

HOUSE BILL 384

Introduced by Ream, et al.

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| 1/24 | Introduced |
| 1/24 | Referred to Taxation |
| 1/25 | First Printing |
| | Died in Committee |

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HOUSE BILL NO. *384*

INTRODUCED BY *Ream* *Bal Brown*

BY REQUEST OF REVENUE OVERSIGHT 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 ANTICIPATED REVENUE FOR EACH YEAR OF THE 1992-93 BIENNIUM FOR THE PURPOSE OF ACHIEVING A BALANCED BUDGET AS MANDATED BY ARTICLE VIII, SECTION 9, OF THE MONTANA CONSTITUTION; ACCEPTING A JUNE 30, 1990, GENERAL FUND AND STATE EQUALIZATION ACCOUNT BALANCE THAT WAS ESTABLISHED BASED ON GENERALLY ACCEPTED ACCOUNTING PRINCIPLES; REQUESTING THE GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING TO USE THE REVENUE ESTIMATES CONTAINED IN THIS RESOLUTION AS OFFICIAL REVENUE ESTIMATES FOR FISCAL YEARS 1991-92 AND 1992-93; AND ESTABLISHING AN ESTIMATE OF THE NONGENERAL FUND REVENUES FOR THE STATE EQUALIZATION ACCOUNT.

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 the estimated revenue of the state; and

1 WHEREAS, Article VIII, section 9, of the Montana Constitution requires that the
2 Legislature may not appropriate funds in excess of the anticipated revenue of the state; and

3 WHEREAS, section 5-18-107(5), MCA, requires the Revenue Oversight Committee to estimate
4 the amount of revenue projected to be available for legislative appropriation and to
5 introduce a house joint resolution setting forth the Committee's current revenue estimate for
6 the biennium; and

7 WHEREAS, section 5-12-302(6), MCA, requires the Office of the Legislative Fiscal Analyst
8 to assist the Revenue Oversight Committee in its revenue estimating duties; and

9 WHEREAS, due to the complexity of economic variables involved in revenue forecasting and
10 the diversity of sources from which state revenues are obtained, it has become increasingly
11 difficult to project revenues in order to prepare a balanced budget for the ensuing biennium;
12 and

13 WHEREAS, past legislatures have not agreed on revenue projections until the last days
14 of the session, when there is little time for comprehensive analysis or reasoned criticism;
15 and

16 WHEREAS, it is in the best interests of the state that revenue forecasts be discussed
17 and arrived at in public hearings at which all the people may attend and participate.

18

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

3 That the state general fund revenue for fiscal years 1991, 1992, and 1993 is estimated
4 to be \$432,309,000, \$562,288,000, and \$579,601,000, respectively. The school foundation
5 revenue for fiscal years 1991, 1992, and 1993 is estimated to be \$398,457,000, \$259,320,000,
6 and \$263,494,000, respectively.

7 BE IT FURTHER RESOLVED, that the Legislature accepts for budget purposes the unreserved
8 fund balance for the general fund of \$89,038,000 and \$20,592,000 for the state equalization
9 account, prepared according to generally accepted accounting principles as published in the
10 audited state financial statements as of June 30, 1990.

11 BE IT FURTHER RESOLVED, that the Governor's Office of Budget and Program Planning use
12 the revenue estimates contained in this resolution as the official revenue estimates for
13 fiscal years 1991-92 and 1992-93.

14 GENERAL FUND REVENUE

15 The projections for total general fund revenue during the 1992-93 biennium are based on
16 an assumption of a continuation of Montana law as it existed on January 1, 1991.

17 The revenue estimates contained in the following tables are based on the assumptions
18 stated previously in this resolution and those listed in the following tables.

