractor's Tax	6.733	4.203	-37.6%	4.572	6.215	1.644	36.0%	
Railroad Car Tax	4.012	5.496	37.0%	3.122	3.139	0.017	0.6%	
Rental Car Sales Tax	7.270	7.978	9.7%	2.748	3.404	0.656	23.9%	
Retail Telecom Excise Tax	8.436	5.631	-33.3%	2.178	2.076	(0.103)	-4.7%	
Other Natural Resource Taxes								
Coal Severance Tax	20.879	18.420	-11.8%	5.565	4.841	(0.723)	-13.0%	
Electrical Energy Tax	4.004	3.536	-11.7%	0.978	1.017	0.039	4.0%	
Metal Mines Tax	7.251	11.363	56.7%	0.002	-	(0.002)	-100.0%	
U.S. Mineral Leasing	37.508	24.212	-35.4%	18.380	5.146	(13.235)	-72.0%	
Wholesale Energy Trans Tax	3.455	3.410	-1.3%	0.892	0.879	(0.013)	-1.5%	

Other Interest Earnings								
Coal Trust Interest Earnings	18.105	18.857	4.2%	7.068	7.216	0.148	2.1%	
TCA Interest Earnings (Now SSR)	118.389	126.591	6.9%	40.439	59.970	19.532	48.3%	
Other Consumption Taxes								
Beer Tax	3.188	3.329	4.4%	1.443	0.905	(0.539)	-37.3%	
Cigarette Tax	20.797	26.889	29.3%	9.333	10.484	1.152	12.3%	
Liquor Excise Tax	32.705	32.298	-1.2%	12.869	13.484	0.615	4.8%	
Liquor Profits	19.000	23.700	24.7%	-	-	-		
Lottery Profits	22.657	15.508	-31.6%	6.061	6.368	0.307	5.1%	
Marijuana Tax	29.423	30.681	4.3%	-	-	-		
Tobacco Tax	5.358	5.320	-0.7%	2.453	2.308	(0.145)	-5.9%	
Wine Tax	2.528	2.696	6.6%	1.128	0.681	(0.447)	-39.6%	
Other Sources								
All Other Revenue	304.813	46.544	-84.7%	282.379	27.499	(254.880)	-90.3%	
Highway Patrol Fines	3.587	3.953	10.2%	1.458	1.373	(0.085)	-5.8%	
Nursing Facilities Fee	3.542	2.942	-16.9%	0.828	0.899	0.071	8.5%	
Public Institution Reimbursements	4.308	7.758	80.1%	0.044	2.240	2.195	4943.7%	
Tobacco Settlement	3.466	3.327	-4.0%	0.157	-	(0.157)	-100.0%	
Ongoing GF Revenue Subtotal	3,682.630	3,178.074	-13.7%	1,696.061	1,603.747	(92.315)	-5.4%	
Ongoing GF & SSR Subtotal	3,801.019	3,673.991	-3.3%	1,736.500	1,813.110	76.611	4.4%	
OTO Revenue & Transfers Subtotal	260.789	(55.500)		260.789		(260.789)	-100.0%	
Grand Total General Fund	\$3,943.420	\$3,122.574	-20.8%	\$1,956.850	\$1,603.747	(\$353.104)	-18.0%	

