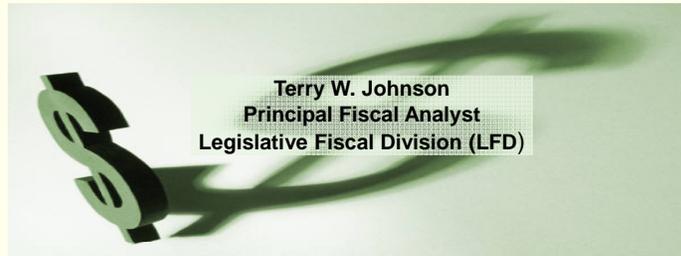




# General Fund Revenue Update

## 2013 Biennium



March 8, 2012

A report to the  
Legislative Finance Committee



1



Legislative Fiscal Division



## Presentation Outline

- Current Revenue Trends
- Discussion of Selected Tax Sources
- 2013 Biennium Ending Fund Balance
- Summary



2



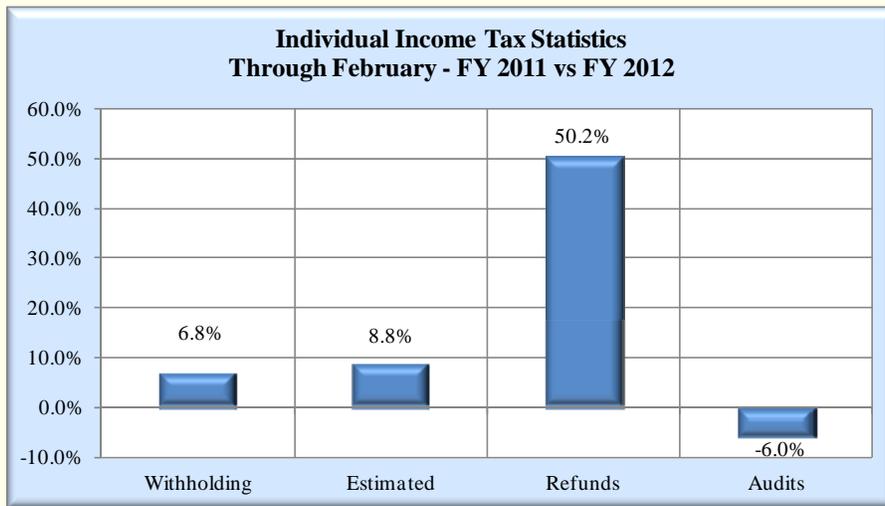
## Fiscal 2012 To Date Summary General Fund Revenue Comparison

- Through February FY 2011                   \$ 1,053.7 M
- Through February FY 2012                 \$ 1,138.1 M
  
- Current Change and Rate (8 months)     \$ 84.4 M   8.01%
- HJ 2\* Growth and Rate (Full Year)       \$ 2.9 M   0.17%

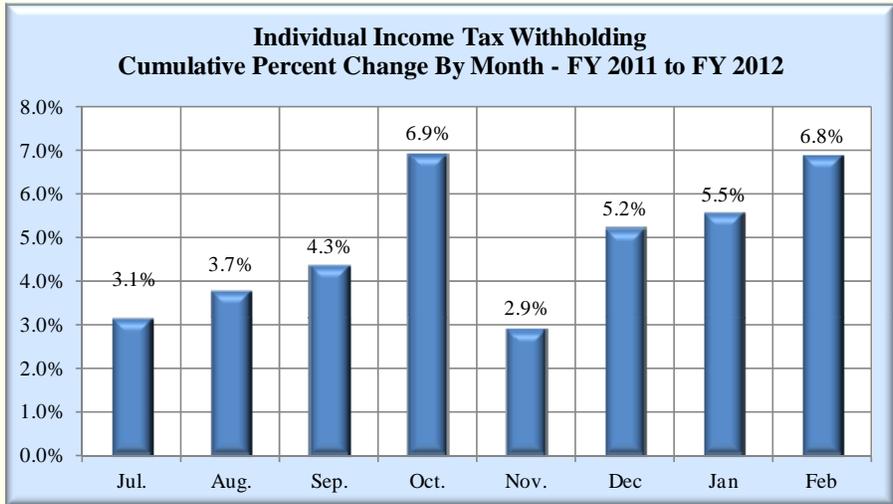
\* Legislature's Revenue Estimating Resolution



