

# Revenue Interim Committee FY 2024 Year-to- Date Update

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May 10, 2024























# Revenue Highlights

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- Through April, ongoing general fund revenue, the state levied 95 mills, and TCA interest earnings are 2.3% or \$70.6 million above last year's collections through the same period.
- This is in comparison to the revenue estimate, HJ 2, which projected a 3.3% decline.
- Year-to-date collections are \$174 million above what was anticipated in HJ 2, and current trends suggest final year-end collections could be roughly \$200 million above HJ 2.
- A large portion of this increase, however, is and will continue to be due to timing associated with [SB 554 \(2023 Legislative Session\)](#).
- As a result, fiscal year-end collections will likely be artificially high, and the offset will result in reduced income tax collections in future years.

## 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	April FY 2023	April FY 2024	YTD Difference	YTD % Change	YTD % Change
<b>Largest Seven Sources</b>								
Individual Income Tax	\$2,254.305	\$2,054.152	-8.9%	\$2,094.276	\$2,130.836	\$36.560	1.7%	
Property Tax (General Fund)	355.982	15.861	23.8%	212.540	8.644	20.107	9.5%	
Property Tax (School Equalization)		424.826			224.002			
Corporate Income Tax	309.884	275.821	-11.0%	236.694	246.370	9.676	4.1%	
Vehicle Taxes & Fees	123.005	122.221	-0.6%	89.849	92.695	2.846	3.2%	
Oil & Natural Gas Taxes	71.039	73.229	3.1%	37.437	34.610	(2.827)	-7.6%	
Insurance Tax	106.196	105.838	-0.3%	87.049	76.449	(10.601)	-12.2%	
Video Gaming Tax	80.105	83.264	3.9%	59.763	62.092	2.329	3.9%	
<b>Other Business Taxes</b>								
Drivers License Fee	6.601	5.919	-10.3%	5.065	4.751	(0.314)	-6.2%	
Investment Licenses	20.942	20.741	-1.0%	19.956	20.038	0.082	0.4%	
Lodging Facilities Sales Tax	42.338	57.476	35.8%	28.332	29.721	1.389	4.9%	
Public Contractor's Tax	6.733	4.203	-37.6%	3.690	5.317	1.627	44.1%	
Railroad Car Tax	4.012	5.496	37.0%	3.133	3.152	0.019	0.6%	
Rental Car Sales Tax	7.270	7.978	9.7%	4.429	5.460	1.031	23.3%	
Retail Telecom Excise Tax	8.436	5.631	-33.3%	5.646	5.305	(0.341)	-6.0%	
<b>Other Natural Resource Taxes</b>								
Coal Severance Tax	20.879	18.420	-11.8%	13.060	12.218	(0.843)	-6.5%	
Electrical Energy Tax	4.004	3.536	-11.7%	2.601	3.058	0.457	17.6%	
Metal Mines Tax	7.251	11.363	56.7%	3.950	3.444	(0.506)	-12.8%	
U.S. Mineral Leasing	37.508	24.212	-35.4%	24.912	10.945	(13.966)	-56.1%	
Wholesale Energy Trans Tax	3.455	3.410	-1.3%	2.547	2.594	0.047	1.9%	

Other Interest Earnings								
Coal Trust Interest Earnings	18.105	18.857	4.2%	12.914	13.768	0.854	6.6%	
TCA Interest Earnings (Now SSR)	118.389	126.591	6.9%	95.084	109.382	14.297	15.0%	
Other Consumption Taxes								
Beer Tax	3.188	3.329	4.4%	2.318	2.205	(0.113)	-4.9%	
Cigarette Tax	20.797	26.889	29.3%	15.233	17.305	2.072	13.6%	
Liquor Excise Tax	32.705	32.298	-1.2%	22.113	22.580	0.468	2.1%	
Liquor Profits	19.000	23.700	24.7%	-	-	-	-	
Lottery Profits	22.657	15.508	-31.6%	14.278	6.368	(7.909)	-55.4%	
Marijuana Tax	29.423	30.681	4.3%	-	-	-	-	
Tobacco Tax	5.358	5.320	-0.7%	4.016	3.740	(0.276)	-6.9%	
Wine Tax	2.528	2.696	6.6%	1.902	1.856	(0.046)	-2.4%	
Other Sources								
All Other Revenue	304.813	46.544	-84.7%	289.293	39.720	(249.573)	-86.3%	
Highway Patrol Fines	3.587	3.953	10.2%	2.601	2.518	(0.083)	-3.2%	
Nursing Facilities Fee	3.542	2.942	-16.9%	2.158	2.154	(0.004)	-0.2%	
Public Institution Reimbursements	4.308	7.758	80.1%	2.960	3.626	0.666	22.5%	
Tobacco Settlement	3.466	3.327	-4.0%	0.157	2.999	2.842	1812.7%	
Ongoing GF Revenue Subtotal	3,682.630	3,178.074	-13.7%	3,044.083	2,876.540	(167.544)	-5.5%	
Ongoing GF & SSR Subtotal	3,801.019	3,673.991	-3.3%	3,139.168	3,209.924	70.756	2.3%	
OTO Revenue & Transfers Subtotal	260.789	(55.500)		260.789		(260.789)	-100.0%	
<b>Grand Total General Fund</b>	<b>\$3,943.420</b>	<b>\$3,122.574</b>	<b>-20.8%</b>	<b>\$3,399.957</b>	<b>\$2,876.540</b>	<b>(\$523.417)</b>	<b>-15.4%</b>	

