

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

Revenue Description: The tax is levied against taxable income, which is defined as Montana personal income adjusted for exemptions and deductions. Once tax liability is determined, the amount of tax due is computed by subtracting allowable credits.

Statutory Reference:

Tax Rate (MCA) – 15-30-2103, 15-30-2104, 15-30-2105

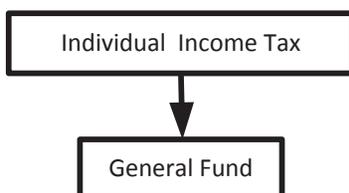
Tax Distribution (MCA) – 17-2-124(2)

Date Due – 15th day of the fourth month of the filer’s fiscal year (15-30-2604). Withholding taxes are due monthly, quarterly, or on an accelerated schedule depending on income (15-30-2504). Estimated taxes are due on the 15th day of the 4th, 6th, and 9th month and the month following the close of the tax year.

Applicable Tax Rate(s): Tax rates vary from 1.0% to 6.9%, depending on the level of taxable income. Tax brackets, personal exemption amounts, and the standard deduction are adjusted for inflation each year. SB 407, enacted by the 2003 Legislature, created a new capital gains income tax credit. As a result, the tax rate on capital gains income was less than the tax rate on ordinary income by 1% in tax years 2005 and 2006, and by 2% in tax year 2007 and beyond.

Distribution: All proceeds are deposited into the general fund.

Distribution Chart:



Summary of Legislative Action:

House Bill 444 – This legislation provides an individual income tax credit of \$500 (not to exceed \$2,000) for qualified access to state land that was previously inaccessible to the public, starting in calendar year 2014.

House Bill 545 – This bill allows employers to pay all or a portion of qualified employees' disability insurance coverage if the employer does not offer group health insurance or the cost of the employer offered health insurance exceeds 9.5% of the employee's household income. The bill also excludes the employer-paid premium from adjusted gross income.

Senate Bill 108 – This bill would extend the sunset date for the charitable endowment credit from the end of CY 2013 to the end of CY 2019. *The revenue estimate contained in SJR 2 did not include a revenue impact from expiration of the credit, so the revenue impact of this bill is already assumed in both the OBPP and LFD revenue estimates.*

Senate Bill 117 – This bill would expand the Family Education Savings Account exemption to include deposits to out-of-state accounts.

Individual Income Tax – Legislation Passed by 63rd Legislature			
General Fund Impact (\$ Millions)			
Bill Number and Short Title	FY 2013	FY 2014	FY 2015
HB0444 Provide tax credit for access to state lands	\$0.000	\$0.000	(\$0.015)
HB0545 Allow employer to fund total cost of qualifying employee's health insurance	0.000	0.000	(0.010)
SB0108 Renew Montana charitable endowment tax credit*	0.000	0.000	0.000
SB0117 Allow deductions for other state college savings plans	0.000	(0.078)	(0.079)
Total General Fund Impact	\$0.000	(\$0.078)	(\$0.104)

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Collection Frequency: Withholding and estimated taxes are collected monthly, bi-weekly, and weekly.

% of Total General Fund Revenue:

FY 2004 – 43.82%	FY 2007 – 45.04%	FY 2010 – 44.12%
FY 2005 – 46.13%	FY 2008 – 44.17%	FY 2011 – 45.78%
FY 2006 – 45.01%	FY 2009 – 45.09%	FY 2012 – 48.04%

Revenue Estimate Methodology:

Data

There are three kinds of data required to make forecasts of individual income tax revenue: historical individual income tax return data; state and national historical data on income, inflation, employment, and other economic variables; and forecasts of economic activity that determine income and deductions.

Actual individual income tax return data is supplied annually by the Department of Revenue (DOR). This data is usually available in November and is for the prior tax year. It includes line-by-line tax return information for each state income taxpayer (except those that have been removed because of the existence of certain federal information). The historical information on type of income, inflation rates, employment and other economic variables is available from individual income tax returns, Bureau of Economic Analysis, Bureau of Labor Statistics, IHS and MA.

IHS provides forecasts of a wide variety of state and national economic variables that are used to assess overall state and national economic activity. These data are used to produce future growth rates for each income and deduction item, as explained in the methodology section below.

Analysis

An individual income tax simulation model is used to forecast Montana calendar year individual income tax liability for all residents. These forecasts are converted to fiscal year liability and are adjusted for audits, legislative impacts and one-time events. The model includes the effects of SB 407, which changed the individual income tax system in Montana and was passed by the 2003 legislature. This legislation collapsed 10 tax brackets with a top tax rate of 11% into a system of 7 tax brackets with a top rate of 6.9%, and limited the deductibility of federal taxes paid to \$5,000 for single taxpayers and \$10,000 for married taxpayers.

The calendar year state tax liability forecast is developed by applying growth rates to each resident taxpayer's income and deduction items. Growth rates are calculated for the forecast period and applied to the most recent year of tax return data which is available. The result is a forecast of calendar year state individual income tax liability for each resident, the sum of which produces a statewide forecast of individual income tax liability for each year.

The statewide forecast of resident liability is multiplied by an all-filers percentage to include the tax liability for nonresidents and partial-year residents. Next, the all-filers calendar year tax liability is adjusted by the expected growth in the number of taxpayers. This results in a forecast of total calendar year individual income tax liability before credits. An estimate of allowable credits is deducted, producing a calendar year individual income tax liability for each future year.

Fiscal Year Conversion

The calendar year liabilities are converted to fiscal year liabilities by summing 50% of the prior calendar year's liability with 50% of the current calendar year tax liability.

