

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON JOINT REVENUE ESTIMATING

Call to Order: By Chairman Bob Ream, on January 31st 1989, at 5:00 p.m.

ROLL CALL

Members Present: All members present

Members Excused: none

Members Absent: none

Staff Present: Dave Bohyer, Legislative Council, Maureen Cleary, Committee Secretary

Announcements/Discussion: The Committee was handed an agenda for the weeks to follow January 31st through February 15th. Chairman Ream opened the agenda for discussion to the Committee members. Discussion was as follows:

Sen. Gage: "I don't think that we are going to do much in the line of altering these things, and I don't think that there is one of us on the committee that will bring anything into this. I think the research will be done by the staff people and they will update all of the figures without anything from us. I think we need a one shot meeting, and let us vote."

Rep. Ellison: "The only trouble is that these offices don't always agree. And differences always turn up. Somebody has to judge who has the right figures."

Rep. Ream: "There is a \$26 million difference between the two and I feel that it is our job to iron out that difference. We should end up with a figure that will be the final figure that we use for budget planning for the legislature."

Sen. Harp: "Normally in the past few sessions even before we formed this Committee, the LFA historically has always had a lower estimate than the Office of Budget and Program Planning. This is the first time that I ever recall that the LFA is actually showing a rosier picture as far as a revenue goes, than the OBPP. As far as having the other meetings, it does give people insight as to where the money comes from to fund state government. And when you hear bills come up on the floor, the information you get from this Committee is worth while. For the education purpose alone it has been interesting. And it could be anybody's guess."

Rep. Ream: "I assume that the Committee will follow the agenda, unless anyone disagrees. And we will try to follow the proposed agenda." (See Exhibit #6)

Mr. Terry Johnson/Governor's Revenue Estimating Advisory Council (REAC): Presented to the Committee several exhibits and presented an overall review of the contents of each. (See Exhibits numbered #1, #3, #4, and #5) Addressing each category and each figure, noting to the Committee how the Executive figures are arrived at. He also noted to the Committee how the Council came to be: the Revenue Estimating Advisory Council was established in 1986, under the directive of Governor Ted Schwinden. The purpose was essentially to develop a forum within which economic assumptions could be developed, and used in the preparation of the budget. In addition, that same information could be used in formulating tax policy and preparation of fiscal notes. The assumptions that are used in the preparation of fiscal notes are based on the action of the Revenue Estimating Advisory Council. The Council was made up of five members. The Office of Budget and Program Planning was assigned to be the staff to that council. The council structure was that it held public meetings where individuals from industries such as oil and coal came before the Council and provided testimony on what was foreseen as patterns of the industries that were represented. Other persons that participated in the process were the State Economist and persons from the Bureau of Business and Economic Research Office. The process that we went through was adopting a set of preliminary economic assumptions and once those were adopted a set of revenue forecasts. The Council would meet again at a later date, and finalize the assumptions. Then, as staff to the council, it was up to me to generate the revenue estimates based on those assumptions. The revenue estimates that were derived were used by the Governor in his preparation for the Executive Budget. Some of the minor assumptions are not listed, but the key assumptions are listed. The key thing that you want to keep in mind as you go through the process, is that if you take a look at general revenues, approximately 75% of your revenues in the general fund is made up of about 5 to 6 revenue sources. If you addressed those sources in terms of economic assumptions, you will be able to come up with about that 75% of the general fund revenue. As a general direction of what the Council saw in terms of economic growth in the state, I feel that it could be characterized as "slow growth".

Mr. Phil Brooks/ former state economist, Office of Research and Information Services, Montana University Systems: advised the Committee that they deal with a broader perspective as far as the state is concerned. He reviewed the document that was presented to the Committee (See Exhibit #2) dealing with calendar year data, and commented that sometimes there may be some differences in this figure than

when dealing with a fiscal year data.

Ms. Judith Curtis-Waldron/Legislative Fiscal Analyst: Reviewed Exhibits numbered #3, #4, #5 to the Committee.

QUESTIONS FROM THE COMMITTEE:

Sen. Gage asked Ms. Waldron how her figures compare with the LFA projections made in the 87 to 89 years. Ms. Waldron stated that it didn't work out well for either one of the offices last year, and that she still has work to do on the 89 figures.

Sen. Harp commented that he felt that the LFA had underestimated the revenue in the past. Ms. Waldron agreed that they had underestimated the gain and the surtax.

Rep. Ream noted to Mr. Johnson that in listening to Ms. Waldron, it seems your assumptions on personal income growth and population growth were different. Mr. Johnson noted that their office (LFA) was looking at a 4 1/2% growth rate. Noting that inflation rate was about the same range.

Sen. Harp asked Ms. Waldron if she would explain more fully the differences noted in the daily average balance between the two offices. Ms. Waldron stated the interest on investments, the cash that the state has where the trust is not earmarked, that the cash fits into the treasury cash account, that it earns interest, which is deposited into the general fund. Executive assumptions are for each fiscal year noting that the LFA is higher this year. Sen. Harp commented that he could not believe that the executive branch believes that we are going to get away without having tax based on our budget deficit, are we going to get by without any tax anticipation notes? Ms. Waldron commented that the OBPP has a revenue adjustment based on the level of spending, they would have more...I was just plugging numbers out of your revenue resolution which is zero. But the LFA would have higher number than we expected.

Mr. Johnson commented that the forecasts in HJR13 are based on the current law. In terms of the tax and revenue anticipation notes, when the Council met in October they decided that in terms of their projections, to arrive at a set of revenue forecasts that they did not have any insight in terms of what the governor was going to propose, in terms of spending recommendations. When the Council did that, they assumed that they would have to take the conservative route and assume that once the governor's budget was ultimately prepared then we adjusted the revenue estimates based on an assumption that \$30 million in new spending for the university system, an additional \$20 million in reduction of personal property and \$49 million of one-time money is that all included in the \$30 million.

Sen. Harp: So what we are talking about is that we are going to have to have a hell of a lot more in notes to fund this biennium. Mr. Johnson commented to Sen. Harp that he agreed that would be an "accurate assumption." The IRS in terms of the way they specify the rules is that when the cash is achieved during the fiscal year, you can borrow or issue short term notes to make up that cash deficit. And traditionally March is the month that we actually go into a deficit situation, so depending on how the outflow of cash takes place there is a very good chance that the \$30 million is not sufficient.

Rep. Driscoll asked Ms. Waldron what is the term of short term notes. Ms. Waldron replied: interest on investments typically is just a couple of months. Long term is used for permanent coal trust. Rep. Driscoll asked how much money would one percent bring in. Ms. Waldron deferred to Mr. Johnson: in terms of the treasury cash balance, one percent equals about \$2 million and in the permanent trust account 1% equals about \$4 million.

Sen. Harp asked Mr. Johnson if the reason why we have gone down so far in March is due to the School Foundation payments. Mr. Johnson noted: No. Actually, five payments made throughout the year are designated for the Foundation Program, but the March deficit results from the fact that we have very little revenue coming in that month.

Rep. Ream commented to the Committee that from the presentations that we have heard today, it appears that both, population and income growth are slow but steady in the next biennium. Is there consensus from the Committee on that?

Sen. Eck commented: are you asking us to be more hopeful?

