

HOUSE JOINT RESOLUTION NO. 2

INTRODUCED BY B. BEARD

BY REQUEST OF THE REVENUE INTERIM COMMITTEE

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA ESTABLISHING AN OFFICIAL ESTIMATE OF THE STATE'S GENERAL FUND REVENUE FOR FISCAL YEAR 2023 AND EACH FISCAL YEAR OF THE 2024-2025 BIENNIUM FOR THE PURPOSE OF ACHIEVING A BALANCED BUDGET AS REQUIRED BY ARTICLE VIII, SECTION 9, OF THE MONTANA CONSTITUTION; ACCEPTING A PRELIMINARY UNASSIGNED GENERAL FUND BALANCE; ESTABLISHING OFFICIAL ESTIMATES OF CERTAIN NONGENERAL FUND REVENUE; AND REQUESTING THAT THE GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING USE THE REVENUE ESTIMATES CONTAINED IN THIS RESOLUTION AS OFFICIAL ESTIMATES FOR FISCAL YEARS 2023, 2024, AND 2025.

WHEREAS, Article VI, section 9, of the Montana Constitution requires the Governor to submit to the Legislature a budget for the ensuing fiscal period, containing in detail for all operating funds the proposed expenditures and estimated revenue of the state; and

WHEREAS, Article VIII, section 9, of the Montana Constitution prohibits the Legislature from appropriating funds in excess of the anticipated revenue of the state; and

WHEREAS, section 5-5-227(2), MCA, requires the Revenue Interim Committee to estimate the amount of revenue projected to be available for legislative appropriation and to introduce a resolution setting forth the Committee's current revenue estimate; and

WHEREAS, section 5-5-227(3), MCA, expresses the Legislature's intent that its revenue estimates and the underlying assumptions used to derive those estimates be used by all agencies in the development of fiscal notes; and

WHEREAS, the Revenue Interim Committee obtained the assistance of the Legislative Fiscal Analyst in the development of the revenue



1 estimates; and

2 WHEREAS, the Revenue Interim Committee also obtained the assistance of Executive Branch agencies in the development of the  
3 revenue estimates; and

4 WHEREAS, the Revenue Interim Committee has adopted revenue estimates and the underlying assumptions used to derive those  
5 estimates for the general fund and for specific nongeneral fund sources that are significant in the development of the state budget for fiscal year  
6 2023 and the 2024-2025 biennium; and

7 WHEREAS, section 5-5-227(3), MCA, provides that the Revenue Interim Committee's estimate, as introduced in the Legislature,  
8 constitutes the Legislature's current revenue estimate until amended or until final adoption of the estimate by both houses; and

9 WHEREAS, the amount of estimated revenue and the general fund balance affects policy decisions of the Executive Branch and the  
10 Legislative Branch; and

11 WHEREAS, the revenue estimates and the underlying assumptions contained in this resolution provide the basis for a comprehensive  
12 analysis of the state's revenue condition.

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14 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

15 That the state general fund revenue for fiscal years 2023, 2024, and 2025 be estimated to be \$3,800,273,000, \$3,710,034,000, and  
16 \$3,782,680,000, respectively.

17 BE IT FURTHER RESOLVED, that the Legislature accept for budget purposes the preliminary unassigned fiscal year 2022 fund balance  
18 of \$1,854,385,159 for the general fund, prepared according to generally accepted accounting principles.

19 BE IT FURTHER RESOLVED, that the Governor's Office of Budget and Program Planning use the revenue estimates and the  
20 underlying assumptions contained in this resolution as the official revenue estimates for fiscal years 2023, 2024, and 2025.

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GENERAL FUND REVENUE

The projections for general fund revenue for fiscal years 2023, 2024, and 2025 are based on the assumptions of the continuation of Montana and federal law as it existed on January 1, 2023. The revenue estimates contained in the following tables are based on the assumptions listed in the tables that follow the general fund estimates and the assumptions for each general fund revenue source (as adopted by the Revenue Interim Committee) contained in the "Legislative Budget Analysis, 2025 Biennium, Volume 2 -- Revenue Estimates" prepared by the Legislative Fiscal Division.