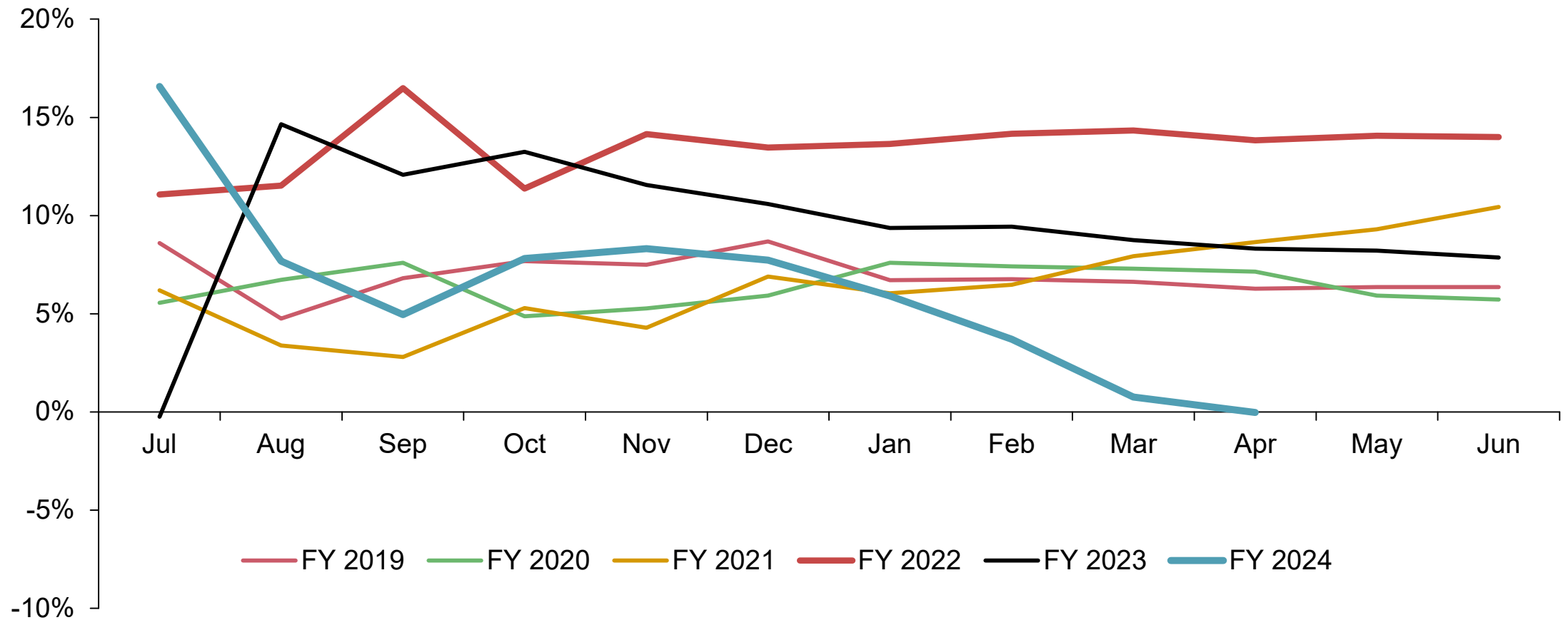
# Individual Income Taxes

## Individual Income Tax (\$ Millions)

Account	YTD 2024	YTD 2023	\$ Difference	% Difference
Withholding	\$1,227.9	\$1,228.2	(\$0.3)	0.0%
Estimated Payments	350.0	437.8	(87.7)	-20.0%
Current Year Payments	356.5	398.7	(42.2)	-10.6%
Audit, P&I, Amended	57.1	57.8	(0.7)	-1.2%
Refunds	(242.8)	(176.0)	(66.9)	38.0%
Partnership Income Tax	372.2	138.2	234.0	169.4%
Mineral Royalties	9.9	9.6	0.3	3.6%
Total	2,130.8	2,094.3	36.6	1.7%