Individual Income Taxes

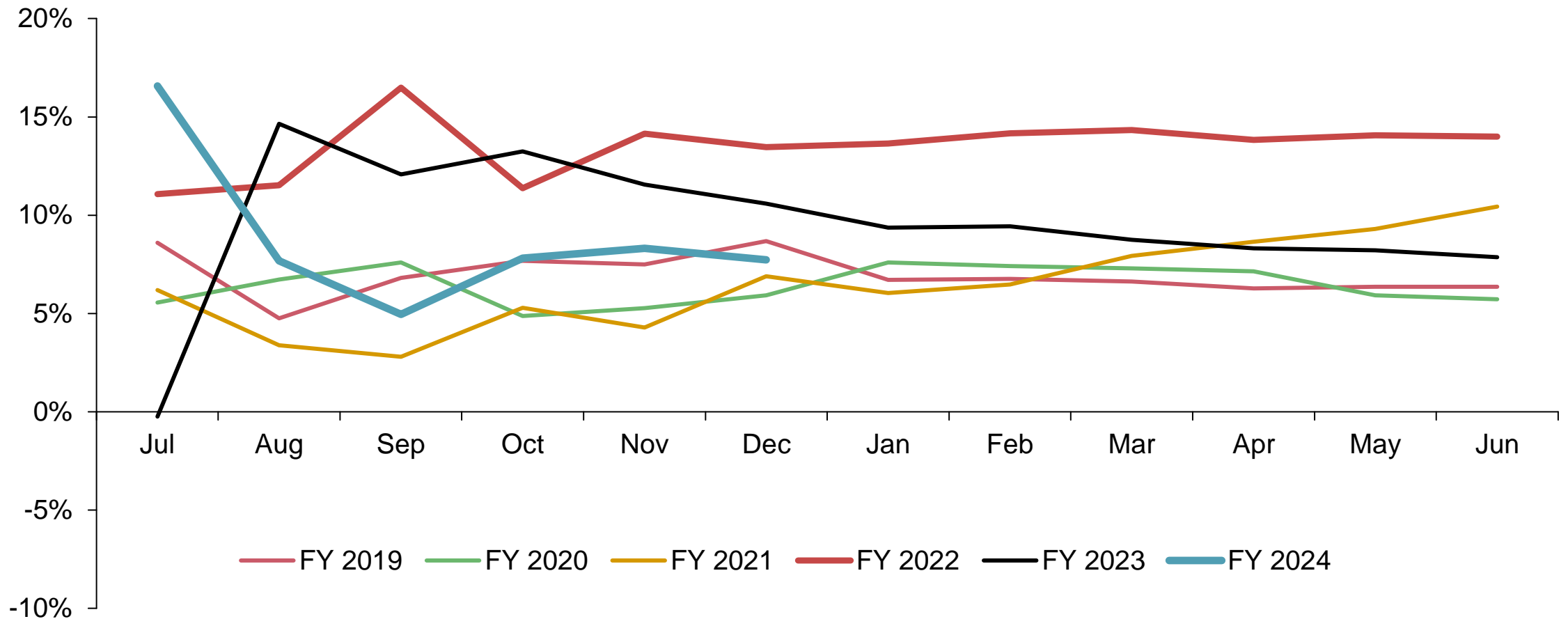


Individual Income Tax (\$ Millions)

Account	YTD 2024	YTD 2023	\$ Difference	% Difference
Withholding	\$756.9	\$702.6	\$54.3	7.7%
Estimated Payments	210.3	229.6	(19.3)	-8.4%
Current Year Payments	64.9	68.9	(4.0)	-5.8%
Audit, P&I, Amended	25.7	25.8	(0.2)	-0.6%
Refunds	23.2	91.5	(68.2)	-74.6%
Partnership Income Tax	134.3	50.0	84.3	168.6%
Mineral Royalties	3.8	4.5	(0.7)	-16.4%
Total	1,219.1	1,173.0	46.2	3.9%