ECONOMIC ASSUMPTIONS

Revenue Oversight Committee

| | | CY/FY | CY/FY | CY/FY | CY/FY |
|-------------|---|-------------|-------------|-------------|-------------|
| | | 1990 | 1991 | 1992 | 1993 |
| <u>YEAR</u> | <u>ASSUMPTION</u> | | | | |
| 6 | MT Population July 1 (Thousands) | 800.000 | 800.000 | 804.000 | 808.000 |
| 7 | MT Population > = 16 July 1 (Thousands) | 608.000 | 609.000 | 613.000 | 617.000 |
| 8 | MT Population 18-24 July 1 (Thousands) | 71.000 | 67.000 | 64.000 | 61.000 |
| 9 | CY MT Nonfarm Employment (Thousands) | 294.800 | 295.300 | 298.900 | 301.000 |
| 10 | CY MT Personal Income (Billions) | \$11.902 | \$12.471 | \$13.041 | \$13.712 |
| 11 | CY MT Nonfarm Wage & Salary Income (Billions) | \$5.676 | \$5.941 | \$6.226 | \$6.509 |
| 12 | CY U.S. Corporate Profits Before Taxes (Billions) | \$297.700 | \$303.400 | \$310.300 | \$306.600 |
| 13 | CY CPI Percent Change | 5.560% | 5.730% | 3.970% | 4.590% |
| 14 | FY Short-Term Interest Rate | 8.120% | 7.590% | 7.710% | 8.130% |
| 15 | FY Long-Term Interest Rate | 9.350% | 9.410% | 9.480% | 9.610% |
| 16 | CY Prime Interest Rate | 9.950% | 9.810% | 10.000% | 10.000% |
| 17 | FY Treasury Cash Average Balance (Millions) | \$327.724 | \$266.596 | \$238.918 | \$219.369 |
| 18 | FY TRANS Issue (Millions) | \$0.000 | \$0.000 | \$0.000 | \$0.000 |
| 19 | FY Individual Income Tax Audits (Millions) | \$9.428 | \$8.930 | \$9.431 | \$9.954 |
| 20 | FY Corporation Tax Audits (Millions) | \$8.369 | \$8.109 | \$8.239 | \$8.174 |
| 21 | CY Total Oil Production (Million bbls.) | 18.558 | 17.809 | 17.196 | 16.525 |
| 22 | CY Montana Oil Price | \$20.982 | \$23.729 | \$21.600 | \$21.227 |
| 23 | FY Statewide Taxable Valuation (Millions) | \$1,884.550 | \$1,564.317 | \$1,587.654 | \$1,616.398 |
| 24 | CY Total Coal Production (Million tons) | 34.822 | 34.473 | 34.356 | 34.818 |

| | | CY/FY | CY/FY | CY/FY | CY/FY | |
|----|-------------|---|-------------|-------------|-------------|-------------|
| | <u>YEAR</u> | <u>ASSUMPTION</u> | <u>1990</u> | <u>1991</u> | <u>1992</u> | <u>1993</u> |
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | CY | Montana Coal Price (CSP) | \$7.409 | \$7.362 | \$7.434 | \$7.456 |
| 4 | FY | Coal Tax Credits (Millions) | \$7.141 | \$4.996 | \$2.449 | \$0.000 |
| 5 | CY | Total Nat'l Gas Production (M MCF) | 45.168 | 45.622 | 47.304 | 47.437 |
| 6 | CY | Montana Nat'l Gas Price (\$/MCF) | \$1.564 | \$1.773 | \$1.907 | \$2.097 |
| 7 | CY | Copper Production (M lbs.) | 111.061 | 135.762 | 137.863 | 130.776 |
| 8 | CY | Gold Production (M ozs.) | 0.357 | 0.348 | 0.345 | 0.347 |
| 9 | CY | Silver Production (M ozs.) | 6.430 | 6.449 | 6.454 | 6.457 |
| 10 | CY | Lead Production (M lbs.) | 11.651 | 11.665 | 11.674 | 11.739 |
| 11 | CY | Zinc Production (M lbs.) | 31.986 | 32.029 | 32.421 | 32.602 |
| 12 | CY | Molybdenum Production (M lbs.) | 13.000 | 14.100 | 10.900 | 9.300 |
| 13 | CY | Palladium Production (M ozs.) | 0.185 | 0.200 | 0.222 | 0.290 |
| 14 | CY | Platinum Production (M ozs.) | 0.057 | 0.061 | 0.067 | 0.088 |
| 15 | CY | Copper Price | \$1.031 | \$1.046 | \$1.038 | \$1.042 |
| 16 | CY | Gold Price | \$400.675 | \$400.675 | \$400.675 | \$400.675 |
| 17 | CY | Silver Price | \$4.775 | \$4.775 | \$4.775 | \$4.775 |
| 18 | CY | Lead Price | \$0.209 | \$0.209 | \$0.209 | \$0.209 |
| 19 | CY | Zinc Price | \$0.502 | \$0.502 | \$0.502 | \$0.502 |
| 20 | CY | Molybdenum Price | \$3.104 | \$3.119 | \$3.112 | \$3.115 |
| 21 | CY | Palladium Price | \$132.725 | \$132.725 | \$132.725 | \$132.725 |
| 22 | CY | Platinum Price | \$453.253 | \$453.253 | \$453.253 | \$453.253 |
| 23 | FY | Forest Receipts (Millions) | \$7.582 | \$11.150 | \$7.753 | \$7.705 |
| 24 | FY | Permanent Trust Gains/Losses (Millions) | \$1.685 | \$1.195 | \$1.195 | \$1.195 |