# Individual Income Tax Withholding

## Cumulative Year-over-Year Withholding

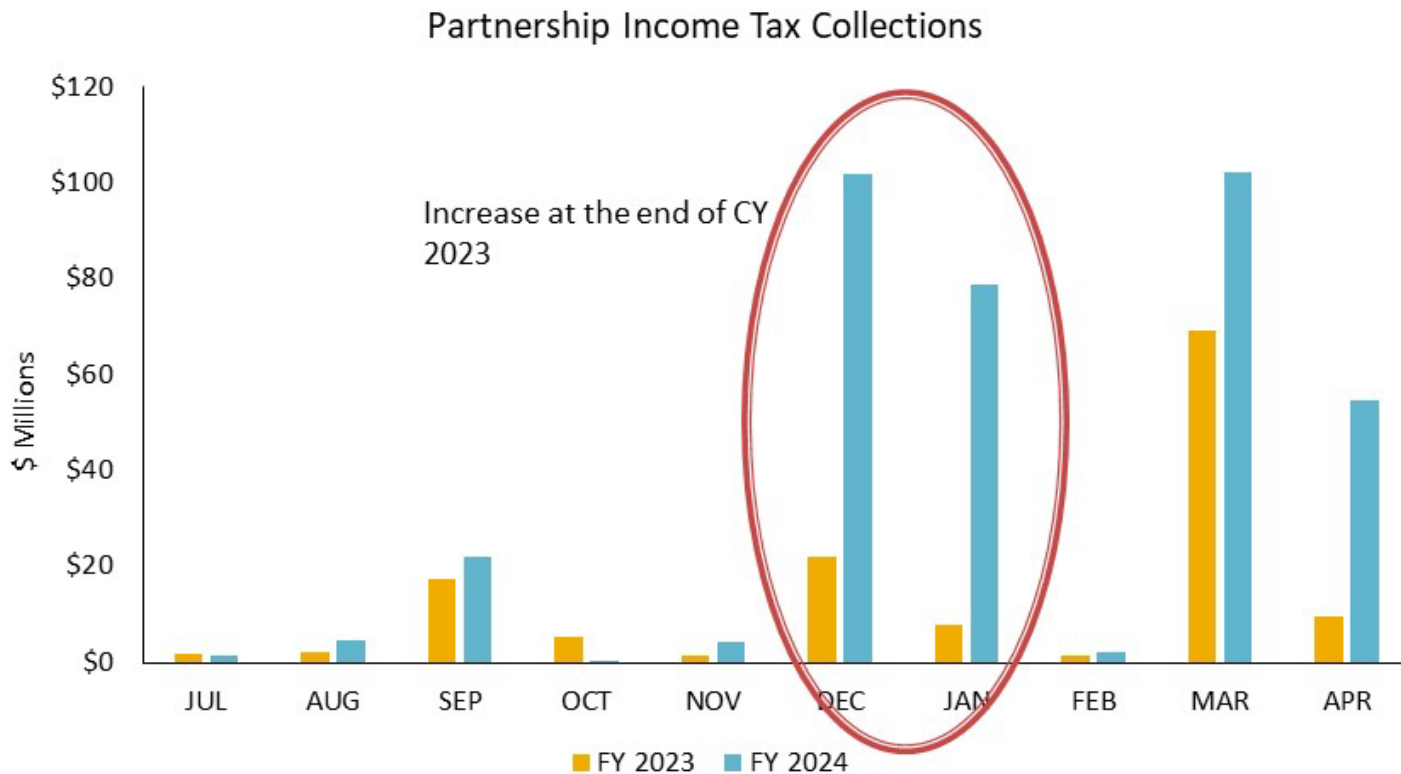


## SB 554 (2023 Legislative Session)

- Partnership Income Tax collections are currently \$234.0 million or 169.4% above last year's collections.
- In December & January, collections were approximately \$150 million above last year's December/January collections.
- SB 554 provided for an optional pass-through entity tax. The fiscal note for this bill estimated that there would be no long-term 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 prepaid or overpaid state tax liabilities as a pass-through entity at the end of CY 2023 to lower their federal liability.