Audits and Other Assumptions

After fiscal year liabilities are determined, growth rates between fiscal years are calculated; these growth rates are applied to the base year collections of individual income tax to produce forecasted collections before audits and other adjustments. Projected audit revenue and any other adjustments are added in, resulting in total fiscal year collections. The table below summarizes these assumptions:

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Audit and Other Assumptions (Millions)	Fiscal Year		
	2013	2014	2015
Audits, Penalties and Interest	36.193	37.255	38.046
Legislation Impacts	-2.064	-1.473	-1.033
Insure Montana Credit	2.500	2.500	2.500
Bonus Depreciation	0.713	0.529	0.418
Federal PPACA	0.750	0.085	0.856

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Growth Rates

The table below contains the growth rates used for individual income and deduction items forecast:

	Income Tax Growth Rates 2012 - 2015			
	Calendar Year			
	2012	2013	2014	2015
Full Year Resident Returns (Annual)	0.6%	1.4%	1.4%	1.5%
Full Year Resident Returns (Cumulative)	100.6%	102.0%	103.4%	105.0%
Inflation State	1.7%	1.3%	1.8%	1.6%
Inflation Federal	2.4%	2.6%	1.4%	1.7%
INCOME:				
Wages and salaries	4.6%	4.0%	4.5%	5.0%
Interest income	-1.2%	0.0%	4.0%	7.4%
Dividend income	1.7%	12.8%	6.4%	-1.4%
Taxable refunds	0.0%	0.0%	0.0%	0.0%
Alimony received	3.4%	3.4%	3.4%	3.4%
Net business income	4.8%	9.3%	-2.4%	1.7%
Capital gains	26.6%	-5.8%	-2.1%	13.2%
Supplemental gains	12.9%	5.4%	10.7%	5.0%
IRA distributions	15.4%	15.5%	14.3%	12.4%
Taxable pensions	6.7%	7.4%	7.8%	7.8%
Rents, royalties, etc.	3.3%	1.9%	7.4%	2.8%
Farm income	-26.5%	80.2%	26.2%	5.8%
Unemployment compensation	0.0%	0.0%	0.0%	0.0%
Taxable soc. sec.	3.2%	4.3%	8.1%	7.3%
Other income	0.0%	0.0%	0.0%	0.0%
ADJUSTMENTS:				
Educator expenses	0.0%	0.0%	0.0%	0.0%
Business expenses	0.0%	0.0%	0.0%	0.0%
Health SA deduction	11.0%	10.0%	9.0%	8.0%
Moving expenses	0.0%	0.0%	0.0%	0.0%
One-half self-employment tax	0.0%	0.0%	0.0%	0.0%
Self-employed SEP, SIMPLE, and qual. plans	0.0%	0.0%	0.0%	0.0%
Self-employed health insurance deduction	0.0%	0.0%	0.0%	0.0%
Penalty on early withdrawal of savings	0.0%	0.0%	0.0%	0.0%
Alimony paid	3.4%	3.4%	3.4%	3.4%
IRA deduction	-1.7%	-1.7%	-1.7%	-1.7%
Student loan interest deduction	5.0%	5.0%	5.0%	5.0%
Tuition and fees	0.0%	0.0%	0.0%	0.0%
Domestic production activities deduction	0.0%	0.0%	0.0%	0.0%
Federal write ins	0.0%	0.0%	0.0%	0.0%
Federal write-in adjustments	0.0%	0.0%	0.0%	0.0%
ADDITIONS:				
Interest on local govt. bonds	15.2%	-2.3%	-7.2%	-10.6%
Dividends not included in FAGI	0.0%	0.0%	0.0%	0.0%
Recoveries of amounts deducted in earlier years	0.0%	0.0%	0.0%	0.0%
Additions to federal taxable social security or railroad retirement	4.1%	4.1%	4.1%	4.1%
Allocation of compensation to spouse	0.0%	0.0%	0.0%	0.0%
Medical savings account nonqualified withdrawals	0.0%	0.0%	0.0%	0.0%
First-time homebuyer's account nonqualified withdrawals	0.0%	0.0%	0.0%	0.0%
Farm and ranch risk management account taxable distributions	0.0%	0.0%	0.0%	0.0%
Dependent care assistance credit adjustment	0.0%	0.0%	0.0%	0.0%
Smaller federal estate and trust taxable distributions	-75.0%	0.0%	0.0%	0.0%
Federal net operating loss carryover	0.0%	0.0%	0.0%	0.0%
Federal taxes paid by your S. corporation	0.0%	0.0%	0.0%	0.0%
Title plant depreciation	0.0%	0.0%	0.0%	0.0%
Premiums for Insure MT SB health	14.1%	14.1%	14.1%	14.1%
Other additions	19.6%	19.6%	19.6%	19.6%