Rep. Ellison noted that it looked as bad as the weather outside.

Rep. Ream addressed the Committee stating that the intention would be to get some agreement on figures to go into House Joint Resolution 13. Noting that they will take them as they come up in the agenda.

ADJOURNMENT

Adjournment At: 6:05 p.m.



REP. BOB REAM, Chairman

BR/mc

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THE STATE OF MONTANA

Governor's Revenue Estimating Advisory Council

REVENUE ESTIMATES
Fiscal Years 1989-1990-1991

exhibit #2

1/31/89.

EXHIBIT #2

DATE 1/31/89

HB HJR 13

ECONOMIC CONDITIONS IN MONTANA, 1988

EXECUTIVE SUMMARY

**Phil Brooks, State Economist
Office of Research and Information Services
Montana Department of Commerce**

January 1989

DEPARTMENT OF COMMERCE



STAN STEPHENS, GOVERNOR

1424 9TH AVENUE

STATE OF MONTANA

(406) 444-3494

HELENA, MONTANA 59620-0401

January 1989

The Honorable Stan Stephens, Governor of Montana, and
Members of the 51st Legislature

Attached is the executive summary of the forthcoming Economic Conditions in Montana, 1988. The summary describes the current jobs recovery in Montana, discusses the general shift in the type of employment in the 1980s, and provides a brief description of the jobs outlook for 1989 and 1990.

The full report presents a more complete overview of the Montana economy from a statewide perspective, including a brief economic history of Montana from 1880 to the present, more details regarding the growth of various economic sectors in the last 20 years, and information on income, unemployment, and population not contained in the executive summary. The report also details economic conditions in each of 12 regions statewide. Each region is analyzed using data on population, employment, unemployment, and income. Many of the tables used in the analysis contain information specific to the counties that comprise a given region.

As with two previous reports, the report on economic conditions in Montana is sponsored by the Governor's Council on Economic Development, which was created by Executive Order No. 15-83. The council is staffed by the department's Office of Research and Information Services. Please contact that office at 444-3814 to obtain the full report.

I believe that the enclosed executive summary and the forthcoming full report on economic conditions in Montana will provide valuable information and insight to both public and private decisions makers.

Sincerely,

A handwritten signature in cursive script, appearing to read "Andy Poole".

Andy Poole
Acting Director

ECONOMIC CONDITIONS IN MONTANA, 1988

Executive Summary

The Montana economy, as measured by jobs, currently is growing, and jobs have been increasing since late 1986. Figure 1 shows that the recovery was weak until the fourth quarter of 1987. Also, the distribution of the economic recovery was uneven across the state in 1987, with most of the job growth occurring in the western third of Montana. Preliminary data for 1988 indicate that the recovery was more widespread last year. Employment and population growth overall in the 1980s, however, has been erratic, and the growth in employment between 1979 and 1987 was less than the national average. The growth that occurred was generally characterized by a shift from wage and salary jobs to self-employment.

Shift in Jobs in the 1980s

Data from the U.S. Bureau of Economic Analysis show that over the period 1979-87, jobs in Montana increased by about 14,000 overall. There was a net loss of 11,000 wage and salary jobs, while the number of self-employed increased by roughly 25,000 (all in the non-agricultural sector). This movement represents a substantial shift from wage and salary jobs to self-employment. This shifting phenomenon was also experienced by the neighboring states of Idaho and Wyoming, and to a lesser extent by North Dakota and South Dakota, but Montana's self-employment growth rate was higher than the average for its contiguous states. There also was shift among sectors in Montana within the wage and salary category.

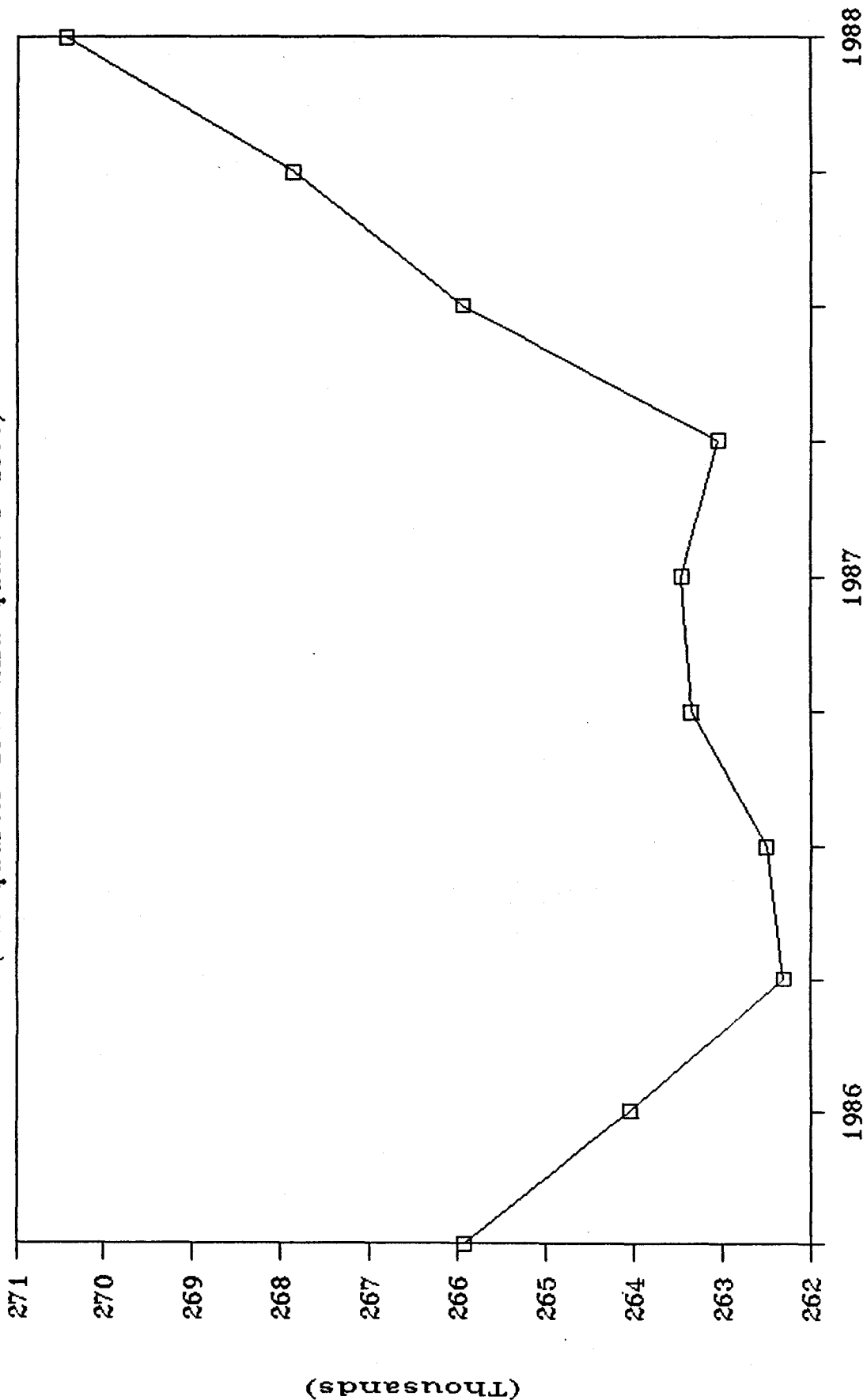
The principal industries where self-employment gains occurred included: assorted consumer services (e.g., recreation, repair, and health services), 8,000 jobs; various business services (such as management consultants, building maintenance, and data processing services), 6,000 jobs; real estate activities (operators/lessors, agents), 4,000 jobs; and special trade construction contractors (e.g., plumbing/heating, electrical), 2,000 jobs.