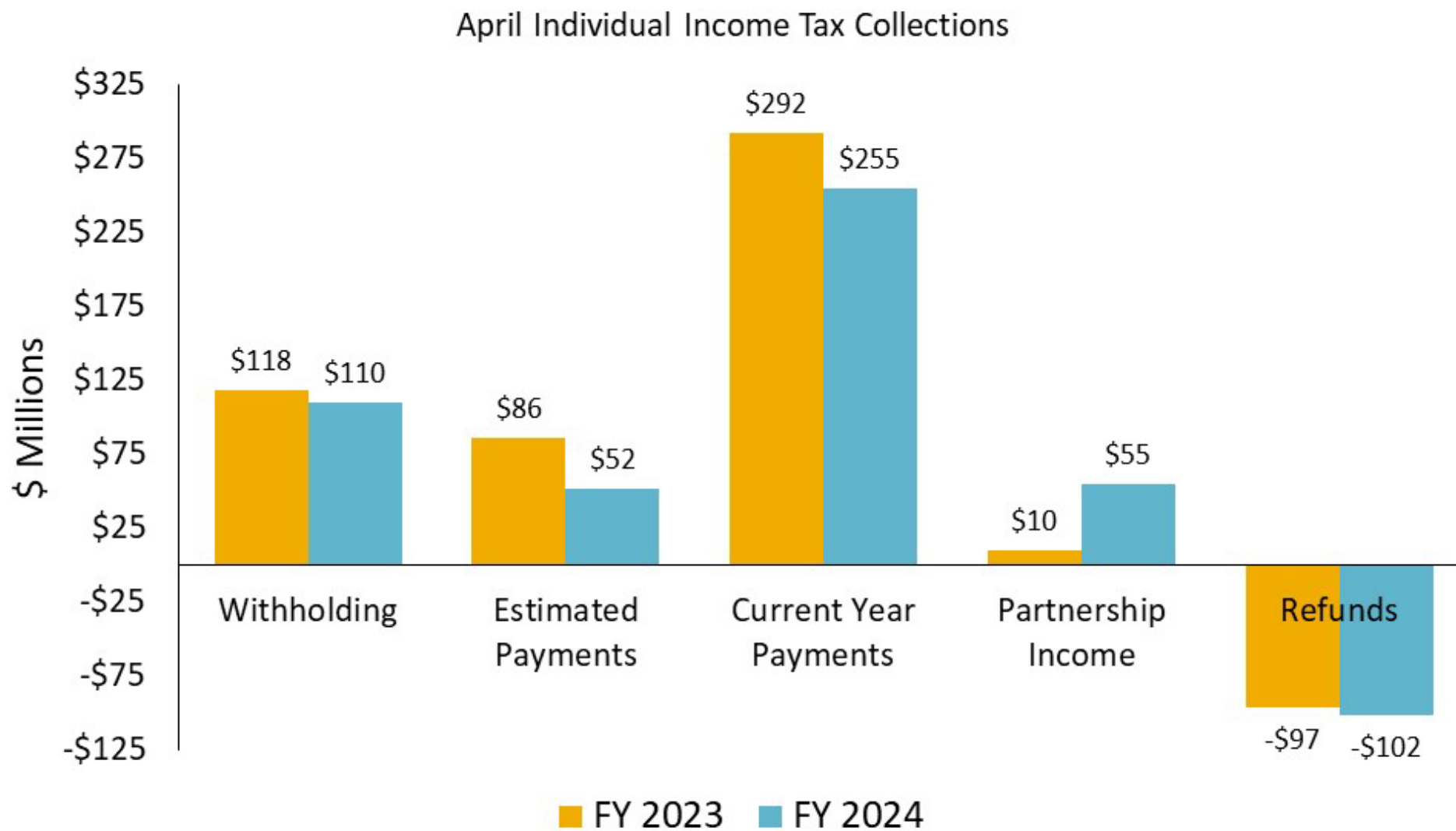
# Partnership Income Tax

- Owners of a pass-through who pay tax at the entity level are then issued a credit when they file their state income tax.
- A preliminary tax extract from the month of April showed that only \$35 million in credits had been used, though this number will likely increase. This is in comparison to the \$150 million increase in partnership tax collections in December/January
- It is anticipated that more credits will be claimed in future months/years, resulting in reduced income tax collections.





