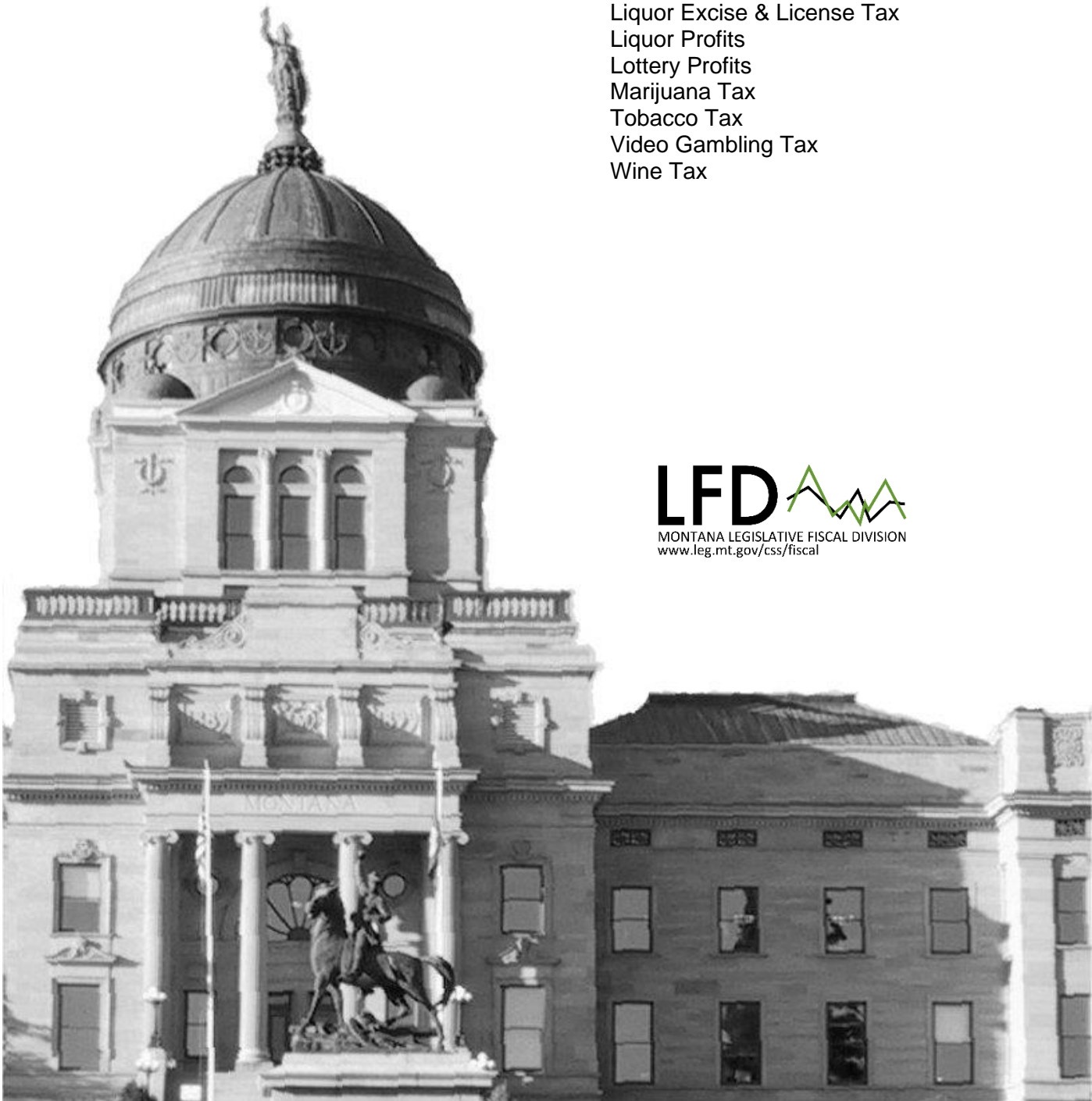


CONSUMPTION TAXES

Beer Tax
Cigarette Tax
Marijuana Tax
Diesel Tax
Gasoline Tax
GVW & Other Fees
Liquor Excise & License Tax
Liquor Profits
Lottery Profits
Marijuana Tax
Tobacco Tax
Video Gambling Tax
Wine Tax



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Beer Tax

Revenue Description

A tax is levied on each barrel (31 gallons) of beer produced in or imported into Montana according to the number of barrels produced annually by a given brewer.

Statutory Reference

Tax Rate – [16-1-406, MCA](#)

Distribution – [16-1-406, MCA](#)

Date Due – end of the month and collected in the next month ([16-1-406\(2\), MCA](#))

Applicable Tax Rates

The per-barrel tax varies according to number of barrels produced:

- Up to 5,000 barrels – \$1.30
- 5,001 to 10,000 barrels – \$2.30
- Over 10,000 barrels – \$4.30

Collection Frequency: Monthly

Distribution

Beer tax revenue is distributed between the general fund, the Department of Public Health and Human Services (DPHHS) state special revenue alcohol account, and four tribal governments according to intergovernmental agreements between DOR and the tribes. Beer tax dollars are distributed to Blackfeet, Fort Belknap, Fort Peck, and Flathead according to the following formula: (per capita beer consumption) x (tribal membership) x (Montana tax rate). The following chart shows the FY 2022 distribution of beer tax revenue.

Summary of Legislative Action: The 68th Legislature did not enact legislation impacting this source.

Forecasting Risks

- Change in Montana population
- Change in Montana personal consumption patterns
- Change in effective tax rate

Revenue Estimate Methodology

Data

The beer tax estimate is based on data obtained from DOR, SABHRS, and IHS Markit. Details on tax collections by rate and tribal distributions are provided by DOR; fiscal year tax collections are from SABHRS; forecasts for independent economic variables are produced by IHS Markit.

Analysis

Per capita consumption—the number of proxy barrels divided by Montana population age 21 and older—is modeled on the Montana personal consumption series from IHS Markit. Future barrels are estimated by multiplying the forecast per capita consumption by forecast population. Total tax collections are calculated by multiplying the number of barrels sold in each year by the effective tax rate in that year.

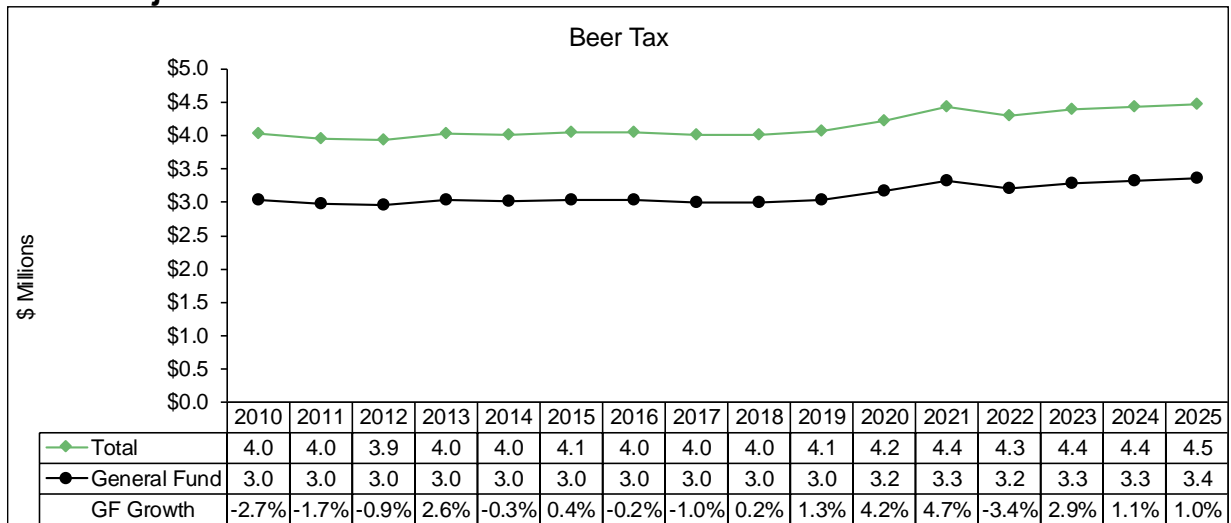
The effective tax rate is on a consistent downward trend; as the number of small brewers increases, there are more barrels being sold in the lower tax brackets. In the chart below, the number of barrels sold in each bracket is stacked to illustrate the changing composition of the beer market. The beer tax estimate assumes that the decrease in the effective rate continues through the biennium.

Revenue Estimate Assumptions

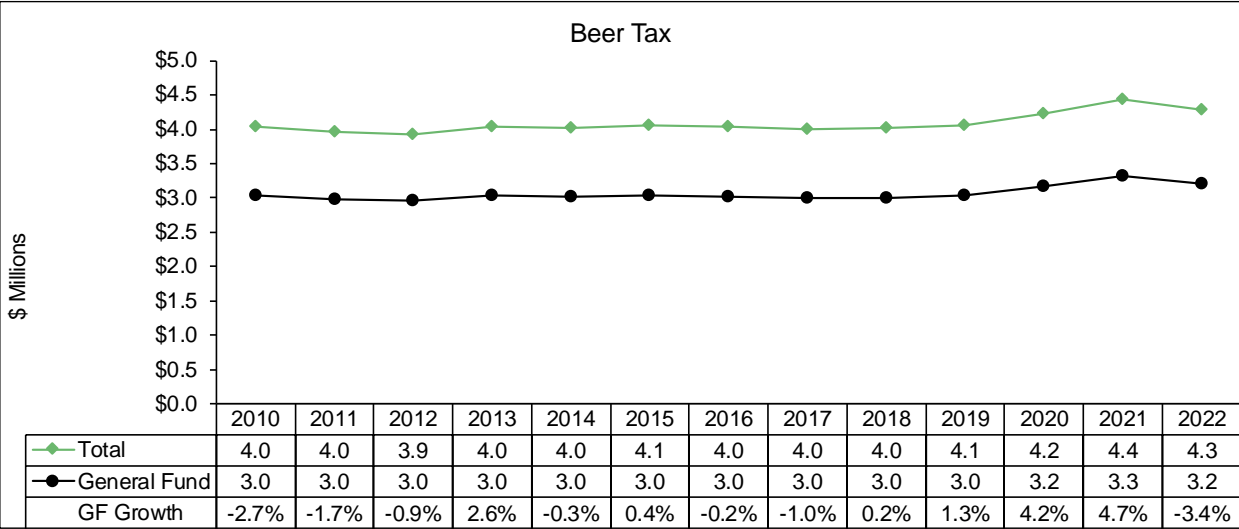
This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2023 legislature.

FY	Total Tax \$ Millions	GF Tax \$ Millions	Effective Tax Rate \$/Barrel	Proxy Barrels Millions	Montana Pop. >=21 Millions	Montana PCE Food \$ Millions	Montana Per Capita Consumption
A 2012	\$3.935	\$2.956	\$4.14	0.950	0.741	\$2,790.641	1.281
A 2013	4.03	3.03	4.12	0.978	0.750	3,168.23	1.305
A 2014	4.02	3.02	4.10	0.981	0.758	4,235.56	1.295
A 2015	4.06	3.03	4.06	1.001	0.766	4,932.29	1.306
A 2016	4.05	3.03	4.01	1.008	0.776	5,201.77	1.300
A 2017	4.01	3.00	3.99	1.005	0.786	5,426.58	1.278
A 2018	4.02	3.00	3.99	1.006	0.795	5,592.79	1.266
A 2019	4.07	3.04	3.99	1.018	0.803	5,774.89	1.268
A 2020	4.23	3.17	4.02	1.052	0.814	6,002.99	1.293
A 2021	4.43	3.32	4.01	1.105	0.829	6,226.89	1.332
A 2022	4.29	3.20	4.00	1.073	0.842	6,478.48	1.275
F 2023	4.39	3.29	4.00	1.098	0.852	6,749.55	1.289
F 2024	4.44	3.33	4.00	1.110	0.862	6,990.15	1.289
F 2025	4.48	3.36	3.99	1.122	0.871	7,251.38	1.288
F 2026	4.52	3.39	3.99	1.133	0.880	7,582.75	1.288
F 2027	4.56	3.43	3.99	1.144	0.889	7,932.95	1.287

Revenue Projection



Revenue History



Cigarette Tax

Revenue Description

An excise tax is levied on all cigarettes sold in Montana. The tax is collected from the wholesaler through sale of insignia and passed down to the retail consumer. The insignia are purchased from the state and affixed to each package of cigarettes. The state has agreements with six of the tribes in Montana (Blackfeet, Fort Belknap, Rocky Boy, Fort Peck, Crow, and Northern Cheyenne) wherein the sale of cigarettes on a reservation, up to a set quota, are untaxed and state cigarette tax revenues are shared with the tribes.

Statutory Reference

Tax Rate – [16-11-111, MCA](#)

Tax Distribution – [16-11-119, MCA](#)

Date Due – Within 30 days after purchase of the insignia ([16-11-117, MCA](#))

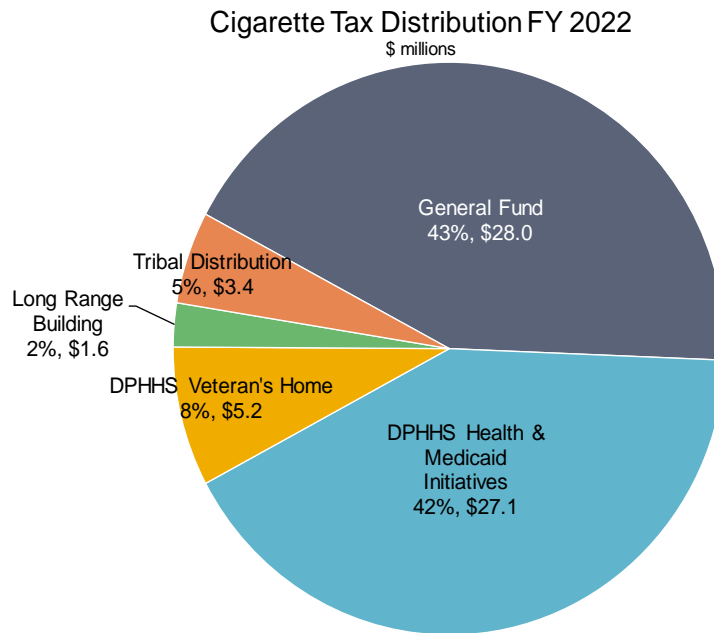
Applicable Tax Rates

\$1.70 per package of 20 cigarettes, prorated by cigarette for packages that differ from 20 cigarettes.

Collection Frequency: Monthly

Distribution

Cigarette tax revenue is distributed between the general fund, various state special revenue accounts administrated by the Department of Public Health and Human Services (DPHHS), the long-range building fund, and six tribal governments according to intergovernmental agreements DOR and the tribes. Cigarette tax dollars are distributed to the tribes according to the following formula: (1.5) x (Montana per capita cigarette tax revenue) x (enrolled tribal population). This formula may be superseded by another agreed upon amount. The following chart shows the FY 2022 distribution of cigarette tax revenue.



Summary of Legislative Action: [HB 840](#) - Revise tobacco tax allocation for state veterans' nursing homes: Revises the minimum allocation to veterans' nursing homes from \$4.0 million to \$5.0 million.

