

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

All Other Revenue

Revenue Description

There are a variety of 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.

Summary of Legislative Action:

[HB 139](#) revises death certificate fees to fund board of morticians and funeral services. All excess revenue is deposited in the general fund at the end of each fiscal year.

[HB 330](#) revises laws related to the budget stabilization reserve fund and the fire suppression fund during times when 17-7-140 MCA (reduction in spending) is triggered, provides direction for the Legislative Finance Committee to complete studies on financial modernization and risk analysis and long-term budget efficiency, and finally provides transfers to the general fund from the insurance fee account.

[HB 701](#) legalizes marijuana for recreational use and sets a tax rate of 20% on retail sales. The tax revenue will be distributed to a variety of state special revenue funds, with the remainder being deposited into the general fund.

[SB 21](#) revises lobbyist licensing fees, repeals the associated state special revenue account and now deposits the fee revenue directly to the general fund.

[SB 230](#) redirects 10% of compensatory mitigation deposits from the sage grouse stewardship state special revenue account to the general fund.

All Other Revenue – Legislation Passed by 67th Legislature State Special Revenue Impact (\$ Millions)			
Bill Number and Short Title	FY 2021	FY 2022	FY 2023
HB0005 Long-Range Building Appropriations	0.000	0.000	0.000
HB0330 Generally revise laws related to budget stability and managing volatility	0.000	1.100	1.100
HB0139 Revise death certificate fees to fund board of morticians and funeral services	0.000	0.211	0.211
SB0021 Revise deposit of lobbying fee and repeal broadcasting special account	0.000	0.041	0.001
SB0230 Repaying general fund for initial implementation of sage grouse act	0.000	0.005	0.028
Total State Special Revenue Impact	\$0.000	\$1.357	\$1.340

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

Other General Fund Sources

All Other Revenue

- Revenue and expenditures in the DPHHS cigarette account
- Civil fines
- State Street banking fees
- MSU-EMC debt service payments

Revenue Estimate Methodology

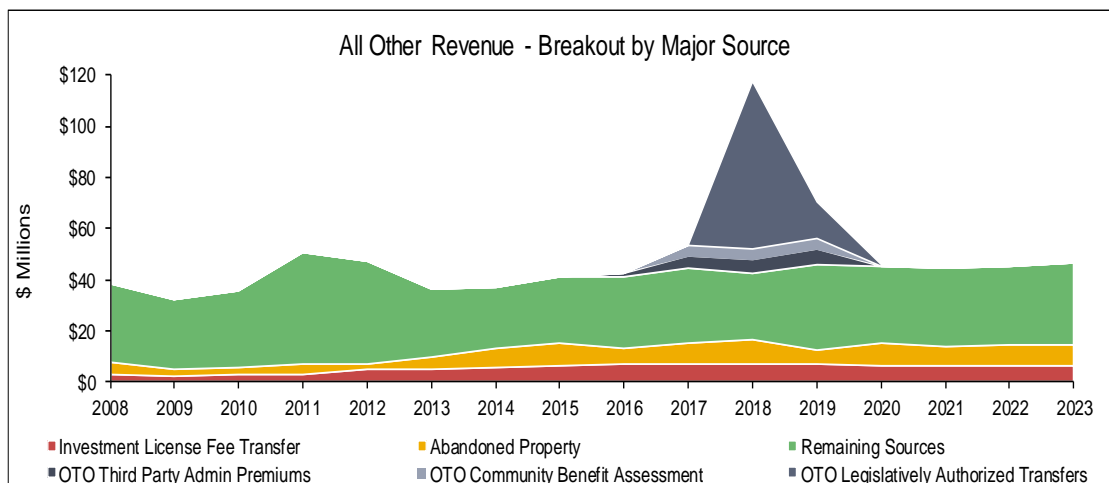
Data

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.



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 2021 Legislature.