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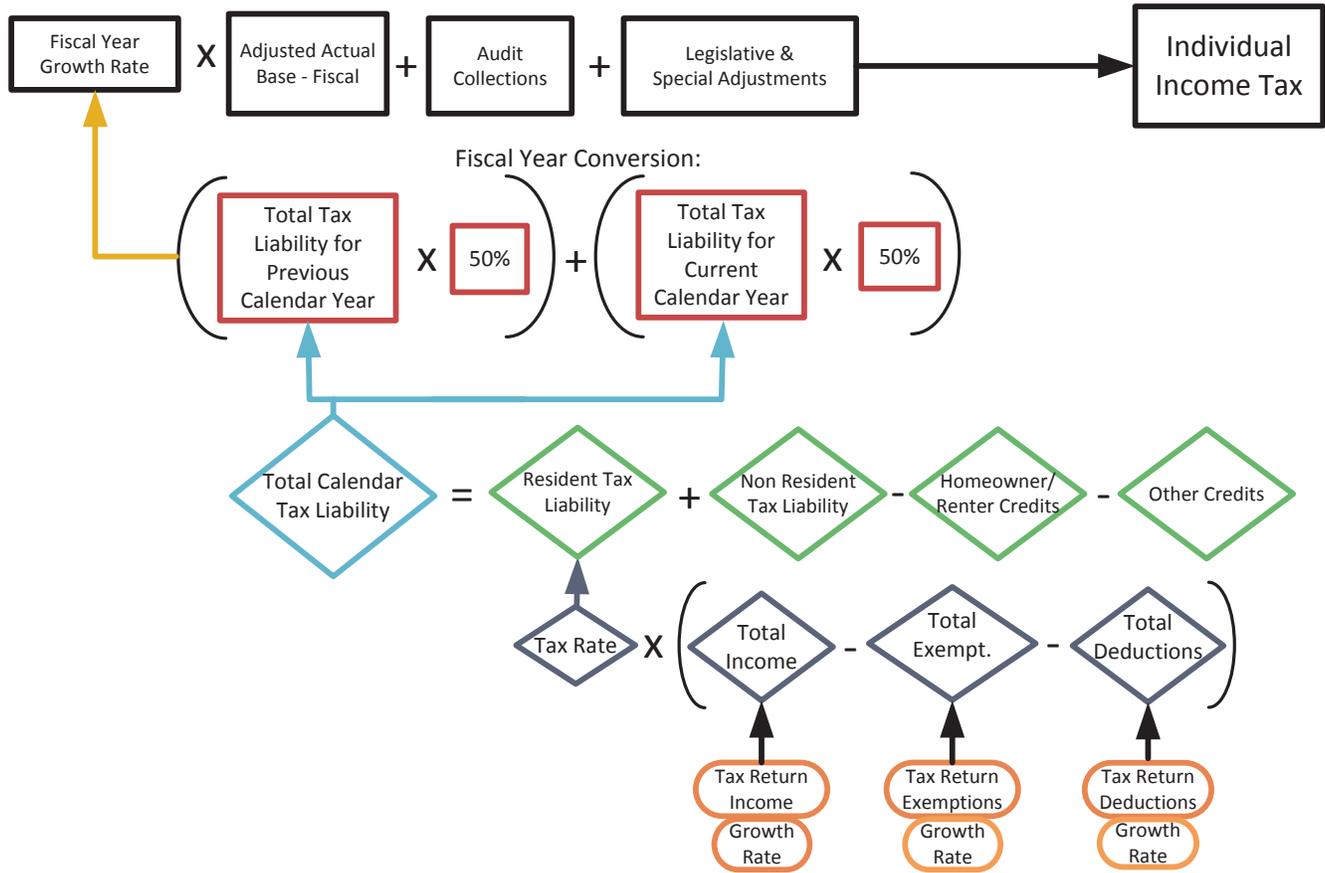
Income Tax Growth Rates 2012 - 2015				
	Calendar Year			
	2012	2013	2014	2015
REDUCTIONS:				
Exclusion for savings bonds	-25.0%	15.5%	14.2%	21.9%
Exempt tribal income	18.9%	18.9%	18.9%	18.9%
Unemployment income	0.0%	0.0%	0.0%	0.0%
Exempt worker's comp benefits	0.0%	0.0%	0.0%	0.0%
Capital gains from small business investment companies	0.0%	0.0%	0.0%	0.0%
State tax refunds included in federal AGI	0.0%	0.0%	0.0%	0.0%
Recoveries of amounts deducted in earlier years	0.0%	0.0%	0.0%	0.0%
Exempt active duty military salary	4.3%	4.3%	4.3%	4.3%
Nonresident exempt military income	16.8%	16.8%	16.8%	16.8%
Exempt life insurance premiums reimbursement (National Guard)	0.0%	0.0%	0.0%	0.0%
Exempt retirement disability income (under age 65)	0.0%	0.0%	0.0%	0.0%
Exempt tip income	10.4%	10.4%	10.4%	10.4%
Exempt income of child taxed to parent	0.0%	0.0%	0.0%	0.0%
Exempt health insurance premiums taxed to employee	0.0%	0.0%	0.0%	0.0%
Health Care Prof. Loan Pmt Excl	0.0%	0.0%	0.0%	0.0%
Medical savings account excl.	4.9%	4.9%	4.9%	4.9%
First-time homebuyers acct. excl.	0.0%	0.0%	0.0%	0.0%
Family education account excl.	2.5%	2.5%	2.5%	2.5%
Farm risk management account	0.0%	0.0%	0.0%	0.0%
Subtraction to federal taxable social security/Tier I railroad retirem	11.4%	11.4%	11.4%	11.4%
Subtraction for federal taxable Tier II railroad retirement	4.5%	4.5%	4.5%	4.5%
Subtraction for spouse filing joint return: passive loss carryover	0.0%	0.0%	0.0%	0.0%
Subtraction for spouse filing joint return: capital loss adjustment	2.1%	2.1%	2.1%	2.1%
Allocation of compensation to spouse	-4.2%	-4.2%	-4.2%	-4.2%
Montana net operation loss carryover	18.1%	18.1%	18.1%	18.1%
40% capital gain exclusion (Montana)	0.0%	0.0%	0.0%	0.0%
Business expense of recycled material	30.0%	30.0%	30.0%	30.0%
Sales of land to beginning farmers	0.0%	0.0%	0.0%	0.0%
Larger federal estate and trust taxable distributions	0.0%	0.0%	0.0%	0.0%
Wage deduction reduced by federal targeted jobs credit	0.0%	0.0%	0.0%	0.0%
Certain gains recognized by liquidating corporation	0.0%	0.0%	0.0%	0.0%
Other subtractions	7.6%	7.6%	7.6%	7.6%
TAX ITEMS:				
Montana tax withheld	4.6%	4.0%	4.5%	5.0%
Payments of estimated tax	8.8%	3.7%	5.5%	6.7%
ITEMIZED DEDUCTIONS:				
Deductible medical expenses	4.1%	4.1%	4.1%	4.1%
Medical insurance premiums	5.4%	5.4%	5.4%	5.4%
Long-term care insurance premiums	9.4%	9.4%	9.4%	9.4%
Real estate taxes	5.2%	5.2%	5.2%	5.2%
Personal property taxes	1.2%	1.2%	1.2%	1.2%
Local income taxes	0.0%	0.0%	0.0%	0.0%
Other deductible taxes	3.3%	3.3%	3.3%	3.3%
Home mortgage interest	3.6%	3.6%	3.6%	3.6%
NR Home mortgage interest	5.4%	5.4%	5.4%	5.4%
Home mortgage interest points	0.0%	0.0%	0.0%	0.0%
Home mortgage interest premiums	0.0%	0.0%	0.0%	0.0%
Deductible investment interest	2.3%	2.3%	2.3%	2.3%
Contributions by cash or check	7.7%	7.7%	7.7%	7.7%
Contributions other than cash or check	-2.3%	-2.3%	-2.3%	-2.3%
Contributions carryover	10.5%	10.5%	10.5%	10.5%
Child/dependent care expenses	0.1%	0.1%	0.1%	0.1%
Casualty and theft losses	-40.0%	0.0%	0.0%	0.0%
Tier I - Miscellaneous	4.7%	4.7%	4.7%	4.7%
Tier II - Miscellaneous	0.0%	0.0%	0.0%	0.0%
Political Contributions	0.0%	0.0%	0.0%	0.0%
Gambling Losses	10.3%	10.3%	10.3%	10.3%

