

GENERAL FUND REVENUE UPDATE FISCAL 2006

A Report Prepared for the
Revenue and Transportation Interim Committee

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February 16, 2006

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INTRODUCTION

The purpose of this report is to provide the committee with recent information on significant general fund revenue trends that are occurring in fiscal 2006. The 2007 biennium outlook table that traditionally is included in the report has not been updated. The reason for not showing a detailed 2007 biennium outlook table is because considerable research and analysis will be required to determine whether the revenue trends being observed in fiscal 2006 will continue throughout the 2007 biennium. In addition to the revenue side of the financial picture, our staff is currently assessing the need for supplemental funding in major functional areas.

During the December special legislative session, our office recommended to the 59th Legislature that the general fund revenue estimates be increased by \$253.0 million for the 2007 biennium. Even with these revised estimates, collection data by the end of January 2006 indicate individual and corporation income tax collections could exceed the revised revenue estimates as used by the December special legislative session. The information in this report is based on data received through the end of January 2006.

The report is organized into three main sections. The first section discusses the fiscal 2006 general fund revenue outlook including a discussion of selected general fund revenue sources. The second section addresses significant economic trends that help explain or understand why selected revenue sources fluctuate from legislative estimates. The third section provides a summarization based on information received so far this fiscal year.

2006 GENERAL FUND REVENUE OUTLOOK

FISCAL 2006 REVENUE TRENDS

Based on information recorded through the end of January 2006 on the Statewide Accounting, Budgeting, and Human Resource System (SABHRS), total general fund receipts for fiscal 2006 were \$823.5 million as shown in Figure 1. This compares to \$749.0 million collected for the same period of fiscal 2005. Total general fund collections are \$74.5 million above last year's amount, which represents a 9.9 percent increase. Revised estimates as used by the 59th Special Session Legislature and contained in HJ 1 (revenue estimate resolution) assumed collections would increase \$11.6 million or 0.76 percent from fiscal 2005 to 2006.

