



# MONTANA LEGISLATIVE BRANCH

## Legislative Fiscal Division

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Director  
AMY CARLSON

DATE: July 26, 2018

TO: Revenue & Transportation Interim Committee Members  
House and Senate Tax Members  
House Appropriations Members  
Senate Finance and Claims Members

FROM: LFD Revenue Team

RE: FY 2018 General Fund Revenue Preliminary FYE

## GENERAL FUND REVENUE SUMMARY

Actual FY 2018 general fund revenues were \$2,405.4 million, which is \$29.2 million or 1.2% below the HJ 2 estimate, and above the [SB 9 \(2017 Special Session\)](#) threshold by \$111.1 million. Further analysis of differences will be provided in the FYE 2018 report to the Legislative Finance Committee in September 2018.

## SB 9 Allocations & HB 2 Appropriations to State Agencies in the Event of Excess Revenues

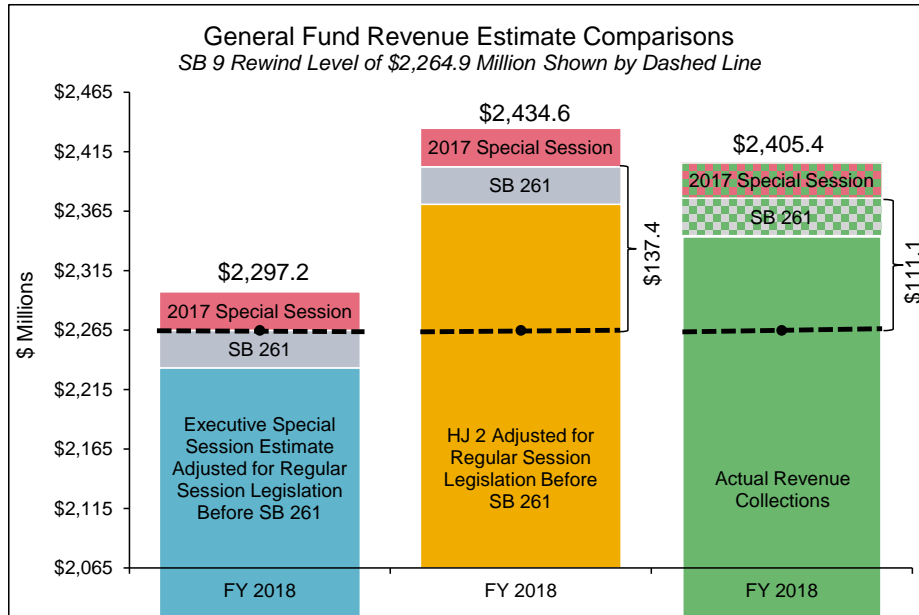
Per [SB 9 \(2017 Special Session\)](#), if the amount of unaudited state general fund revenue and transfers into the general fund received at the end of FY 2018 is more than \$2,264.9 million, excluding transfers in [HB 6 \(2017 Special Session\)](#) and any revenue generated by [SB 5 \(2017 Special Session\)](#), then the state treasurer shall notify the legislative fiscal analyst and others of the amount of excess revenue and the following actions will be taken:

1. If the excess revenue is less than \$20.0 million, it will remain in the general fund;
2. If the excess revenue is \$20.0 million or more, the transfers in HB 6 from the secretary of state enterprise fund and the public service commission state special revenue account are void. In addition, the state auditor shall remit \$530,825 to the state treasurer by December 15, 2017;
3. If the excess revenue is at least \$20.0 million, but no more than \$111.4 million, the excess revenue will be as follows:
  - a. \$20.0 million will remain in general fund;
  - b. 50% of the remainder will be transferred to the budget stabilization reserve fund established by [SB 261 \(2017 Regular Session\)](#) ;
  - c. 50% of the remainder will be prorated to agencies to proportionally offset the reductions in HB 2. A list of agencies and the amounts offset is provided in SB 9.
4. If the excess revenue is more than \$111.4 million, all of the above will be followed, and the extra will remain in the general fund.