# Individual Income Tax: April Summary



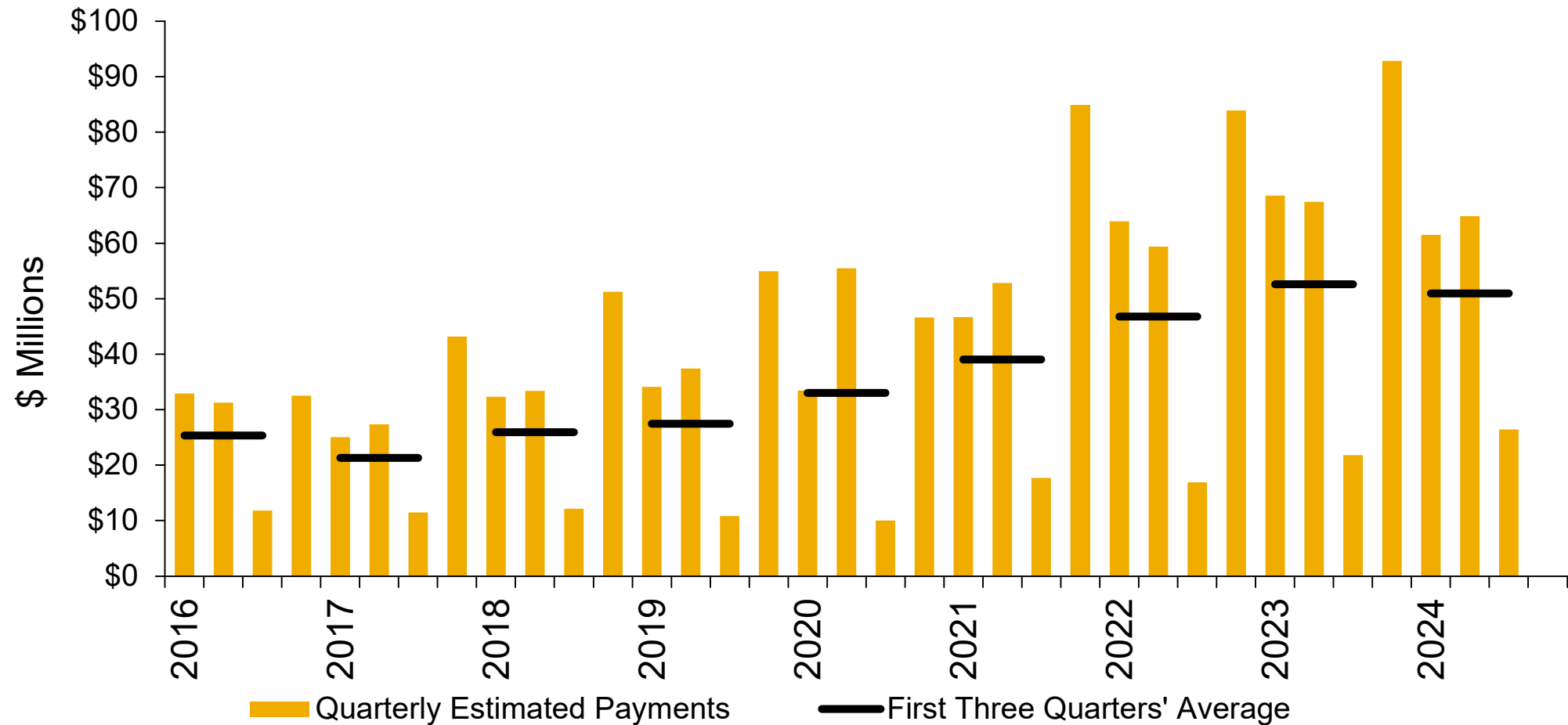
# Corporate Income Tax

## Corporate Income Tax (\$ Millions)

Account	YTD 2024	YTD 2023	\$ Difference	% Difference
Corporation Tax	\$78.2	\$54.0	\$24.2	44.8%
Estimated Payments	\$184.8	\$189.8	(5.0)	-2.6%
Refunds	(27.9)	(22.2)	(5.7)	25.8%
Audit, P&I, Amended	11.3	15.1	(3.8)	-25.1%
Total	246.4	\$236.7	\$9.7	4.1%

# Corporate Income Tax Estimated Payments

## Corporate Estimated Payments by Fiscal Year Quarter



# Property Tax (95 Mills)

- The statewide 95 mills have increased 9.5% compared to last year. In HJ 2, they were expected to grow by 23.8%.
- Dispute over the number of mills owed to the state caused November collections to be lower than anticipated.
- The difference is expected to be made up in the May payments.

FY Property Tax Collections by Period