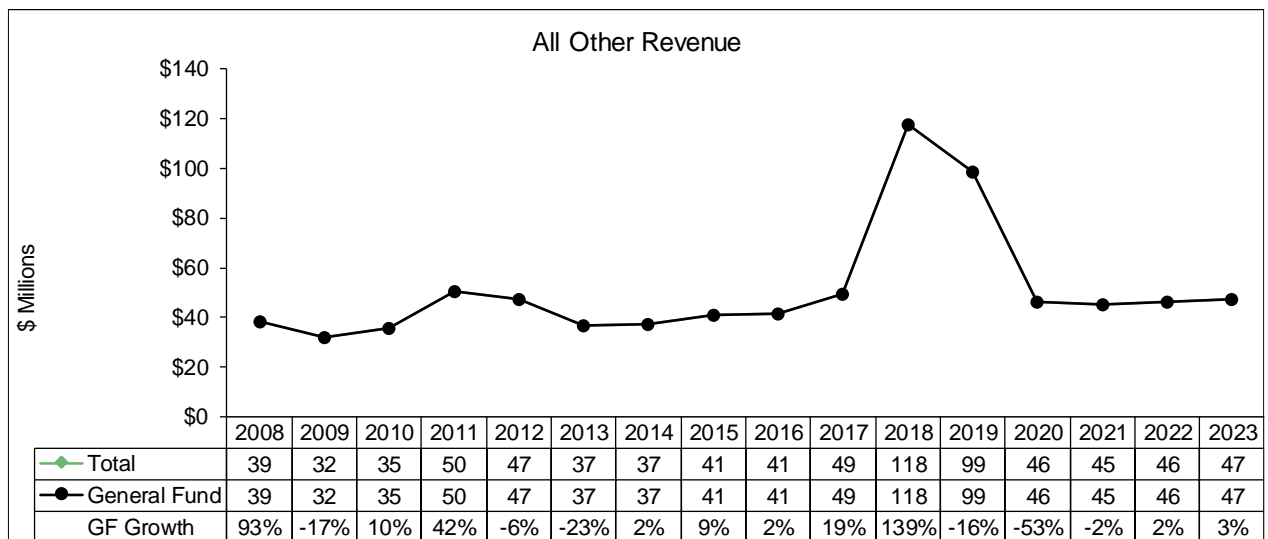
Other General Fund Sources

All Other Revenue

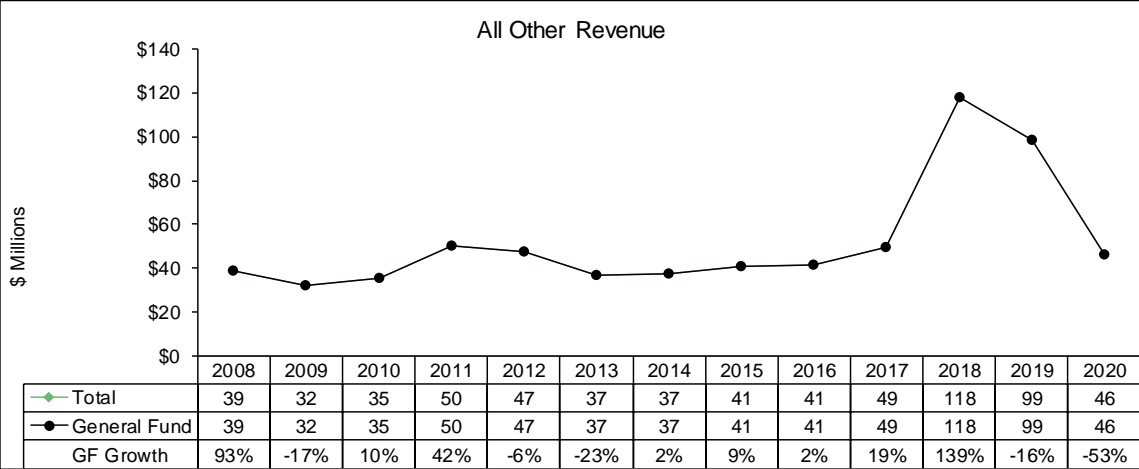
FY	Total Tax \$ Millions	GF Tax \$ Millions	Investment Transfer \$ Millions	SWCAP SFCAP \$ Millions	District Court \$ Millions	Bank Charges \$ Millions	Vets. Account Transfer \$ Millions
A 2010	\$35.451	\$35.451	\$2.969	\$3.938	\$3.481	\$1.554	\$1.590
A 2011	50.44	50.44	3.28	3.93	3.60	1.54	3.90
A 2012	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	45.10	45.10	6.31	4.00	3.18	1.65	3.50
F 2022	45.17	45.17	6.32	4.00	3.13	1.67	3.50
F 2023	47.89	47.89	6.73	4.00	3.09	1.68	3.50
F 2024	49.42	49.42	7.20	4.00	3.07	1.69	4.50
F 2025	51.55	51.56	7.76	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

Revenue Projection



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.