Wage and salary job losses occurred primarily in construction (principally building construction related jobs), 7,000; manufacturing (wood products - 2,600, primary metals processing - 2,100, food products - 1,400), about 6,000 jobs; railroads, 4,000; and wholesale trade, 2,500.

On the other hand, wage and salary employment increased in other segments of the Montana economy, with the largest increase in private services producing 9,000 jobs over the 1979-87 time period. Most of this increase was in health services (5,500

Figure 1

Montana Seasonally Adj Wage/Salary Jobs (1st quarter 1986-2nd quarter 1988)



Source: Research and Analysis Bureau, Montana Department of Labor and Industry, unpublished data.

jobs), and in business services (3,000 jobs). Eating and drinking establishments also saw an increase of approximately 2,000 jobs.

Fluctuations in Job Levels

The decade of the 1980s saw great job level fluctuations. The Montana economy suffered from the 7-month national recession of 1980 and from the 1981-82 recession. Both the national and the Montana economy rebounded in 1983 and 1984. The national economy slowed in 1985 and 1986, slowing economic growth in Montana. In addition, Montana's dependence on natural resource industries contributed to instability. For example, the 1980s saw wide swings in oil and gas jobs, including a decline in 1985 and 1986.

The state also had two other factors contributing to an overall job decline in 1985 and over most of 1986--the statewide drought in 1985 and job losses associated with several manufacturing plant closures in 1985 and 1986. In addition, other manufacturing industries upgraded facilities and production methods, substituting new machinery for labor.

The Recent Recovery

Various industries in the state started their recovery at different times, but the average date was the end of 1986 (Figure 1). The private services sector growth preceded the overall economic recovery (in fact this sector grew throughout the 1980s). Retail trade and federal government jobs also recovered sooner than the overall economy. Services increased by about 5,000 wage/salary jobs between 1986 and 1988, with the largest increase in health and related social services. Retail trade grew by approximately 1,700, with eating and drinking places showing the most growth. Lastly, federal jobs increased by about 800, partly related to the fire fighting effort. Table 1 presents information on 1986-1988 wage and salary jobs for all segments of the Montana economy except agriculture and the military.

Mining started to recover in the early spring of 1987, with the metal mining industry increasing by about 1,000 jobs between 1986 and 1988 (Table 1). This increase largely resulted from the opening of a number of new gold mines, one platinum/palladium mine, and the reopening of the Butte copper mine. The manufacturing sector began its recovery in September 1987, as did construction in a small way.

Jobs in several segments of the Montana economy declined over the recovery period including wholesale trade, state and local government, and the communications industry. The latter industry has been declining since 1981, partly as a result of the AT&T

Table 1

MONTANA NON-AGRICULTURAL WAGE AND SALARY JOBS, 1986-1988
(Thousands of Jobs)

	1986	1987	1988 Prel.	1987-1988 Change	1987-1988 % Change
TOTAL NON-AGRICULTURAL JOBS	275.4	276.0	279.6	3.6	1.3%
MINING	5.8	5.7	6.3	0.6	10.5%
Metal Mining	1.2	1.7	2.2	0.5	29.4%
Oil and Gas Extraction	2.3	2.0	2.0	0.0	0.0%
Coal and Other Non-Metals	2.3	2.0	2.1	0.1	5.0%
CONSTRUCTION	10.2	8.7	8.7	0.0	0.0%
General Building Contractors	2.8	2.4	2.4	0.0	0.0%
Heavy Construction Contractors	2.9	2.3	2.3	0.0	0.0%
Special Trade Contractors	4.5	4.0	4.0	0.0	0.0%
MANUFACTURING	21.1	21.0	21.3	0.3	1.4%
DURABLE GOODS	12.8	12.9	13.1	0.2	1.6%
Lumber and Wood Products	8.2	8.4	8.1	-0.3	-3.6%
Primary Metals Processing	1.2	1.2	1.2	0.0	0.0%
Other Durable Goods	3.3	3.3	3.8	0.5	15.2%
NON-DURABLE GOODS	8.4	8.1	8.2	0.1	1.2%
Food and Kindred Products	2.8	2.7	2.7	0.0	0.0%
Printing and Publishing	2.4	2.4	2.5	0.1	4.2%
Petroleum Refining	0.9	0.8	0.8	0.0	0.0%
Other Non-Durable Goods	2.3	2.2	2.2	0.0	0.0%
TRANSPORTATION AND UTILITIES	20.4	19.6	19.4	-0.2	-1.0%
Railroads	3.7	3.4	3.3	-0.1	-2.9%
Other Transportation	8.1	8.0	8.2	0.2	2.5%
Utilities	8.5	8.2	7.9	-0.3	-3.7%
WHOLESALE TRADE	15.4	14.8	14.7	-0.1	-0.7%
RETAIL TRADE	57.2	57.9	58.9	1.0	1.7%
General Merchandise and Apparel	8.3	8.6	8.6	0.0	0.0%
Food Stores	8.5	8.5	8.8	0.3	3.5%
Auto, Dealers and Service Stations	7.8	7.8	7.9	0.1	1.3%
Eating and Drinking Places	21.7	22.0	22.4	0.4	1.8%
Other Retail Trade	11.0	11.1	11.2	0.1	0.9%
FINANCE, INSURANCE, AND REAL ESTATE	13.1	13.3	13.3	0.0	0.0%
PRIVATE SERVICES	62.1	65.0	66.9	1.9	2.9%
Hotels and Other Lodging Places	6.9	6.9	7.1	0.2	2.9%
Personal Services	3.0	2.9	3.0	0.1	3.4%
Health Services	21.9	23.1	23.4	0.3	1.3%
Other Services	30.4	32.0	33.4	1.4	4.4%
GOVERNMENT	70.2	70.0	70.1	0.1	0.1%
Federal-Civilian	12.7	13.2	13.5	0.3	2.3%
State Government	19.4	19.0	19.1	0.1	0.5%
Colleges and Universities	8.8	8.6	8.6	0.0	0.0%
Other State Government	10.6	10.3	10.5	0.2	1.9%
Local Government	38.0	37.8	37.5	-0.3	-0.8%
Local Education	22.8	22.8	22.6	-0.2	-0.9%
Other Local Government	15.2	15.0	14.9	-0.1	-0.7%

Sources: Research and Analysis Bureau, Montana Department of Labor and Industry for 1986 and 1987 data; Office of Research and Information Services, Montana Department of Commerce for 1988 data, based in part on published and unpublished information supplied by the Montana Department of Labor and Industry.

break-up. Wholesale trade also has been declining since 1981, partially related to less oil and gas exploration. In addition, jobs in state and local government have decreased since 1986.