Figure 1

General Fund Revenue Monitoring Report							
Revenue Source	Actual Fiscal 2005	HJ1 Estimate Fiscal 2006	Through 1/31/05	Through 1/31/06	Difference	% Change	HJ1 Estimate % Change
GF0100 Drivers License Fee	3,373,220	2,784,000	1,895,287.13	2,124,699.04	229,411.91	12.10%	-17.47%
GF0200 Insurance Tax	57,308,425	61,580,000	23,395,775.86	25,310,185.83	1,914,409.97	8.18%	7.45%
GF0300 Investment Licenses	5,192,327	4,598,000	1,002,726.40	4,323,848.04	3,321,121.64	331.21%	-11.45%
GF0400 Vehicle License Fee	80,132,416	80,140,000	37,815,617.36	37,761,671.94	(53,945.42)	-0.14%	0.01%
GF0500 Vehicle Registration Fee	30,639,644	35,029,000	13,424,673.56	14,223,295.86	798,622.30	5.95%	14.33%
GF0600 Nursing Facilities Fee	5,913,086	5,851,000	2,394,806.26	2,094,936.06	(299,870.20)	-12.52%	-1.05%
GF0700 Beer Tax	2,936,880	2,986,000	1,534,825.15	1,523,446.79	(11,378.36)	-0.74%	1.67%
GF0800 Cigarette Tax	35,116,847	33,069,000	23,841,887.02	19,476,783.46	(4,365,103.56)	-18.31%	-5.83%
GF0900 Coal Severance Tax	10,311,856	8,466,000	2,595,007.18	2,497,733.91	(97,273.27)	-3.75%	-17.90%
GF1000 Corporation Tax	98,213,717	91,427,000	39,180,471.09	68,147,852.22	28,967,381.13	73.93%	-6.91%
GF1100 Electrical Energy Tax	4,074,409	4,276,000	1,544,778.96	1,921,393.51	376,614.55	24.38%	4.95%
GF1150 Wholesale Energy Trans Tax	3,370,263	3,520,000	1,598,958.53	1,527,230.80	(71,727.73)	-4.49%	4.44%
GF1200 Railroad Car Tax	1,604,005	1,574,000	987,586.72	1,191,564.64	203,977.92	20.65%	-1.87%
GF1300 Individual Income Tax	706,234,580	677,815,000	391,301,564.05	421,650,100.23	30,348,536.18	7.76%	-4.02%
GF1400 Inheritance Tax	4,190,613	1,950,000	1,705,615.79	718,398.50	(987,217.29)	-57.88%	-53.47%
GF1500 Metal Mines Tax	5,264,276	5,236,000	-	227,586.05	227,586.05	-	-0.54%
GF1700 Oil Severance Tax	62,625,939	99,410,000	13,704,970.19	23,054,865.01	9,349,894.82	68.22%	58.74%
GF1800 Public Contractor's Tax	1,410,831	3,030,000	2,512,741.45	3,140,730.42	627,988.97	24.99%	114.77%
GF1850 Rental Car Sales Tax	2,565,554	2,704,000	1,100,846.98	1,414,003.30	313,156.32	28.45%	5.40%
GFxxxx Property Tax	167,270,350	176,391,000	91,783,604.62	93,456,656.00	1,673,051.38	1.82%	5.45%
GF2150 Lodging Facilities Sales Tax	10,200,914	10,715,000	4,357,292.26	4,990,102.41	632,810.15	14.52%	5.04%
GF2200 Telephone Tax	31,657	-	6,990.73	16,593.92	9,603.19	137.37%	-100.00%
GF2250 Retail Telecom Excise Tax	21,144,420	21,700,000	5,462,799.30	5,334,653.48	(128,145.82)	-2.35%	2.63%
GF2300 Tobacco Tax	4,024,017	3,779,000	1,915,783.76	2,164,598.52	248,814.76	12.99%	-6.09%
GF2400 Video Gaming Tax	53,361,007	55,031,000	26,446,568.00	27,931,487.05	1,484,919.05	5.61%	3.13%
GF2500 Wine Tax	1,502,601	1,487,000	842,460.81	857,808.65	15,347.84	1.82%	-1.04%
GF2600 Institution Reimbursements	12,508,688	15,127,000	1,838,306.63	-	(1,838,306.63)	-100.00%	20.93%
GF2650 Highway Patrol Fines	4,292,730	5,042,000	2,150,421.60	2,173,744.27	23,322.67	1.08%	17.45%
GF2700 TCA Interest Earnings	10,046,531	13,102,000	3,703,650.76	7,627,100.53	3,923,449.77	105.93%	30.41%
GF2900 Liquor Excise Tax	11,468,432	11,535,000	6,179,148.99	6,619,412.13	440,263.14	7.12%	0.58%
GF3000 Liquor Profits	6,650,000	6,786,000	-	-	-	-	2.05%
GF3100 Coal Trust Interest Earnings	36,751,940	32,211,000	14,231,726.49	12,957,785.31	(1,273,941.18)	-8.95%	-12.36%
GF3300 Lottery Profits	6,222,555	7,844,000	1,464,472.00	1,314,628.00	(149,844.00)	-10.23%	26.06%
GF3450 Tobacco Settlement	2,977,777	2,319,000	32,599.44	33,452.14	852.70	2.62%	-22.12%
GF3500 U.S. Mineral Leasing	27,293,725	26,712,000	11,953,226.20	11,214,300.79	(738,925.41)	-6.18%	-2.13%
GF3600 All Other Revenue	34,722,472	27,389,000	15,142,637.07	14,518,332.06	(624,305.01)	-4.12%	-21.12%
Grand Total	1,530,948,704	1,542,615,000	749,049,828.34	823,540,980.87	74,491,152.53	9.94%	0.76%

This trend by itself indicates that general fund revenue growth for fiscal 2006 may be above expectations since total revenues were expected to increase by 0.76 percent from actual fiscal 2005 collections. If the current growth rate were to continue at the same level for the remainder of the year, the revenue estimate contained in HJ 1 would be exceeded by approximately \$140.5 million. Estimated collections for fiscal 2006 are from HJ 1 as introduced during the 59th Special Session Legislature.

While the growth rate of 9.9 percent is above the adjusted HJ 1 estimated rate of 0.76 percent, there can be unusual events occurring between fiscal years that make an aggregate comparison of this type misleading. For example, if collection patterns during the past year are not similar to the current year, the computed growth rate can be skewed either positively or negatively. Unusual or one-time collections such as audit activity in either year can also distort the underlying growth rates. Both individual and corporation income tax collections can be significantly influenced by audit efforts of the Department of Revenue.