Summary of Legislative Action:

[HB 264](#) creates a new ticket for reckless endangerment of emergency personnel and will have a positive impact on the general fund as a result of increased fine revenue.

[HB 517](#) reduces the penalty for possession of marijuana for those under the age of 21.

[HB 701](#) legalizes marijuana for recreational use and will thus lead to a decrease in fine revenue as a result of less misdemeanor marijuana possession citations being written.

Highway Patrol Fines – Legislation Passed by 67th Legislature General Fund Impact (\$ Millions)			
Bill Number and Short Title	FY 2021	FY 2022	FY 2023
HB0701 Generally revise marijuana laws	\$0.000	(\$0.035)	(\$0.035)
HB0264 Revise emergency vehicle passing laws	0.000	0.009	0.013
HB0517 Revise penalties related to underage marijuana possession and use	0.000	(0.004)	(0.004)
Total General Fund Impact	\$0.000	(\$0.030)	(\$0.026)

Forecast Risks

- Significant changes in historical driving patterns

Revenue Estimate Methodology

Data

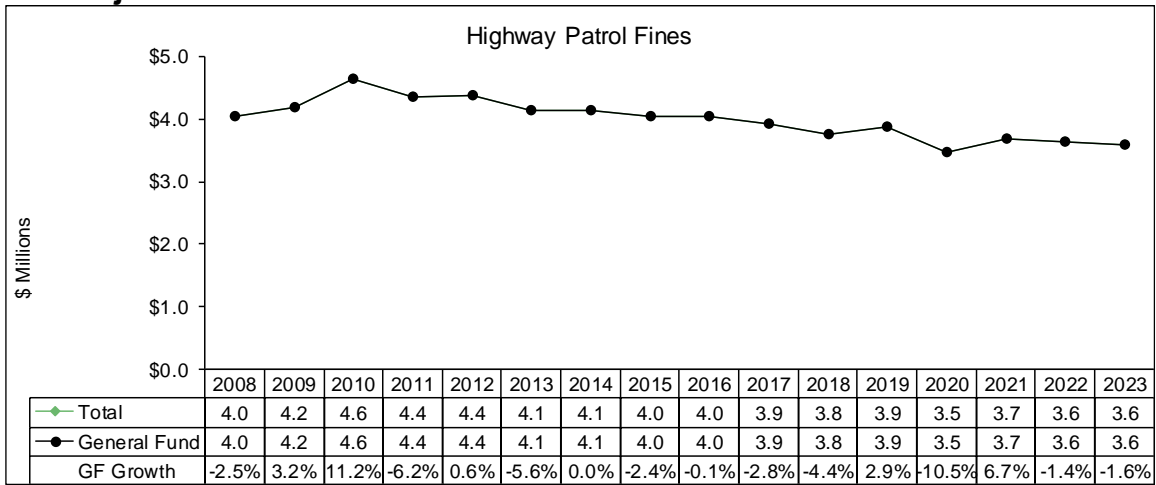
SABHRS data provide a history of highway patrol fine revenue.