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Forecast Methodology:



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Revenue Estimate Assumptions:

This section contains the assumptions used to generate the revenue estimates contained in Senate Joint Resolution 2. It does not reflect changes, if any, enacted by the 2013 Legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	Legislation	Depreciation	Insure MT	PPACA
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Bonus</u>	<u>Adjustment</u>	<u>Adjustment</u>
					<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2002	517.568	517.568	0.000	0.000	0.000	0.000
Actual	2003	535.831	535.831	0.000	0.000	0.000	0.000
Actual	2004	605.582	605.348	0.000	0.000	0.000	0.000
Actual	2005	707.343	706.235	0.000	0.000	0.000	0.000
Actual	2006	768.922	768.922	0.000	0.000	0.000	0.000
Actual	2007	827.145	827.145	0.000	0.000	0.000	0.000
Actual	2008	866.659	866.659	0.000	0.000	0.000	0.000
Actual	2009	815.138	815.138	0.000	0.000	0.000	0.000
Actual	2010	717.834	717.834	0.000	0.000	0.000	0.000
Actual	2011	816.090	816.090	0.000	0.000	0.000	0.000
Actual	2012	898.851	898.851	0.000	0.713	0.000	0.750
Forecast	2013	983.953	983.953	-2.064	0.529	2.500	0.085
Forecast	2014	1039.160	1039.160	-1.473	0.418	2.500	0.856
Forecast	2015	1104.898	1104.898	-1.033	0.274	2.500	0.565

	t	Total Tax	GF Tax	Legislation	Depreciation	Insure MT	PPACA
	<u>Fiscal</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Bonus</u>	<u>Adjustment</u>	<u>Adjustments</u>
					<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Actual	2002	-6.9%	-6.9%	NA	NA	NA	NA
Actual	2003	3.5%	3.5%	NA	NA	NA	NA
Actual	2004	13.0%	13.0%	NA	NA	NA	NA
Actual	2005	16.8%	16.7%	NA	NA	NA	NA
Actual	2006	8.7%	8.9%	NA	NA	NA	NA
Actual	2007	7.6%	7.6%	NA	NA	NA	NA
Actual	2008	4.8%	4.8%	NA	NA	NA	NA
Actual	2009	-5.9%	-5.9%	NA	NA	NA	NA
Actual	2010	-11.9%	-11.9%	NA	NA	NA	NA
Actual	2011	13.7%	13.7%	NA	NA	NA	NA
Actual	2012	10.1%	10.1%	NA	NA	NA	NA
Forecast	2013	9.5%	9.5%	NA	NA	NA	NA
Forecast	2014	5.6%	5.6%	NA	NA	NA	NA
Forecast	2015	6.3%	6.3%	NA	NA	NA	NA

	t	Total	Total	Collections less	Collections less	Audits &	Audits &
	<u>Fiscal</u>	<u>Liability</u>	<u>Liability</u>	<u>Audits & Adjust</u>	<u>Audits & Adjust</u>	<u>P&I & Amend</u>	<u>P&I & Amend</u>
		<u>Millions</u>	<u>Percent</u>	<u>Millions</u>	<u>Percent</u>	<u>Millions</u>	<u>Percent</u>
Actual	2002	496.596	-3.0%	495.756	-9.1%	21.812	107.7%
Actual	2003	518.493	4.4%	512.204	3.3%	23.627	8.3%
Actual	2004	584.732	12.8%	575.660	12.4%	29.922	26.6%
Actual	2005	646.513	10.6%	670.103	16.4%	37.240	24.5%
Actual	2006	700.957	8.4%	746.179	11.4%	22.744	-38.9%
Actual	2007	760.264	8.5%	801.670	7.4%	25.475	12.0%
Actual	2008	774.578	1.9%	836.022	4.3%	30.637	20.3%
Actual	2009	720.909	-6.9%	780.395	-6.7%	34.743	13.4%
Actual	2010	706.177	-2.0%	682.541	-12.5%	35.293	1.6%
Actual	2011	759.198	7.5%	782.622	14.7%	33.468	-5.2%
Actual	2012	812.505	7.0%	889.940	13.7%	28.307	-15.4%
Forecast	2013	864.896	6.4%	947.324	6.4%	36.193	27.9%
Forecast	2014	913.790	5.7%	1,000.877	5.7%	37.255	2.9%
Forecast	2015	972.684	6.4%	1,065.385	6.4%	38.046	2.1%