Distribution of the Recovery Geographically

The growth in jobs between 1986 and 1987 was quite uneven across the state. Nearly all of the growth occurred in the western third of the state, namely the Kalispell, Missoula, Helena, Butte, and Great Falls regions. The most notable exception to that pattern was Stillwater County, where the opening of a platinum/palladium mine resulted in a county jobs growth rate of 16 percent.

Based on available county data through June 1988, growth in 1988 appears to be more even geographically. Only the Miles City region of southeastern Montana showed a decline in jobs. Employment in Rosebud County (part of the Miles City region), however, increased between 1987 and 1988 as the result of coal development.

Jobs Outlook for 1989 and 1990

An analysis of forecasts from the Bureau of Business and Economic Research in Missoula, the Federal Reserve Bank of Minneapolis, and the First Interstate Bank suggests continued growth in nonfarm wage and salary jobs in 1989. The forecasts range from zero growth to a 1 percent increase. The estimates, however, may be conservative because the forecasts were made prior to a very recent upward revision of the historical jobs estimates.

A jobs forecast for specific sectors is available only from the Bureau of Business and Economic Research, which projects a 1 percent growth or about 3,000 jobs for 1989. More than half of the increase is expected in private services, with other increases seen in forest products and metal mining. No increase is projected for government.

The forecasted increase for 1990 is similar to 1989, with projections ranging from zero to an 0.8 percent increase. Again, most of the increase is projected for private services, with a small decrease forecasted for forest products.

DATE 1/31/89

1/31/89

HB HJR 13

A COMPARISON OF GENERAL FUND REVENUE FORECASTS

Over fiscal years 1989 through 1991, the Office of the Legislative Fiscal Analyst forecasts general fund revenue will total \$9.3 million more than the executive budget in spite of the executive inclusion of \$20 million of revenue enhancement. The majority of the difference occurs in fiscal 1989. Executive estimates for fiscal 1990 and 1991 are based on an accounting change which only lists the federal share of medicaid reimbursements to state institutions as general fund revenue. For comparability, Table 2 in this report makes the same adjustment for the LFA estimate.

For fiscal 1989, the LFA anticipates general fund revenue of \$389.4 million which is \$12.1 million more than the executive forecast of \$377.3 million. Table 1 shows the fiscal 1989 difference by revenue category.

Table 1
Current Law General Fund Revenue Comparison
Fiscal Year 1989
(Thousands)

Category	LFA	Executive	Difference
Individual Income Tax	\$143,762	\$141,114	\$ 2,648
Corporation License Tax	29,654	28,694	960
Coal Severance Tax	9,137	8,918	219
Oil Severance Tax	12,943	13,536	(593)
Interest on Investments	17,315	14,324	2,991
Bond Transfer	39,636	38,444	1,192
Coal Trust Interest Income	39,574	39,002	572
Insurance Tax	21,625	21,371	254
Public Institutions Reimbursement	16,255	16,090	165
Liquor Profits	3,524	3,623	(99)
Liquor Excise Tax	5,188	4,998	190
Inheritance Tax	10,514	8,727	1,787
Metal Mines Tax	4,242	3,691	551
Electrical Energy Tax	3,632	3,389	243
Drivers' License Fees	790	804	(14)
Telephone License Fees	3,560	3,656	(96)
Beer License Tax	1,228	1,242	(14)
Natural Gas Severance Tax	1,055	1,143	(88)
Freight Line Tax	1,184	1,181	3
Wine Tax	833	901	(68)
Other Revenue Sources	23,797	22,509	1,288
Total	<u>\$389,448</u>	<u>\$377,357</u>	<u>\$12,091</u>

The largest differences are in individual income tax and interest on investments. Because the forecasting models are dissimilar, it is difficult to isolate the reasons for the LFA income tax forecast's being \$2.6 million, or 1.9 percent, higher. A likely explanation is that the executive assumes growth in per capita Montana personal income of 2.7 percent in 1988, while the LFA forecast of per

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GENERAL FUND REVENUE COMPARISON

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capita non-farm labor income is based on 3.0 percent growth. The LFA forecast of interest on investments is \$3.0 million above the executive, due to both a larger balance available for investment and a higher interest rate. The larger balance is primarily the result of higher LFA fiscal 1989 revenue forecasts for the general fund. While the executive assumes interest earned on the balance will average 7.50 percent, the LFA uses an average of 8.18 percent. During most of 1988, short-term interest rates have been on an upward trend and were in the 8.0 to 8.5 percent range in December. For fiscal 1989, the total LFA general fund revenue forecast is 3.2 percent higher than the executive.

For the 1991 biennium, the LFA forecast is \$2.8 million, or 0.4 percent, lower than the executive forecast with proposed revenue adjustments. Table 2 which follows shows the 1991 biennium difference by revenue category and fiscal year. Again, forecasts of interest on investments contribute to the difference. Due to both larger invested balances and higher interest rates, the LFA anticipates \$3.1 million more in interest on investments than the executive. The higher balances available for investment are the result of the LFA assumption that sales of tax and revenue anticipation notes (TRANS) add \$51 million and \$62 million to average balances in fiscal years 1990 and 1991, respectively. In contrast, the executive budget includes the sale of \$30 million of TRANS each year. While the executive uses an average interest rate of 7.30 percent for fiscal 1990 and 6.95 percent for fiscal 1991, the LFA anticipates interest rates of 7.95 percent and 7.14 percent in fiscal years 1990 and 1991, respectively. The rates in our forecast are based on Wharton Econometrics' forecasts of short term interest rates.

Table 2
General Fund Revenue Comparison
Fiscal Years 1990 and 1991
(Thousands)