| | | CY/FY | CY/FY | CY/FY | CY/FY |
|----|--|-------------|-------------|-------------|-------------|
| | <u>YEAR</u> | <u>1990</u> | <u>1991</u> | <u>1992</u> | <u>1993</u> |
| 1 | | | | | |
| 2 | <u>YEAR</u> | <u>1990</u> | <u>1991</u> | <u>1992</u> | <u>1993</u> |
| 3 | FY Common School Trust Gains/Losses (Millions) | \$1.394 | \$1.231 | \$1.231 | \$1.231 |
| 4 | FY Resource Ind. Trust Gains/Losses (Millions) | \$0.339 | \$0.339 | \$0.339 | \$0.339 |
| 5 | FY Park Acq. Trust Gains/Losses (Millions) | \$0.084 | \$0.054 | \$0.054 | \$0.054 |
| 6 | FY Liquor Unit Sales (Millions) | 4.883 | 4.780 | 4.680 | 4.582 |
| 7 | FY Wine Unit Sales (Millions) | 0.121 | 0.100 | 0.083 | 0.067 |
| 8 | FY Liquor Cost Per Unit | \$4.890 | \$4.977 | \$5.066 | \$5.156 |
| 9 | FY Wine Cost Per Unit | \$3.262 | \$3.258 | \$3.372 | \$3.483 |
| 10 | FY Liquor Division Budget (% Change) | 0.510% | 0.000% | 0.000% | 0.000% |
| 11 | FY Cigarette Packs (Millions) | 69.568 | 68.874 | 68.068 | 67.156 |
| 12 | FY Tobacco Value (Millions) | \$7.145 | \$7.626 | \$8.053 | \$8.490 |
| 13 | FY Insurance Premiums Growth (% Change) | 1.890% | 1.890% | 1.890% | 1.890% |
| 14 | FY Insurance Premiums Tax Credit | \$2.151 | \$3.231 | \$4.311 | \$5.391 |
| 15 | FY Police & Firemen Retirement (Millions) | \$6.076 | \$6.213 | \$6.391 | \$6.479 |
| 16 | CY Telephone Taxable Income (% Change) | \$223.653 | \$234.185 | \$241.724 | \$250.770 |
| 17 | CY Kilowatt Hours Produced (Millions) | 22,674.000 | 22,664.000 | 22,682.000 | 22,663.000 |
| 18 | FY Barrels of Beer (Millions) | 0.704 | 0.702 | 0.706 | 0.711 |
| 19 | CY Freight Line Earnings (Millions) | \$21.206 | \$21.757 | \$21.768 | \$21.699 |
| 20 | FY Liters of Wine (Millions) | 5.203 | 5.036 | 4.907 | 4.785 |
| 21 | FY Video Machine Net Income (Millions) | \$112.635 | \$126.079 | \$139.382 | \$150.333 |
| 22 | FY Statewide Vehicle Value (Millions) | \$1901.204 | \$1905.049 | \$1935.412 | \$1986.326 |
| 23 | FY Per Capita Lottery Sales | \$26.917 | \$32.080 | \$38.478 | \$44.817 |

Current Law
General Fund Revenue Estimates
(In Millions)

| | ESTIMATED | ESTIMATED | ESTIMATED |
|----------------------------|----------------|----------------|----------------|
| <u>Source of Revenue</u> | <u>FY 1991</u> | <u>FY 1992</u> | <u>FY 1993</u> |
| Individual Income Tax | \$150.245000 | \$305.411000 | \$323.470000 |
| Corporation License Tax | 43.307000 | 53.645000 | 52.879000 |
| Coal Severance Tax | 7.456000 | 5.939000 | 5.913000 |
| Oil Severance Tax | 20.296000 | 20.520000 | 18.081000 |
| Interest on Investments | 20.235000 | 18.421000 | 17.835000 |
| Long-Range Bond Excess | 43.036000 | 9.393000 | 9.335000 |
| Coal Trust Interest Income | 42.473000 | 44.225000 | 45.890000 |
| Insurance Premiums Tax | 18.746000 | 18.020000 | 17.395000 |
| Public Institutions Reimb. | 12.205000 | 12.618000 | 13.065000 |
| Liquor Profits | 8.018000 | 4.363000 | 4.302000 |
| Liquor Excise Tax | 5.500000 | 5.710000 | 5.691000 |
| Inheritance Tax | 9.391000 | 9.704000 | 9.969000 |
| Metal Mines Tax | 3.991000 | 4.661000 | 4.460000 |
| Electrical Energy Tax | 4.240000 | 4.239000 | 4.241000 |
| Driver's License Tax | 0.879000 | 0.882000 | 0.886000 |
| Telephone License Tax | 3.903000 | 4.073000 | 4.209000 |
| Beer License Tax | 1.264000 | 1.272000 | 1.280000 |
| Natural Gas Severance Tax | 1.438000 | 1.634000 | 1.816000 |