DISCUSSION OF SELECTED REVENUE SOURCES FOR FISCAL 2006

As explained in the previous section of the report, a comparison of total revenues from the previous fiscal year to the current fiscal year can be misleading. Not only can collection patterns and statutory modifications change revenue trends, but changes in general economic conditions can also skew aggregate growth trends.

Figure 2

Comparison of Selected Revenue Sources to Adjusted HJ1 Estimates			
Revenue Source	Actual Fiscal 2005	HJ1	
		Estimated Fiscal 2006	Estimated Chg From 2005
Individual Income Tax	706,234,580	677,815,000	(28,419,580)
Corporation Tax	98,213,717	91,427,000	(6,786,717)
Property Tax	167,270,350	176,391,000	9,120,650
Oil & Natural Gas Production Tax	62,625,939	99,410,000	36,784,061
Totals	\$1,034,344,586	\$1,045,043,000	\$10,698,414

As shown in Figure 2, the 59th Special Session Legislature focused their attention on four key general fund revenue sources. These four sources were assumed to increase by only \$10.7 million from fiscal 2005 actual collections. Included in this amount is an anticipated reduction in individual income tax revenues of \$28.4 million. This decrease is expected because of the phased-in impacts of SB 407 (income tax reform) of the 58th Legislature. If this legislation had not been enacted, individual income tax collections would have

been considerably higher. The legislature also expected corporation income tax collections to decrease by \$6.8 million from the fiscal 2005 amount. This reduction is anticipated because of carry forward refunds of \$8.4 million. These refunds were expected to occur in the 2005 biennium but are now expected to be issued in the 2007 biennium. The legislature also expected oil and natural gas production taxes to increase by \$36.8 million in anticipation of higher commodity prices and greater production amounts. Property tax estimates are expected to increase by \$9.1 million from the fiscal 2005 amount because of greater growth in statewide taxable values.

The following section of the report addresses selected revenue sources whose estimated fiscal 2006 collections may be significantly different than estimated by the 59th Legislature. Also discussed are sources of revenue that our office is monitoring closely for potential differences in the collections versus the estimates adopted in HJ 1.

Individual Income Tax

Based on accounting data through January 2006, individual income tax collections for fiscal 2006 could be above estimates contained in HJ 1. Net collections (gross collections less refunds) through January 2006 were 7.8 percent above net collections through January 2005 or \$30.3 million. The 59th Special Session Legislature assumed the growth rate to be a negative 4.0 percent from the fiscal 2005 amount or a decline of \$28.4 million. As previously mentioned, this decline was anticipated because of the effects of SB 407.

Unfortunately, it is not totally clear whether these trends will continue throughout the entire fiscal year. Since almost two-thirds of total income reported on state tax returns is from wage and salary income, a review of this income component may provide some insight. As assumed in HJ 1, the wage and salary growth rate between calendar years 2004 and 2005 was assumed to be 8.4 percent. According to the Bureau of Economic Analysis (BEA) (shown in Figure 6), preliminary data (based on three quarters) indicates growth was 7.9 percent or 0.5 percent below the assumed rate shown in HJ 1.

Figure 3 shows the accounting details of individual income tax collections through January of this year compared to the same period of fiscal 2005. Even with the anticipated effects of SB 407, withholding tax collections are 6.3 percent above last year. Furthermore, refunds are less than last year by 48.8 percent. It should be noted, however; a majority of refunds are issued during the February through May time period. In addition, refunds for tax year 2005 are expected to be higher due to SB 407. This is because the DOR distributed new withholding tables to employers at the beginning of the 2005 tax year, followed by a revised tax table at a later date. It is unclear when employers implemented the new withholding tables in tax year 2005. Consequently, failure to use the new tables in a timely manner could result in additional refunds in fiscal 2006. Also, discussions with accounting firms indicated that some taxpayers were advised to make estimated payments, unadjusted for the impact of SB 407. Such actions would mean that taxpayers would pay estimated payments at too high a rate. This would also result in additional refunds in fiscal 2006.