### SB 9 Threshold Compared to Actual Collections

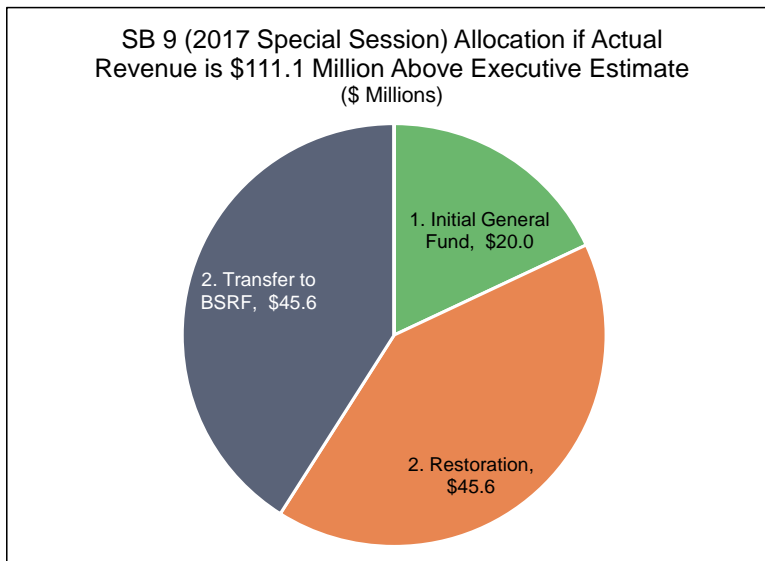
Note that the \$2,264.9 million threshold in SB 9 is based on the executive's general fund revenue estimate used to call the 2017 Special Session of the Legislature, which was below HJ 2 by \$137.4 million in FY 2018.

Actual FY 2018 revenue was \$2,405.4 million, which includes \$29.4 million in transfers as a result of HB 6. No revenue from SB 5 was generated in FY 2018, due to the postponement of the program until agency rule making. If the transfers due to HB 6 are excluded, FY 2018 revenue is \$2,376.0 million, which is \$111.1 million above the SB 9 threshold. The green bar in the chart below illustrates actual FY 2018 revenue relative to the SB 9 threshold.



Per SB 9, the \$111.1 million above the threshold will be allocated as follows:

1. \$20.0 million to the general fund
2. \$91.1 million split equally, with
  - \$45.6 million prorated to agencies to proportionally offset the reductions in HB 2
  - \$45.6 million transferred to the budget stabilization reserve fund (BSRF)



## YEAR-TO-DATE GENERAL FUND REVENUE

Actual FY 2018 general fund revenues were \$29.2 million or 1.2% below the HJ 2 estimate. Most of the difference can be attributed to lower-than-expected growth in individual income tax.