Current Law

General Fund Revenue Estimates

(In Millions of Dollars)

Source of Revenue	Actual FY 2022	Estimated FY 2023	Estimated FY 2024	Estimated FY 2025
<b>Largest Seven Sources</b>				
Individual Income Tax	\$2,393.807	\$2,033.784	\$2,086.756	\$2,178.325
Property Tax	335.114	351.821	443.144	450.817
Corporation Income Tax	293.683	284.335	277.207	271.356
Vehicle Taxes & Fees	121.138	121.546	122.263	123.246
Oil & Natural Gas Production Tax	70.510	78.712	73.262	72.045
Insurance Tax & License Fees	97.940	101.387	105.838	110.608
Video Gambling Tax	77.881	80.185	83.666	86.895
<b>Largest Seven Sources Subtotal</b>	<b>3,390.075</b>	<b>3,051.770</b>	<b>3,192.135</b>	<b>3,293.291</b>

**Other Business Taxes**

Driver's License Fee	6.171	5.854	5.919	5.972
Investment License Fee	19.535	20.182	20.741	21.314
Lodging Taxes	46.175	51.124	57.476	61.792
Public Contractors Tax	2.840	4.196	4.300	4.396
Railroad Car Tax	4.020	4.799	5.496	5.534
Rental Car Sales Tax	6.823	8.114	7.978	8.250
Telecommunications Excise Tax	8.571	7.891	5.631	4.634
<b>Other Business Taxes Subtotal</b>	<b>94.134</b>	<b>102.161</b>	<b>107.541</b>	<b>111.892</b>

**Other Natural Resource Taxes**

Coal Severance Tax	15.359	21.374	20.644	17.218
Electrical Energy Tax	3.930	3.841	3.536	3.383
Metalliferous Mines Tax	12.210	11.254	11.363	11.369
US Mineral Royalty	19.464	28.143	24.212	20.291
Wholesale Energy Tax	3.352	3.427	3.410	3.398
<b>Other Natural Resource Taxes Subtotal</b>	<b>54.315</b>	<b>68.038</b>	<b>63.166</b>	<b>55.660</b>

**Other Interest Earnings**

Coal Trust Interest	16.561	17.947	18.857	19.657
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Treasury Cash Account Interest	11.776	101.367	126.591	98.569
<b>Other Interest Earnings Subtotal</b>	<b>28.337</b>	<b>119.315</b>	<b>145.448</b>	<b>118.225</b>
<b>Other Consumption Taxes</b>				
Beer Tax	3.202	3.294	3.329	3.362
Cigarette Tax	27.993	27.517	26.889	26.069
Liquor Excise & License Tax	29.166	31.241	32.282	33.409
Liquor Profits	21.879	22.600	23.700	24.300
Lottery Profits	15.311	15.264	15.508	15.683
Marijuana Tax	14.238	27.401	27.975	29.107
Tobacco Tax	5.565	5.451	5.366	5.253
Wine Tax	2.573	2.641	2.699	2.760
<b>Other Consumption Taxes Subtotal</b>	<b>119.928</b>	<b>135.409</b>	<b>137.748</b>	<b>139.943</b>
<b>Other Sources</b>				
All Other Revenue	180.512	305.512	46.451	46.662
Highway Patrol Fines	3.533	3.503	3.518	3.518
Nursing Facilities Fee	3.447	3.153	2.942	2.731
Public Institution Reimbursements	13.933	8.070	7.758	7.446
Tobacco Settlement	3.426	3.342	3.327	3.312

<b>Other Sources Subtotal</b>	204.851	323.580	63.996	63.669
<b>Total General Fund</b>	\$3,891.640	\$3,800.273	\$3,710.034	\$3,782.680