Analysis

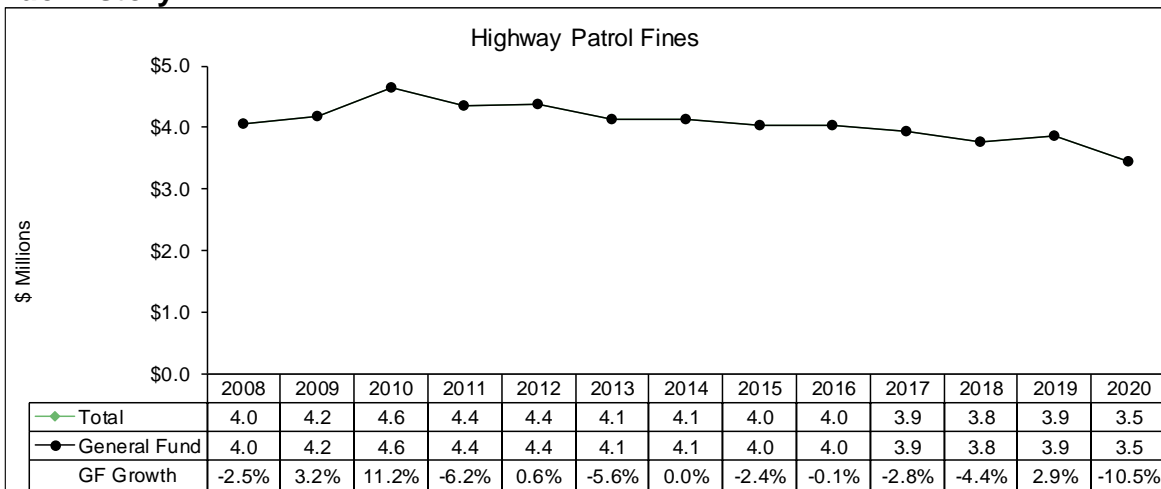
Highway patrol fine revenue is forecast using an autoregressive moving average time series model.

**Other General Fund Sources
Revenue Projection**

Highway Patrol Fines



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

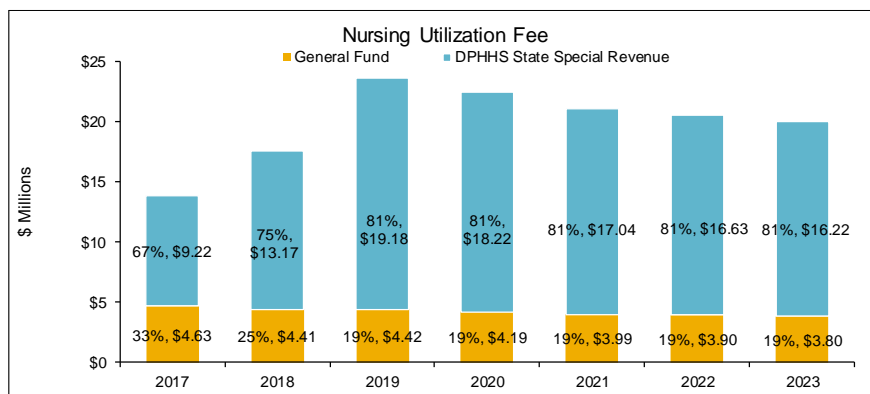
Nursing facility utilization fee: \$8.30 per bed day through end of FY 2017. With the passage of [HB 618 \(2017 Session\)](#) the fee increased to \$11.30 per day through FY 2018, and \$15.30 per day after July 31, 2018. Intermediate care facility utilization fee: 6.0% of a facility’s quarterly revenue 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.



Summary of Legislative Action: The 67th Legislature did not enact legislation impacting this source.

Forecast Risks

- Change in rate of facility utilization

Revenue Estimate Methodology

Data

Other General Fund Sources

Nursing Facilities Fee

SABHRS data provide a history of nursing facilities fee revenue.