## Individual Income Tax Snapshot

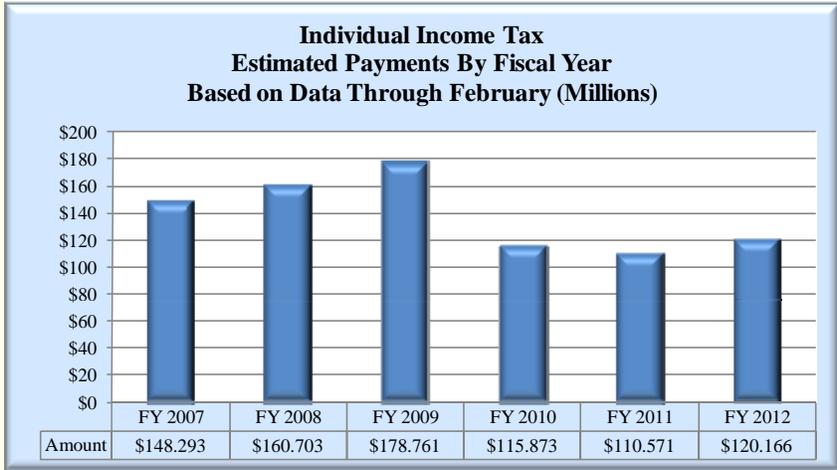


## What Are Withholding Tax Trends?



5

## What Are Estimated Payment Trends?



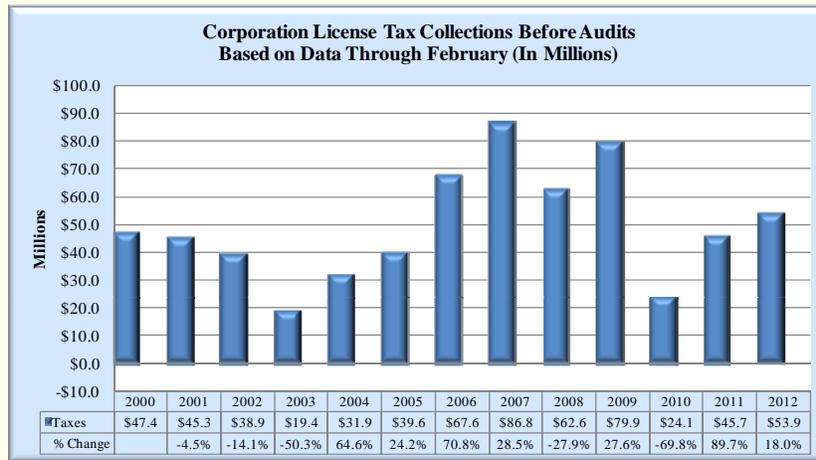
6



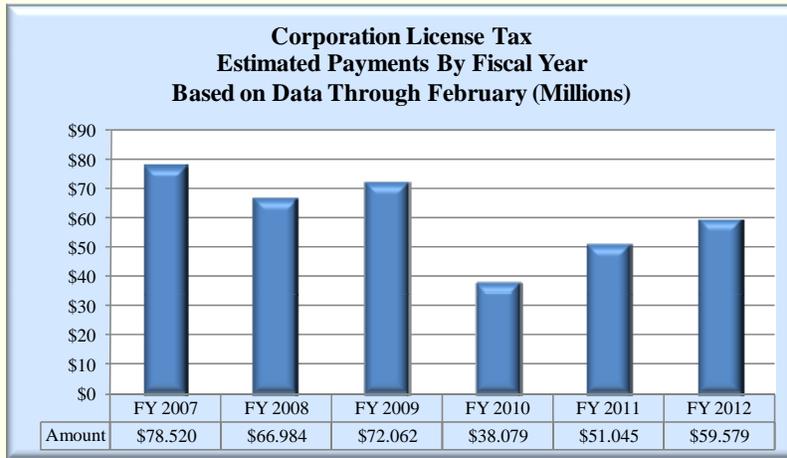
## Individual Income Tax

Individual Income Tax Comparison				
Revenue Code & Description	2/28/2011	2/29/2012	Difference	Percent Change
	Fiscal 2011	Fiscal 2012		
510101 Withholding Tax	432,712,316.95	462,315,731.71	29,603,414.76	6.84%
510482 Mineral Royalty WH Tax	7,301,891.49	9,292,829.75	1,990,938.26	27.27%
510111 Fiduciary Estimated Income Tax	2,539,455.88	2,893,496.93	354,041.05	13.94%
510102 Estimated Tax	110,570,732.43	120,166,070.10	9,595,337.67	8.68%
510103 Current Year I/T	8,219,393.80	17,907,561.56	9,688,167.76	117.87%
510105 Income Tax - Audit Collections	17,576,244.00	16,515,022.00	(1,061,222.00)	-6.04%
510106 Income Tax Refunds	8,913,272.59	13,385,590.22	4,472,317.63	50.18%
Income Tax Refunds Adjustment	0.00	0.00	0.00	0.00%
Totals	\$587,833,307.14	\$642,476,302.27	\$54,642,995.13	9.30%
Percent of Actual/Estimated	72.03%	79.38%		