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SIGNIFICANT ASSUMPTIONS FOR GENERAL FUND REVENUE ESTIMATES

Year	Assumption	2022	2023	2024	2025
<b>Largest Seven Sources</b>					
	Individual Income Tax				
CY	Wage & salary income growth	10.3%	5.3%	4.0%	4.0%
CY	Interest income growth	-0.1%	7.4%	10.9%	3.4%
CY	Dividend income growth	28.5%	9.6%	0.0%	1.9%
CY	Taxable refunds growth	0.0%	0.0%	0.0%	0.0%
CY	Alimony received growth	0.0%	0.0%	0.0%	0.0%
CY	Net business growth	6.2%	-1.0%	-1.8%	-0.2%
CY	Capital gains income growth	-25.0%	-4.8%	5.0%	11.2%
CY	Supplemental gains income growth	-16.8%	-16.8%	0.0%	0.0%
CY	Rents, royalties & partnership income growth	5.3%	-2.4%	2.5%	3.1%
CY	IRA income growth	-10.0%	1.8%	4.6%	4.3%
CY	Taxable pension income growth	9.2%	5.9%	4.2%	4.3%

CY	Taxable social security income growth	7.6%	9.0%	5.1%	4.6%
CY	Farm income growth	0.0%	0.0%	0.0%	0.0%
CY	Unemployment compensation growth	-72.5%	0.0%	0.0%	0.0%
CY	Other income growth	0.0%	0.0%	0.0%	0.0%
CY	Total additions (Millions)	\$698.283	\$688.774	-	-
CY	Total adjustments (Millions)	\$524.973	\$538.995	-	-
CY	Total reductions (Millions)	\$1,981.589	\$2,023.309	-	-
CY	Federal inflation factor	2.9%	6.3%	4.3%	2.2%
CY	State inflation factor	5.1%	8.4%	3.9%	2.5%
CY	Full year resident adjustment	102.7%	102.3%	99.9%	100.1%
CY	Non-resident adjustment	108.0%	108.0%	108.0%	108.0%
FY	Earned income tax credit (Millions)		\$4.265	\$4.651	\$4.749
CY	Elderly homeowner/renter credits (Millions)	\$7.049	\$7.049	\$7.049	\$7.049
CY	All other credits (Millions)	\$98.413	\$96.682	\$99.059	\$102.022
FY	Audit, penalty & interest collections (Millions)		\$72.860	\$74.556	\$77.867
	Property Tax				
FY	Class 1 taxable value (Millions)		\$4.432	\$8.723	\$8.651
FY	Class 2 taxable value (Millions)		\$47.470	\$46.156	\$45.772
FY	Class 3 taxable value (Millions)		\$152.236	\$147.496	\$147.411

FY	Class 4 taxable value (Millions)		\$2,325.420	\$3,211.635	\$3,287.229
FY	Class 5 taxable value (Millions)		\$54.520	\$55.283	\$56.057
FY	Class 7 taxable value (Millions)		\$0.018	\$0.018	\$0.018
FY	Class 8 taxable value (Millions)		\$149.090	\$153.562	\$157.087
FY	Class 9 taxable value (Millions)		\$618.868	\$634.959	\$651.468
FY	Class 10 taxable value (Millions)		\$4.733	\$6.087	\$6.519
FY	Class 12 taxable value (Millions)		\$98.270	\$95.910	\$96.248
FY	Class 13 taxable value (Millions)		\$148.451	\$149.194	\$149.940
FY	Class 14 taxable value (Millions)		\$21.573	\$23.989	\$26.676
FY	Class 15 taxable value (Millions)		\$3.640	\$3.640	\$3.640
FY	Class 17 taxable value (Millions)		\$1.771	\$1.771	\$1.771
FY	Abatement value (Millions)		\$29.771	\$37.216	\$38.037
FY	TIF Value (Millions)		\$53.311	\$53.639	\$53.969
	Corporate Income Tax				
CY	WTI price (\$/bbl)	\$96.7	\$82.3	\$82.7	\$84.5
CY	Domestic crude price (\$/bbl)	\$98.7	\$84.2	\$84.4	\$86.3
CY	Montana retail sales (Millions)	\$23,605	\$23,443	\$23,865	\$24,438
CY	Montana median home price	\$413,101	\$423,472	\$431,024	\$436,850
CY	Montana population (Thousands)	1,119.0	1,129.6	1,139.8	1,149.2