Figure 3

Individual Income Tax Comparison				
Revenue Code & Description	Through 1/31/2005	Through 01/31/06	Difference	Percent Change
	Fiscal 2005	Fiscal 2006		
510101 Withholding Tax	278,387,131.20	295,780,197.11	17,393,065.91	6.25%
510102 Estimated Tax	123,996,802.89	121,757,823.67	(2,238,979.22)	-1.81%
510103 Current Year I/T	3,492,353.17	13,249,903.47	9,757,550.30	279.40%
510105 Income Tax - Audit Collections	15,748,082.35	8,071,282.75	(7,676,799.60)	-48.75%
510106 Income Tax Refunds	<u>(30,322,805.56)</u>	<u>(17,209,106.77)</u>	<u>13,113,698.79</u>	-43.25%
Totals	\$391,301,564.05	\$421,650,100.23	\$30,348,536.18	7.76%
Percent of Actual/Estimated	55.41%	62.21%		

Figure 3 also shows that current year payments are above last year's amount by 279.4 percent or \$9.7 million. Estimated payments are below last year's amount by 1.8 percent or \$2.2 million. Estimated payments, and to some degree current year payments, reflect tax liability on non-wage components of income. Some examples of these components would be interest earnings, dividends, capital gains/losses, royalties, and net business income. Since estimated and current year payments, when combined, are above last year's amount, then one or several of the non-wage components of income are probably experiencing stronger growth than the estimates contained in HJ 1. Reported amounts on these components of income will not be available until late October 2006 when the Department of Revenue provides our office with tax return data for tax year 2005.

Since the unanticipated increase in tax collections is significant, it is unrealistic to assume that only one reason may be causing the surge in collections. The following is a list of potential explanations for the higher than anticipated individual income tax collections:

- Delayed refunds that will be issued in the next three months;
- Land and other real estate sales continue to produce large capital gains;
- Oil and natural gas prices are at historic high levels. Royalty payments should continue to be up significantly;
- Business profitability has improved since "9/11" and the recession. Net business income has improved as reflected in higher corporation income tax collections;
- Reduced federal tax rates on dividends continue to produce high corporation dividend payments; and
- Audit policies by the Department of Revenue are reaping the benefits of improved tax compliance.

Corporation Income Tax

Corporation income tax receipts for fiscal 2006 are also above estimates in HJ 1. Net collections (gross collections less refunds) through January 2006 were 73.9 percent above the net collections through January 2005. The 59th Special Session Legislature assumed the growth rate to be a negative 6.9 percent or \$6.8 million below the fiscal 2005 amount. Figure 4 shows specific details of corporation income tax collections through January of this year compared to the same period of fiscal 2005.

Several circumstances explain some of the excess corporate income tax collections. First, the legislature assumed that there would be unusual large tax refunds, amounting to \$8.4 million, occurring in fiscal 2006. Those refunds, while anticipated to be issued this year, have not yet occurred.

Second, U.S. corporate profits have continued to improve. The change in U.S. corporate profits exceeded 15 percent between the calendar year third quarters of 2004 and 2005. Consequently, it is expected that multi-state corporations operating in Montana are doing equally well. Not only are corporations benefiting from higher profits, but also negative tax liability has diminished to the point where corporations are no longer filing large refunds for the carry back of net operating losses. Furthermore, increased prices for oil and natural gas continue to play a role in higher than anticipated corporation income tax revenues. At this time, detailed tax return data for tax year 2005 is not available to support this supposition.

Finally, the department discovered that their scanner software was incorrectly categorizing corporation tax payments. Since this problem existed since October of 2004, correcting entries must be made to the accounting records for fiscal 2005 and 2006. When completed, these accounting entries are expected to reduce fiscal 2006 receipts and increase fiscal 2005 collections. The magnitude of these corrections is not currently known.

Figure 4

Corporation Income Tax Comparison				
Revenue Code & Description	Through 1/31/2005 Fiscal 2005	Through 01/31/06 Fiscal 2006	Difference	Percent Change
510501 Corporation Tax	7,449,874.36	(4,303,335.18)	(11,753,209.54)	273.12%
510505 Corporation Tax Estimated Paym	36,920,111.28	72,425,845.85	35,505,734.57	49.02%
510502 Corporation Tax Refunds	(7,288,620.55)	(3,030,305.02)	4,258,315.53	-140.52%
510503 Corporation Tax-Audit Collect.	<u>2,098,766.00</u>	<u>3,055,646.57</u>	<u>956,880.57</u>	31.32%
Totals	\$39,180,131.09	\$68,147,852.22	\$28,967,721.13	73.93%
Percent of Actual/Estimated	39.89%	74.54%		

Oil & Gas Production Tax

At the end of January 2006, revenue from oil and natural gas production taxes were above fiscal 2005 collections by \$9.3 million or 68.2 percent. The 59th Special Session Legislature assumed revenue from this source would increase by 58.7 percent or \$36.8 million primarily due to higher price and production amounts for both commodities.