Analysis

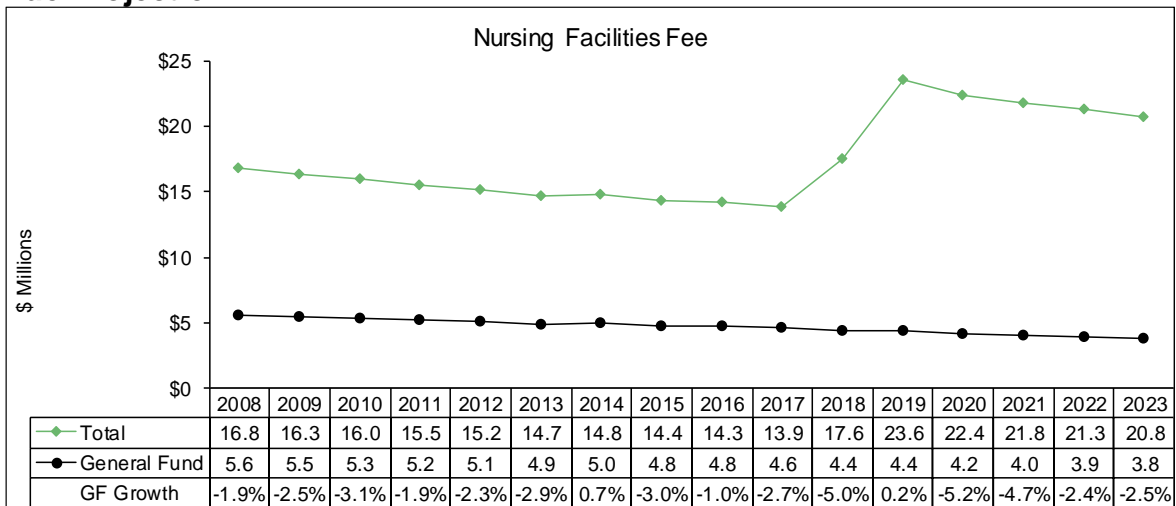
Proxy bed days for nursing facilities are determined by dividing the difference between total nursing utilization fees and interim care fees by the nursing facilities fee daily rate per bed day. Future bed days are based on a time trend of the proxy bed days, which are then multiplied by the applicable 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

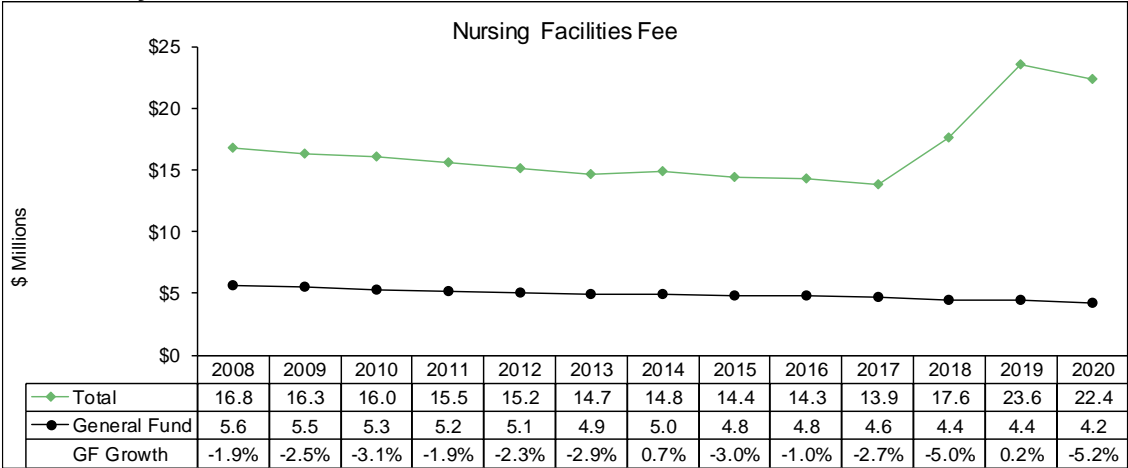
This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2021 Legislature.

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.

Summary of Legislative Action: The 67th Legislature did not enact legislation impacting this source.

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 MethodologyData

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

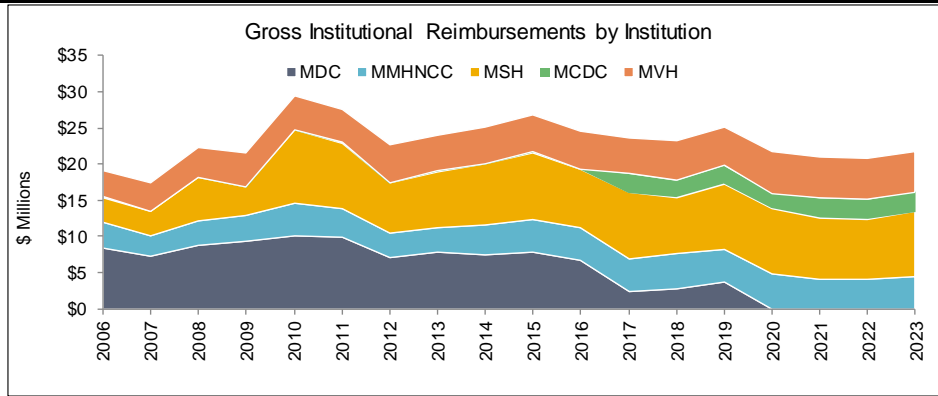
Analysis

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.