## Underlying Corporate Tax Growth

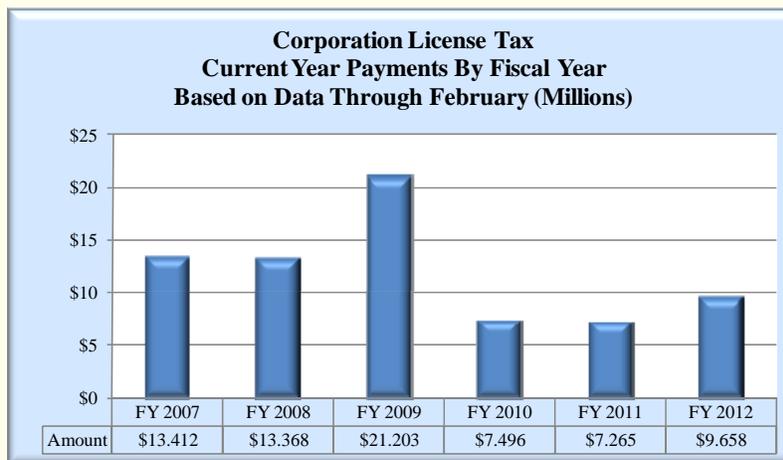


## What are Estimated Payment Trends ?



9

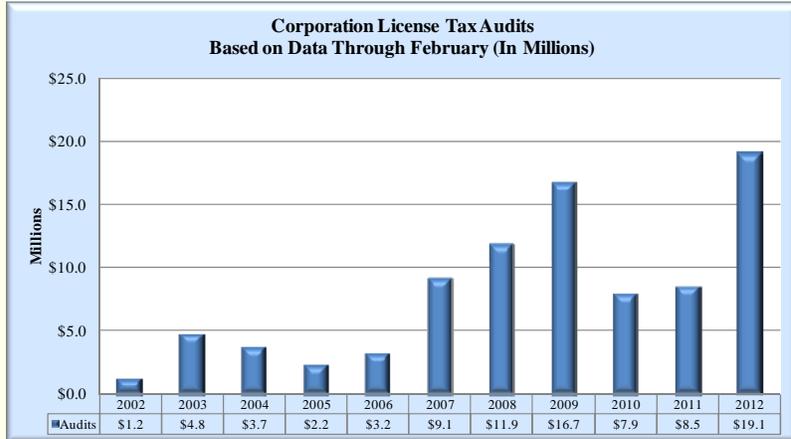
## What are Current Year Payment Trends ?