Consumption Taxes**Cigarette Tax**

Cigarette Tax – Legislation Passed by 68th Legislature General Fund Impact (\$ Millions)			
Bill Number and Short Title	FY 2023	FY 2024	FY 2025
HB0840 Revise tobacco tax allocation for state veterans' nursing homes	\$0.000	\$0.000	\$0.000
Total General Fund Impact	\$0.000	\$0.000	\$0.000

Forecast Risks

- Changes in tobacco CPI
- Changes in consumer spending
- Rate of change in effective tax rate

Revenue Estimate MethodologyData

The cigarette tax estimate is based on data obtained from DOR, SABHRS, and IHS Markit. Details on tax collections by month and refunds for quota sales are provided by DOR; fiscal year tax collections are from SABHRS; forecasts for independent economic variables are produced by IHS Markit.

Analysis

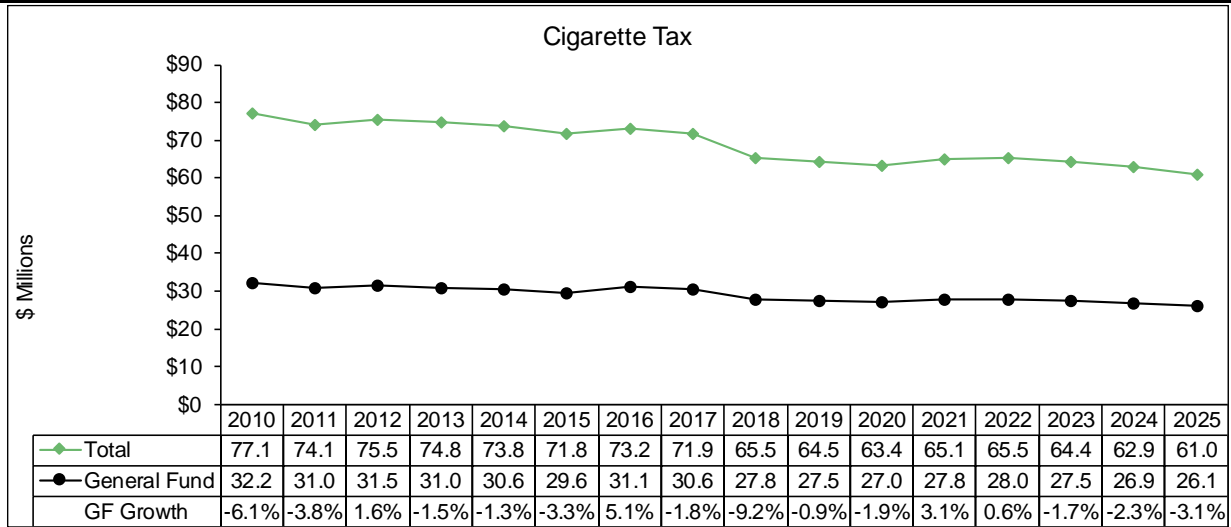
Per capita consumption is modeled on a ratio of CPI for tobacco to consumer spending on tobacco products. Forecast per capita consumption is multiplied by forecast Montana population over age 18 to produce an estimate of packs sold. Total tax collections are calculated by multiplying the number of packs sold in each year by the effective tax rate in that year.

Revenue Estimate Assumptions

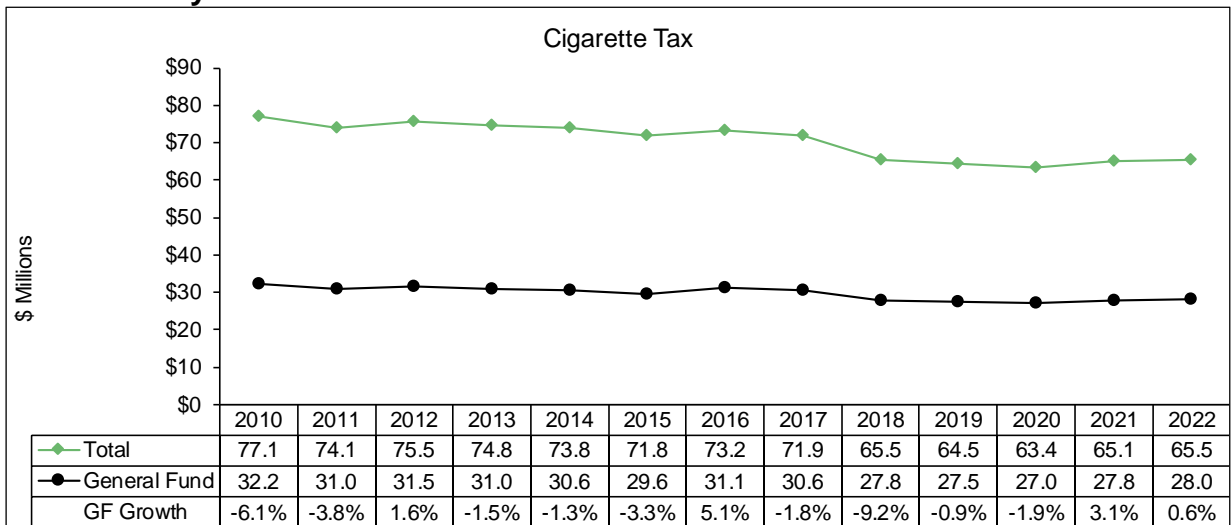
This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2023 Legislature.

FY	Total Tax \$ Millions	GF Tax \$ Millions	Effective Tax Rate \$/Pack	Approximate Packs Sold Millions	CPI Tobacco	Cons. Spend. Tobacco \$ Millions	Monana Pop >= 18 Millions
A 2012	\$75.533	\$31.483	1.63	46.347	99	\$96.044	0.782
A 2013	74.79	31.01	1.68	44.553	101	93.80	0.790
A 2014	73.84	30.62	1.69	43.650	105	91.38	0.798
A 2015	71.84	29.60	1.67	43.123	107	92.79	0.807
A 2016	73.22	31.10	1.68	43.676	111	95.06	0.816
A 2017	71.87	30.56	1.68	42.768	116	96.33	0.826
A 2018	65.47	27.76	1.68	39.012	123	98.18	0.835
A 2019	64.47	27.50	1.66	38.775	127	99.31	0.844
A 2020	63.41	26.98	1.65	38.346	134	101.17	0.855
A 2021	65.11	27.82	1.70	38.304	142	106.46	0.871
A 2022	65.48	27.99	1.70	38.515	153	106.13	0.884
F 2023	64.41	27.52	1.70	37.895	164	103.14	0.895
F 2024	62.94	26.89	1.70	37.026	176	99.52	0.905
F 2025	61.01	26.07	1.70	35.894	189	95.63	0.915
F 2026	58.62	25.05	1.70	34.486	201	91.22	0.924
F 2027	55.74	23.81	1.70	32.792	211	86.40	0.932

Revenue Projection



Revenue History



Marijuana Tax

Revenue Description

A tax of 20.0% is levied on the retail price of recreational marijuana and a tax of 4.0% is imposed on the retail price of medical marijuana.

Statutory Reference

Tax Rate – [15-64-102, MCA](#)

Distribution – [16-12-111, MCA](#)

Date Due – Within 15 days of the end of the quarter

Applicable Tax Rates

- Recreational Marijuana – 20.0% of retail price
- Medical Marijuana – 4.0% of retail price

Collection Frequency: Quarterly

Distribution

Revenue from all marijuana taxes and license fees are first combined and deposited in the marijuana state special revenue account. At the end of each fiscal year, Department of Revenue must use money in the account to cover administration costs and \$6 million is transferred to the HEART account. Any remainder is distributed as outlined below:

- 20.0% to FWP to be used solely as funding for wildlife habitat.
- 4.0% to the state park account
- 4.0% to the trails and recreational facilities account
- 4.0% to the nongame wildlife account
- 3.0% or \$200,000, whichever is less, to the veterans and surviving spouses SSR account
- \$150,000 to the board of crime control to fund crisis intervention team training
- Remainder transferred to the general fund

Summary of Legislative Action:

[HB 948](#) creates a synthetic marijuana products advisory council to be established by the Department of Revenue.

[HB 903](#) revises the dispensary fee structure to increase the to increase the fee for each additional location and the combined-use marijuana license laws to allow cultivators to step up multiple tiers at a time and set the combined-use license fee in code at \$7,500.

Marijuana Tax – Legislation Passed by 68th Legislature State Special Revenue Impact (\$ Millions)			
Bill Number and Short Title	FY 2023	FY 2024	FY 2025
HB0948 Revise marijuana laws regarding synthetic marijuana products	\$0.000	(\$0.143)	(\$0.141)
HB0903 Generally revise marijuana laws	0.000	2.849	2.849
Total State Special Revenue Impact	\$0.000	\$2.706197	\$2.708145

Forecasting Risks

- Change in Montana population
- Change in Montana personal consumption patterns
- Changes in medical vs. recreational marijuana users

Revenue Estimate Methodology

Data

The marijuana tax revenue estimate is based off tax collections data obtained from SABHRS and DOR, as well as forecasts for economic variables produced by IHS.

Analysis

The revenue data from the 2022 fiscal year are used at the base for the revenue estimate through FY 2027. For recreational tax revenue, this data is extrapolated to simulate a whole year by doubling the actual collections, since recreational cannabis was only legalized halfway through the fiscal year. Then all marijuana taxes and license fees are multiplied by the expected change in CPI and MT population (these data provided by IHS).

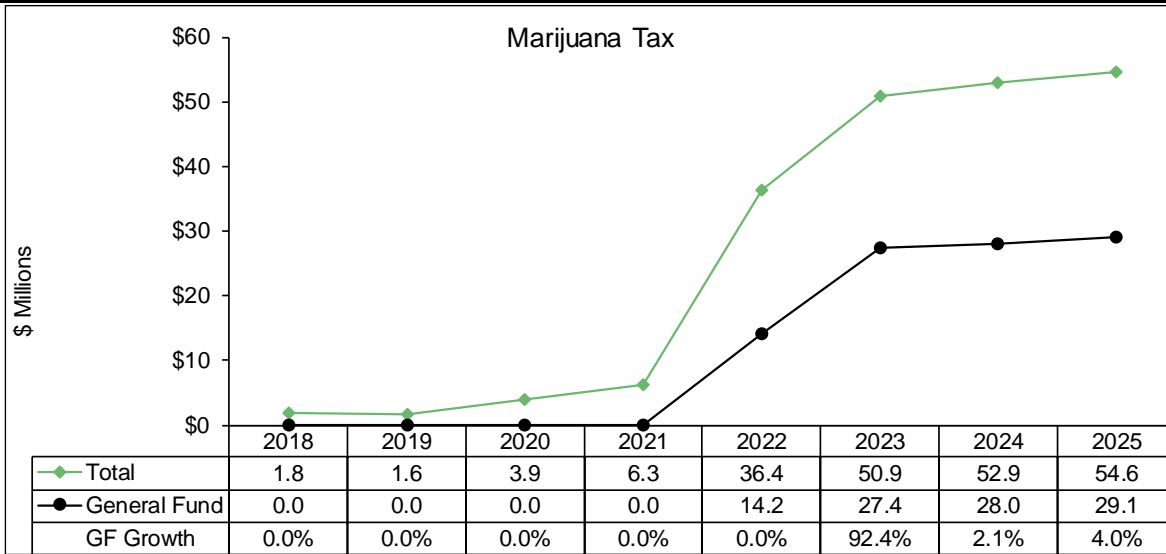
As tax revenue is collected and more information and data are available on the recreational marijuana program in Montana, the revenue forecast will be expanded in a similar way to include new fiscal years.

Revenue Estimate Assumptions

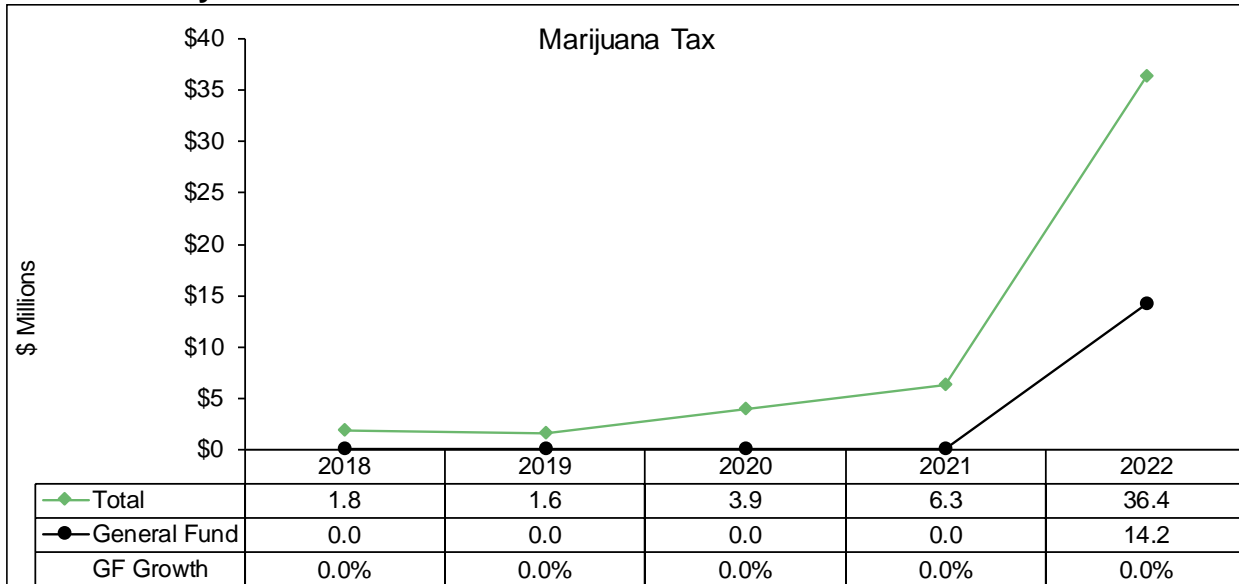
This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2023 Legislature.

FY	Total Tax \$ Millions	GF Tax \$ Millions	US CPI Growth	MT Population Growth
A 2012				
A 2013				
A 2014				
A 2015				
A 2016				
A 2017			1.9%	1.1%
A 2018			2.2%	0.8%
A 2019			2.1%	0.9%
A 2020			1.6%	1.0%
A 2021			2.3%	1.6%
A 2022	\$36.35	\$14.24	7.2%	1.2%
F 2023	50.95	27.40	6.5%	1.0%
F 2024	52.90	27.97	2.9%	0.9%
F 2025	54.60	29.11	2.4%	0.8%
F 2026	56.24	30.22	2.2%	0.8%
F 2027	57.94	31.38	2.2%	0.8%

Revenue Projection



Revenue History



Diesel Tax

Revenue Description

There are two sources of revenue associated with the taxation of special fuels (primarily diesel): the diesel tax paid to the Montana Department of Transportation (MDT) for every gallon of diesel sold or used in the state; and a tax assessed on each gallon of diesel fuel for funding petroleum storage tank cleanup.

Distributors can withhold 1.0% of the diesel tax as an allowance for collecting the tax. To prevent the possibility of dual taxation of motor fuels purchased by Montana citizens and businesses on Indian reservations, MDT and Indian tribes may enter into a cooperative agreement. Refunds of the tax paid is provided for commercial vehicle use other than for use on public highways and streets, governmental use, and nonpublic school use for the transportation of pupils.