CY	Wholesale employment (Thousands)	17.9	17.8	18.0	18.3
CY	3-month commercial paper	2.03%	4.42%	3.84%	2.76%
FY	Audit, penalty & interest collections (Millions)		\$26.446	\$25.158	\$24.586
FY	Refunds (Millions)		-\$21.643	-\$21.126	-\$21.999
	Vehicle Taxes & Fees				
FY	Montana new vehicle sales (Thousands)		51.095	55.838	58.654
FY	US new vehicle sales (Millions)		14.031	15.411	16.087
FY	US total vehicle stock (Millions)		292.310	293.477	295.642
	Montana Population Growth	1.48%	1.01%	0.93%	0.86%
	Oil & Natural Gas Production Tax				
CY	WTI price (\$/bbl)	\$96.660	\$82.303	\$82.707	\$84.466
CY	Montana oil price ratio	0.943	0.945	0.944	0.945
CY	Total oil production (Million barrels)	19.141	20.947	22.343	23.331
CY	Holiday oil production (Million barrels)	3.502	5.531	7.559	9.077
CY	Henry Hub price (\$/Mcf)	\$7.120	\$5.547	\$4.335	\$4.401
CY	Montana natural gas price ratio	0.502	0.552	0.529	0.532
CY	Total natural gas production (Million MCFs)	92.935	88.196	84.196	83.878
CY	Holiday natural gas production (Million MCFs)	3.341	3.118	3.538	1.318

Insurance Tax & License Fees

FY	Montana PCE Finance & Insurance (Millions)	\$3,640.708	\$3,752	\$3,897	\$4,074
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**Other Business Taxes**

Driver's License Fee

CY	Montana population age 16 and over (Millions)	0.912	0.923	0.933	0.943
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Investment License Fee

FY	Montana PCE Finance & Insurance (Millions)	\$3,640.708	\$3,752	\$3,897	\$4,074
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Lodging Taxes

FY	US consumer spending on accommodations (Billions)	\$169.336	\$191	\$215	\$231
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Public Contractors Tax

FY	Highway payments (Millions)	\$327.357	\$326	\$329	\$329
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FY	Other payments (Millions)	\$921.890	\$198	\$209	\$221
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Railroad Car Tax

FY	Montana retail sales (Millions)		\$17,715	\$20,677	\$23,288
	Rental Car Sales Tax				
FY	Montana PCE Transportation (Millions)	\$1,927.677	\$2,020	\$1,993	\$2,047
	Telecommunications Excise Tax				
FY	Montana population age 16 and over (Millions)	0.905	0.917	0.928	0.938
CY	Landline %	24%	18%	11%	5%
CY	Cell Phone %	96%	96%	96%	96%
CY	Prepaid smartphone penetration	40%	40%	40%	40%
 <b>Other Natural Resource Taxes</b>					
	Coal Severance Tax				
CY	Price (\$/ton)	\$46.49	\$43.89	\$24.00	\$24.28
CY	Production (Million Tons)	26.301	26.405	25.241	24.166
	Electrical Energy Tax				
FY	Taxable Production (KWH)	19,472.771	19,206	18,758	18,482

## Metalliferous Mines Tax

CY	Price: Copper (\$/lb)	\$2.56	\$2.63	\$2.70	\$2.78
CY	Price: Silver (\$/oz)	\$17	\$17	\$17	\$17
CY	Price: Gold (\$/oz)	\$1,568	\$1,546	\$1,524	\$1,503
CY	Price: Moly (\$/lb)	\$20	\$14	\$15	\$16
CY	Price: Palladium (\$/oz)	\$2,173	\$2,254	\$2,275	\$2,234
CY	Price: Platinum (\$/oz)	\$1,025	\$1,051	\$1,077	\$1,104