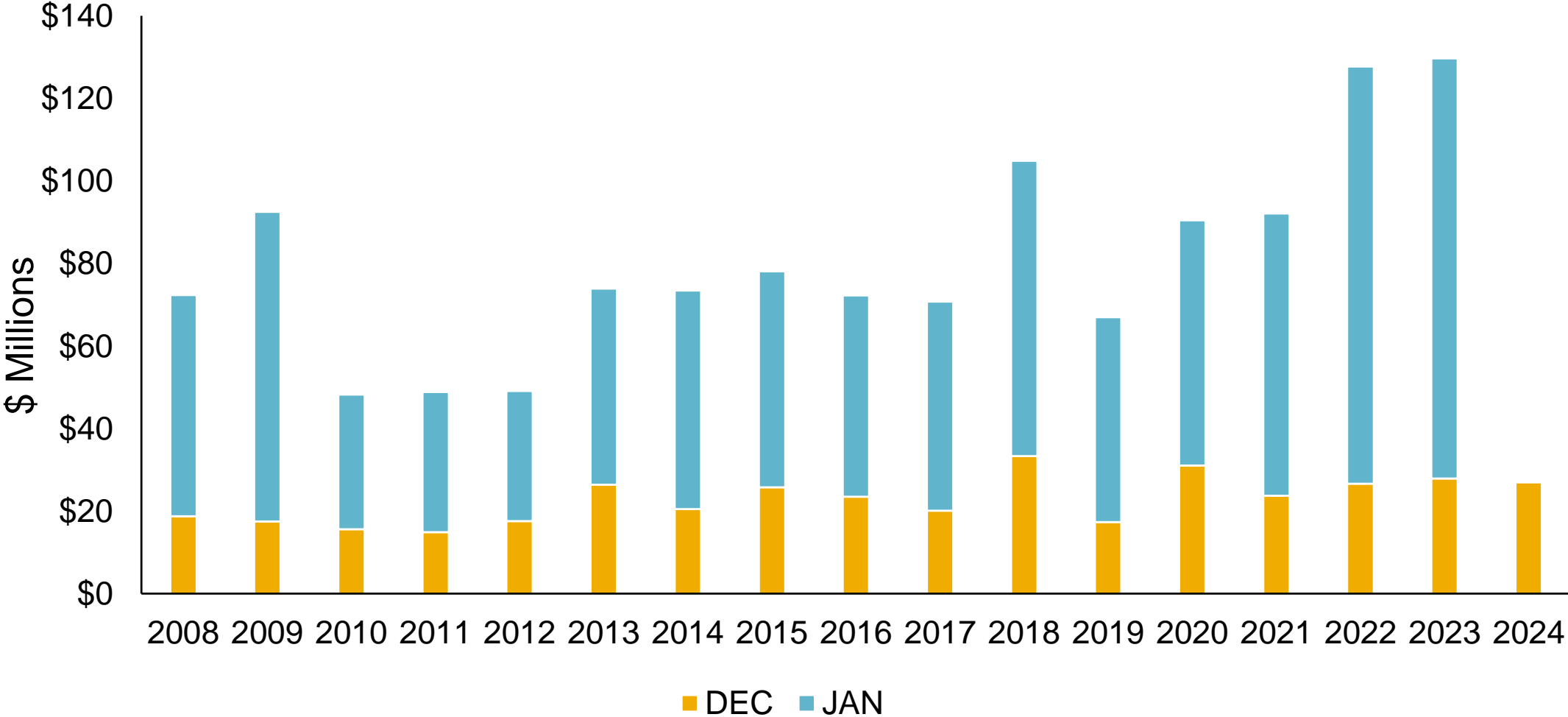
Individual Income Tax Withholding

Cumulative Year-over-Year Withholding



Individual Income Tax Estimated Payments

Individual Income Estimated Payments: December & January



SB 554 (2023 Legislative Session)

- Partnership Income Tax collections are currently \$84.3 million or 168.6% above last year's collections.
- In December, collections totaled \$101.7 million, compared to the five-year average of \$6.9 million.
- SB 554 provided for an optional pass-through entity tax. The fiscal note for this bill estimated that there would be no impact to state revenues.
- At the federal level, state tax liabilities for pass-through entities are classified as a business expense, and not subject to the state and local tax (SALT) itemized deduction cap.
- It is highly likely that many Montana taxpayers pre-paid, or overpaid, state tax liabilities as a pass-through entity at the end of CY 2023 to lower their federal liability.
- It is anticipated that these liabilities will be offset at the state level in the second half of FY 2024 through lower quarterly estimated payments or refunds.