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	t	Resident Liability Cal	Population Adjustment Percent	Homeowner Credit Millions	All Other Credits Millions	All Filers Multiplier Percent	All Filers Liability Millions
Actual	2002	494.216	100.0%	11.049	18.955	106.3%	495.118
Actual	2003	538.246	100.0%	11.889	21.119	106.8%	541.868
Actual	2004	620.965	100.0%	12.193	26.462	107.3%	627.595
Actual	2005	652.487	100.0%	11.580	31.606	108.6%	665.431
Actual	2006	731.493	100.0%	10.726	41.553	107.8%	736.482
Actual	2007	771.627	100.0%	9.811	38.111	107.8%	784.046
Actual	2008	741.689	100.0%	10.396	38.219	109.7%	765.110
Actual	2009	687.751	100.0%	10.316	37.626	105.4%	676.708
Actual	2010	739.846	100.0%	11.355	43.461	106.8%	735.647
Actual	2011	776.522	100.0%	10.786	35.901	106.8%	782.748
Forecast	2012	831.529	100.7%	10.786	46.896	107.3%	842.262
Forecast	2013	865.146	102.0%	10.786	49.616	107.3%	887.531
Forecast	2014	903.250	103.4%	10.786	52.699	107.3%	940.049
Forecast	2015	950.907	105.0%	10.786	56.554	107.3%	1005.320

	t	Resident Liability Percent	Population Adjustment Percent	Homeowner Credit Percent	All Other Credits Percent	All Filers Multiplier Percent	All Filers Liability Percent
Actual	2002	-0.8%	0.0%	15.8%	-19.9%	-0.3%	-0.6%
Actual	2003	8.9%	0.0%	7.6%	11.4%	0.5%	9.4%
Actual	2004	15.4%	0.0%	2.6%	25.3%	0.5%	15.8%
Actual	2005	5.1%	0.0%	-5.0%	19.4%	1.2%	6.0%
Actual	2006	12.1%	0.0%	-7.4%	31.5%	-0.7%	10.7%
Actual	2007	5.5%	0.0%	-8.5%	-8.3%	0.0%	6.5%
Actual	2008	-3.9%	0.0%	6.0%	0.3%	1.8%	-2.4%
Actual	2009	-7.3%	0.0%	-0.8%	-1.6%	-4.0%	-11.6%
Actual	2010	7.6%	0.0%	10.1%	15.5%	1.4%	8.7%
Actual	2011	5.0%	0.0%	-5.0%	-17.4%	0.0%	6.4%
Forecast	2012	7.1%	0.7%	0.0%	30.6%	0.5%	7.6%
Forecast	2013	4.0%	1.3%	0.0%	5.8%	0.0%	5.4%
Forecast	2014	4.4%	1.3%	0.0%	6.2%	0.0%	5.9%
Forecast	2015	5.3%	1.6%	0.0%	7.3%	0.0%	6.9%

	t	Wages Millions	Annual Growth	Interest Millions	Annual Growth	Dividends Millions	Annual Growth	Fed Inflation Growth
Actual	2002	9,265.904	2.8%	528.959	-20.2%	264.875	-12.4%	3.3%
Actual	2003	9,649.687	4.1%	453.025	-14.4%	297.423	12.3%	1.6%
Actual	2004	10,209.869	5.8%	411.889	-9.1%	379.386	27.6%	2.3%
Actual	2005	10,840.674	6.2%	480.088	16.6%	463.027	22.0%	2.3%
Actual	2006	11,779.592	8.7%	636.780	32.6%	521.734	12.7%	3.1%
Actual	2007	12,669.894	7.6%	756.826	18.9%	619.819	18.8%	3.9%
Actual	2008	13,352.105	5.4%	674.053	-10.9%	592.113	-4.5%	2.3%
Actual	2009	13,136.979	-1.6%	519.760	-22.9%	462.423	-21.9%	4.3%
Actual	2010	13,389.962	1.9%	442.983	-14.8%	504.422	9.1%	0.2%
Actual	2011	13,995.864	4.5%	376.777	-14.9%	465.230	-7.8%	1.5%
Forecast	2012	14,608.957	4.4%	372.803	-1.1%	472.948	1.7%	2.4%
Forecast	2013	15,134.173	3.6%	374.414	0.4%	527.604	11.6%	2.6%
Forecast	2014	15,807.528	4.4%	390.292	4.2%	562.830	6.7%	1.4%
Forecast	2015	16,602.145	5.0%	419.146	7.4%	557.109	-1.0%	1.7%

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

	t	Business Income	Annual Growth	Capital Gains	Annual Growth	Supplemental Gains	Annual Growth	State Inflation Growth
	Cal	Millions		Millions		Millions		
Actual	2002	620.572	0.4%	637.444	-18.9%	32.565	-24.1%	1.1%
Actual	2003	629.701	1.5%	629.701	-1.2%	55.547	70.6%	2.1%
Actual	2004	680.790	8.1%	1193.177	89.5%	69.724	25.5%	3.3%
Actual	2005	749.588	10.1%	1554.054	30.2%	77.631	11.3%	2.5%
Actual	2006	785.303	4.8%	2006.021	29.1%	67.793	-12.7%	4.3%
Actual	2007	762.060	-3.0%	2088.579	4.1%	66.367	-2.1%	2.7%
Actual	2008	701.307	-8.0%	1337.810	-35.9%	56.735	-14.5%	5.0%
Actual	2009	648.187	-7.6%	912.041	-31.8%	19.035	-66.4%	-1.4%
Actual	2010	690.830	6.6%	992.632	8.8%	42.064	121.0%	1.1%
Actual	2011	702.187	1.6%	1015.745	2.3%	41.884	-0.4%	3.6%
Forecast	2012	735.283	4.7%	1284.069	26.4%	47.266	12.9%	1.7%
Forecast	2013	799.689	8.8%	1204.611	-6.2%	49.808	5.4%	1.3%
Forecast	2014	778.167	-2.7%	1179.613	-2.1%	55.133	10.7%	1.8%
Forecast	2015	794.587	2.1%	1342.199	13.8%	57.910	5.0%	1.6%