Other General Fund Sources

Public Institution Reimbursements

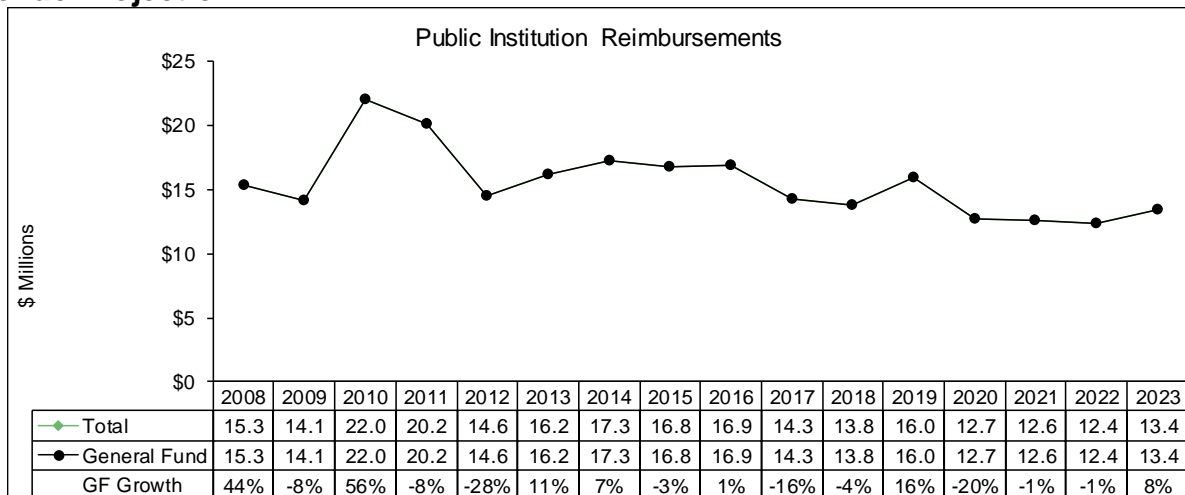


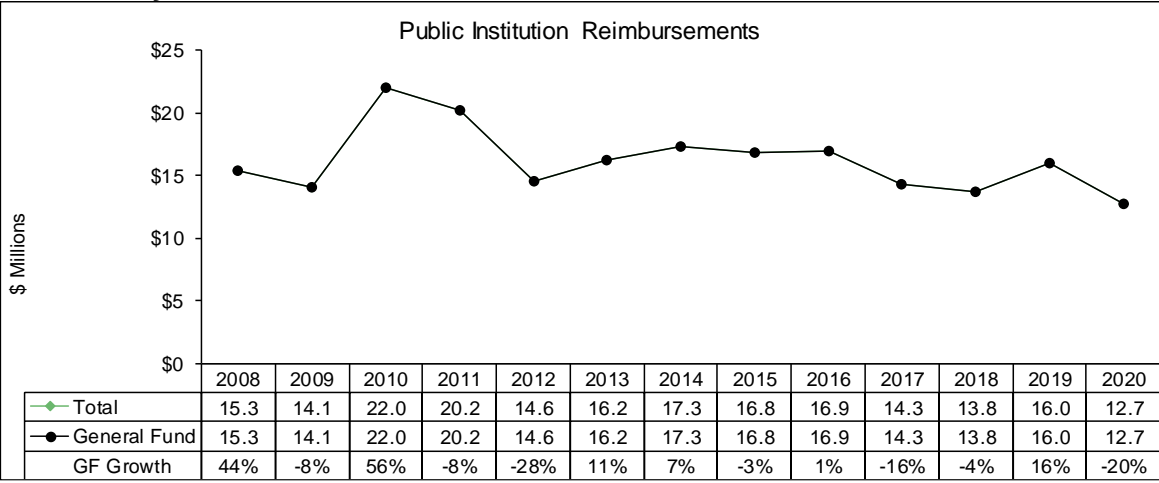
Revenue Estimate Assumptions

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 2021 Legislature.