| | ESTIMATED | ESTIMATED | ESTIMATED |
|----|--------------------------|----------------|----------------|
| | <u>FY 1991</u> | <u>FY 1992</u> | <u>FY 1993</u> |
| 1 | | | |
| 2 | <u>Source of Revenue</u> | | |
| 3 | Freight Line Tax | 1.197000 | 1.193000 |
| 4 | Wine Tax | 0.806000 | 0.766000 |
| 5 | Video Gaming Income Tax | 6.304000 | 6.969000 |
| 6 | Motor Vehicle Account | 6.672000 | 6.850000 |
| 7 | Vehicle Fees | 2.667000 | 2.710000 |
| 8 | Public Contractor's Tax | 1.044000 | 1.070000 |
| 9 | Other Revenue Sources | 16.996000 | 17.977000 |
| 10 | | | |
| 11 | GRAND TOTAL | \$432.309000 | \$562.288000 |
| 12 | | | |
| 13 | | | |
| 14 | | | |
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| 20 | | | |
| 21 | | | |
| 22 | | | |
| 23 | | | |
| 24 | | | |

Current Law
 Foundation Program Revenue Estimates
 (In Millions)

| | ESTIMATED | ESTIMATED | ESTIMATED |
|----|--------------------------|----------------|----------------|
| | <u>FY 1991</u> | <u>FY 1992</u> | <u>FY 1993</u> |
| 18 | | | |
| 19 | <u>Source of Revenue</u> | | |
| 20 | State Revenue | | |
| 21 | Income Tax | \$124.102000 | \$0.000000 |
| 22 | Corporation Tax | 20.234000 | 0.000000 |
| 23 | Coal Tax | 5.523000 | 4.399000 |
| 24 | Interest & Income | 36.961000 | 38.063000 |

| | ESTIMATED | ESTIMATED | ESTIMATED | |
|----|-------------------------------|----------------|----------------|---------------|
| | <u>FY 1991</u> | <u>FY 1992</u> | <u>FY 1993</u> | |
| 1 | | | | |
| 2 | <u>Source of Revenue</u> | | | |
| 3 | U.S. Oil & Gas Royalties | 25.497000 | 25.688000 | 24.829000 |
| 4 | Education Trust Interest | 0.175000 | 0.070000 | 0.072000 |
| 5 | State Equal. Account Interest | 0.629000 | 0.375000 | 0.000000 |
| 6 | Permanent Trust Interest | 6.245000 | 7.804000 | 8.098000 |
| 7 | Lottery | 4.975000 | 5.997000 | 7.020000 |
| 8 | Statewide 40 Mills | 62.573000 | 63.506000 | 64.656000 |
| 9 | Miscellaneous | 7.337000 | 8.396000 | 8.719000 |
| 10 | County Levy Surplus | 0.000000 | 0.000000 | 0.000000 |
| 11 | | | | |
| 12 | Total State | \$294.251000 | \$154.298000 | \$157.067000 |
| 13 | | | | |
| 14 | Statewide Taxable Valuation | \$1564.317000 | \$1587.654000 | \$1616.398000 |
| 15 | | | | |
| 16 | <u>County Revenue</u> | | | |
| 17 | 45 Mills | \$86.037000 | \$87.321000 | \$88.902000 |
| 18 | Elementary Transportation | -3.754000 | -3.766000 | -3.779000 |
| 19 | Cash Reappropriated | 2.653000 | 1.116000 | 0.339000 |
| 20 | Forest Funds | 1.252000 | 1.276000 | 1.304000 |
| 21 | Taylor Grazing | 0.114000 | 0.113000 | 0.112000 |
| 22 | Miscellaneous | 18.706000 | 19.772000 | 20.369000 |
| 23 | High School Tuition | -0.802000 | -0.810000 | -0.820000 |
| 24 | | | | |

| 1 | | ESTIMATED | ESTIMATED | ESTIMATED |
|----|-------------------------------|----------------|----------------|----------------|
| 2 | <u>Source of Revenue</u> | <u>FY 1991</u> | <u>FY 1992</u> | <u>FY 1993</u> |
| 3 | Total County | \$104.206000 | \$105.022000 | \$106.427000 |
| 4 | | | | |
| 5 | | | | |
| 6 | District Revenue | | | |
| 7 | Permissive Levy | \$0.000000 | \$0.000000 | \$0.000000 |
| 8 | Light Vehicle Replacement | 0.000000 | 0.000000 | 0.000000 |
| 9 | | | | |
| 10 | Total District | \$0.000000 | \$0.000000 | \$0.000000 |
| 11 | | | | |
| 12 | | | | |
| 13 | Total State, County, District | \$398.457000 | \$259.320000 | \$263.494000 |
| 14 | | | | |
| 15 | | -END- | | |