Category	Fiscal 1990			Fiscal 1991			1991 Biennium		
	LFA	Executive	Difference	LFA	Executive	Difference	LFA	Executive	Difference
Individual Income Tax	\$136,676	\$139,170	\$(2,494)	\$150,401	\$148,077	\$ 2,324	\$287,077	\$287,247	\$ (170)
Corporation License Tax	29,660	28,855	805	30,567	29,010	1,557	60,227	57,865	2,362
Coal Severance Tax	7,318	7,235	83	6,594	6,249	345	13,912	13,484	428
Oil Severance Tax	12,680	14,439	(1,759)	13,467	13,836	(369)	26,147	28,275	(2,128)
Interest on Investments with TRANS	19,423	17,110	2,313	17,168	16,367	801	36,591	33,477	3,114
Bond Transfer	38,461	37,760	701	41,010	38,977	2,033	79,471	76,737	2,734
Coal Trust Interest Income	37,219	35,913	1,306	39,700	37,510	2,190	76,919	73,423	3,496
Insurance Tax	21,120	22,187	(1,067)	22,023	23,685	(1,662)	43,143	45,872	(2,729)
Public Institutions Reimbursement									
with Current Acctg. Procedures	16,702	16,206	496	17,161	16,332	829	33,863	32,538	1,325
Liquor Profits	3,714	3,153	561	3,942	2,680	1,262	7,656	5,833	1,823
Liquor Excise Tax	5,252	4,691	561	5,370	4,402	968	10,622	9,093	1,529
Inheritance Tax	9,550	8,905	645	9,980	9,151	829	19,530	18,056	1,474
Metal Mines Tax	4,336	4,145	191	3,703	3,595	108	8,039	7,740	299
Electrical Energy Tax	3,221	3,488	(267)	3,221	3,528	(307)	6,442	7,016	(574)
Drivers' License Fees	790	791	(1)	790	812	(22)	1,580	1,603	(23)
Telephone License Fees	3,720	3,821	(101)	3,803	3,971	(168)	7,523	7,792	(269)
Beer License Tax	1,228	1,244	(16)	1,240	1,260	(20)	2,468	2,504	(36)
Natural Gas Severance Tax	1,036	999	37	1,135	1,035	100	2,171	2,034	137
Freight Line Tax	1,288	1,117	171	1,342	1,180	162	2,630	2,297	333
Wine Tax	794	868	(74)	794	835	(41)	1,588	1,703	(115)
Other Revenue Sources	23,558	23,096	462	24,418	23,723	695	47,976	46,819	1,157
Subtotal	\$377,746	\$375,193	\$ 2,553	\$397,829	\$386,215	\$11,614	\$775,575	\$761,408	\$ 14,167
Change in Reimb. Acctg. Procedure	\$ (4,092)	\$ (3,995)	\$ (97)	\$ (4,203)	\$ (3,980)	\$ (223)	\$ (8,295)	\$ (7,975)	\$ (320)
Revenue Adjustments Proposed									
in the Executive Budget:									
Enhance Income Tax Collection	N/A	934	(934)	N/A	1,415	(1,415)	N/A	2,349	(2,349)
Divert Coal Trust Interest	N/A	5,946	(5,946)	N/A	6,229	(6,229)	N/A	12,175	(12,175)
OBRA Medicaid Reimbursement	N/A	332	(332)	N/A	554	(554)	N/A	886	(886)
Other Changes	N/A	615	(615)	N/A	618	(618)	N/A	1,233	(1,233)
Total	\$373,654	\$379,025	\$(5,371)	\$393,626	\$391,051	\$ 2,575	\$767,280	\$770,076	\$(2,796)

GENERAL FUND REVENUE COMPARISON

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The executive current law forecast of coal trust interest to the general fund is \$3.5 million less than the LFA forecast for the 1991 biennium. These differences are explained by higher coal tax estimates and interest projections in the LFA forecast. For fiscal 1990, the LFA estimate of the coal tax deposit to the permanent trust is \$26.7 million, or \$0.3 million greater than the executive estimate of \$26.4 million. For fiscal 1991, the LFA estimate of the coal tax deposit is \$24.1 million, or \$1.3 million higher than the executive estimate.

Interest rate projections applied by the executive and LFA on fiscal 1990 and 1991 deposits to the trust fund are shown in Table 3.

Table 3
Comparison of LFA and Executive Interest Rate Projections
1991 Biennium

	<u>Fiscal 1990</u>	<u>Fiscal 1991</u>
Long-term Interest Rate		
LFA	11.46%	10.43%
Executive	<u>8.88</u>	<u>8.75</u>
Difference	2.58%	1.68%
Short-term Investment Pool Rate		
LFA	7.95%	7.10%
Executive	<u>7.30</u>	<u>6.95</u>
Difference	<u><u>0.65%</u></u>	<u><u>0.15%</u></u>

The LFA interest rate projections are consistently higher than the executive projections. The effect of these higher interest rate projections is compounded over time, so that the difference between the executive and LFA forecasts of coal trust interest to the general fund grows from \$1.3 million in fiscal 1990 to \$2.2 million in fiscal 1991.

In making the forecast of public institutions reimbursement, the LFA current level forecast assumes continuation of the current practice in budgeting for medicaid. Specifically, the state's general fund match to federal medicaid payments is included in the Department of Social and Rehabilitation Service's budget and is received, with the federal portion, as revenue by eligible state institutions. Following this procedure results in approximately \$17 million of total reimbursement annually. Eighty-seven percent of this total is medicaid. In the executive budget, the state's general fund match is assumed to be supplied by the individual institutions through documenting sufficient general fund expenditures on caring for medicaid residents. If institutions were to follow this procedure, both general fund revenue and expenditures would be reduced by similar amounts, approximately \$8 million over the 1991 biennium.

The executive budget contains several proposed adjustments which increase its revenue forecast over current law. Included in these is the proposal to appropriate all coal trust interest to the general fund in the 1991 biennium with

the exception of the approximately \$100,000 per year needed for the loan loss reserve in the Montana in-state investment fund. The executive budget estimates that this proposal will increase general fund revenue by \$5,946,000 in fiscal 1990 and \$6,229,000 in fiscal 1991. Also included in the executive budget is a proposal to enhance collection efforts in the Department of Revenue which is expected to produce \$2.3 million of additional revenue over the 1991 biennium, while several other smaller changes are anticipated to generate \$2.1 million of revenue above its current law forecast.

EXH

DATE 11/31/89

HB HUR13

11/31/89

ECONOMIC ASSUMPTIONS

<u>Year</u>	<u>Assumption</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
CY	Oil Production (Millions) - Executive - LFA	22.500 22.240	21.500 21.408	20.000 21.252	19.000 —
CY	Oil Price - Executive - LFA	\$14.500 \$14.150	\$15.000 \$14.170	\$15.500 \$14.720	\$16.000 —
CY	Natural Gas Production (M MCF's) - Executive - LFA	40.420 41.675	39.447 43.170	38.524 43.858	38.135 —
CY	Natural Gas Production (M NGL) - Executive - LFA	9.666 11.410	9.433 12.764	9.212 13.530	9.119 —
CY	Natural Gas Price (MCF's) - Executive - LFA	\$1.803 \$1.670	\$1.792 \$1.710	\$1.875 \$1.790	\$1.980 —
CY	Natural Gas Price (NGL) - Executive - LFA	\$0.225 \$0.190	\$0.224 \$0.200	\$0.234 \$0.210	\$0.247 —
CY	Coal Production (Millions) - Executive - LFA	34.428 35.297	31.000 32.179	29.633 33.153	30.833 33.838
CY	Coal Price - Executive - LFA	\$7.769 \$7.330	\$7.687 \$7.320	\$7.780 \$7.470	\$7.780 \$7.450
CY	Coal Tax Credit (Millions) - Executive - LFA	\$5.800 \$6.519	\$4.357 \$4.460	\$2.764 \$4.614	\$1.842 —
CY	Copper Production (M lbs.) - Executive - LFA	134.612 158.442	128.290 140.951	113.990 117.079	114.773 —
CY	Gold Production (M ozs.) - Executive - LFA	0.264 0.302	0.302 0.309	0.300 0.291	0.302 —
CY	Silver Production (M ozs.) - Executive - LFA	5.981 6.341	5.954 6.902	6.079 6.922	6.121 —