[Article VIII, Section 6](#) of the Montana Constitution provides that money from taxes on vehicle fuel be used solely for: payment of obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges; payment of county, city, and town obligations on streets roads, and bridges; and enforcement of highway safety, driver education, tourist promotion, and administrative collection costs. Appropriation of the money for any other use requires a three-fifth vote of each house of the legislature.

Statutory Reference

Tax Rate – [15-70-321\(2\), MCA](#); [75-11-313, MCA](#) (storage tank cleanup)

Tax Distribution – [15-70-101\(1\), MCA](#); [75-11-314, MCA](#) (storage tank cleanup)

Date Due – 25th of the following month ([15-70-344\(1\), MCA](#))

Applicable Tax Rates

- Diesel (Special) Fuel Tax: \$0.2975 per gallon
- Petroleum Storage Tank Cleanup Tax: \$0.0075 per gallon

Collection Frequency: Monthly

Distribution

Diesel tax proceeds are distributed to MDT after the following deductions:

- 1.0% withheld by distributors
- Administrative expenses and refunds under the tribal agreements
- Diesel tax refunds
- Refunds through the international fuel tax agreement
- \$0.04 to the highway patrol administration state special revenue account

Of the amount distributed to MDT, 1/4 of \$0.01 per gallon is allocated specifically to the funding of highway system maintenance.

Summary of Legislative Action: [HB 76](#) – Generally revise transportation laws: This bill repeals the Bridge and Road Safety and Accountability Act (BaRSAA) and directs all fuel taxes to MDT to allocate as directed in statute.

Forecast Risks

- Fuel price significantly different from historical prices

Revenue Estimate Methodology

Data

Consumption Taxes

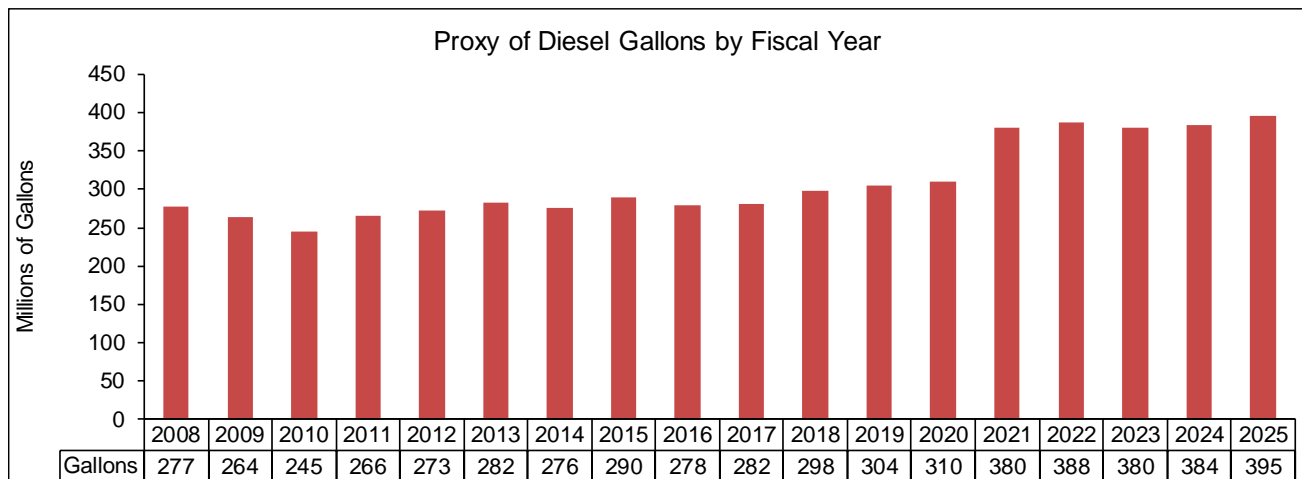
Diesel Tax

Diesel tax collections data from SABHRS is used to produce a proxy amount for taxable gallons of diesel sold in Montana.

Analysis

Diesel fuel taxes are estimated as separate taxes. First, the diesel tax is imposed on each gallon of diesel sold in the state. A second tax is imposed on all diesel fuel distributed in the state for diesel storage tank clean-up costs (storage tank tax). The two taxes are applied to different bases, because the diesel fuel tax provides credits against the cost of the tax to consumers who use the diesel “off highway.”

Future growth in diesel consumption is calculated using an autoregressive moving average time series. The storage tank tax is expected to follow the same patterns as the diesel fuel tax. The effective gasoline tax rates—created to adjust for the statutory credit provided to diesel distributors—are applied to the estimates to produce the estimate for gross tax revenues.



Adjustments

Several adjustments are made to the expected gross diesel fuel tax revenues. Gross tax revenues are reduced by refunds, incentives, MDT administrative costs, and tribal agreements, resulting in the estimate for net diesel fuel tax revenue. No adjustments are required for the storage tank tax. The net tax revenues of the two taxes are combined to determine the estimate for total diesel fuel tax revenue.

Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2023 Legislature.

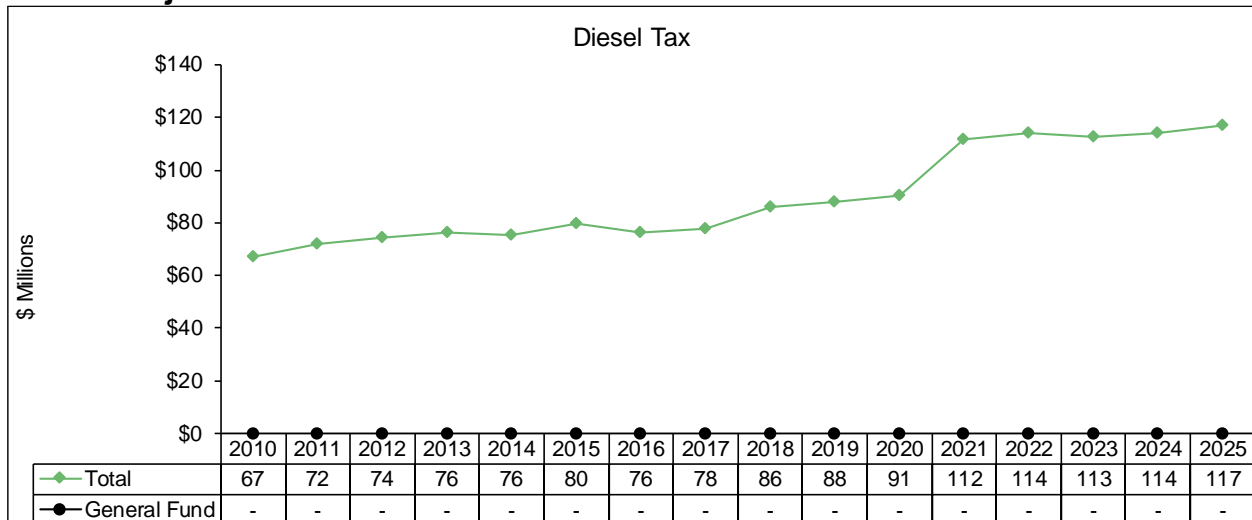
Consumption Taxes

Diesel Tax

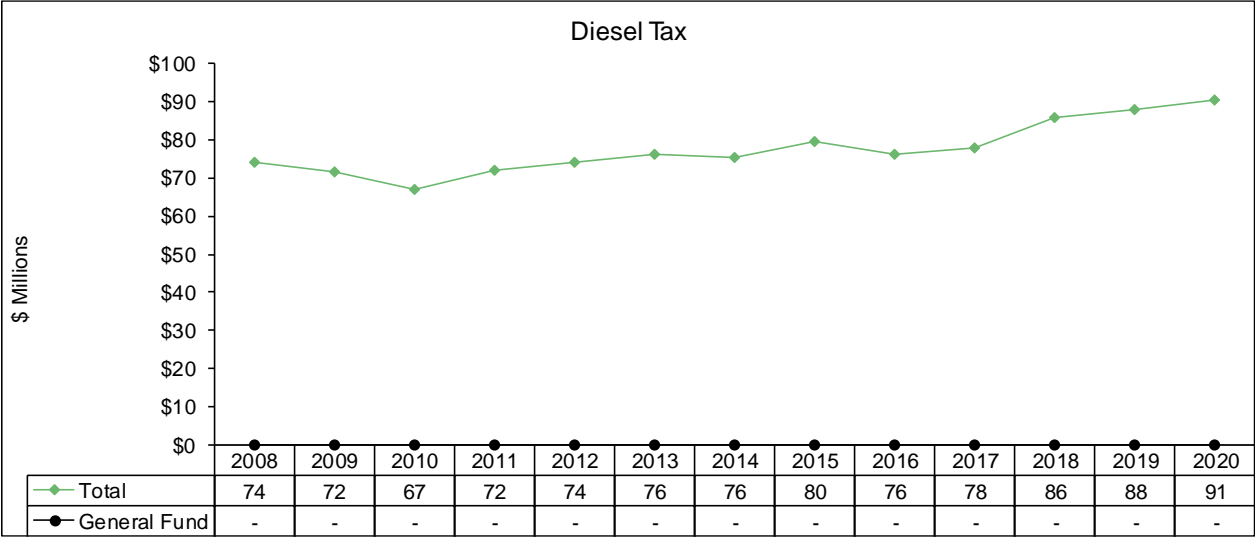
FY	Total Tax \$ Millions	GF Tax \$ Millions	Gross \$ Millions	Diesel Tax \$ Millions	Tank Tax \$ Millions	Refunds \$ Millions	DOT Diesel Tax
A 2012	\$74.292	-	\$77.922	\$71.350	\$2.943	(\$3.629)	\$71.350
A 2013	76.07	-	80.43	73.09	2.98	(4.36)	73.09
A 2014	75.56	-	78.75	72.61	2.95	(3.19)	72.61
A 2015	79.52	-	82.73	76.52	3.00	(3.20)	76.52
A 2016	76.21	-	79.29	73.41	2.80	(3.08)	73.41
A 2017	77.96	-	80.43	74.88	3.08	(2.48)	74.88
A 2018	85.99	-	89.29	83.09	2.90	(3.30)	64.34
A 2019	88.09	-	91.13	85.13	2.96	(3.04)	66.37
A 2020	90.55	-	93.41	87.53	3.02	(2.86)	67.65
A 2021	111.62	-	114.28	108.02	3.60	(2.66)	82.79
A 2022	114.14	-	117.13	110.41	3.73	(2.99)	83.20
F 2023	112.66	-	115.61	108.99	3.67	(2.95)	81.72
F 2024	113.90	-	116.88	110.20	3.70	(2.98)	82.69
F 2025	117.17	-	120.24	113.38	3.78	(3.07)	85.23
F 2026	122.56	-	125.77	118.63	3.93	(3.21)	89.42
F 2027	128.66	-	132.03	124.58	4.09	(3.37)	94.16

FY	Diesel Effect. Tax Rate \$/gal	Tank Effect. Tax Rate \$/gal	Diesel Gallons Millions	Tank Gallons Millions	MT Highway Patrol Adm. Account	Diesel BARSA Account	Refunds FTA Suspense
A 2012	0.2747	0.0075	272.924	392.360			
A 2013	0.2747	0.0075	281.925	397.148			
A 2014	0.2747	0.0075	275.919	393.446			
A 2015	0.2747	0.0075	290.187	400.565			
A 2016	0.2747	0.0075	278.440	373.070			
A 2017	0.2747	0.0075	281.575	410.262			
A 2018	0.2896	0.0075	298.331	387.215	\$10.605	\$3.977	\$4.164
A 2019	0.2896	0.0075	304.473	395.055	10.885	4.176	3.694
A 2020	0.2916	0.0075	310.021	403.260	11.051	4.696	4.131
A 2021	0.2916	0.0075	379.621	479.960	13.52	5.79	5.92
A 2022	0.2925	0.0075	387.615	497.391	14.13	6.45	6.63
F 2023	0.2945	0.0075	380.079	488.676	13.76	6.88	6.63
F 2024	0.2945	0.0075	384.303	493.034	13.93	6.96	6.63
F 2025	0.2945	0.0075	395.393	504.473	14.35	7.18	6.63
F 2026	0.2945	0.0075	413.697	523.354	15.06	7.53	6.63
F 2027	0.2945	0.0075	434.416	544.728	15.86	7.93	6.63

Revenue Projection



Revenue History



Gasoline Tax

Revenue Description

There are two sources of revenue associated with the taxation of gasoline: a gasoline license tax paid to the Montana Department of Transportation (MDT) by every distributor for the privilege of selling gasoline; and a tax assessed on each gallon of gasoline for the purpose of funding petroleum storage tank cleanup.

Distributors can withhold 1.0% of the gasoline tax as an allowance for collecting the tax. To prevent the possibility of dual taxation of motor fuels purchased by Montana citizens and businesses on Indian reservations, MDT and Indian tribes may enter into a cooperative agreement. Refunds of the tax paid is provided for denaturing alcohol used in gasohol, stationary gasoline engines used off public highways and streets, and commercial vehicle use other than for use on public highways and streets.

[Article VIII, Section 6](#) of the Montana Constitution provides that money from taxes on vehicle fuel be used solely for: payment of obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges; payment of county, city, and town obligations on streets roads, and bridges; and enforcement of highway safety, driver education, tourist promotion, and administrative collection costs. Appropriation of the money for any other use requires a three-fifth vote of each house of the legislature.

Statutory Reference

Tax Rate – [15-70-204\(1\), MCA](#); [75-11-314, MCA](#) (storage tank cleanup)

Distribution – [15-70-101\(1\), MCA](#); [60-3-201\(1\), MCA](#); [75-11-313, MCA](#) (storage tank cleanup)

Date Due – 25th of the following month ([15-70-205\(1\), MCA](#))

Applicable Tax Rates

Gasoline License Tax: \$0.33 per gallon

Petroleum Storage Tank Cleanup Tax: \$0.0075 per gallon

Collection Frequency: Monthly

Distribution

After four reductions—the 1.0% withheld by distributors, administrative expenses and refunds under tribal agreements, refunds, and refunds through the international fuel tax agreement—gasoline tax is allocated as follows:

- 9/10 of 1.0% to the state park account
- 15/28 of 1.0% to a snowmobile account, which is further allocated 86.0% for general use, 4.33% for enforcement, 8.67% for safety and education, and 1.0% to the noxious weed trust
- 1/8 of 1.0% to an off-highway vehicle account, which is further allocated 90% for general use and 10% for safety
- 1/25 of 1.0% to the aeronautics revenue fund of the Department of Transportation
- \$.04 cents to the highway patrol administration state special revenue account
- The remainder to MDT to be used for highway-related purposes, primarily construction projects and administrative costs. One-fourth of \$0.01 per gallon is allocated specifically to the funding of highway system maintenance

Summary of Legislative Action: [HB 76](#) – Generally revise transportation laws: This bill repeals the Bridge and Road Safety and Accountability Act (BaRSAA) and directs all fuel taxes to MDT to allocate as directed in statute.