Based on data from the Energy Information Administration – February 2006, Montana’s oil price has increased from \$38.53 per barrel in calendar 2004 to \$52.03 per barrel in calendar 2005 (based on January through November data). Henry Hub spot market prices for natural gas reached a high of \$15.27 per decatherm in September 2005 and subsequently dropped to \$8.50 per decatherm in January 2006.

Telecommunications Excise Tax

At the end of December 2005, this source of revenue was slightly below the estimate contained in HJ 1. Collection data through January indicates a further slowdown in collections. Our office has requested additional information from the department to determine what may be causing the potential shortfall.

Highway Patrol Fines

The 59th Legislature enacted legislation that made significant changes in Highway Patrol fine revenue.

1. The enactment of HB 99 increased the maximum fine for driving with a suspended license from \$500 to \$2,000 if the suspension was for: 1) driving under the influence; 2) refusing to take a test for drugs or alcohol; or 3) driving with excessive alcohol content. The legislation was effective October 1, 2005. The fiscal note estimated additional revenue of \$712,000 in fiscal 2006. The fiscal note impacts, however, were based on a July 1, 2005 effective date rather than an October 1, 2005 date. This assumption had the effect of overstating anticipated revenue by \$237,000 in fiscal 2006.

2. SB 80 enacted a new offense for knowingly possessing an open alcoholic container in vehicles on public roads and highways and established a \$100 fine for first offenders and a fine of up to \$1,000 for subsequent offenders. The legislation was effective October 1, 2005. The fiscal note estimated additional revenue of \$122,626 in fiscal 2006. The fiscal note impacts, however, were based on a July 1, 2005 effective date rather than an October 1, 2005 date and did not include a three-month collection lag period. These assumptions had the effect of overstating anticipated revenue by \$61,313 in fiscal 2006.

In total, revenue collections from this source may be \$0.3 million below the HJ 1 revenue estimate in fiscal 2006.

SIGNIFICANT ECONOMIC TRENDS

A strong economic climate in both Montana and the US has had a positive impact on the state’s revenue collections. Montana revenues are sensitive to many factors such as wage and salary income, corporate profitability, prevailing

interest rates, capital gains/losses, energy prices, and federal tax changes. The following is a brief summary of current information that illustrates the impact of these economic factors on state revenues.

Montana Employment and Wages

Statistics from the Montana Department of Labor and Industry (DLI) continue to show strength in Montana’s labor market. Preliminary estimates for non-farm payroll employment reveal 8,200 new jobs in 2005, an increase of 2.0 percent year over year. The industrial sectors that showed the greatest gains were mining and construction, with growth of 9.6 percent and 8.6 percent respectively (Montana Economy at a Glance, Quarterly Edition, Montana DLI).

For the second straight year, two million jobs were created nationally in 2005. The labor market has remained strong through the first month of 2006. In January, US employers added 193,000 jobs to the payroll. December employment gains were revised up by 140,000 jobs. The current unemployment rate of 4.7 percent has caught the attention of the stock market and economists alike. This is the lowest unemployment rate since just before the September 11, 2001 terrorist attacks (Unemployment Rate Lowest Since 2001, CNNMoney, February 3, 2006).