<u>Year</u>	<u>Assumption</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
CY	Lead Production (M lbs.) - Executive - LFA	15.400 16.330	15.400 16.330	15.400 16.330	15.506 —
CY	Zinc Production (M lbs.) - Executive - LFA	53.000 40.449	53.000 40.449	53.000 40.449	53.364 —
CY	Molybdenum Production (M lbs.) - Executive - LFA	11.426 12.954	11.898 12.514	12.074 12.074	12.157 —
CY	Palladium Production (M ozs.) - Executive - LFA	0.160 0.137	0.150 0.150	0.182 0.182	0.183 —
CY	Platinum Production (M ozs.) - Executive - LFA	0.047 0.041	0.044 0.044	0.054 0.054	0.054 —
CY	Copper Price - Executive - LFA	\$0.850 \$0.900	\$0.850 \$0.750	\$0.600 \$0.750	\$0.625 —
CY	Gold Price - Executive - LFA	\$425.000 \$425.000	\$425.000 \$425.000	\$450.000 \$400.000	\$450.000 —
CY	Silver Price - Executive - LFA	\$5.900 \$6.350	\$6.250 \$6.500	\$6.500 \$6.000	\$6.500 —
CY	Lead Price - Executive - LFA	\$0.320 \$0.360	\$0.320 \$0.400	\$0.320 \$0.400	\$0.320 —
CY	Zinc Price - Executive - LFA	\$0.430 \$0.650	\$0.420 \$0.700	\$0.420 \$0.700	\$0.420 —
CY	Molybdenum Price - Executive - LFA	\$3.200 \$3.200	\$3.300 \$3.300	\$3.300 \$3.300	\$3.300 —
CY	Palladium Price - Executive - LFA	\$123.830 \$124.000	\$124.400 \$124.000	\$124.400 \$124.000	\$124.400 —
CY	Platinum Price - Executive - LFA	\$537.500 \$550.000	\$550.000 \$550.000	\$550.000 \$525.000	\$550.00 —

<u>Year</u>	<u>Assumption</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
FY	Forest Receipts (Millions) - Executive - LFA	\$6.500 \$1.472	\$6.892 \$1.163	\$5.689 \$1.163	\$5.391 \$1.163
	MT Population July 1 (Thousands) - Executive - LFA	812.000 805.000	816.000 811.000	821.000 819.000	826.000 827.000
	MT Population 16 and older July 1 (Thousands)	613.000	616.000	621.000	625.000
	MT Population 18-24 July 1 (Thousands)	81.000	78.000	75.000	72.000
CY	CPI Percent Change - Executive - LFA	4.140% 4.12	4.650% 4.72	4.850% 4.72	5.320% 4.72
CY	GNPD Percent Change - Executive	3.140%	4.610%	4.490%	4.670%
CY	PCE Percent Change - Executive	4.100%	4.900%	4.900%	5.190%
CY	Short-Term Interest Rate - Executive	7.500%	7.500%	7.100%	6.800%
CY	Long-Term Interest Rate - Executive	10.140%	9.000%	8.750%	8.750%
FY	Short-Term Interest Rate - Exec - LFA		7.50% 8.182	7.30% 7.952	6.95% 7.142
FY	Long-Term Interest Rate - Exec LFA		9.57% 11.452	8.88% 11.462	8.75% 10.432
CY	Prime Interest Rate - Executive	9.440%	11.240%	9.940%	8.900%
FY	Treasury Cash Average Balance (Millions) - Exec. - LFA	\$222.374	\$190.993 \$211.647	\$204.377 \$244.214	\$205.489 \$240.573
FY	TRANS Issue (Millions) - Executive - LFA	\$56.000	\$0.000 \$0.000	\$ 0.000 \$51.000	\$ 0.000 \$62.000
FY	Permanent Trust Bond Calls (Millions)	\$0.614	\$0.000	\$0.000	\$0.000
FY	Education Trust Bond Calls (Millions)	\$0.218	\$0.000	\$0.000	\$0.000

<u>Year</u>	<u>Assumption</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
FY	Common School Trust Bond Calls (Millions)	\$0.527	\$0.000	\$0.000	\$0.000
FY	Resource Ind. Trust Bond Calls (Millions)	\$0.000	\$0.000	\$0.000	\$0.000
FY	Park Acq. Trust Bond Calls (Millions)	\$0.000	\$0.000	\$0.000	\$0.000
CY	MT Personal Income (Billions) - Executive	\$10.300	\$11.000	\$11.500	\$12.000
CY	MT Non-Farm Labor Income (Billions) - LFA	\$ 6.189	\$ 6.528	\$ 6.902	\$ 7.325
CY	MT Non-Farm Employment (Thousands) - Executive	275.500	277.100	278.600	280.400
FY	Income Tax Audits (Millions) - Executive - LFA		\$10.307 \$10.297	\$10.786 \$10.297	\$11.266 \$10.297
CY	Individual Federal Tax Reform (Millions) - Exec. - LFA	\$39.233 \$39.233	\$48.120 \$48.120	\$58.079 \$58.079	\$69.393 \$69.393
CY	MT Corporate Taxable Income (Millions) - Exec.	\$546.698	\$559.286	\$581.776	\$641.576
CY	U.S. Corp. Profits Before Taxes (Billions) - LFA	\$299.7	\$312.3	\$327.6	--
CY	Corporate Federal Tax Reform (Millions) - Exec.	\$5.890	\$6.350	\$6.750	\$7.175
FY	Corporation Tax Audits (Millions) - Executive - LFA	\$9.203 \$9.203	\$7.000 \$9.000	\$7.000 \$9.000	\$7.000 \$9.000
FY	Liquor Unit Sales (Millions) - Executive - LFA	5.094 5.094	4.723 4.789	4.379 4.741	4.060 4.741
FY	Wine Unit Sales (Millions) - Executive - LFA	0.180 0.180	0.160 0.161	0.142 0.154	0.126 0.154
FY	Liquor Cost Per Unit - Executive	\$4.644	\$4.700	\$4.758	\$4.816
FY	Liquor Price Per Unit - LFA	\$8.340	\$8.530	\$8.720	\$8.920
FY	Wine Cost Per Unit - Executive	\$3.161	\$3.328	\$3.471	\$3.619
FY	Wine Price Per Unit - LFA	\$5.690	\$5.940	\$6.210	\$6.490

Year	Assumption	1988	1989	1990	1991
FY	Liquor Division Budget (% Change) - Executive - LFA	-5.100% -5.101%	-5.310% -2.000%	-1.900% -1.000%	-1.250% 0.000
FY	Cigarette Packs (Millions) - Executive - LFA	72.909 72.909	69.194 73.422	65.956 73.422	63.033 73.422
FY	Tobacco Value (Millions) - Executive	\$5.948	\$6.152	\$6.315	\$6.469
FY	Net/Gross Proceeds (Millions) - Executive - LFA	\$383.272	\$410.315 \$410.315	\$360.798 \$330.771	\$309.763 \$307.072
FY	All Other Valuation (Millions) - Executive - LFA	\$1,594.619	\$1,532.599 \$1,532.635	\$1,534.301 \$1,536.598	\$1,540.088 \$1,551.253
FY	Institution Reimbursements (Millions) - Exec. - LFA	\$15.395 \$15.395	\$16.090 \$16.255	\$12.211 \$16.702	\$12.352 \$17.161
FY	Insurance Revenue Growth (% Change) - Executive - LFA	60.360%	-27.610% -25.6%	5.800% 6.000%	5.800% 7.000%
FY	Police and Firemen Retirement (Millions) - Exec. - LFA	\$5.626	\$5.826 \$5.837	\$5.989 \$6.032	\$6.149 \$6.233
FY	Telephone Taxable Income (% Change) - Executive	4.880%	4.890%	4.520%	3.910%
FY	Kilowatt Hours Produced (Millions) - Executive - LFA	18,007.053	18,835.723 19,860.115	19,384.688 17,805.115	19,610.710 17,805.115
FY	Inheritance Tax (Millions) - Executive - LFA	\$8.745 \$8.745	\$ 8.727 \$10.514	\$8.905 \$9.550	\$9.151 \$9.900
FY	Drivers' License Fees (Millions) - Executive	\$1.939	\$1.972	\$1.943	\$1.997
FY	Barrels of Beer (Millions) - Executive - LFA	0.697 0.697	0.689 0.682	0.691 0.682	0.698 0.689
CY	Freight Line Earnings (Millions) - Executive - LFA	\$22.357 \$22.357	\$21.477 \$21.527	\$20.308 \$23.418	\$21.460 \$24.400