	t	Rents, Royalties S-Corps	Annual Growth	Farm Income Gains	Annual Growth	Social Security	Annual Growth
	Cal	Millions		Millions		Millions	
Actual	2002	1014.593	11.8%	-157.525	39.9%	254.249	-1.1%
Actual	2003	1019.724	0.5%	-146.211	-7.2%	267.287	5.1%
Actual	2004	1283.271	25.8%	-139.623	-4.5%	305.542	14.3%
Actual	2005	1704.629	32.8%	-125.935	-9.8%	359.184	17.6%
Actual	2006	1944.999	14.1%	-176.145	39.9%	434.518	21.0%
Actual	2007	1976.847	1.6%	-155.989	-11.4%	508.637	17.1%
Actual	2008	1735.147	-12.2%	-210.131	34.7%	527.626	3.7%
Actual	2009	1508.400	-13.1%	-183.602	-12.6%	540.620	2.5%
Actual	2010	1823.263	20.9%	-145.068	-21.0%	603.827	11.7%
Actual	2011	2075.865	13.9%	-127.273	-12.3%	651.771	7.9%
Forecast	2012	2144.602	3.3%	-94.219	-26.0%	672.122	3.1%
Forecast	2013	2191.052	2.2%	-172.201	82.8%	701.227	4.3%
Forecast	2014	2356.586	7.6%	-214.583	24.6%	758.706	8.2%
Forecast	2015	2430.871	3.2%	-227.133	5.8%	814.637	7.4%

	t	IRA Income	Annual Growth	Pension Income	Annual Growth	Other Income	Annual Growth
	Cal	Millions		Millions		Millions	
Actual	2002	231.217	-12.6%	1019.172	5.2%	-5.377	-76.0%
Actual	2003	237.257	2.6%	1070.482	5.0%	-47.936	791.5%
Actual	2004	271.069	14.3%	1146.455	7.1%	-78.402	63.6%
Actual	2005	308.394	13.8%	1216.409	6.1%	-218.921	179.2%
Actual	2006	339.909	10.2%	1317.954	8.3%	-204.405	-6.6%
Actual	2007	396.199	16.6%	1416.590	7.5%	41.344	-120.2%
Actual	2008	451.709	14.0%	1509.033	6.5%	2.641	-93.6%
Actual	2009	396.729	-12.2%	1567.181	3.9%	-24.918	-1043.4%
Actual	2010	548.648	38.3%	1658.178	5.8%	-23.266	-6.6%
Actual	2011	592.390	8.0%	1752.608	5.7%	-210.837	806.2%
Forecast	2012	685.389	15.7%	1874.424	7.0%	-210.361	-0.2%
Forecast	2013	790.925	15.4%	2015.645	7.5%	-209.868	-0.2%
Forecast	2014	902.798	14.1%	2176.968	8.0%	-209.359	-0.2%
Forecast	2015	1013.680	12.3%	2346.347	7.8%	-208.832	-0.3%

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

	<u>t</u>	Total Income <u>Millions</u>	Annual Growth	IRA, Etc Reductions <u>Millions</u>	Annual Growth	Fed Adjusted Gross Income <u>Millions</u>	Annual Growth
Actual	2002	13,706.648	0.1%	252.613	23.2%	13,454.034	-0.2%
Actual	2003	14,115.688	3.0%	292.241	15.7%	13,984.658	3.9%
Actual	2004	15,733.147	11.5%	322.438	10.3%	15,410.710	10.2%
Actual	2005	17,408.821	10.7%	367.927	14.1%	17,188.824	11.5%
Actual	2006	19,454.052	11.7%	389.095	5.8%	19,220.114	11.8%
Actual	2007	21,147.172	8.7%	427.200	9.8%	20,892.994	8.7%
Actual	2008	20,730.149	-2.0%	417.744	-2.2%	20,312.405	-2.8%
Actual	2009	19,502.835	-5.9%	378.735	-9.3%	19,124.100	-5.9%
Actual	2010	20,528.474	5.3%	417.143	10.1%	20,111.331	5.2%
Actual	2011	21,332.211	3.9%	434.745	4.2%	20,897.467	3.9%
Forecast	2012	22,593.284	5.9%	438.886	1.0%	22,154.398	6.0%
Forecast	2013	23,407.081	3.6%	443.179	1.0%	22,963.902	3.7%
Forecast	2014	24,544.678	4.9%	447.577	1.0%	24,097.101	4.9%
Forecast	2015	25,942.664	5.7%	452.027	1.0%	25,490.637	5.8%

	<u>t</u>	Bond Interest <u>Millions</u>	Annual Growth	FIT Refunds <u>Millions</u>	Annual Growth	Other Additions <u>Millions</u>	Annual Growth
Actual	2002	43.230	-3.0%	247.312	21.3%	150.548	2.6%
Actual	2003	44.962	4.0%	256.908	3.9%	177.862	18.1%
Actual	2004	47.871	6.5%	271.611	5.7%	205.779	15.7%
Actual	2005	47.838	-0.1%	252.492	-7.0%	247.926	20.5%
Actual	2006	71.965	50.4%	147.708	-41.5%	326.648	31.8%
Actual	2007	79.868	11.0%	146.328	-0.9%	300.556	-8.0%
Actual	2008	94.381	18.2%	122.653	-16.2%	315.525	5.0%
Actual	2009	92.213	-2.3%	122.977	0.3%	395.449	25.3%
Actual	2010	114.984	24.7%	126.672	3.0%	494.396	25.0%
Actual	2011	110.168	-4.2%	111.495	-12.0%	262.700	-46.9%
Forecast	2012	126.863	15.2%	106.654	-4.3%	293.570	11.8%
Forecast	2013	123.913	-2.3%	102.024	-4.3%	331.076	12.8%
Forecast	2014	114.997	-7.2%	97.594	-4.3%	375.805	13.5%
Forecast	2015	102.860	-10.6%	93.357	-4.3%	429.161	14.2%