10



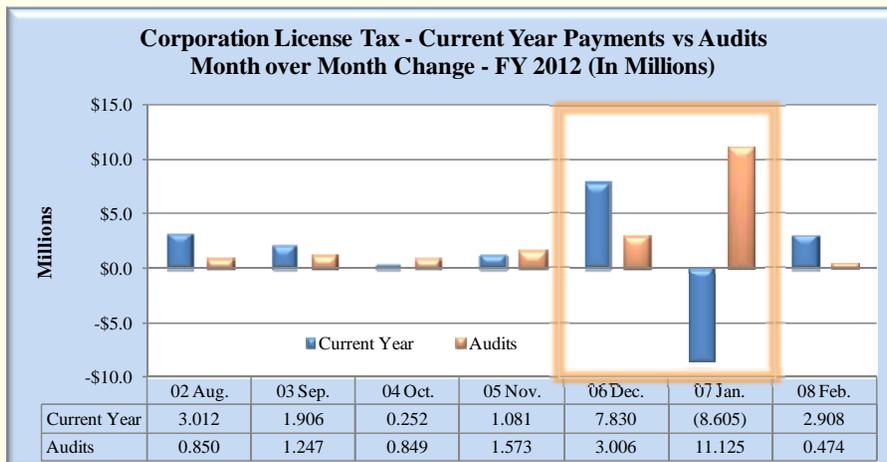
## Record Audit Activity - So Far



11



## DOR Audit Processing



12



## Corporation License Tax

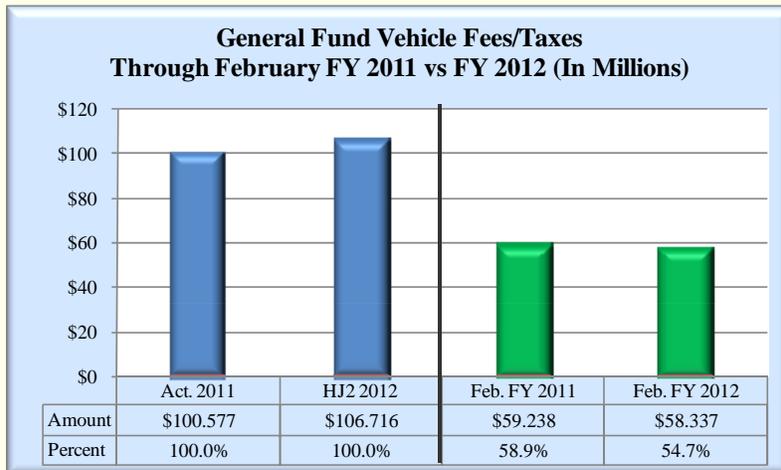
Corporation License Tax Comparison

Revenue Code & Description	2/28/2011 Fiscal 2011	2/29/2012 Fiscal 2012	Difference	Percent Change
510501 Corporation Tax	7,265,348.32	9,658,470.72	2,393,122.40	32.94%
510505 Corporation Tax Estimated Paym	51,045,408.04	59,579,006.88	8,533,598.84	16.72%
510502 Corporation Tax Refunds	(12,578,697.32)	(15,288,475.88)	(2,709,778.56)	21.54%
510503 Corporation Tax-Audit Collect.	8,455,926.00	19,124,395.00	10,668,469.00	126.17%
Corporation Tax Refunds Adjustment	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	0.00%
Totals	\$54,187,985.04	\$73,073,396.72	\$18,885,411.68	34.85%
Percent of Actual/Estimated	45.52%	63.49%		



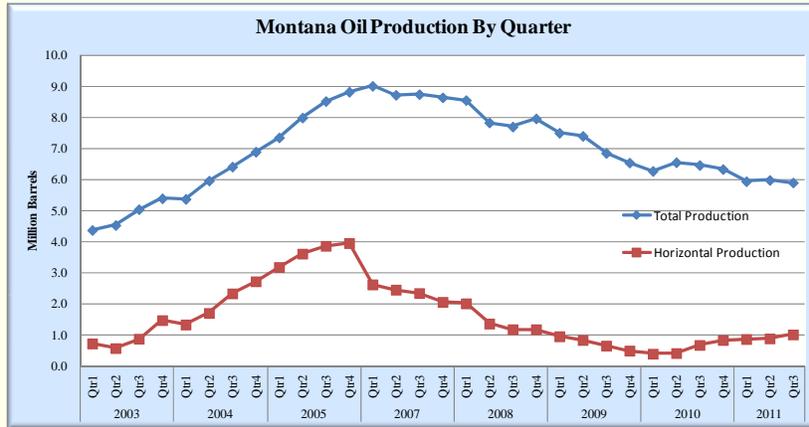
## Vehicle Fees/Taxes Are Flat

General Fund Vehicle Fees/Taxes  
Through February FY 2011 vs FY 2012 (In Millions)