<u>Year</u>	<u>Assumption</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
FY	Liters of Wine (Millions) - Executive - LFA	5.812 5.812	5.634 5.206	5.423 4.962	5.219 4.962
FY	Poker Total Receipts (Millions) - Executive - LFA	\$7.684 \$7.684	\$10.660 \$12.999	\$10.766 \$14.262	\$10.874 \$14.853
FY	Vehicle Total Receipts (Millions) - Executive - LFA	\$32.173	\$34.300 \$30.111	\$37.138 \$29.765	\$40.376 \$29.943
FY	Other Receipts (Millions) - Executive - LFA	\$16.117	\$15.807 \$17.198	\$16.104 \$16.564	\$16.554 \$17.213
FY	Interest and Income Receipts (Millions) - Exec. - LFA	\$34.079	\$32.496 \$30.313	\$33.699 \$34.411	\$34.770 \$35.816

WIS-RESCOMPT
DATE : 01/04/89

OFFICE OF BUDGET & PROGRAM PLANNING
GENERAL FUND REVENUE ESTIMATE COMPARISON

Source of Revenue	ACTUAL FY 1984	ACTUAL FY 1985	ACTUAL FY 1986	ACTUAL FY 1987	ACTUAL FY 1988	OBPP FY 1989	LFA FY 1989	DIFFERENCE FY 1989	OBPP FY 1991	LFA FY 1991	DIFFERENCE FY 1991	OBPP FY 90-91	LFA FY 90-91	DIFFERENCE FY 90-91
Individual Income Tax	109,021,660	115,876,580	110,218,323	124,583,246	142,746,609	141,114,000	143,762,000	-2,648,000	148,077,000	150,401,000	-2,324,000	287,247,000	287,077,000	0,170,000
Corporation Income Tax	20,541,777	36,637,614	33,884,815	19,682,607	27,027,271	28,684,000	29,656,000	-8,668,000	29,010,000	30,567,000	-1,557,000	57,865,000	60,227,000	-2,362,000
Coal Severance Tax	35,730,488	37,432,233	37,900,939	37,907,934	12,901,531	13,536,000	12,943,000	0,219,000	13,836,000	13,540,000	3,596,000	28,475,000	26,147,000	2,328,000
Coal Severance Tax	32,686,014	32,526,656	23,152,504	10,762,412	16,440,059	14,324,000	17,315,000	-2,981,000	14,920,000	14,282,000	7,638,000	36,591,000	36,591,000	0
Interest on Investments	21,527,514	25,527,889	19,282,931	12,826,674	15,731,943	14,324,000	17,315,000	-2,981,000	14,920,000	14,282,000	7,638,000	36,591,000	36,591,000	0
Long-range Bond Excess	41,687,613	37,535,668	35,481,786	35,312,990	37,461,464	38,144,000	39,636,000	-1,494,000	38,977,000	41,010,000	-2,033,000	76,737,000	79,471,000	-2,734,000
Coal, Frst, Interest Income	18,945,938	24,799,902	22,343,208	39,218,866	36,758,944	39,200,000	39,574,000	-3,326,000	35,913,000	37,219,000	-1,306,000	73,423,000	76,819,000	-3,396,000
Insurance Premiums Tax	13,821,372	15,681,585	16,332,298	17,827,005	32,047,077	21,371,000	21,625,000	-2,540,000	22,187,000	21,720,000	4,667,000	45,872,000	43,143,000	2,729,000
Public Institutions Retmb.	9,179,921	12,895,427	14,168,103	14,215,787	15,393,310	16,090,000	16,530,000	-4,439,000	12,352,000	17,161,000	-4,809,000	24,583,000	33,863,000	-9,280,000
Liquor Profits	5,787,000	4,466,000	4,500,000	5,000,000	3,633,000	3,623,000	3,524,000	0,099,000	3,153,000	3,714,000	-5,961,000	7,650,000	10,622,000	-2,972,000
Liquor Excise Tax	5,435,784	5,935,058	5,636,884	5,583,174	5,322,934	5,958,000	5,148,000	8,010,000	4,402,000	5,370,000	-9,068,000	9,093,000	10,622,000	-1,529,000
Inheritance Tax	5,604,471	7,656,672	6,764,784	7,217,092	8,715,637	8,727,000	10,514,000	-1,797,000	9,305,000	9,715,000	-3,810,000	19,530,000	17,470,000	2,060,000
Metal Mines Tax	2,601,335	1,973,374	4,889,527	1,211,030	2,951,778	3,691,000	4,242,000	-5,551,000	3,595,000	3,703,000	-1,108,000	7,740,000	8,039,000	-290,000
Electrical Energy Tax	2,413,712	2,361,855	2,530,403	2,991,861	3,311,082	3,289,000	3,632,000	-2,433,000	3,480,000	3,221,000	2,261,000	7,016,000	6,442,000	574,000
Utilities License Tax	9,789,616	9,893,937	9,792,242	9,029,000	9,303,325	9,604,000	9,590,000	0,110,000	9,812,000	9,900,000	-82,000	1,603,000	1,590,000	13,000
Telephone License Tax	2,521,905	2,937,732	3,263,935	3,542,256	3,450,499	3,650,000	3,560,000	90,000	3,821,000	3,700,000	1,221,000	7,782,000	7,530,000	252,000
Beer License Tax	1,204,236	1,168,166	1,287,765	1,281,316	1,254,564	1,242,000	1,228,000	0,140,000	1,240,000	1,240,000	0	2,504,000	2,468,000	36,000
Natural Gas Severance Tax	2,797,936	2,957,718	2,896,666	2,497,465	1,481,523	1,143,000	1,055,000	0,080,000	0,990,000	1,036,000	-37,000	2,040,000	2,171,000	-131,000
Freight Time Tax	1,334,443	1,394,443	1,490,665	1,422,448	1,229,618	1,484,000	1,484,000	0	1,484,000	1,484,000	0	2,207,000	2,330,000	-123,000
Wine Tax	0,004,905	0,005,612	0,002,877	0,002,402	0,002,661	0,007,000	0,007,000	0	0,007,000	0,007,000	0	1,580,000	1,580,000	0
Other Revenue Sources	12,508,002	13,508,652	17,486,690	21,931,703	21,421,351	22,509,000	23,797,000	-1,286,000	23,096,000	24,418,000	-1,322,000	46,819,000	47,976,000	-1,157,000
GRAND TOTAL	330,053,388	364,521,817	345,541,461	346,686,658	391,152,296	372,557,000	389,448,000	-12,091,000	369,408,000	391,829,000	-22,421,000	749,458,000	775,575,000	-26,117,000
Fund Balance	47,386,587	45,267,280	43,051,033	48,569,237	76,494,683	77,704,000	78,550,000	-8,048,000	80,000,000	82,170,000	-2,170,000	156,857,000	156,857,000	0
Individual Income Tax	8,026,240	14,319,378	13,236,255	7,688,158	10,557,529	11,209,000	11,583,000	-3,740,000	11,211,000	11,586,000	-3,740,000	23,526,000	23,526,000	0
Corporation License Tax	4,161,172	4,587,443	4,210,861	10,104,150	14,215,851	9,781,000	10,022,000	-2,241,000	2,010,000	2,033,000	1,832,000	1,000	3,865,000	-2,865,000
Coal Severance Tax	36,802,835	32,050,601	37,604,853	35,526,618	34,084,444	32,465,000	30,813,000	2,152,000	33,485,000	34,410,000	-9,925,000	67,836,000	70,276,000	-2,440,000
Interest Income	18,945,938	14,877,834	12,679,939	23,433,027	26,327,798	25,374,000	13,043,000	1,300,000	22,868,000	18,534,000	4,334,000	46,190,000	37,847,000	8,343,000
US Mineral Royalties	5,107,578	5,837,139	7,754,719	9,401,931	3,430,171	8,250,000	9,266,000	-1,016,000	8,266,000	1,553,000	-6,713,000	2,074,000	3,377,000	-1,303,000
Education Trust Interest	2,145,511	0,750,000	0,000,000	0,000,000	9,350,000	24,850,000	17,323,000	7,327,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000
Miscellaneous	16,446,560	21,850,003	18,344,046	16,244,236	18,558,655	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000
County Levy Surplus	12,260,000	15,297,669	1,553,304	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000
General Fund Transfers	144,804,848	184,774,298	141,189,670	170,426,197	185,013,431	180,580,000	189,344,000	-11,266,000	152,971,000	152,802,000	15,169,000	299,391,000	295,680,000	3,691,000
TOTAL	45,411,111	45,411,111	45,411,111	45,411,111	45,411,111	45,411,111	45,411,111	0	45,411,111	45,411,111	0	45,411,111	45,411,111	0
Elementary Transportation	167,657,000	167,657,000	167,657,000	167,657,000	167,657,000	167,657,000	167,657,000	0	167,657,000	167,657,000	0	167,657,000	167,657,000	0
Miscellaneous	17,649,000	17,649,000	17,649,000	17,649,000	17,649,000	17,649,000	17,649,000	0	17,649,000	17,649,000	0	17,649,000	17,649,000	0
Forest Funds	2,326,000	2,326,000	2,326,000	2,326,000	2,326,000	2,326,000	2,326,000	0	2,326,000	2,326,000	0	2,326,000	2,326,000	0
Taylor Grazing	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	0	1,580,000	1,580,000	0	1,580,000	1,580,000	0
High School Tuition	178,830,000	178,830,000	178,830,000	178,830,000	178,830,000	178,830,000	178,830,000	0	178,830,000	178,830,000	0	178,830,000	178,830,000	0
TOTAL	36,315,000	36,315,000	36,315,000	36,315,000	36,315,000	36,315,000	36,315,000	0	36,315,000	36,315,000	0	36,315,000	36,315,000	0
District Permissive Levy	17,340,000	18,800,000	-1,540,000	17,127,000	18,217,000	17,074,000	18,179,000	-1,105,000	17,074,000	18,179,000	-1,105,000	34,201,000	36,396,000	-2,195,000
GRAND TOTAL	288,238,000	278,520,000	8,718,000	252,855,000	250,684,000	258,635,000	260,340,000	-2,170,000	258,635,000	260,340,000	-1,705,000	511,480,000	511,024,000	456,000
PERMANENT COSTS	279,446,000	279,520,000	-0,074,000	283,972,000	284,200,000	287,856,000	288,450,000	-594,000	287,856,000	288,450,000	-594,000	572,650,000	572,650,000	0