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





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 15th ([Master Settlement Agreement, Chapter IX\(c\)](#))

Applicable Tax Rates:

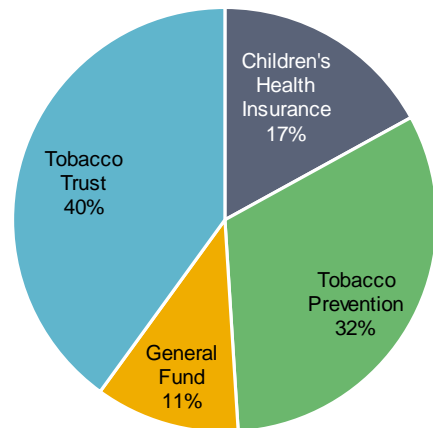
Funds received are subject to adjustments for various reasons including inflation, sales volume, loss of market share due to non-settling companies, operating income, settlements reached by the non-participating states, offsets for litigation, disputed payments, and others. Montana receives 0.4247591%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

Collection Frequency

Annual payments are expected each April 15th 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.



Summary of Legislative Action: The 67th Legislature did not enact legislation impacting this source.

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

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 2019 was the first year that any disputed payment completed the cycle of litigation, and the state received the disputed 2003 funds. In November 2020 the state won litigation that released all disputed payments. This resulted in a one-time only increase for FY 2021 and included a provision that funds will no longer be withheld. Beginning in 2030 the companies will be allowed to dispute a portion of the payment in Montana courts but will not be able to withhold a payment prior to a judgement in their favor.

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

Revenue Estimate Assumptions

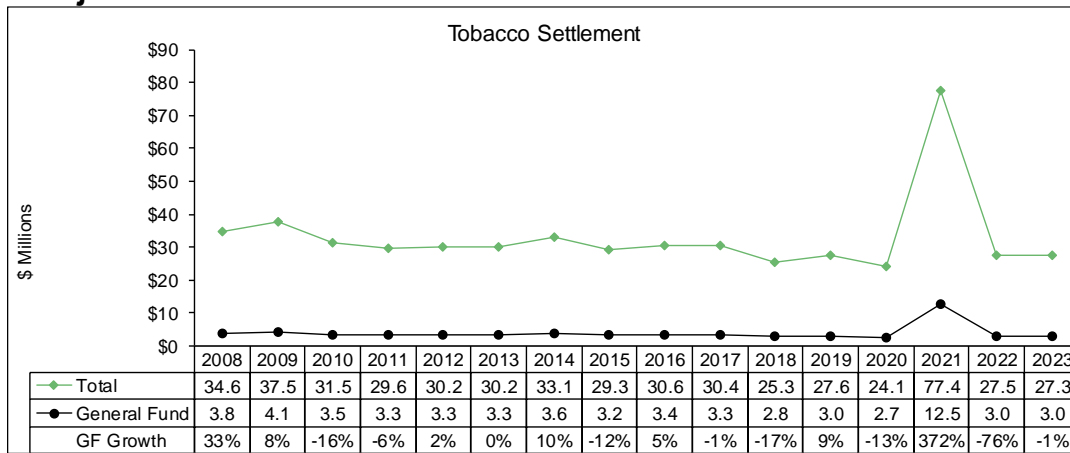
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Other General Fund Sources

Tobacco Settlement

FY	Total Settle \$ Millions	GF Settle \$ Millions	Market Share	Volume (Millions)	Annual 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	77.42	12.52	0.907	0.183	3.0%
F 2022	27.52	3.03	0.923	0.185	3.0%
F 2023	27.33	3.01	0.921	0.178	3.0%
F 2024	27.14	2.99	0.919	0.172	3.0%
F 2025	26.96	2.97	0.919	0.165	3.0%

Revenue Projection



Revenue History