Forecast Risks

- Fuel prices significantly different from historical prices

Revenue Estimate Methodology

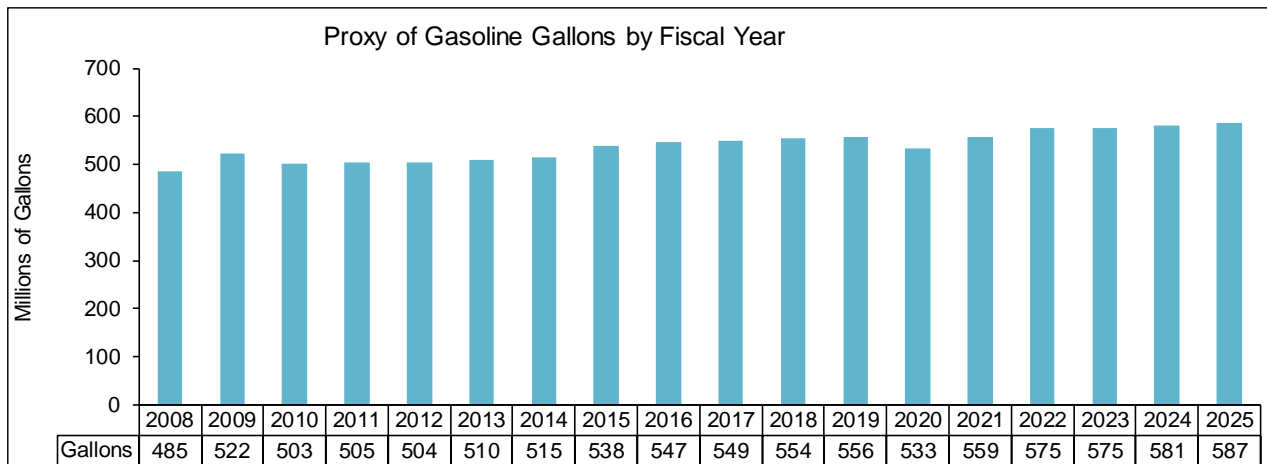
Data

Gasoline tax collections data from SABHRS is used to produce a proxy amount for taxable gallons of gasoline sold in Montana.

Analysis

The gasoline tax and the gasoline petroleum storage tank cleanup tax are estimated separately. First, the gasoline tax is imposed on each gallon of gasoline sold in the state. A second tax is imposed on all gasoline distributed in the state for gasoline storage tank clean-up costs (storage tank tax). The two taxes are applied to different bases, because the gasoline tax provides credits against the cost of the tax to consumers who use the gasoline “off highway.”

Future growth in gasoline consumption is calculated using an autoregressive moving average time series. The storage tank tax is expected to follow the same patterns as the gasoline tax. The effective gasoline tax rates—created to adjust for the statutory credit provided to gasoline distributors—are applied to the estimates to produce the estimate for gross tax revenues.



Adjustments

Several adjustments are made to the expected gross gasoline tax revenues. Gross tax revenues are reduced by refunds, incentives, MDT administrative costs, and tribal agreements, resulting in the estimate for net gasoline tax revenue. No adjustments are required for the storage tank tax. Next, the net tax revenues of the two taxes are combined to determine the estimate for total gasoline tax revenue.

Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2023 Legislature.

Consumption Taxes

Gasoline Tax

FY	Total Tax \$ Millions	GF Tax \$ Millions	Gross Tax \$ Millions	Gas Tax \$ Millions	Tank Tax \$ Millions	Refunds \$ Millions
A 2012	\$136.661	-	\$138.497	\$132.911	\$3.750	(\$1.836)
A 2013	138.44	-	140.18	134.65	3.80	(1.74)
A 2014	139.64	-	141.44	135.81	3.84	(1.79)
A 2015	146.11	-	147.73	142.15	3.96	(1.62)
A 2016	148.60	-	150.25	144.54	4.06	(1.64)
A 2017	149.69	-	151.32	145.20	4.49	(1.63)
A 2018	175.06	-	176.77	170.94	4.12	(1.71)
A 2019	176.03	-	177.62	171.89	4.14	(1.59)
A 2020	171.25	-	172.89	167.29	3.96	(1.64)
A 2021	179.35	-	181.15	175.19	4.16	(1.80)
A 2022	187.68	-	189.27	183.40	4.28	(1.59)
F 2023	186.29	-	187.95	181.98	4.31	(1.65)
F 2024	188.21	-	189.87	183.85	4.36	(1.66)
F 2025	190.13	-	191.79	185.73	4.40	(1.66)
F 2026	192.05	-	193.71	187.60	4.45	(1.66)
F 2027	193.98	-	195.63	189.49	4.49	(1.66)

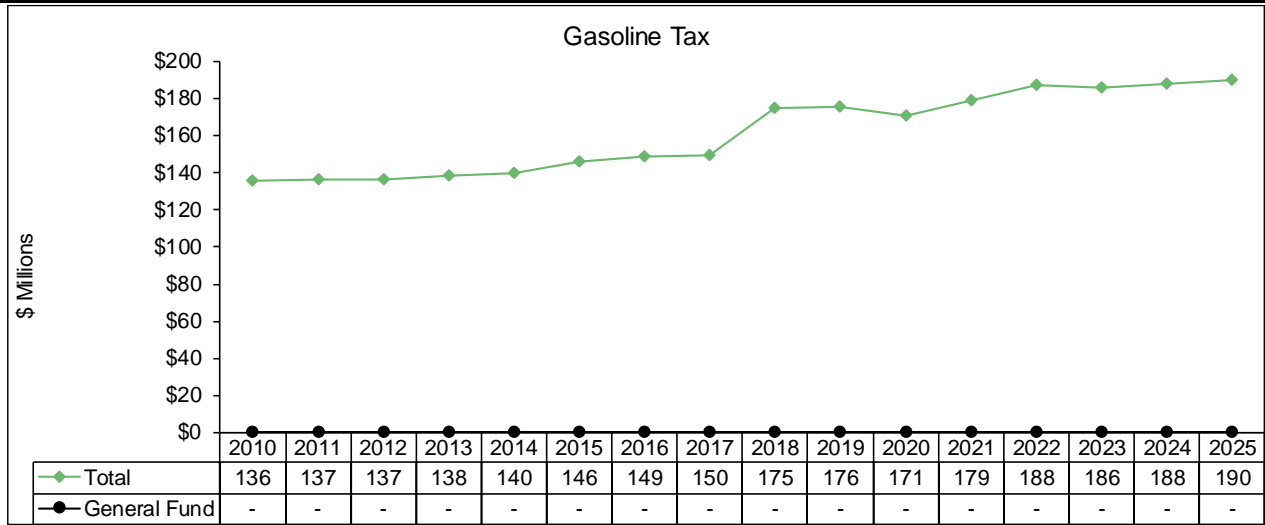
FY	Gas Effect. Tax Rate \$/gal	Tank Effect. Tax Rate \$/gal	Gas Gallons Millions	Tank Gallons Millions	DOT \$ Millions	FWP Snow \$ Millions	FWP Boat \$ Millions
A 2012	0.2673	0.0075	504.105	500.016	\$130.784	\$0.612	\$1.196
A 2013	0.2673	0.0075	510.222	506.247	132.49	0.62	1.21
A 2014	0.2673	0.0075	514.789	511.419	133.64	0.63	1.22
A 2015	0.2673	0.0075	537.875	527.710	139.88	0.66	1.28
A 2016	0.2673	0.0075	546.909	541.197	142.24	0.67	1.30
A 2017	0.2673	0.0075	549.305	549.305	142.88	0.67	1.32
A 2018	0.3119	0.0075	553.629	549.592	100.75	0.75	1.47
A 2019	0.3119	0.0075	556.288	552.055	100.83	0.76	1.48
A 2020	0.3168	0.0075	533.237	528.467	96.71	0.74	1.44
A 2021	0.3168	0.0075	558.676	554.267	101.55	0.77	1.51
A 2022	0.3218	0.0075	574.957	570.419	104.49	0.80	1.57
F 2023	0.3267	0.0075	575.288	575.288	101.17	0.80	1.56
F 2024	0.3267	0.0075	581.170	581.170	102.44	0.81	1.58
F 2025	0.3267	0.0075	587.051	587.051	103.72	0.82	1.59
F 2026	0.3267	0.0075	592.933	592.933	105.00	0.82	1.61
F 2027	0.3267	0.0075	598.814	598.814	106.28	0.83	1.63

FY	Aeronautics \$ Millions	Off Highway \$ Millions	Weed Gasoline \$ Millions	Snow Enforce. Gasoline \$ Millions	Snow Con-Ed. Gasoline \$ Millions	OHV Con-Ed. Gasoline \$ Millions
A 2012	\$0.053	\$0.150	\$0.007	\$0.031	\$0.062	\$0.017
A 2013	0.05	0.15	0.01	0.03	0.06	0.02
A 2014	0.05	0.15	-	0.03	0.06	0.02
A 2015	0.06	0.16	-	0.03	0.07	0.02
A 2016	0.06	0.16	-	0.03	0.07	0.02
A 2017	0.06	0.16	-	0.03	0.07	0.00
A 2018	0.07	0.18	-	0.04	0.08	0.02
A 2019	0.07	0.18	-	0.04	0.08	0.03
A 2020	0.06	0.18	-	0.04	0.07	0.02
A 2021	0.07	0.19	-	0.04	0.08	0.02
A 2022	0.07	0.20	-	0.04	0.08	0.02
F 2023	0.07	0.19	-	0.03	0.06	0.02
F 2024	0.07	0.20	-	0.03	0.06	0.02
F 2025	0.07	0.20	-	0.03	0.06	0.02
F 2026	0.07	0.20	-	0.03	0.06	0.02
F 2027	0.07	0.20	-	0.03	0.06	0.02

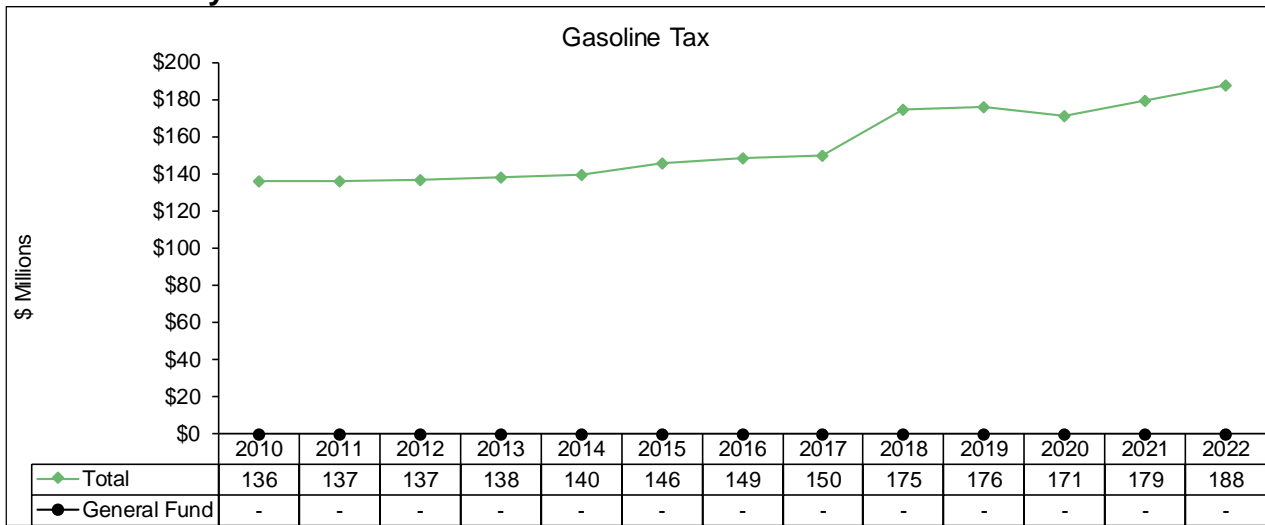
Revenue Projection

Consumption Taxes

Gasoline Tax



Revenue History



GVW and Other Fees

Revenue Description

There are two types of revenue derived from over 20 different sources: fee revenue and permit revenue. The majority of revenue is derived from a variety of gross vehicle weight (GVW) fees, including those fees collected by counties when vehicles are registered. Miscellaneous permits comprise the second income component under this source.

Statutory Reference

Tax Rate – [Title 61, Chapter 10, MCA](#); [Administrative Rules 18.8.202](#)

Tax Distribution (MCA) – Multiple

Applicable Tax Rates: [Title 61, Chapter 10, MCA](#)

Collection Frequency: Various

Distribution: GVW revenue is allocated to the Montana Department of Transportation (MDT).

Summary of Legislative Action: [HB 26](#)- Generally revise highway use laws: HB 26 allows additional hours of operation for oversize commercial hay loads, removes the imprisonment penalty for violations of load restrictions, and streamlines duplicative penalties for GVW fee violations.

GVW and Other Fees – Legislation Passed by 68th Legislature State Special Revenue Impact (\$ Millions)			
Bill Number and Short Title	FY 2023	FY 2024	FY 2025
HB0026 Generally revise highway use laws	\$0.000	(\$0.011)	(\$0.011)
Total State Special Revenue Impact	\$0.000	(\$0.011)	(\$0.011)

Forecast Risks

- Vehicle sales
- Gas prices

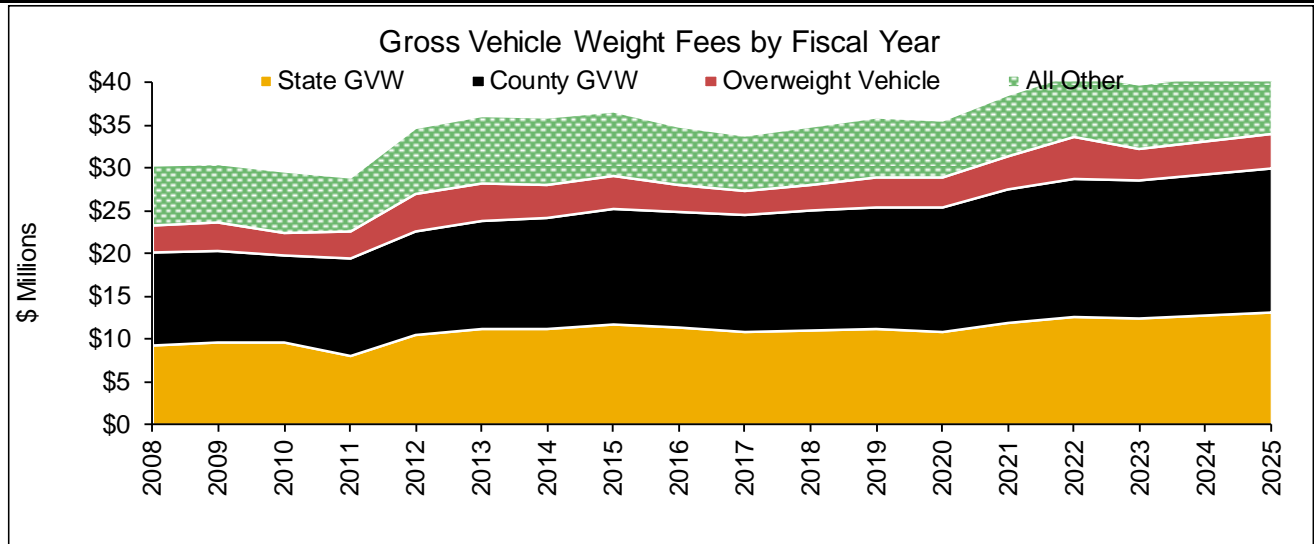
Revenue Estimate Methodology

Data

The SABHRS data provide the historic collection data for the 13 different types of fees and permits. MDT provides statistics on the number of gross weight vehicle licenses for use in Montana.