Terry Johnson
EXHIBIT #5
DATE 11/31/89
HB HJR 13

Exhibit #5
11/31/89

FOUNDATION PROGRAM REVENUE ESTIMATE COMPARISON

1/31/89
exhibit #6

JOINT REVENUE ESTIMATING SUBCOMMITTEE

* * * * *

Senator Bob Brown
Senator Dorothy Eck
Senator Delwyn Gage
Senator John Harp
Senator Bill Norman
Senator Mike Walker

Representative Bob Ream, Chairman
Representative Jerry Driscoll
Representative Orval Ellison
Representative Leo Giacometto
Representative John Patterson
Representative Ted Schye

EXHIBIT #6
DATE 1/31/89
HB HJR 13

Tentative Meeting Schedule and Agenda Items (All Meetings in Room 437 -- House Taxation)

Tuesday, January 31, 1989: 5 p.m.

Overview of the State's Economy

~~Fritz Tossberg~~ -- Member, Governor's Revenue Estimating Advisory Council
Phil Brooks -- Director of Institutional Research, Montana University System
Judith Curtis-Waldron and Madalyn Quinlan -- Legislative Fiscal Analyst
Ray Shackelford -- Office of Budget and Program Planning
Others
Terry Johnson -- Ofc of Budget & Program Planning.
Discussion by the Subcommittee on the Direction of the State's Economy

Wednesday, February 1, 1989: 5 p.m.

Economic Assumptions

- A. Total Population
- B. Population 16 years of age and younger
- C. Population 18-24 years of age
- D. Inflation Measures

- 1. CPI -- Anticipated Changes

Interest Rates and Effects

A. Interest Rates

- 1. Short-term
- 2. Long-term
- 3. Prime

B. Effects

- 1. TRANS Issue
- 2. Bond Calls
- 3. Investable Balance(s)

Thursday, February 2, 1989: 5 p.m.

Individual Income Statistics

- A. Montana Personal Income
- B. Montana Non-Farm Employment
- C. Income Tax Audits
- D. Federal Tax Reform

Corporate Income Statistics

- A. Montana Corporate Taxable Income
- B. Corporation Tax Audits
- C. Federal Tax Reform

Tuesday, February 7, 1989: 5 p.m.

Statistics Re Minerals

- A. Oil Price
- B. Oil Production
- C. Natural Gas Price
- D. Natural Gas Production
- E. Coal Price
- F. Coal Production
- G. Metals and Other Mining

Wednesday, February 8, 1989: 5 p.m.

Recapitulation of Prior Assumptions & Summary of Revenue Estimates

- A. Office of the Legislative Fiscal Analyst
- B. Office of Budget and Program Planning
- C. Others

Thursday, February 9, 1989: 5 p.m.

Foundation Program Estimates

- A. State Sources
- B. County Sources
- C. District Sources

Tuesday, February 14, 1989: 5 p.m.

Miscellaneous Revenues

Wednesday, February 15, 1989: 5 p.m.

*Recapitulation of All Assumptions and Summary of General Fund Revenues
and Foundation Program Revenues*