	<u>t</u>	Farm Risk Mgmt Excl. <u>Millions</u>	Annual Growth	Elderly Interest <u>Millions</u>	Annual Growth	Savings Bond <u>Millions</u>	Annual Growth
Actual	2002	0.062	NA	43.310		59.642	-30.6%
Actual	2003	0.873	1309.1%	40.099		47.157	-20.9%
Actual	2004	0.010	-98.9%	37.999		43.524	-7.7%
Actual	2005	0.000	-100.0%	38.041		49.152	12.9%
Actual	2006	0.000	NA	43.447	14.2%	67.566	37.5%
Actual	2007	0.000	NA	47.408	9.1%	76.997	14.0%
Actual	2008	0.000	NA	46.872	-1.1%	51.862	-32.6%
Actual	2009	0.000	NA	43.633	-6.9%	37.421	-27.8%
Actual	2010	0.000	NA	40.227	-7.8%	31.017	-17.1%
Actual	2011	0.000	NA	36.798	-8.5%	25.765	-16.9%
Forecast	2012	0.000	NA	36.798	0.0%	19.323	-25.0%
Forecast	2013	0.000	NA	36.798	0.0%	22.326	15.5%
Forecast	2014	0.000	NA	36.798	0.0%	25.505	14.2%
Forecast	2015	0.000	NA	36.798	0.0%	31.088	21.9%

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

	t	Unemployment	Annual	Med.	Annual	Family	Annual
	Cal	Millions	Growth	Savings	Growth	Education	Growth
				Millions		Millions	
Actual	2002	78.266	31.5%	5.480	60.4%	0.000	
Actual	2003	85.702	9.5%	6.584	20.1%	0.381	
Actual	2004	67.368	-21.4%	7.474	13.5%	0.330	-13.4%
Actual	2005	56.427	-16.2%	14.352	92.0%	6.984	2015.5%
Actual	2006	58.694	4.0%	15.791	10.0%	7.515	7.6%
Actual	2007	62.872	7.1%	16.638	5.4%	8.009	6.6%
Actual	2008	99.749	58.7%	16.968	2.0%	6.854	-14.4%
Actual	2009	169.813	70.2%	17.484	3.0%	6.592	-3.8%
Actual	2010	268.586	58.2%	18.732	7.1%	6.547	-0.7%
Actual	2011	192.982	-28.1%	19.396	3.5%	6.529	-0.3%
Forecast	2012	192.982	0.0%	20.352	4.9%	6.689	2.5%
Forecast	2013	192.982	0.0%	21.356	4.9%	6.853	2.5%
Forecast	2014	192.982	0.0%	22.409	4.9%	7.021	2.5%
Forecast	2015	192.982	0.0%	23.515	4.9%	7.193	2.5%

	t	First Time	Annual	Doctor Student	Annual	Other	Annual
	Cal	Home	Growth	Loan Excl.	Growth	Reductions	Growth
		Millions		Millions		Millions	
Actual	2002	0.929	1.8%	9.937	20.6%	496.251	5.0%
Actual	2003	1.067	14.9%	11.398	14.7%	530.169	6.8%
Actual	2004	0.866	-18.8%	13.876	21.7%	585.907	10.5%
Actual	2005	0.732	-15.5%	0.258	-98.1%	656.587	12.1%
Actual	2006	0.587	-19.8%	0.251	-2.9%	784.247	19.4%
Actual	2007	0.539	-8.3%	0.257	2.4%	855.991	9.1%
Actual	2008	0.538	0.0%	0.295	14.9%	908.568	6.1%
Actual	2009	0.710	31.9%	0.371	25.8%	1,039.095	14.4%
Actual	2010	0.358	-49.6%	0.477	28.5%	1,161.909	11.8%
Actual	2011	0.395	10.4%	0.666	39.8%	1,331.638	14.6%
Forecast	2012	0.395	0.0%	0.666	0.0%	1,500.332	12.7%
Forecast	2013	0.395	0.0%	0.666	0.0%	1,694.716	13.0%
Forecast	2014	0.395	0.0%	0.666	0.0%	1,920.784	13.3%
Forecast	2015	0.395	0.0%	0.666	0.0%	2,184.047	13.7%

	t	Reductions to	Reductions	Additions to	Additions	MT Adjusted	MAGI
	Cal	Income	Annual	Income	Annual	Gross Income	Annual
		Millions	Growth	Millions	Growth	Millions	Growth
Actual	2002	860.312	2.6%	441.091	11.7%	13,034.813	0.0%
Actual	2003	892.111	3.7%	479.732	8.8%	13,572.280	4.1%
Actual	2004	924.793	3.7%	525.260	9.5%	15,011.177	10.6%
Actual	2005	953.277	3.1%	550.350	4.8%	16,785.897	11.8%
Actual	2006	1,107.147	16.1%	546.321	-0.7%	18,659.288	11.2%
Actual	2007	1,195.607	8.0%	550.710	0.8%	20,248.096	8.5%
Actual	2008	1,265.730	5.9%	532.558	-3.3%	19,579.234	-3.3%
Actual	2009	1,447.997	14.4%	610.638	14.7%	18,286.742	-6.6%
Actual	2010	1,670.219	15.3%	736.051	20.5%	19,177.163	4.9%
Actual	2011	1,764.863	5.7%	484.364	-34.2%	19,934.727	4.0%
Forecast	2012	1,740.740	-1.4%	527.087	8.8%	20,940.745	5.0%
Forecast	2013	1,939.294	11.4%	557.013	5.7%	21,581.620	3.1%
Forecast	2014	2,169.763	11.9%	588.396	5.6%	22,515.734	4.3%
Forecast	2015	2,439.887	12.4%	625.377	6.3%	23,676.128	5.2%