## US Mineral Royalty

FFY	Oil price (\$/bbl)	\$36.30	\$32.59	\$29.26	\$26.27
FFY	Oil production (Million barrels)	2.108	2.006	1.903	1.800
FFY	Coal price (\$/ton)	\$56.54	\$63.58	\$41.35	\$34.54
FFY	Coal production (Million tons)	11.497	11.396	11.033	10.565
FFY	Natural gas price (\$/MCF)	\$2.34	\$2.32	\$2.30	\$2.27
FFY	Natural gas production (Millions MCFs)	9.764	9.344	8.937	8.535
FFY	Rent and bonus payments (\$ Millions)		0.236	0.236	0.236

## Wholesale Energy Tax

FY	Production (KWH)	23,677.960	23,485	23,369	23,284
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**Other Interest Earnings**

Coal Trust Interest

FY	Short term interest rates		3.22%	4.13%	3.30%
FY	Long term interest rates		3.55%	3.82%	4.09%

Treasury Cash Account Interest

FY	Short term interest rates	1.04%	3.22%	4.13%	3.30%
FY	Average balance (Millions)	\$3,666	\$3,144	\$3,065	\$2,989

**Other Consumption Taxes**

Beer Tax

FY	Montana PCE food (Millions)	\$6,478	\$6,750	\$6,990	\$7,251
FY	Montana population age 21 and above (Millions)	0.842	0.852	0.862	0.871

Cigarette Tax

FY	Consumer spending on tobacco (Millions)	\$106	\$103	\$100	\$96
FY	CPI for tobacco	153	164	176	189
FY	Montana population age 18 and above (Millions)	0.884	0.895	0.905	0.915

	Liquor Excise & License Tax				
FY	Montana PCE food (Millions)	\$6,478	\$6,750	\$6,990	\$7,251
	Liquor Profits				
FY	Montana PCE food (Millions)	\$6,478	\$6,750	\$6,990	\$7,251
	Lottery Profits				
FY	Montana population age 18 and above (Millions)	0.884	0.895	0.905	0.915
FY	Short term interest rates	1.04%	3.22%	4.13%	3.30%
	Marijuana Tax				
FY	Montana Population Growth	1.19%	0.95%	0.90%	0.83%
FY	Consumer Price Index (CPI)	7.16%	6.51%	2.91%	2.36%
	Tobacco Tax				
FY	Montana population age 18 and above (Millions)	0.884	0.895	0.905	0.915
FY	Montana PCE (Millions)	\$76,859	\$80,221	\$83,874	\$87,735
	Wine Tax				

FY	Montana population age 21 and above (Millions)	0.842	0.852	0.862	0.871
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**Other Sources**

All Other Revenue

FY	Time series		2023	2024	2025
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Highway Patrol Fines

FY	Time series		2023	2024	2025
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Nursing Facilities Fee

FY	Time series		2023	2024	2025
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Public Institution Reimbursements

FY	Montana nursing facility residents	3,197	3,659	3,565	3,470
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Tobacco Settlement

FY	Volume (Millions)	170,974	189,070	182,395	175,955
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FY	Inflation	8%	4%	3%	3%
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Deaf & Blind Interest and Income	0.254	0.282	0.311	0.327
Economic Development Trust	4.034	4.737	5.434	5.935
Parks Trust Interest	0.898	1.023	1.133	1.203
Pine Hills Interest and Income	0.317	0.357	0.365	0.402
Regional Water Trust Interest	3.136	3.338	3.627	3.873
Resource Indemnity Trust Interest	3.563	3.692	3.930	4.167
School Facilities Trust Interest	2.579	3.475	5.001	6.490
Tobacco Trust Interest	10.284	9.993	11.482	12.955
Montana Coal Endowment Trust Interest	9.091	10.795	11.722	12.307
<b>Interest Earnings Subtotal</b>	<b>82.331</b>	<b>89.302</b>	<b>98.215</b>	<b>105.538</b>
 <b>Consumption Taxes</b>				
Diesel Tax	114.137	112.658	113.902	117.168
Gasoline Tax	187.681	186.293	188.211	190.131
GVW and Other Fees	41.058	39.740	40.721	41.812
Marijuana Tax	22.113	23.549	24.929	25.492
<b>Consumption Taxes Subtotal</b>	<b>364.989</b>	<b>362.240</b>	<b>367.764</b>	<b>374.603</b>
 <b>Total of Selected Nongeneral Fund Sources</b>	 <b>\$486.094</b>	 <b>\$497.957</b>	 <b>\$519.985</b>	 <b>\$518.307</b>