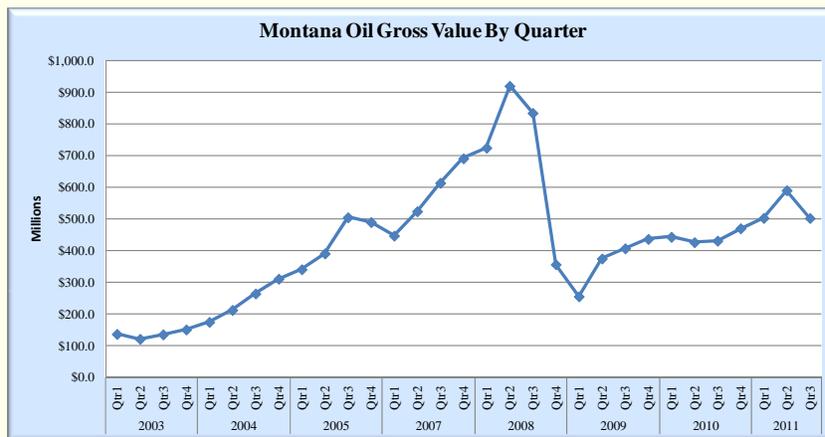
## The Oil Slide May be Ending



15



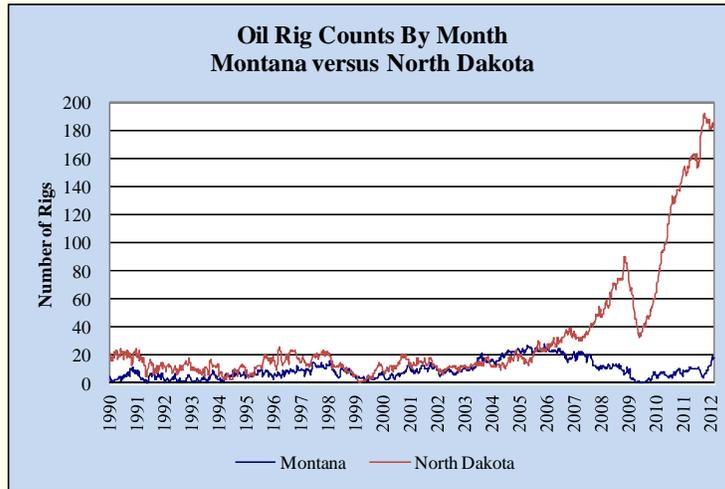
## Oil Prices Keep Total Value Increasing



16



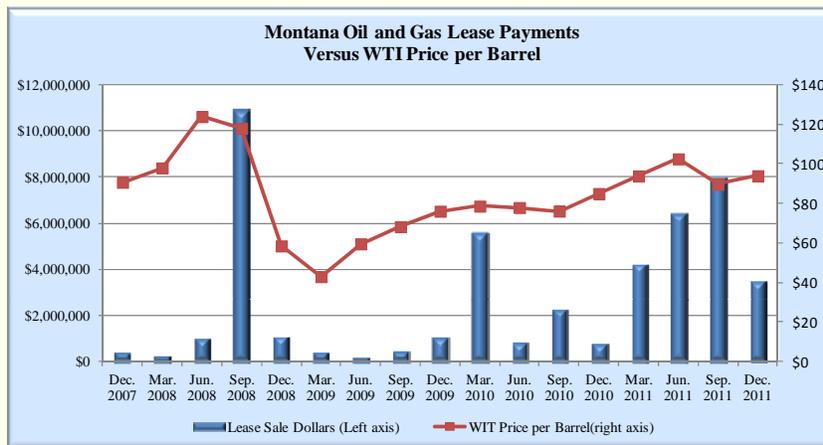
## Oil Rig Counts Show Uptick



17



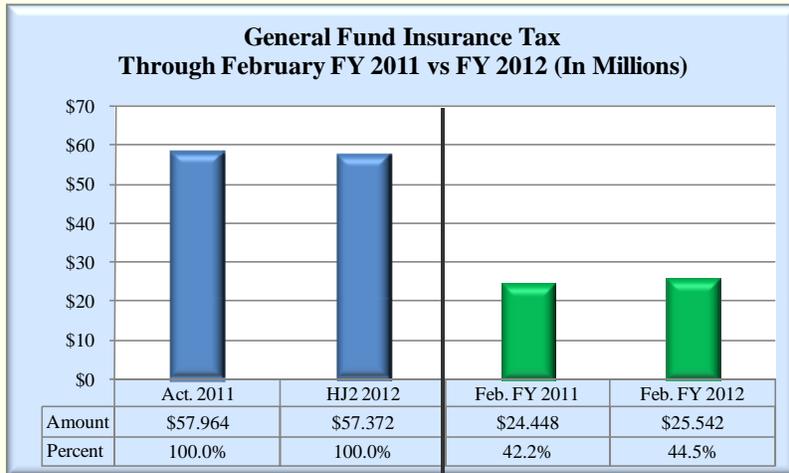
## Does Price Impact Lease Payments ?