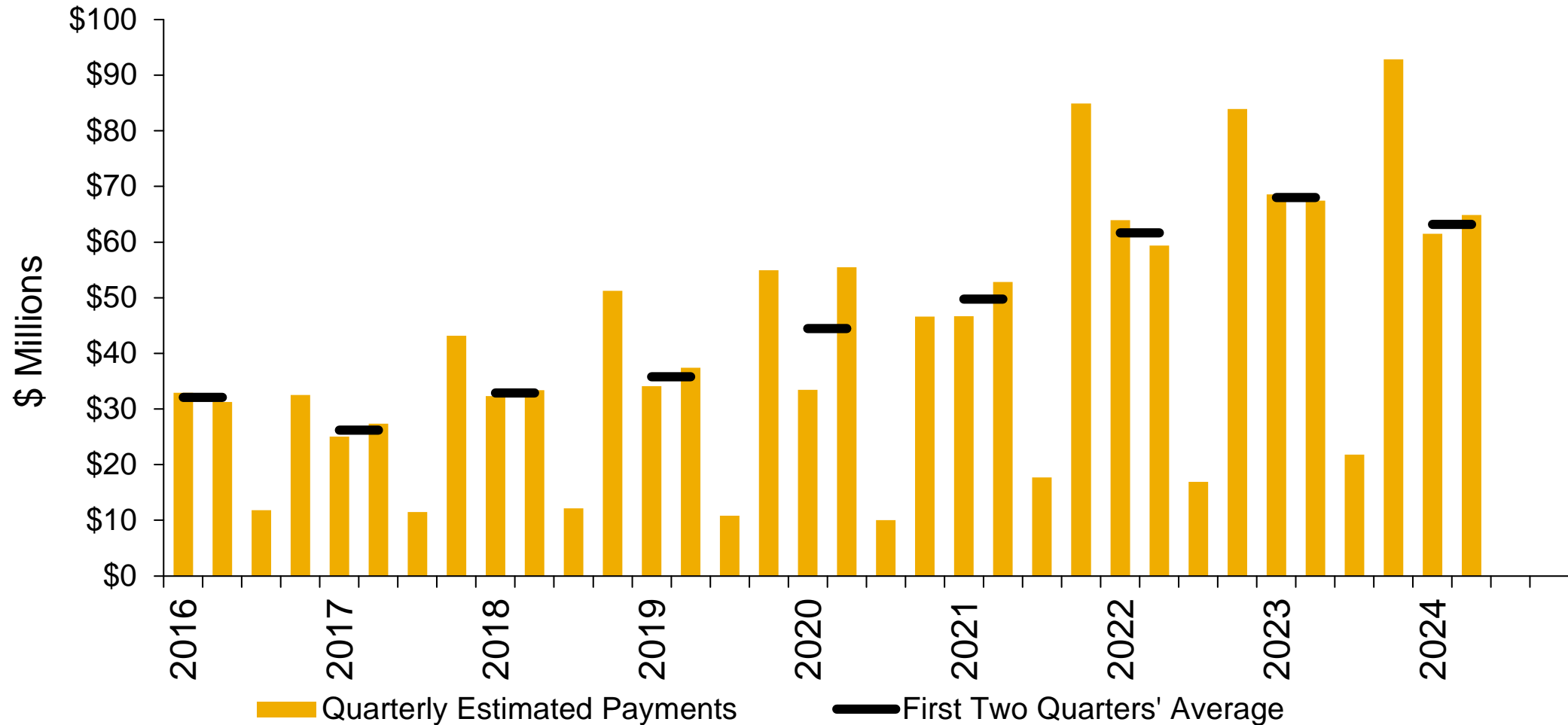
Corporate Income Tax

Corporate Income Tax (\$ Millions)

Account	YTD 2024	YTD 2023	\$ Difference	% Difference
Corporation Tax	\$34.2	\$20.9	\$13.3	63.7%
Estimated Payments	\$126.3	\$136.0	(9.6)	-7.1%
Refunds	(2.2)	(1.0)	(1.3)	131.0%
Audit, P&I, Amended	4.6	3.3	1.2	36.5%
Total	162.9	\$159.2	\$3.6	2.3%