General Fund Revenue--FY 2018 Actuals Compared to HJ 2 Estimate (\$ Millions)							
Revenue Source	Actual FY 2017	HJ 2* FY 2018	Actual FY 2018	HJ 2 % Change	Actual % Change	Act.-HJ 2 \$ Diff.	Act./HJ 2 % Diff.
<b>Largest Seven Sources</b>							
Individual Income Tax	\$1,168.225	\$1,320.808	\$1,297.777	13.1%	11.1%	(\$23.031)	-1.7%
Property Tax	260.224	277.119	276.414	6.5%	6.2%	(0.704)	-0.3%
Corporation Tax	133.992	168.763	167.100	26.0%	24.7%	(1.663)	-1.0%
Vehicle Taxes & Fees	109.197	112.956	109.540	3.4%	0.3%	(3.416)	-3.0%
Oil & Natural Gas Taxes	46.334	49.939	54.508	7.8%	17.6%	4.569	9.1%
Insurance Tax	75.558	76.003	75.273	0.6%	-0.4%	(0.729)	-1.0%
Video Gaming Tax	59.956	61.904	60.324	3.2%	0.6%	(1.580)	-2.6%
<b>Other Business Taxes</b>							
Drivers License Fee	4.308	4.341	4.581	0.8%	6.3%	0.240	5.5%
Investment Licenses	7.327	7.660	7.683	4.5%	4.9%	0.024	0.3%
Lodging Facilities Sales Tax	21.780	23.399	24.091	7.4%	10.6%	0.692	3.0%
Public Contractor's Tax	3.078	2.540	4.267	-17.5%	38.6%	1.727	68.0%
Railroad Car Tax	3.790	3.642	3.649	-3.9%	-3.7%	0.007	0.2%
Rental Car Sales Tax	3.402	3.357	3.719	-1.3%	9.3%	0.362	10.8%
Retail Telecom Excise Tax	15.603	15.570	13.726	-0.2%	-12.0%	(1.844)	-11.8%
<b>Other Natural Resource Taxes</b>							
Coal Severance Tax	13.799	13.811	14.107	0.1%	2.2%	0.296	2.1%
Electrical Energy Tax	4.314	4.439	4.302	2.9%	-0.3%	(0.138)	-3.1%
Metal Mines Tax	4.839	4.274	6.291	-11.7%	30.0%	2.018	47.2%
U.S. Mineral Royalties	17.322	20.497	20.139	18.3%	16.3%	(0.358)	-1.7%
Wholesale Energy Trans Tax	3.464	3.505	3.628	1.2%	4.7%	0.123	3.5%
<b>Other Interest Earnings</b>							
Coal Trust Interest Earnings	19.799	19.829	17.938	0.1%	-9.4%	(1.891)	-9.5%
TCA Interest Earnings	5.734	7.577	10.888	32.2%	89.9%	3.310	43.7%
<b>Other Consumption Taxes</b>							
Beer Tax	2.998	3.072	3.002	2.5%	0.2%	(0.069)	-2.3%
Cigarette Tax	30.558	30.652	27.755	0.3%	-9.2%	(2.897)	-9.5%
Liquor Excise Tax	20.366	22.265	21.007	9.3%	3.1%	(1.259)	-5.7%
Liquor Profits	11.750	14.614	12.200	24.4%	3.8%	(2.414)	-16.5%
Lottery Profits	9.624	12.365	10.699	28.5%	11.2%	(1.665)	-13.5%
Tobacco Tax	6.247	6.815	6.058	9.1%	-3.0%	(0.757)	-11.1%
Wine Tax	2.429	2.584	2.446	6.4%	0.7%	(0.138)	-5.3%
<b>Other Sources</b>							
All Other Revenue	49.294	113.552	117.645	130.4%	138.7%	4.093	3.6%
Highway Patrol Fines	3.927	4.152	3.754	5.7%	-4.4%	(0.398)	-9.6%
Nursing Facilities Fee	4.635	4.305	4.405	-7.1%	-5.0%	0.100	2.3%
Public Institution Reimb.	14.264	15.718	13.754	10.2%	-3.6%	(1.964)	-12.5%
Tobacco Settlement	3.343	2.622	2.778	-21.6%	-16.9%	0.156	6.0%
Ongoing Revenue Subtotal	2,137.129	2,360.274	2,333.618	10.4%	9.2%	(26.655)	-1.1%
OTO Revenue & Transfers Subtotal	4.351	74.371	71.829	1609.4%	1551.0%	(2.542)	-3.4%
<b>Grand Total</b>	<b>\$2,141.479</b>	<b>\$2,434.645</b>	<b>\$2,405.447</b>	<b>13.7%</b>	<b>12.3%</b>	<b>(\$29.198)</b>	<b>-1.2%</b>
*HJ 2, Adjusted for Legislative Impacts							