Figure 5

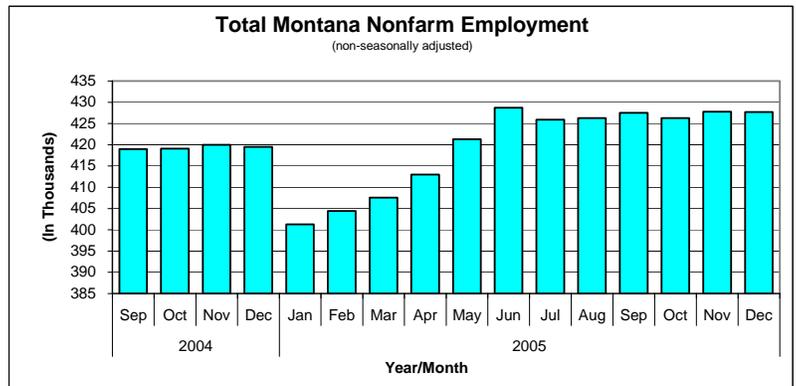
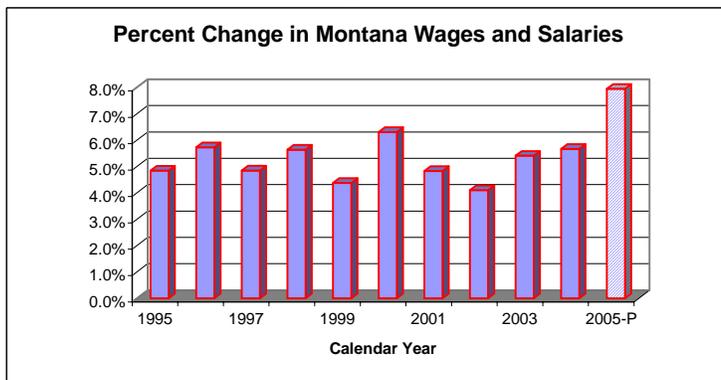


Figure 6



Montana wage and salary income continued to show strong growth in 2005. According to the Bureau of Economic Analysis, the actual growth for calendar 2003 to 2004 was 5.7 percent. Although final wage and salary data for calendar 2005 is not yet available, the growth between the first three quarters of calendar 2004 compared to the same period for calendar 2005 was 7.9 percent (this rate is included in the figure to the left and denoted by 2005-P).

One factor that positively affects Montana wages and salaries is the number of new hires in higher paying industries. A significant number of the new jobs created in the past year have occurred in the

natural resource and construction industries, as mentioned above. Wages in those two industries are greater than the average wage. According to data from the Montana Department of Labor and Industry, the average wage in the mining sector is 94 percent greater than the average wage for all industries. The average wage in the construction sector exceeds the average wage of all industries by more than 16 percent. Increased job opportunities in these industrial sectors have played a large role in the dramatic increase seen in wages and salaries in 2005.

Corporate Profits

The Bureau of Economic Analysis estimates that US corporate profits decreased 4 percent (at a quarterly rate) in the third quarter of calendar 2005 after increasing 4.6 percent in the second quarter of 2005. Total profits of domestic corporations were more than 15 percent higher than a year earlier. While the growth in national corporate profits remains strong, it is not as strong as the growth of 2004 (Gross Domestic Profits and Corporate Profits, Bureau of Economic Analysis, Dec. 21, 2005).

Montana's corporation income tax collections continue to show a correlation with national corporate profits. Estimated payments in fiscal 2006 have been very strong. The ongoing strength in corporate profits suggests that corporations operating in Montana continue to be highly profitable.

Oil Prices

The spot price of the West Texas Intermediary Crude (WTI) averaged \$56.50 per barrel in 2005. The monthly average WTI price has steadily increased since early 2003, reaching a high of \$65.59 per barrel in September 2005. Over the last 6 months, WTI monthly prices, through January 2006, have averaged \$62.70 per barrel.

Similarly, the Montana domestic crude oil price has remained high in 2005. The per-barrel price averaged \$52.03 from January through November. The monthly average reached a high in September of \$60.83 per barrel, and the average Montana price since August has been \$58.44 per barrel. The prices compare favorably with the estimates included in HJ 1 from the 2005 special legislative session. The Montana price per barrel assumption was \$57.79 for fiscal 2006.

Interest Rates

The Free Open Market Committee (FOMC) raised key interest rates again at their meeting in January. The increase marks the central bank's fourteenth rate hike since June 2004. The federal funds rate now stands at 4.5 percent. Economists across the nation believe that a hike at the March meeting, the first for the new Fed chairman Ben Bernanke, could bring an end to rate increases. In a statement that followed the January increase, the Fed noted, "Although recent economic data have been uneven, the expansion in economic activity appears solid" ("Fed Raises Rates Again". CNNMoney, January 31, 2006).