Corporate Income Tax Estimated Payments

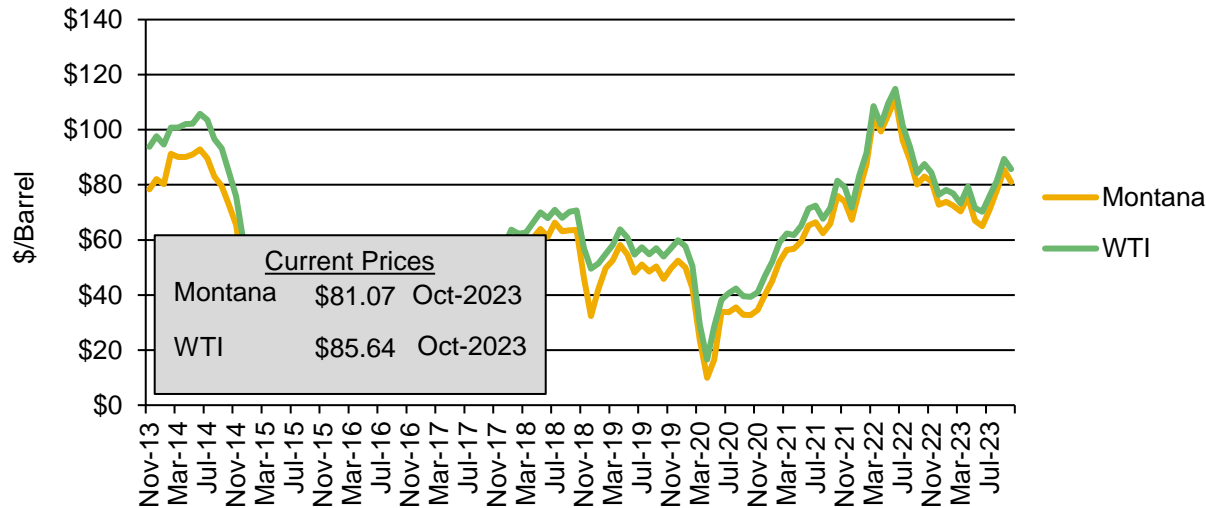
Corporate Estimated Payments by Fiscal Year Quarter



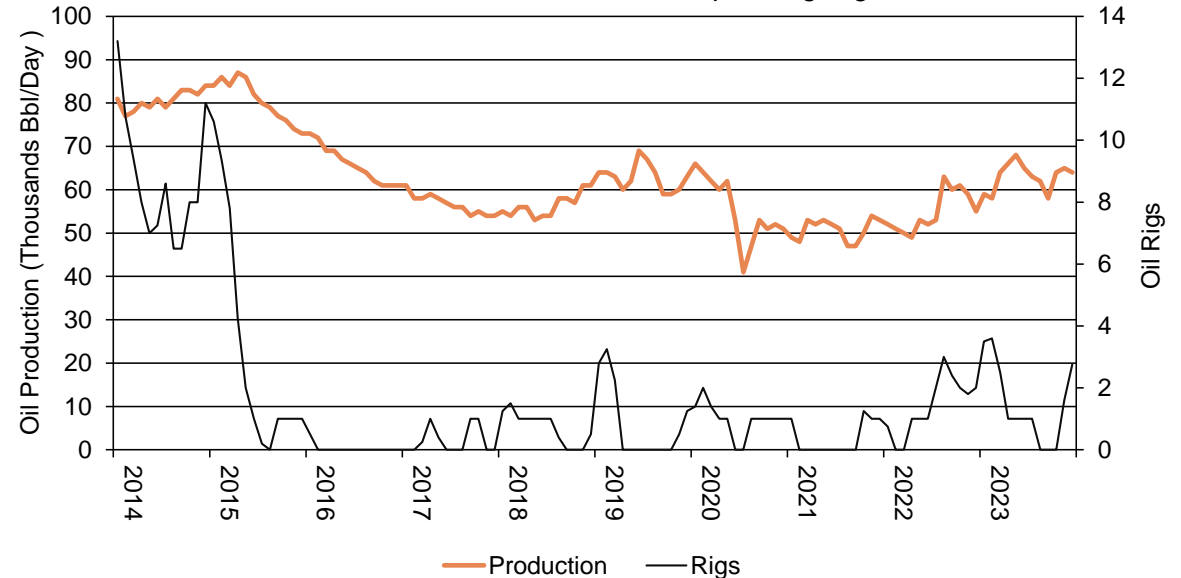
Property Tax (95 mills) & Oil & Natural Gas Taxes

- Currently, the state-levied 95 school equalization mills have grown 5.1% compared to last year. It was estimated that they would grow by 23.8%.
- Given the dispute this fall on how many mills to levy, it is anticipated that the November payment will be lower than expected. However, the May payment should atone for this, and collections will likely end up near the HJ 2 estimate.
- Oil & Natural Gas collections have not yet been posted to the accounting system but will by the end of January. To date, prices are below last year's levels, but production is higher. As a result, collections are anticipated to be near last year's levels once they are posted.

Montana Oil Price vs. WTI Oil Price



Montana Oil Production & Operating Rigs



Vehicle, Insurance, & Video Gaming Taxes

- Combined vehicle, insurance, and video gaming taxes are projected to grow by 0.7% in FY 2024.
- Through December, these sources have grown by 1.0%.