Analysis

The state of Montana imposes many fees and requires several types of permits based on the gross weight of commercial and large privately-owned vehicles. The largest sources of revenue in the GVW are the gross vehicle weight fees collected by both counties and the state. The figure below demonstrates the relative importance of these two sources to the overall GVW collections.



Both county and state GVW fees are forecast by applying an estimated growth in Montana’s vehicle stock to the previous year’s collections. This same methodology is applied to the remaining smaller fees associated with this revenue source.

Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2023 Legislature.

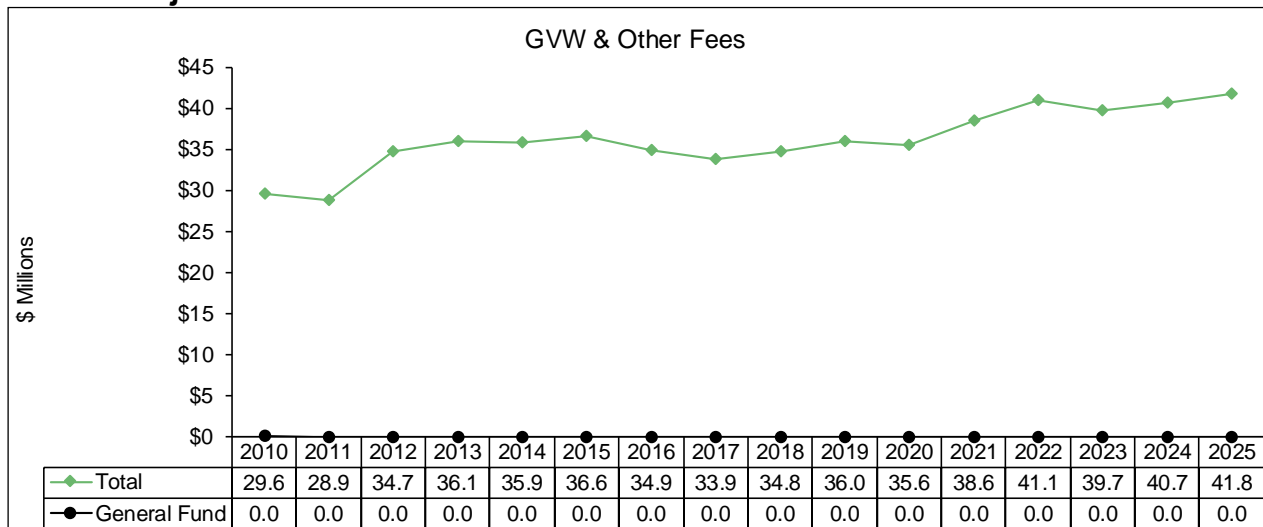
FY	Total Tax \$ Millions	GF Tax \$ Millions	GVW \$ Millions	SSRS \$ Millions	Form 3 \$ Millions	Trip \$ Millions	County \$ Millions
A 2012	\$34.748	\$0.000	\$10.489	\$0.000	\$1.102	\$0.865	\$12.086
A 2013	36.08	-	11.21	-	1.05	0.73	12.60
A 2014	35.86	-	11.18	-	1.03	0.68	12.94
A 2015	36.60	-	11.79	-	1.01	0.71	13.49
A 2016	34.91	-	11.36	-	1.03	0.54	13.49
A 2017	33.89	-	10.83	-	0.90	0.48	13.69
A 2018	34.84	-	10.97	-	0.99	0.52	14.01
A 2019	35.99	-	11.21	-	0.98	0.56	14.21
A 2020	35.55	-	10.80	-	0.89	0.51	14.62
A 2021	38.57	-	11.97	-	0.87	0.51	15.51
A 2022	41.06	-	12.54	-	0.81	0.61	16.18
F 2023	39.74	-	12.50	-	0.81	0.61	16.11
F 2024	40.72	-	12.82	-	0.81	0.61	16.49
F 2025	41.81	-	13.14	-	0.81	0.61	16.86
F 2026	42.94	-	13.46	-	0.81	0.61	17.24
F 2027	43.94	-	13.78	-	0.81	0.61	17.62

Consumption Taxes

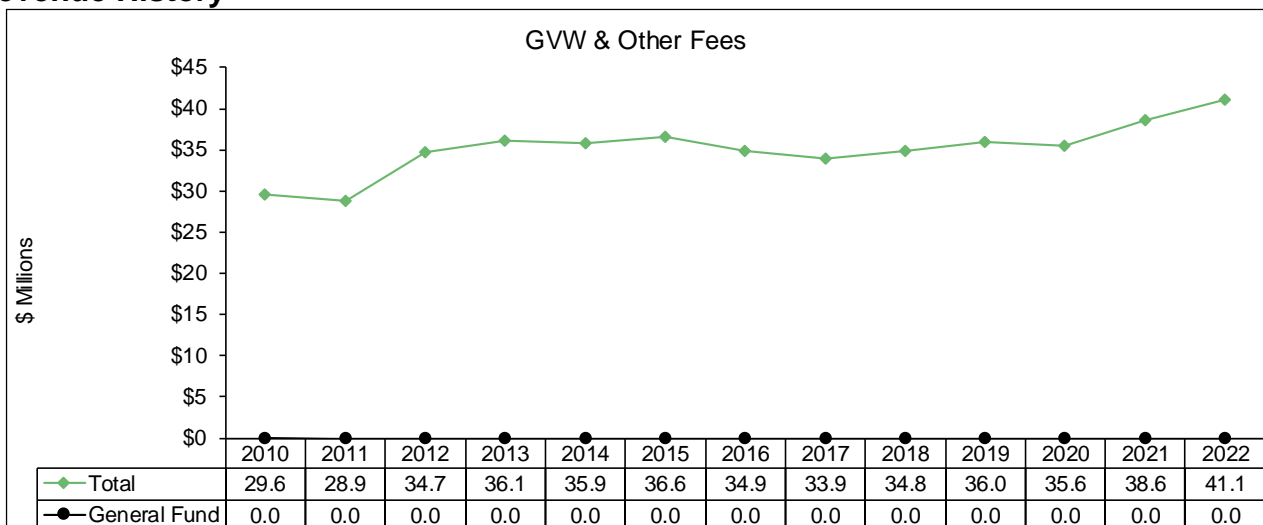
GVW and Other Fees

FY	Overweight \$ Millions	Special \$ Millions	Fuel \$ Millions	Other \$ Millions
A 2012	\$4.353	\$1.422	\$0.254	\$4.177
A 2013	4.34	1.46	0.23	4.47
A 2014	3.88	1.41	0.25	4.49
A 2015	3.86	1.35	0.29	4.10
A 2016	3.12	1.26	0.24	3.87
A 2017	2.84	1.23	0.23	3.68
A 2018	3.09	1.28	0.22	3.76
A 2019	3.51	1.37	0.24	3.91
A 2020	3.45	1.32	0.23	3.73
A 2021	3.91	1.35	0.26	4.18
A 2022	4.84	1.45	0.28	4.35
F 2023	3.68	1.45	0.28	4.30
F 2024	3.79	1.45	0.30	4.45
F 2025	3.99	1.45	0.32	4.63
F 2026	4.18	1.45	0.33	4.86
F 2027	4.42	1.45	0.35	4.90

Revenue Projection



Revenue History



Liquor Excise and License Tax

Revenue Description

DOR is the only liquor wholesaler in the state of Montana. An excise tax and a license tax are collected both on liquor sold by DOR and liquor purchased outside the state (by airlines and passenger rail) for consumption within the state.

Statutory Reference

Tax Rate – Excise tax: [16-1-401, MCA](#); License tax: [16-1-404, MCA](#)

Tax Distribution – Excise tax: [16-1-401, MCA](#) & [16-2-108, MCA](#); License tax: [16-1-404, MCA](#)

Date Due – Excise tax is collected at the time of sale and distributed by the 10th day of each month. License tax is collected at the time of sale.

Applicable Tax Rates

All liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed the liquor is taxed a percentage rate on the retail selling price based on the following number of proof gallons of liquor handled nationwide by that company in the calendar year preceding imposition of the tax:

Excise Tax Rate

- 3.0% – Less than 20,000 proof gallons
- 8.0% – 20,000 to 50,000 proof gallons
- 13.8% – 50,001 to 200,000 proof gallons
- 16.0% – More than 200,000 proof gallons

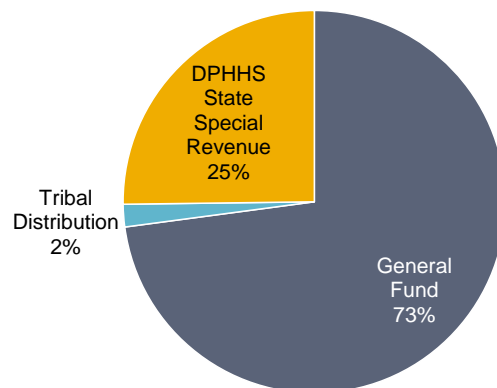
License Tax Rate

- 10.0% – More than 200,000 proof gallons
- 8.6% – Not more than 200,000 proof gallons

Collection Frequency: Both the liquor excise tax and the license tax on liquor are collected at the time of the sale and delivery of liquor. Deposits to the general fund are made monthly.

Distribution

Liquor excise and license tax revenue is distributed between the general fund, the Department of Public Health and Human Services (DPHHS) state special revenue alcohol account, and tribal governments according to intergovernmental agreements between DOR and the tribes. Liquor tax dollars are distributed to Blackfeet, Fort Belknap, Fort Peck, and Flathead according to the following formula: (per capita liquor consumption) x (tribal membership) x (Montana tax rate). The following chart shows the FY 2022 distribution of liquor tax revenue.



Summary of Legislative Action:

The 68th Legislature did not enact legislation that impacts this source.

Forecasting Risks

- Change in Montana consumption patterns
- Departure of sales growth from historic trends

Revenue Estimate Methodology

Data

The liquor profits estimate is based on data obtained from DOR, SABHRS, and IHS Markit. Details on number of units sold, and average cost per unit are provided by DOR; fiscal year tax collections are from SABHRS; forecasts for independent economic variables are produced by IHS Markit.

Analysis

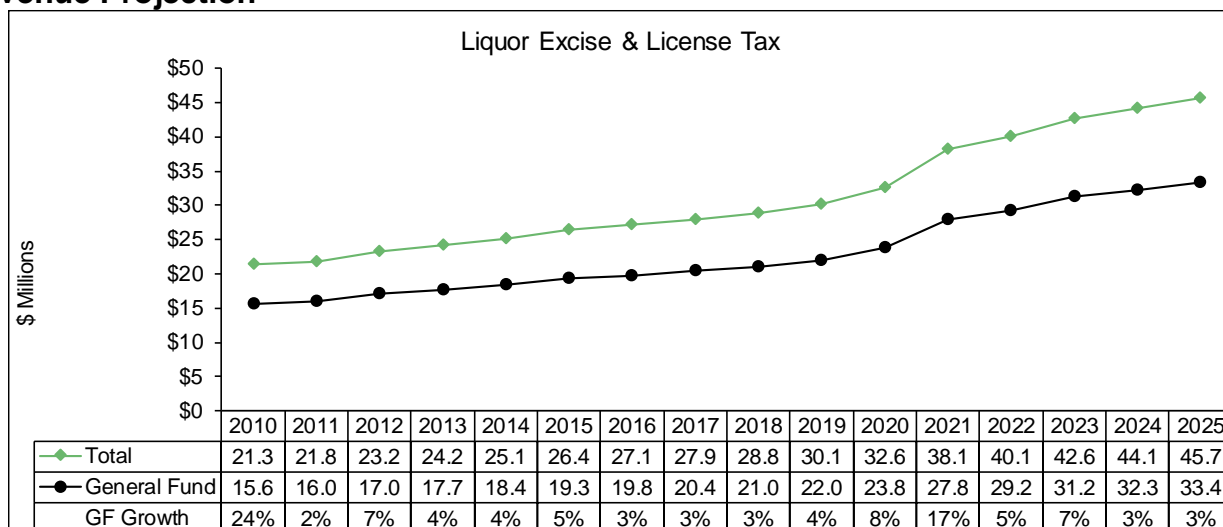
Gross liquor sales are modeled on the Montana personal consumption expenditure series for food, and the forecast growth rate is applied to the most recent year of actual sales. Liquor taxes are calculated by applying the tax rates to the retail sales price of liquor sold. The tax rate is lower for companies that produce less than 200,000 gallons; however, at this time the lower tax rates are not considered.

Revenue Estimate Assumptions

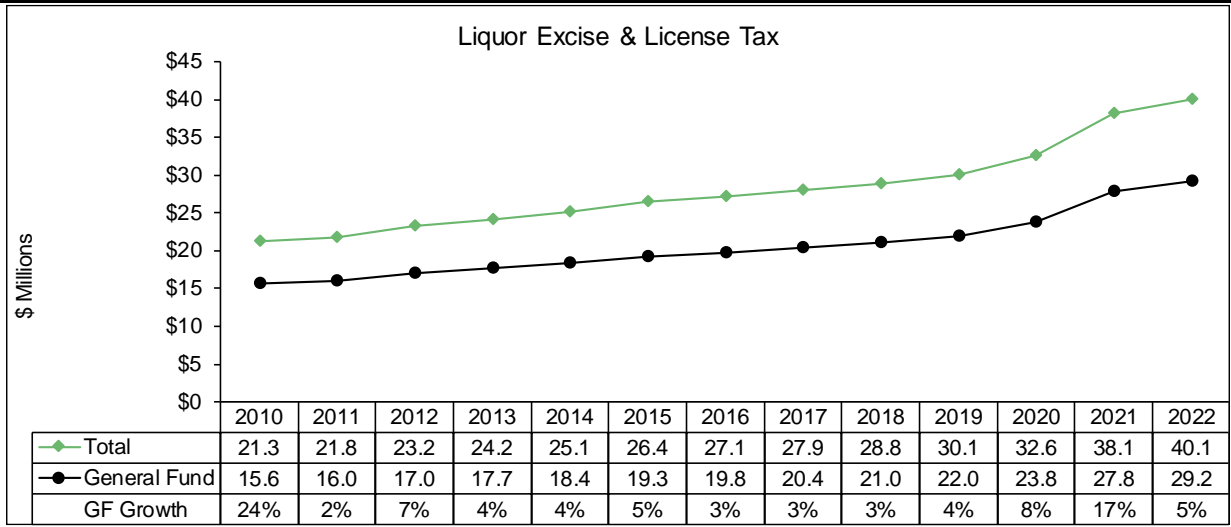
This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2023 Legislature.

FY	Total Tax \$ Millions	GF Tax \$ Millions	Gross Sales \$ Millions	Montana PCE Food \$ Millions	Excise Tax \$ Millions	License Tax \$ Millions
A 2012	\$23.222	\$17.037	\$90.180	\$2,790.641	\$14.291	\$8.932
A 2013	24.16	17.72	94.87	3,168.23	14.87	9.29
A 2014	25.12	18.42	99.21	4,235.56	15.46	9.66
A 2015	26.42	19.26	104.80	4,932.29	16.26	10.16
A 2016	27.13	19.78	107.73	5,201.77	16.69	10.44
A 2017	27.93	20.37	111.50	5,426.58	17.19	10.74
A 2018	28.81	21.01	115.29	5,592.79	17.73	11.08
A 2019	30.09	21.95	120.99	5,774.89	18.51	11.58
A 2020	32.58	23.79	131.46	6,002.99	20.05	12.53
A 2021	38.14	27.82	155.45	6,226.89	23.47	14.67
A 2022	40.08	29.17	163.68	6,478.48	24.66	15.42
F 2023	42.64	31.24	174.14	6,749.55	26.29	16.35
F 2024	44.13	32.28	179.88	6,990.15	27.16	16.98
F 2025	45.66	33.41	186.12	7,251.38	28.10	17.56
F 2026	47.60	34.84	194.03	7,582.75	29.29	18.31
F 2027	49.65	36.35	202.39	7,932.95	30.55	19.10

Revenue Projection



Revenue History



Liquor Profits

Revenue Description

Liquor profit income is derived from two sources: profits from liquor sales to retail establishments and profits resulting from the competitive bid auction for transfer of liquor licenses. Profits from these activities are transferred from the Department of Revenue (DOR) liquor enterprise fund to the general fund. DOR is the only liquor wholesaler in the state of Montana.

Statutory Reference

Tax Rate – Authority to markup [16-1-404\(2\), MCA](#) and rate of markup [ARM 42.11.104](#) Competitive bid [16-4-430, MCA](#)

Tax Distribution – [16-2-108\(4\), MCA](#)

Date Due – N/A

Applicable Tax Rates

Liquor profits received by the state are primarily generated by a mark-up on the sale of liquor and fortified wine, less costs such as commissions and discounts. A 40.0% mark-up is added to the state’s base cost for liquor. The state’s mark-up percentage on the base cost of fortified wine (more than 16.0% but no greater than 24.0% alcohol by volume) is 51.0%. The state’s mark-up on sacramental wine (more than 16.0% but no greater than 24.0% alcohol by volume) is 20.0%. A reduced markup of 20.0% is available to some distilleries that produce less than 25,000 proof gallons annually. Competitive bid licenses are announced at a minimum bid of 75.0% of market price and are awarded to the highest bidder.

Collection Frequency: Payment for liquor purchases is due within 60 days of the invoice date and revenue is deposited into an enterprise fund.

Distribution: Liquor profits are deposited in the general fund annually.

Summary of Legislative Action:

[HB 48](#) – Generally revise alcohol laws, including storage depots: allows wineries and distilleries to operate storage depots for storing alcoholic beverages for a \$400 annual license fee.

[HB 68](#) – Generally revise laws related to beer and wine licenses: Replaces on-premises consumption beer license + wine amendment to beer and wine license with combined fee.

[HB 97](#) – Generally revise laws related to alcohol: adds clarifying language for winery taxes and liquor price reductions, revises the definition of a small brewery and requires Department of Revenue approval and a fee for additional buildings to be used to serve alcoholic beverages on a golf course.

[SB 264](#) – Revise airport all-beverage license laws: revises laws pertaining to airport all-beverage licenses by decreasing annual passenger requirement, allowing licensee to lease their license to up to three individuals or entities and allowing each lease to be based on a percentage of alcoholic beverage sales.

Liquor Profits - Legislation Passed by the 68th Legislature			
General Fund Impact (\$ Millions)			
Bill Number and Short Title	FY 2023	FY 2024	FY 2025
HB0048 Generally revise alcohol laws, including storage depots	\$0.000	\$0.005	\$0.005
HB0068 Generally revise laws related to beer and wine licenses	0.000	0.000	0.009
HB0097 Generally revise laws related to alcohol	0.000	0.010	0.000
SB0264 Revise airport all-beverage license laws	0.000	0.000	0.000
Total General Fund Impact	\$0.000	\$0.016	\$0.015

Forecast Risks

- Change in Montana consumption patterns
- Departure of sales growth from historic trends
- Lack of population growth or loss of demand for liquor licenses

Revenue Estimate Methodology

Data

The liquor profits estimate is based on data obtained from DOR, SABHRS, and IHS Markit. Details on number of units sold, and average cost per unit are provided by DOR, fiscal year tax collections are from SABHRS, and forecasts for independent economic variables are produced by IHS Markit.

Data for competitive bid awards actuals for the all awards, current auction offerings and population growth.

Analysis

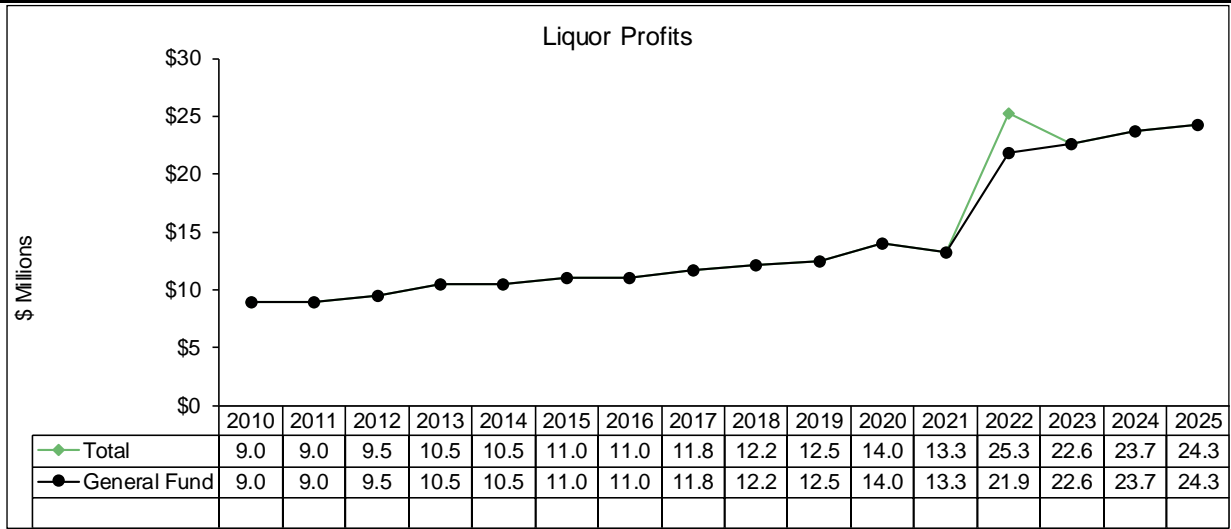
Gross liquor sales are modeled on the Montana personal consumption expenditure (PCE) series for food, and the forecast growth rate is applied to the most recent year of actual sales. Net profits are calculated by reducing the gross sales by excise and license tax amounts, discounts, cost of goods sold, and a trended estimate of the division’s operating budget. The amount transferred to the general fund is typically rounded to the nearest \$0.5 million, so the forecast for liquor profits is rounded accordingly. Estimates for license auction awards include a multiplier on current offerings and are rounded down to the nearest million for the near term while market patterns evolve.

Revenue Estimate Assumptions

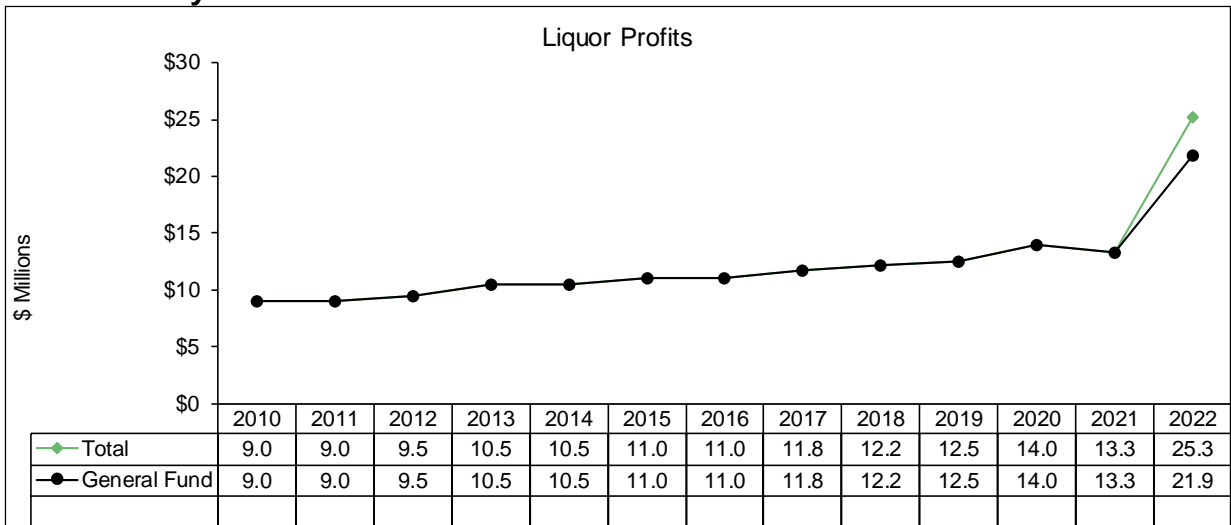
This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2023 Legislature.

FY	GF Profit \$ Millions	Gross Revenue \$ Millions	Business Costs \$ Millions	License & Excise Taxes \$ Millions	Liquor License Auction	Montana PCE Food \$ Millions	Gross Sales \$ Millions
A 2012	\$9.500	\$90.189	\$80.766	\$23.282		\$2,790.641	90.180
A 2013	10.50	94.88	84.33	24.25		3,168.23	94.872
A 2014	10.50	99.23	88.79	25.18		4,235.56	99.209
A 2015	11.00	104.82	93.75	26.67		4,932.29	104.799
A 2016	11.00	107.74	96.70	27.50		5,201.77	107.725
A 2017	11.75	111.52	99.80	28.22		5,426.58	111.502
A 2018	12.20	115.31	102.93	29.07	-	5,592.79	115.292
A 2019	12.50	121.62	108.39	31.47	0.60	5,774.89	120.992
A 2020	14.00	134.25	117.40	37.96	2.77	6,002.99	131.463
A 2021	13.26	158.11	139.22	39.62	2.65	6,226.89	155.455
A 2022	25.26	166.42	145.04	44.14	2.70	6,478.48	163.681
F 2023	22.60	176.17	154.18	45.90	2.00	6,749.55	174.138
F 2024	23.70	181.92	159.21	48.21	2.00	6,990.15	179.881
F 2025	24.30	188.15	164.67	49.22	2.00	7,251.38	186.116
F 2026	25.40	196.06	171.59	51.52	2.00	7,582.75	194.026
F 2027	26.40	204.42	178.90	53.36	2.00	7,932.95	202.386

Revenue Projection



Revenue History



Lottery Profits

Revenue Description

Lottery revenue is derived from ticket sales, sports betting, sales agents license fees, and unclaimed prizes. These funds are deposited into the lottery enterprise fund. After paying prizes, ticket costs, commissions, and other operating costs from the enterprise fund, profits are transferred to the general fund.

Statutory Reference

Tax Rate – N/A

Distribution – [23-7-402\(3\), MCA](#)

Date Due – Quarterly ([23-7-402\(3\), MCA](#))

Applicable Tax Rates: N/A

Collection Frequency: Lottery revenues are collected on an on-going basis. Transfers to the general fund are made quarterly.

Distribution: Prior to changes enacted by the 2019 Legislature, net proceeds are deposited into the general fund, up to the amount transferred in FY 2015 (\$12.4 million). Any additional revenue was to be diverted into a state special revenue fund for science, technology, engineering, and mathematics (STEM) scholarships. Currently an appropriation for STEM scholarships is funded before any funds are transferred to the general fund.

Summary of Legislative Action:

[SB 535](#) – Revise lottery laws relating to the board of horseracing: this bill terminates the special raffle or lottery game for the benefit of the Board of Horse Racing.

Lottery Profits – Legislation Passed by 68th Legislature General Fund Impact (\$ Millions)			
Bill Number and Short Title	FY 2023	FY 2024	FY 2025
SB0535 Revise lottery laws relating to the board of horseracing	\$0.000	\$0.000	\$0.060
Total General Fund Impact	\$0.000	\$0.000	\$0.060

Forecast Risks

- Fluctuating short-term interest rates
- Changing Montana population
- Unexpected number of jackpots won

Revenue Estimate Methodology

Data

The lottery revenue estimate is based on data obtained from SABHRS, IHS Markit, and the annual Montana Lottery Commission report. Monthly accounting information for the enterprise fund come from SABHRS; forecasts for independent economic variables are produced by IHS Markit; interest earnings, daily fund balance and other more detailed information comes from the Lottery Commission report.

Analysis

Revenue for the enterprise fund comes primarily from a combination of ticket sales, interest earnings, and license sales. Expenditures from the fund cover prizes, commissions, and operation costs. The

Consumption Taxes

Lottery Profits

difference between the forecast revenues and expenditures is the anticipated general fund transfer of lottery profits.

Per capita ticket sales are time trended. Forecast per capita ticket sales are multiplied by Montana population age 18 and older to produce future ticket sales. Interest earnings are calculated by multiplying the IHS Markit forecast for short-term interest by the projected average daily balance of the enterprise fund. The projection for the average daily balance is assumed to increase to a historical average of \$6 million. License sales are assumed to be comparable to those in the last known fiscal year.

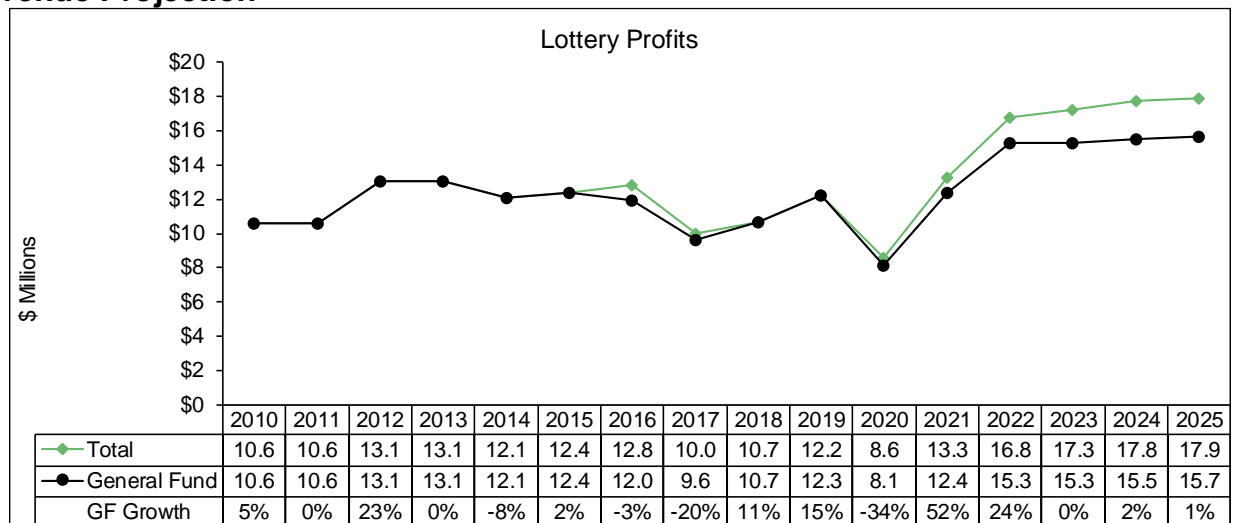
Prizes and commissions are forecast by applying an average prize-to-ticket sales ratio to the ticket sales forecast. Operational costs are based on a time trend. Sports betting is currently forecast using assumptions from the HB 725 fiscal note. Due to COVID-19, there is only one quarter of sports betting data available at this time.

Revenue Estimate Assumptions

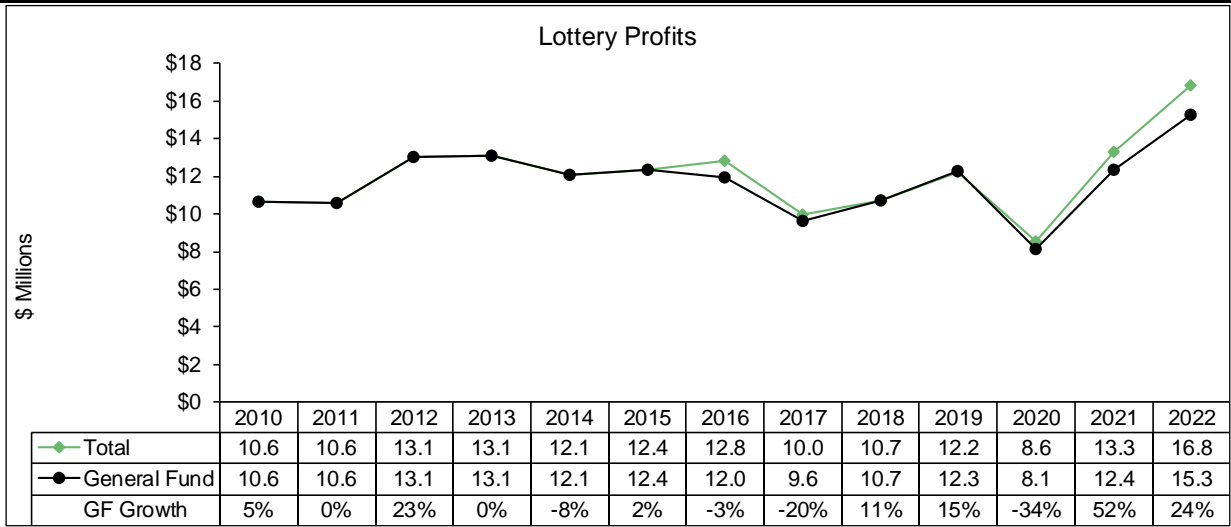
This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2023 Legislature.

FY	Total Profit \$ Millions	GF Profits \$ Millions	Gross Revenue \$ Millions	Business Costs \$ Millions	Short-Term Interest Percent	MT Pop. >=18 Millions	STEM Scholarships \$ Millions
A 2012	\$13.061	\$13.061	\$52.628	\$39.568	0.1%	0.782	-
A 2013	13.08	13.08	56.83	43.75	0.1%	0.790	-
A 2014	12.09	12.09	53.13	41.04	0.1%	0.798	-
A 2015	12.36	12.36	52.38	40.02	0.1%	0.807	-
A 2016	12.84	11.96	59.78	46.93	0.3%	0.816	0.881
A 2017	9.98	9.62	52.51	42.53	0.7%	0.826	0.358
A 2018	10.70	10.70	56.43	45.73	1.5%	0.835	-
A 2019	12.21	12.21	60.31	48.10	2.1%	0.844	-
A 2020	8.57	8.07	59.44	50.87	1.3%	0.855	0.500
A 2021	13.30	12.30	112.35	99.05	0.2%	0.871	1.000
A 2022	16.81	15.31	116.05	99.24	1.0%	0.884	1.500
F 2023	17.26	15.26	116.62	99.36	3.2%	0.895	2.000
F 2024	17.76	15.51	123.35	105.59	4.1%	0.905	2.250
F 2025	17.93	15.68	129.29	111.36	3.3%	0.915	2.250
F 2026	18.72	16.47	134.78	116.05	2.7%	0.924	2.250
F 2027	20.18	17.93	141.86	121.68	2.6%	0.932	2.250

Revenue Projection



Revenue History



Tobacco Tax

Revenue Description

Taxes are levied on all non-cigarette tobacco products sold in Montana. A tax is assessed on the number of ounces of moist snuff sold and on the wholesale value of all other non-cigarette tobacco products sold. Tobacco products shipped from Montana to be sold and consumed elsewhere are not subject to the tax.

Statutory Reference

Tax Rate – [16-11-111\(7\), MCA](#)
 Tax Distribution – [16-11-114\(2\), MCA](#); [16-11-119\(3\), MCA](#)
 Date Due – [16-11-111\(8\), MCA](#)

Applicable Tax Rates

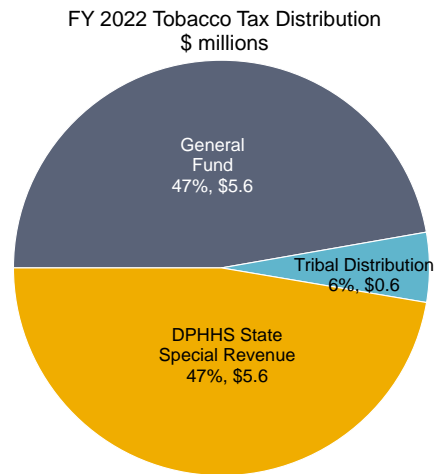
Tobacco products – 50.0% of the wholesale price
 Moist snuff – \$0.85 per ounce

Collection Frequency: Monthly

Distribution

Tobacco tax revenue is first distributed to Blackfeet, Fort Belknap, Rocky Boy, Fort Peck, Northern Cheyenne, and Crow tribes according to intergovernmental agreements between the tribes and DOR. The distribution formula is as follows: (1.5) x (Montana per capita tobacco product consumption) x (enrolled tribal population) x (tax rate).

Following the distribution to the tribes, the remaining tobacco tax revenue is split evenly between the general fund and the Department of Public Health and Human Services (DPHHS) Health and Medicaid Initiatives state special revenue fund. The following chart shows the FY 2022 distribution of tobacco tax revenue.



Summary of Legislative Action:

[SB 122](#) – Revise cigar tax based on a fixed amount per cigar: Defines premium cigars and revises the tax to be 50.0% of the wholesale price or \$0.35 per cigar, whichever is less.

Tobacco Tax – Legislation Passed by 68th Legislature			
General Fund Impact (\$ Millions)			
Bill Number and Short Title	FY 2023	FY 2024	FY 2025
SB0122 Revise cigar tax based on a fixed amount per cigar	\$0.000	(\$0.046)	(\$0.045)
Total General Fund Impact	\$0.000	(\$0.046)	(\$0.045)

Forecast Risks

- Changing Montana population
- Value of Montana retail sales

Revenue Estimate Methodology

Data

The tobacco tax estimate is based on data obtained from DOR, SABHRS, and IHS Markit. Details on tax collections by month, distributor, product type, and tribal distributions are provided by DOR; fiscal year tax collections are from SABHRS; forecasts for independent economic variables are produced by IHS Markit.

Analysis

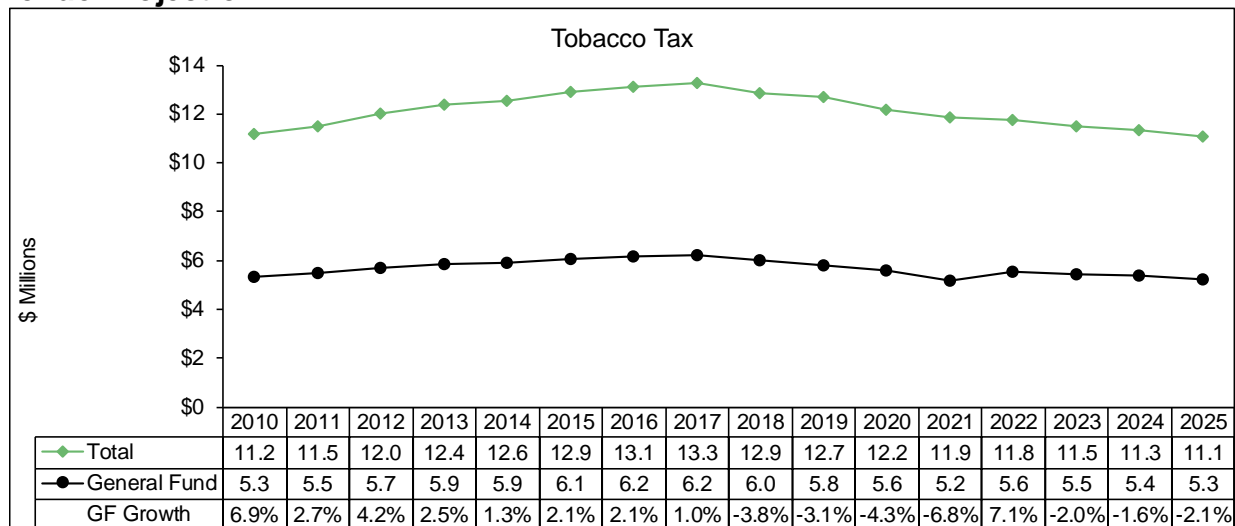
Per capita snuff and other tobacco products are separately modeled on Montana population age 18 and older and Montana personal consumption expenditures (PCE). The per capita forecasts are multiplied by Montana population age 18 and older to produce individual forecasts for snuff and other tobacco products. After applying the appropriate tax rate to each value to determine gross taxes, forecasts for credits and discounts are subtracted to find the net revenue. Credits and discounts are assumed to remain at the same percentage of total tobacco taxes as the most recent completed year.

Revenue Estimate Assumptions

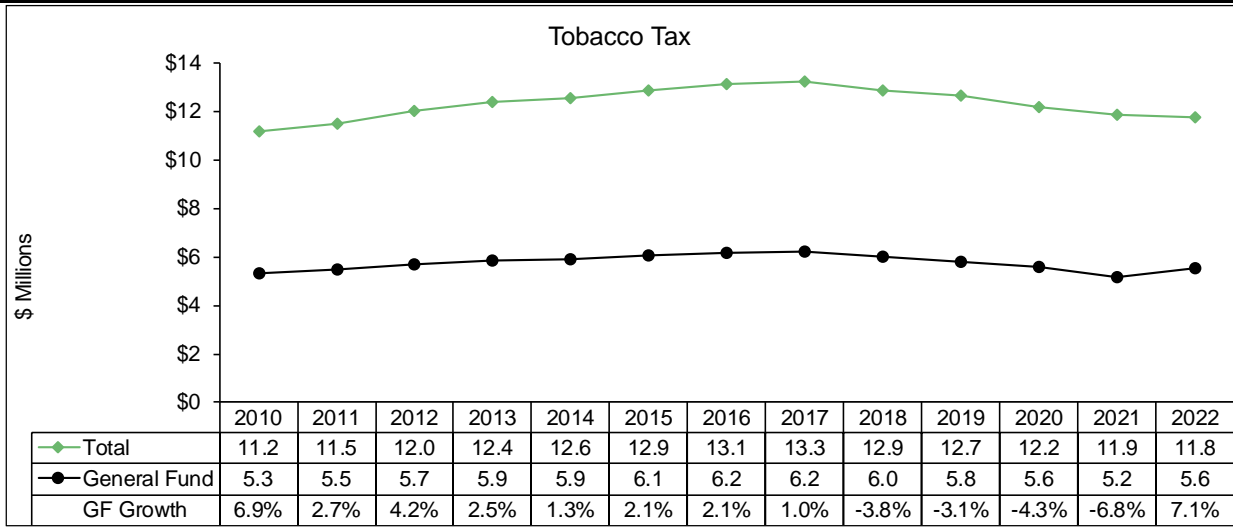
This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2023 Legislature.

FY	Total Tax \$ Millions	GF Tax \$ Millions	Moist Snuff Sales \$ Millions	Value Other Products \$ Millions	Business Costs \$ Millions	Montana Pop >= 18 Millions	Montana PCE \$ Millions
A 2012	\$12.024	\$5.709	\$10.412	\$6.689	\$0.308	0.782	\$45,318
A 2013	12.39	5.85	11.12	6.42	0.35	0.790	49,505
A 2014	12.56	5.93	11.51	6.36	0.36	0.798	55,691
A 2015	12.89	6.06	11.90	6.42	0.39	0.807	58,652
A 2016	13.13	6.18	12.27	6.26	0.38	0.816	60,138
A 2017	13.27	6.25	12.27	6.30	0.34	0.826	62,504
A 2018	12.86	6.06	11.95	6.02	0.44	0.835	65,191
A 2019	12.70	5.87	11.54	6.09	0.40	0.844	67,903
A 2020	12.20	5.75	11.36	6.07	0.34	0.855	70,800
A 2021	11.89	5.61	11.20	6.05	0.42	0.871	73,763
A 2022	11.78	5.56	10.83	6.31	0.45	0.884	76,859
F 2023	11.51	5.45	10.60	6.00	0.36	0.895	80,221
F 2024	11.32	5.37	10.43	5.89	0.36	0.905	83,874
F 2025	11.08	5.25	10.21	5.75	0.35	0.915	87,735
F 2026	10.81	5.12	9.97	5.60	0.34	0.924	91,807
F 2027	10.58	5.02	9.79	5.43	0.33	0.932	95,985

Revenue Projection



Revenue History



Video Gambling Tax

Revenue Description

Video gambling income is derived from two sources: license fees and video gambling taxes. There are three types of license fees: fees paid by operators for video gambling machines, fees paid by operators for non-video games such as poker, and annual fees for the right to assemble, produce, or manufacture video gambling machines or associated equipment. The video gambling tax is paid by licensed video gambling machine operators. License holders are charged a tax of 15.0% of the gross income (defined as net of payouts) from each licensed video gambling machine. The Department of Justice (DOJ) issues video gambling licenses and permits and collects the fees and taxes.

Statutory Reference

Tax Rate – Route operator license: [23-5-129, MCA](#); gambling establishment operator license: [23-5-177, MCA](#); card table fee: [23-5-306\(2\), MCA](#); bingo/keno permit: [23-5-407, MCA](#); sports tab tax: [23-5-502, MCA](#); video tax: [23-5-610\(1\), MCA](#); machine permit fee: [23-5-612\(2\), MCA](#)

Tax Distribution – Card table fee: [23-5-306\(3&4\), MCA](#); bingo and keno tax: [23-5-409, MCA](#); sports tab tax: [23-5-502, MCA](#); video: [23-5-610\(6\), MCA](#); machine permit fee: [23-5-612\(3\), MCA](#)

Date Due – Card table fees due annually and distributed quarterly to local governments: [23-5-306\(1&4\), MCA](#); video tax due 15 and 25 days after the end of the quarter: [23-5-610\(5\), MCA](#); machine permit fees due annually prorated on a quarterly basis: [23-5-612\(2a\), MCA](#); bingo and keno taxes due July 31.