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SELECTED ASSUMPTIONS FOR NONGENERAL FUND REVENUE ESTIMATES



Year	Assumption	2022	2023	2024	2025
<b>Property Tax: 6 Mill</b>					
FY	Taxable Value (Millions)		\$1.771	\$1.771	\$1.771
FY	TIF Value (Millions)		\$53.311	\$53.639	\$53.969
FY	Abatement value (Millions)		\$29.771	\$37.216	\$38.037
<b>Natural Resource Taxes</b>					
Federal Forest Receipts					
FY	Total Montana Receipts (Millions)		\$19.831	\$19.831	\$4.682
Resource Indemnity Tax					
FY	Coal Receipts (Millions)		\$2.097	\$1.920	\$1.887
FY	Other Receipts (Millions)		\$0.330	\$0.293	\$0.174
<b>Interest Earnings</b>					
Capital Land Grant Interest and Income					
FY	Lease Total (Millions)	\$0.696	\$0.679	\$0.696	\$0.690
FY	Permanent Fund Total (Millions)	\$1.480	\$1.772	\$1.511	\$1.576

FY	Administration Costs (Millions)	-\$0.860	-\$0.855	-\$0.778	-\$0.831
	Common School Interest and Income				
FY	TFBP Long Term Interest Rate	3.38%	3.45%	3.74%	4.04%
FY	Short Term Interest Rate	1.04%	3.22%	4.13%	3.30%
	Cultural Trust Interest				
FY	TFBP Long Term Interest Rate	3.39%	3.46%	3.75%	4.04%
FY	Short Term Interest Rate	0.33%	3.22%	4.13%	3.30%
	Deaf & Blind Interest and Income				
FY	TFBP Long Term Interest Rate	3.38%	3.45%	3.74%	4.04%
FY	Short Term Interest Rate	1.04%	3.22%	4.13%	3.30%
	Economic Development Trust				
FY	TFBP Long Term Interest Rate	3.16%	3.31%	3.63%	3.96%
FY	Short Term Interest Rate	0.34%	3.22%	4.13%	3.30%
	Parks Trust Interest				
FY	TFBP Long Term Interest Rate	3.43%	3.51%	3.79%	4.07%

FY	Short Term Interest Rate	0.29%	3.22%	4.13%	3.30%
	Pine Hills Interest and Income				
FY	TFBP Long Term Interest Rate	3.38%	3.45%	3.74%	4.04%
FY	Short Term Interest Rate	1.04%	3.22%	4.13%	3.30%
	Regional Water Trust Interest				
FY	TFBP Long Term Interest Rate	3.33%	3.48%	3.77%	4.05%
FY	Short Term Interest Rate	2.96%	3.22%	4.13%	3.30%
	Resource Indemnity Trust Interest				
FY	TFBP Long Term Interest Rate	3.56%	3.69%	3.93%	4.17%
FY	Short Term Interest Rate	1.04%	3.22%	4.13%	3.30%
	School Facilities Trust Interest				
FY	TFBP Long Term Interest Rate	2.99%	2.94%	3.35%	3.75%
FY	Short Term Interest Rate	1.04%	3.22%	4.13%	3.30%
	Tobacco Trust Interest				
FY	TFBP Long Term Interest Rate	3.27%	3.35%	3.66%	3.98%

FY	Short Term Interest Rate	0.25%	3.22%	4.13%	3.30%
	Treasure State Endowment Trust Interest				
FY	TFBP Long Term Interest Rate	3.51%	3.79%	4.07%	4.34%
FY	Short Term Interest Rate	0.61%	3.22%	4.13%	3.30%

**Consumption Taxes**

	Diesel Tax				
FY	Time Series		2023	2024	2025
	Gasoline Tax				
FY	Time Series		2023	2024	2025
	GVW and Other Fees				
FY	Time Series		2023	2024	2025

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- END -