18



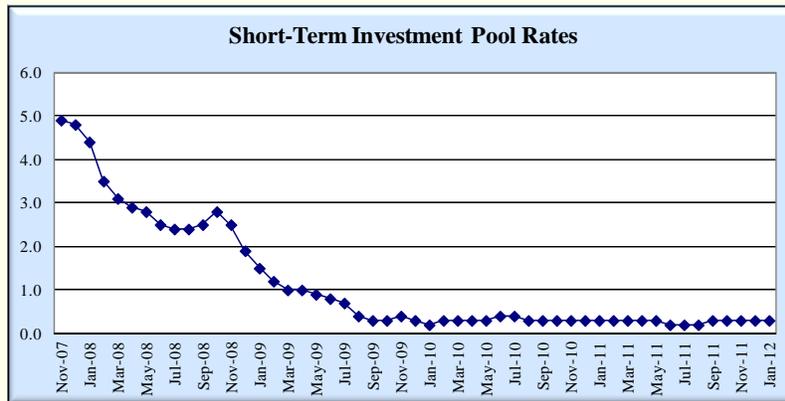
## Insurance Taxes Are Flat



19



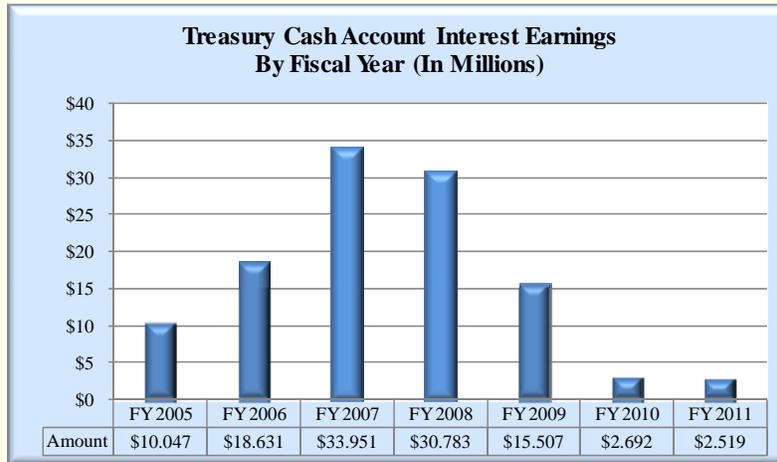
## Interest Rates Continue at All Time Lows



20



## Impact of Low Interest Rates



21



## Changes Discussed in December

**2013 Biennium General Fund Revenue Estimates  
Anticipated Revenue Adjustments - In Millions**

Tax Source	FY 2012 HJ2 Estimate	% of Total	Adjustment FY 2012	Adjustment FY 2013	Adjustment 2013 Biennium
1 Individual Income Tax	\$809.322	45.3%	\$56.861	\$60.411	\$117.272
2 Property Tax	237.188	13.3%	No Chg.	No Chg.	No Chg.
3 Corporation License Tax	115.086	6.5%	15.079	16.777	31.856
4 Vehicle Fee/Tax	106.716	6.0%	(7.775)	(7.807)	(15.582)
5 Oil & Gas Production Tax	102.996	5.8%	5.329	19.917	25.245
6 Insurance Tax	57.372	3.2%	1.878	1.982	3.860
Remaining	<u>356.942</u>	20.0%	<u>(9.495)</u>	<u>(15.327)</u>	<u>(24.822)</u>
<b>Totals</b>	<b>\$1,785.622</b>		<b>\$61.877</b>	<b>\$75.953</b>	<b>\$137.829</b>
Interest & Income (Oil & Gas Bonus Payments)			\$17.4	\$6.4	\$23.800

22



## How Revenue Adjustments Impact Outlook

Legislative Budget - General Fund Outlook		
Figures in Millions		
	2011 Biennium	2013 Biennium
Beginning Fund Balance	\$396.334	\$343.762
Revenue		
HJ2 Revenue Estimate	3,409.703	3,638.761
Anticipated Adjustments	-	137.829
Total Funds Available	\$3,806.037	\$4,120.353
Disbursements		
General Appropriations - HB2	3,273.726	3,249.690
Statutory Appropriations	340.721	379.702
Transfers	135.516	30.020
Other Appropriations	-	4.206
Supplementals	-	29.614
Feed Bill	-	12.478
Reversions	(285.936)	(12.069)
Total Disbursements	\$3,464.027	\$3,693.641
Fund Balance Adjustments	1.752	-
Ending Fund Balance	\$343.762	\$426.712

23



## Summary – Significant Issues



- Revenue Improvement – Stable to Increasing
- Individual Income Tax
  - Withholding Growth
  - Estimated Payments
- Corporation License Tax
  - Estimated Payments
  - Audit Revenues
- Oil & Gas Revenue
  - Bakken Formation Influence
  - Lease Payments
  - Reduced Supplemental Approps.
- General Fund Balance

24



# Questions?

Visit us online: [www.leg.mt.gov/css/fiscal](http://www.leg.mt.gov/css/fiscal)

Call us: 406.444.2986