Interest rates have a significant impact on all of Montana's trusts and interest bearing accounts. While lower rates help to lower the cost of debt service on state loans and bond issues, higher rates increase the revenues earned on many state financial instruments.

Figure 7

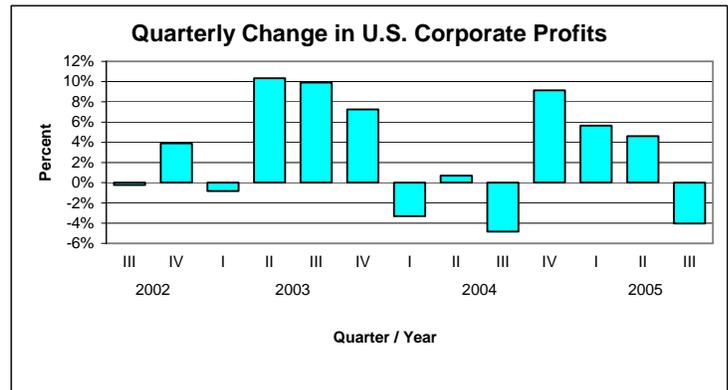
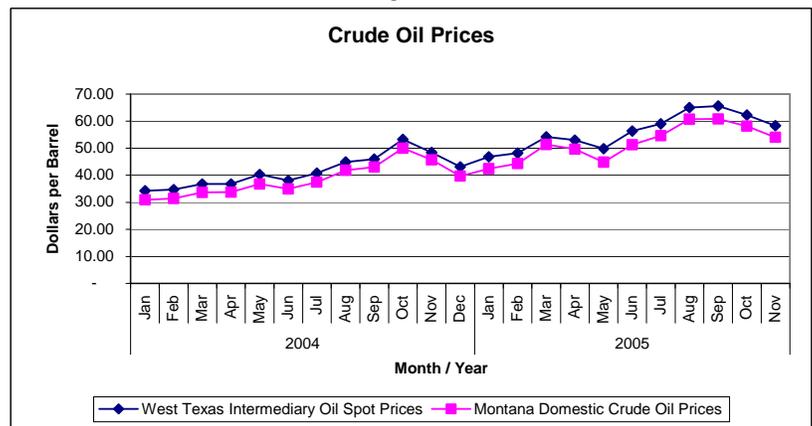


Figure 8



SUMMARY AND FINANCIAL IMPLICATIONS

Based on data through the end of January 2006, total general fund revenue collections for fiscal 2006 have the potential to exceed HJ 1 revenue estimates. While the outlook for most revenue categories has not changed materially since the December special legislative session, the overall trend for general fund revenues for fiscal 2006 is strong. Tax sources with the potential of additional revenue above the HJ 1 estimates are individual and corporation income taxes. Sources of revenue that are showing some weakness are telecommunications excise tax and highway patrol fine revenue.

As shown in the *Legislative Fiscal Report, Special Session December 2005 –January 2006*, the general fund ending fund balance for fiscal 2006 is projected to be \$227.8 million. This estimate is based on appropriations of the 59th Legislature (regular and special session) and includes the revenue estimates contained in HJ 1. If the revenue trends previously discussed continue for the remainder of the fiscal year, the general fund could end fiscal 2006 with a balance greater than anticipated by the December special legislative session. However, if the need for supplemental funding beyond the level assumed by the Legislature for the Departments of Corrections and Public Health and Human Services occurs, the ending fund balance would be reduced accordingly.

The obvious question this report generates is, “What does this information indicate for the remainder of the 2007 biennium and beyond?” These trends portray an optimistic outlook for the future, but a thorough analysis of the “permanent” versus “one-time-only” nature of these collections is imperative. Without this information, erroneous conclusions could easily be construed that may lead to inappropriate fiscal policy. This may lead to a “boom and bust” cycle similar to the “dot com” bubble that was followed by a precipitous fall in the equity markets and ultimately a reduction in state revenues.

While your staff will continue to monitor revenue trends, a thorough analysis of current revenue trends will be done during late summer and early fall in preparation for the revenue estimate process of the Revenue and Transportation Interim Committee. This analysis will be the basis for our revenue estimate recommendations for the 2009 biennium.