Applicable Tax Rates

License Fees

- Video gambling machine permit – \$220 annually
- Video gambling manufacturer license – \$1,000 annually
- Video gambling machine examination fee – Actual DOJ costs of examining the electronic equipment
- Distributor license – \$1,000 annually
- Route operator license – \$1,000 annually
- Bingo/keno manufacture license – \$1,000 annually
- Gambling establishment operator license – Actual DOJ costs of determining licensure qualifications
- Antique slot machine seller permit – \$50 annually
- Live card game table – \$250 annually for the first table and \$500 for each additional table
- Card game dealer license – \$75 for the first year, \$25 for each subsequent year
- Pinochle tournament permit – \$25
- Card room contractor license – \$150 annually
- Bingo/keno permit – \$250 annually
- Bingo/keno examination fee – Actual DOJ costs of examining the electronic equipment
- Sports tab game seller license – \$100 annually
- Casino night permit – \$25
- Associated business – \$100

Gambling Taxes

- Video – 15.0% of gross income (defined as net of payouts) per video gambling machine
- Bingo/keno – 1.0% of gross proceeds
- Sport tabs – \$1.00 for each 100 sport tabs sold

Collection Frequency: Video tax – quarterly, machine permit fees – quarterly, other fees – annually

Distribution

License Fees

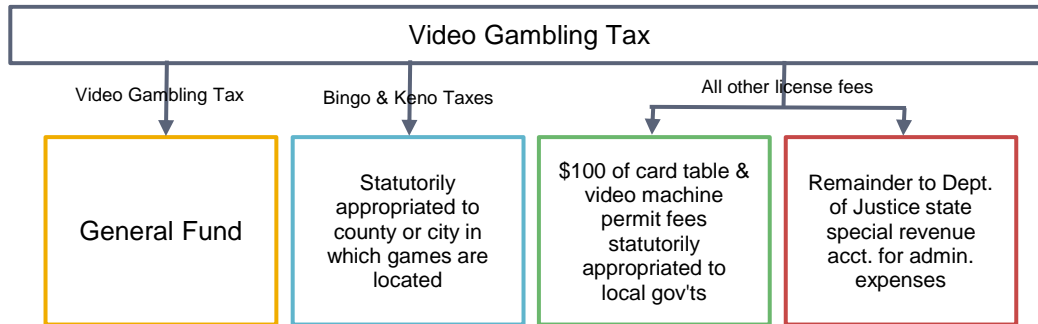
Consumption Taxes

Video Gambling Tax

- \$100 of the live card game table fee and \$100 of the video gambling machine permit fee (prorated basis) are statutorily appropriated for distribution to local governments.
- All other license fee revenue is retained by DOJ to cover administrative costs.

Gambling Taxes

- Video – All of video gambling tax receipts are deposited into the general fund.
- Bingo/Keno – All collections are statutorily appropriated for distribution to the municipality or county in which the game is located.
- Sport Tabs – All collections are retained by DOJ for administration purposes.



Summary of Legislative Action:

[HB 297](#) – Revised video gambling machine taxes to allow a deduction for negative income

Video Gambling Tax – Legislation Passed by 68th Legislature			
General Fund Impact (\$ Millions)			
Bill Number and Short Title	FY 2023	FY 2024	FY 2025
HB0297 Revise video gambling machine taxes to allow a deduction for negative income	\$0.000	(\$0.402)	(\$0.402)
Total General Fund Impact	\$0.000	(\$0.402)	(\$0.402)

Forecast Risks

- Personal income changes
- Population changes
- Potential impact due to legalization of sports betting

Revenue Estimate Methodology

The components of video gambling revenue have separate distributions, so each component is estimated separately.

Data

DOJ provides data upon request and limited applicable data is available from the department’s website. Historic and current revenue collections are obtained from SABHRS. IHS forecasts of Montana population coupled with a moving-average modeled growth rate are used to forecast the video tax collections.

Analysis

Revenue from the tax on video gambling machine gross income (defined as net of payouts) is the largest component of this revenue source and all revenue from this tax is distributed to the general fund. To determine total gross income, gross income for poker, keno, and multiple-game machines are calculated from revenue collections. The amount from the most recently completed fiscal year and subsequent estimates for succeeding fiscal years are adjusted based on prior years’ collections.

Permit and license fees are the second component to this revenue source, the revenue from which is deposited to the state special revenue fund and distributed to the DOJ to pay administrative costs and to local governments. There are three separate estimates for permit and license fees.

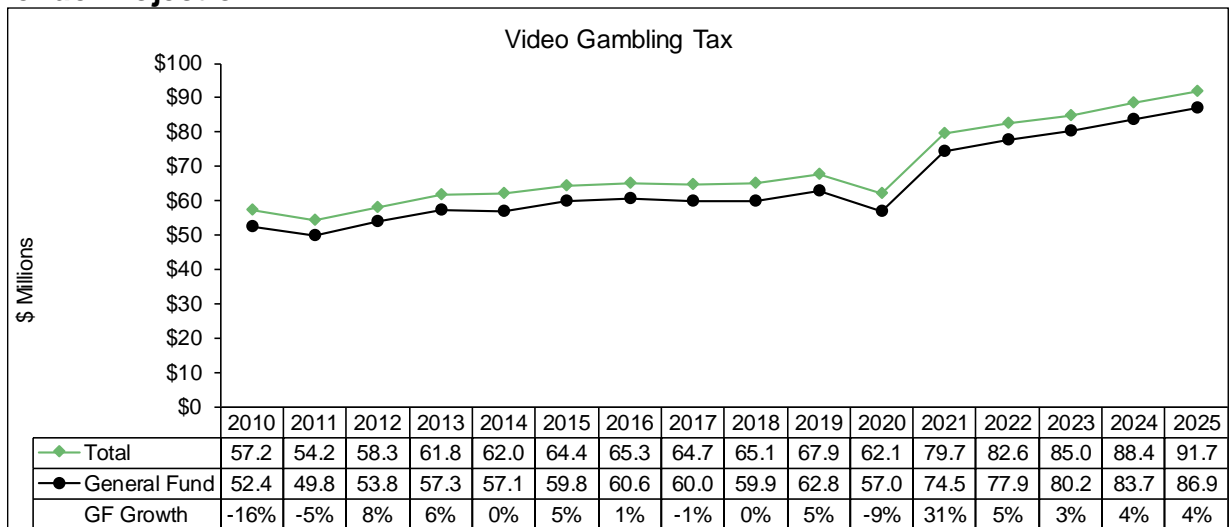
- Video gambling manufacturing license – The number of licenses is estimated using a linear regression model that uses the prior fiscal year’s license amount as the predictor variable
- Live game permit/license fees – The amounts of “first” poker tables, “additional” poker tables, bingo/keno, and card dealers are estimated using the most recently completed fiscal years
- Video gambling machine permit fees – The number of video, bingo/multi game, and keno machine permits is estimated using a five-year moving average

Revenue Estimate Assumptions

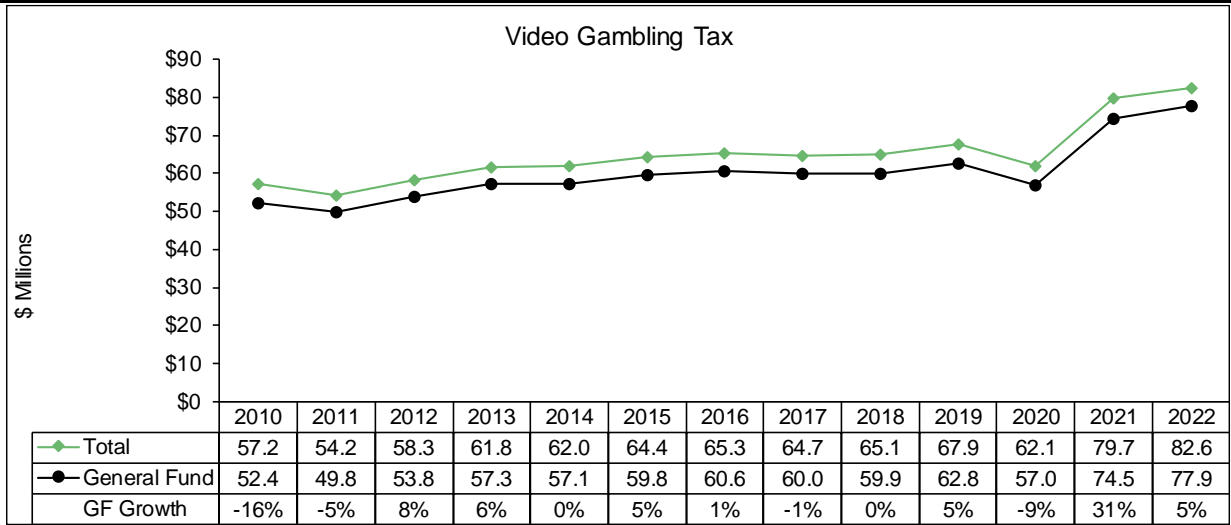
This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2023 Legislature.

FY	Total Tax \$ Millions	GF Tax \$ Millions	Non GF Fee \$ Millions
A 2012	\$58.259	\$53.824	\$4.427
A 2013	61.78	57.26	4.51
A 2014	62.01	57.15	4.85
A 2015	64.41	59.80	4.60
A 2016	65.31	60.55	4.75
A 2017	64.73	59.96	4.77
A 2018	65.08	60.32	4.74
A 2019	67.87	63.23	4.63
A 2020	62.11	57.45	4.66
A 2021	79.67	74.92	4.75
A 2022	82.56	77.88	4.68
F 2023	84.95	80.18	4.77
F 2024	88.44	83.67	4.77
F 2025	91.67	86.90	4.78
F 2026	94.75	89.98	4.78
F 2027	97.78	93.00	4.78

Revenue Projection



Revenue History



Wine Tax

Revenue Description

A tax is levied on table wines and hard ciders imported into Montana by wine distributors or by DOR, as a liquor wholesaler.

Statutory Reference

Tax Rate – [16-1-411\(1\), MCA](#); [16-2-301\(2\), MCA](#)

Tax Distribution – [16-1-411\(3\), MCA](#); [16-2-301\(2\), MCA](#)

Date Due – 15th day of the month following the sale from the distributor’s warehouse ([16-1-411\(2\), MCA](#))

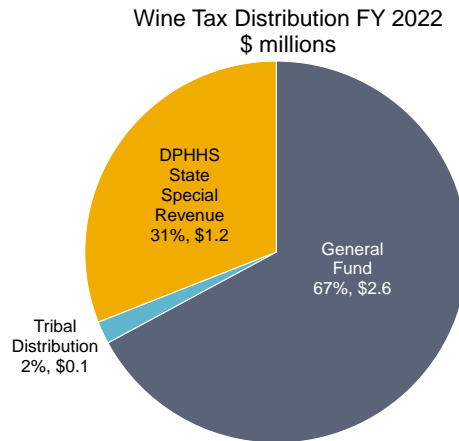
Applicable Tax Rates

- \$0.27 per liter of wine
- \$0.28 per liter of wine sold to agency liquor stores
- \$0.037 per liter of hard cider

Collection Frequency: Monthly

Distribution

Wine tax revenue is distributed between the general fund, the Department of Public Health and Human Services (DPHHS) state special revenue alcohol account, and tribal governments according to intergovernmental agreements between DOR and the tribes. The wine tax revenues distributed to Blackfeet, Fort Belknap, Fort Peck, and Confederated Salish and Kootenai tribes come out of the general fund portion of the revenue and are distributed according to the following formula: (per capita wine consumption) x (tribal membership) x (Montana tax rate). The remaining 31.0% of revenue goes to DPHHS to be used for treatment, rehabilitation, and prevention of alcohol and chemical dependency. The following chart shows the FY 2022 distribution of wine tax revenue.



Summary of Legislative Action:

[SB 20](#) – Generally revise laws related to alcohol: removes the \$0.01/liter tax assessed on table wine sold to an agency liquor store.

Wine Tax – Legislation Passed by 68th Legislature General Fund Impact (\$ Millions)			
Bill Number and Short Title	FY 2023	FY 2024	FY 2025
SB0020 Generally revise laws related to alcohol	\$0.000	(\$0.003)	(\$0.003)
Total General Fund Impact	\$0.000	(\$0.003)	(\$0.003)

Forecast Risks

- Changing Montana population
- Rate of change in effective tax rate

Revenue Estimate Methodology

Data

The wine tax estimate is based on data obtained from DOR, SABHRS, and IHS Markit. Details on historic tribal distributions are provided by DOR; fiscal year tax collections are from SABHRS; forecasts for independent economic variables are produced by IHS Markit.

Analysis

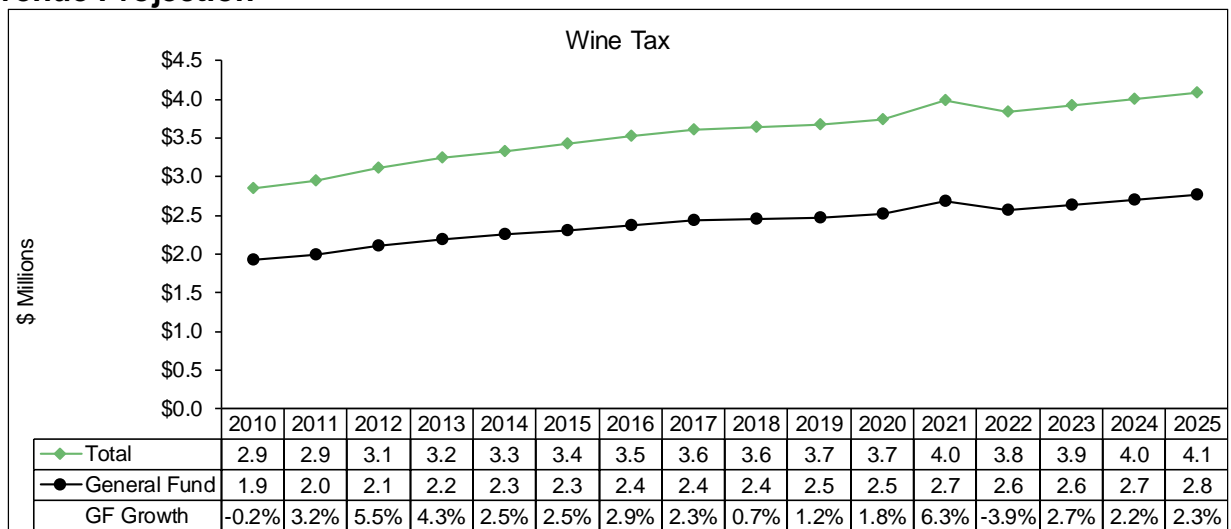
Per capita consumption is modeled on Montana population age 18 and older and the prior year’s actual consumption. Forecast per capita consumption is multiplied by forecast population to obtain an estimate of future total consumption. Total tax collections are calculated by multiplying the number of liters sold in a given year by the effective tax rate in that year. This analysis assumes that the effective tax rate remains the same as the last known fiscal year.

Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2023 Legislature.

FY	Total Tax \$ Millions	GF Tax \$ Millions	Effective Tax Rate	Approximate Liters Sold Millions	Montana Pop >= 21 Millions
A 2012	\$3.109	\$2.104	26.6%	11.690	0.741
A 2013	3.24	2.20	25.9%	12.510	0.750
A 2014	3.33	2.25	24.9%	13.337	0.758
A 2015	3.43	2.31	24.6%	13.970	0.766
A 2016	3.53	2.37	25.0%	14.136	0.776
A 2017	3.61	2.43	25.2%	14.338	0.786
A 2018	3.63	2.45	25.0%	14.534	0.795
A 2019	3.68	2.48	24.9%	14.804	0.803
A 2020	3.74	2.52	24.8%	15.073	0.814
A 2021	3.98	2.68	24.8%	16.064	0.829
A 2022	3.83	2.57	24.7%	15.524	0.842
F 2023	3.92	2.64	24.7%	15.851	0.852
F 2024	4.00	2.70	24.7%	16.195	0.862
F 2025	4.09	2.76	24.7%	16.560	0.871
F 2026	4.19	2.83	24.7%	16.950	0.880
F 2027	4.29	2.90	24.7%	17.373	0.889

Revenue Projection



Revenue History