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

	t	Medical Premiums	Annual Growth	Medical Deductions	Annual Growth	Long Term Care	Annual Growth
	Cal	Millions		Millions		Millions	
Actual	2002	239.494	9.9%	222.983	9.7%	15.887	13.0%
Actual	2003	234.737	-2.0%	236.627	6.1%	17.295	8.9%
Actual	2004	251.763	7.3%	258.564	9.3%	18.472	6.8%
Actual	2005	266.946	6.0%	273.369	5.7%	19.125	3.5%
Actual	2006	304.942	14.2%	274.060	0.3%	21.552	12.7%
Actual	2007	314.537	3.1%	287.408	4.9%	24.551	13.9%
Actual	2008	328.606	4.5%	309.033	7.5%	26.552	8.1%
Actual	2009	345.055	5.0%	307.848	-0.4%	26.195	-1.3%
Actual	2010	353.881	2.6%	304.437	-1.1%	27.301	4.2%
Actual	2011	364.570	3.0%	301.438	-1.0%	33.986	24.5%
Forecast	2012	384.119	5.4%	313.798	4.1%	37.191	9.4%
Forecast	2013	404.717	5.4%	326.664	4.1%	40.698	9.4%
Forecast	2014	426.420	5.4%	340.057	4.1%	44.536	9.4%
Forecast	2015	449.286	5.4%	354.000	4.1%	48.736	9.4%

	t	Federal Income Tax Deducted	Annual Growth	Real Estate	Annual Growth	Other Taxes	Annual Growth
	Cal	Millions		Millions		Millions	
Actual	2002	1,644.517	-11.9%	274.873	10.7%	39.533	11.6%
Actual	2003	1,587.057	-3.5%	291.351	6.0%	40.721	3.0%
Actual	2004	1,749.652	10.2%	313.020	7.4%	44.860	10.2%
Actual	2005	915.475	-47.7%	313.168	0.0%	49.392	10.1%
Actual	2006	1,003.149	9.6%	335.796	7.2%	53.801	8.9%
Actual	2007	1,065.150	6.2%	351.508	4.7%	54.986	2.2%
Actual	2008	977.041	-8.3%	375.863	6.9%	54.112	-1.6%
Actual	2009	1,007.166	3.1%	390.524	3.9%	53.773	-0.6%
Actual	2010	1,015.360	0.8%	400.710	2.6%	52.672	-2.0%
Actual	2011	1,132.027	11.5%	411.428	2.7%	52.698	0.1%
Forecast	2012		NA	432.885	5.2%	53.305	1.2%
Forecast	2013		NA	455.461	5.2%	53.920	1.2%
Forecast	2014		NA	479.214	5.2%	54.541	1.2%
Forecast	2015		NA	504.206	5.2%	55.170	1.2%

	t	Home Mortgage	Annual Growth	Deductible Interest	Annual Growth	Contributions	Annual Growth
	Cal	Millions		Millions		Millions	
Actual	2002	752.226	4.2%	27.933	-22.6%	345.228	13.1%
Actual	2003	744.359	-1.0%	24.518	-12.2%	337.411	-2.3%
Actual	2004	775.952	4.2%	27.544	12.3%	375.310	11.2%
Actual	2005	833.941	7.5%	38.056	38.2%	432.055	15.1%
Actual	2006	965.231	15.7%	54.142	42.3%	463.826	7.4%
Actual	2007	1,099.986	14.0%	59.497	9.9%	658.658	42.0%
Actual	2008	1,151.150	4.7%	49.398	-17.0%	530.993	-19.4%
Actual	2009	1,114.955	-3.1%	31.369	-36.5%	510.963	-3.8%
Actual	2010	1,075.407	-3.5%	37.073	18.2%	537.900	5.3%
Actual	2011	1,008.850	-6.2%	33.365	-10.0%	556.132	3.4%
Forecast	2012	1,045.343	3.6%	34.118	2.3%	593.493	6.7%
Forecast	2013	1,083.156	3.6%	34.888	2.3%	633.989	6.8%
Forecast	2014	1,122.336	3.6%	35.676	2.3%	677.870	6.9%
Forecast	2015	1,162.934	3.6%	36.482	2.3%	725.406	7.0%

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

	t	Child Care Millions	Annual Growth	Casualty Losses Millions	Annual Growth	Miscellaneous Expense 1 Millions	Annual Growth
	Cal						
Actual	2002	1.668	1.6%	4.464	41.3%	146.328	3.8%
Actual	2003	1.704	2.2%	4.105	-8.0%	146.982	0.4%
Actual	2004	1.545	-9.4%	3.619	-11.9%	160.408	9.1%
Actual	2005	1.495	-3.2%	4.478	23.7%	174.095	8.5%
Actual	2006	1.392	-6.9%	7.373	64.7%	186.204	7.0%
Actual	2007	1.471	5.7%	4.675	-36.6%	204.621	9.9%
Actual	2008	1.382	-6.1%	5.566	19.1%	213.815	4.5%
Actual	2009	1.601	15.8%	6.906	24.1%	191.103	-10.6%
Actual	2010	1.468	-8.3%	4.922	-28.7%	198.644	3.9%
Actual	2011	1.607	9.5%	9.738	97.9%	219.574	10.5%
Forecast	2012	1.609	0.1%	5.843	-40.0%	229.922	4.7%
Forecast	2013	1.610	0.1%	5.843	0.0%	240.757	4.7%
Forecast	2014	1.612	0.1%	5.843	0.0%	252.102	4.7%
Forecast	2015	1.613	0.1%	5.843	0.0%	263.982	4.7%

	t	Miscellaneous Expense 2 Millions	Annual Growth	Gambling Losses Millions	Annual Growth	Capital Gains Credit Millions	Annual Growth
	Cal						
Actual	2002	4.267	13.5%	4.846	0.1%		
Actual	2003	7.147	67.5%	4.674	-3.6%		
Actual	2004	4.928	-31.0%	5.748	23.0%		
Actual	2005	6.133	24.4%	7.371	28.2%	15.441	
Actual	2006	8.989	46.6%	7.916	7.4%	19.599	26.9%
Actual	2007	5.362	-40.4%	8.914	12.6%	40.025	104.2%
Actual	2008	7.970	48.6%	10.936	22.7%	26.152	-34.7%
Actual	2009	17.171	115.4%	10.916	-0.2%	17.974	-31.3%
Actual	2010	7.635	-55.5%	10.773	-1.3%	19.642	9.3%
Actual	2011	5.625	-26.3%	12.302	14.2%	19.622	-0.1%
Forecast	2012	5.625	0.0%	13.572	10.3%		NA
Forecast	2013	5.625	0.0%	14.972	10.3%		NA
Forecast	2014	5.625	0.0%	16.517	10.3%		NA
Forecast	2015	5.625	0.0%	18.222	10.3%		NA

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

Revenue Projection:

