

HOUSE JOINT RESOLUTION NO. 1

INTRODUCED BY GILBERT, REAM, HARRINGTON, FOSTER,
ECK, B. BROWN, M. HANSON, SCHYE, VAN VALKENBURG, HAGER,
CRIPPEN, TOWE

BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

IN THE HOUSE

JANUARY 7, 1992 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

JANUARY 8, 1992 FIRST READING.

JANUARY 13, 1992 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

PRINTING REPORT.

SECOND READING, DO PASS AS AMENDED.

ENGROSSING REPORT.

THIRD READING, PASSED.
AYES, 61; NOES, 35.

TRANSMITTED TO SENATE.

IN THE SENATE

JANUARY 13, 1992 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

JANUARY 14, 1992 FIRST READING.

JANUARY 16, 1992 COMMITTEE RECOMMEND BILL BE
CONCURRED IN AS AMENDED. REPORT
ADOPTED.

SECOND READING, CONCURRED IN.

JANUARY 17, 1992 THIRD READING, CONCURRED IN.
AYES, 29; NOES, 21.

RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

JANUARY 17, 1992 RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS
CONCURRED IN.

HOUSE JOINT RESOLUTION NO. 1

INTRODUCED BY

Willert *Bob Ream* *Hannay* *Fisher* *Cook*
Bob Brown *M. Hanson* *Ted Selig* *Van Valkenburg*
Tom Hager

BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REVISING THE OFFICIAL ESTIMATE, CONTAINED IN HOUSE JOINT RESOLUTION NO. 24, LAWS OF 1991, 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 THE JUNE 30, 1991, GENERAL FUND AND STATE EQUALIZATION ACCOUNT BALANCES THAT WERE 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 THE REMAINDER OF FISCAL YEAR 1992 AND FOR FISCAL YEAR 1993; 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

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

HJR 1
INTRODUCED BILL

1 WHEREAS, it became apparent shortly after the adjournment of the 52nd regular session
2 that there would be a shortfall in anticipated revenue, primarily in individual income taxes,
3 oil severance taxes, and interest earnings; and

4 WHEREAS, the Office of Budget and Program Planning has projected that revenue
5 collections for fiscal years 1991, 1992, and 1993 will be \$73.3 million less than estimated
6 by the Legislature in House Joint Resolution No. 24; and

7 WHEREAS, section 10, Chapter 787, Laws of 1991 (codified as section 17-7-140, MCA),
8 delegates authority to the Governor to reduce appropriations in the event of a shortfall in
9 revenue; and

10 WHEREAS, for the last 20 years, the Montana Legislature has similarly delegated this
11 authority to the Governor in the general appropriations acts; and

12 WHEREAS, the Governor signed Executive Order No. 28-91, which directed state agencies
13 and the University System to balance the state budget by reducing expenditures, transferring
14 fund balances, revising revenue estimates, and transferring other funds; and

15 WHEREAS, several associations affiliated with the University System and four legislators
16 filed suit in the Montana First Judicial District, Lewis and Clark County, challenging the
17 constitutionality of the Montana Legislature's delegation of authority to the Governor to
18 reduce appropriations, as provided in section 17-7-140, MCA; and

19 WHEREAS, Judge Jeffrey Sherlock determined that section 17-7-140, MCA, is an

1 unconstitutional delegation of that authority; and

2 WHEREAS, the official statement for the issuance of \$85 million in tax revenue and
3 anticipation notes indicated that the Governor would call a special session of the
4 Legislature if he was enjoined from balancing the budget under Executive Order No. 28-91 and
5 if there were no available alternatives for the management of the state's budget on a
6 financially sound basis; and

7 WHEREAS, the Governor issued a call for a special session to begin January 6, 1992, to
8 address the disparity between budgeted expenditures and anticipated revenue; and

9 WHEREAS, the Montana Legislature must revise its revenue estimates to responsibly deal
10 with the budget crisis; and

11 WHEREAS, section 5-18-107(5), MCA, requires the Revenue Oversight Committee to estimate
12 the amount of revenue projected to be available for legislative appropriation for use until
13 amended or until final adoption of the estimate by both houses; and

14 WHEREAS, the Revenue Oversight Committee, in anticipation of the special session, has
15 revised its assumptions relating to revenue estimates for individual and corporation income
16 taxes, oil and coal severance taxes, earnings on investments, statewide mill levies, and
17 lottery receipts; and

18 WHEREAS, because of the complexity of economic variables involved in revenue forecasting
19 and the diversity of sources from which state revenues are obtained, the Committee limited

1 its revised assumptions to those areas described above; and

2 WHEREAS, given the magnitude of the fiscal crisis facing the State of Montana and given
3 the Legislature's constitutional responsibility to balance the budget, it is in the best
4 interests of the state that revenue forecasts be discussed and determined in public hearings
5 at which all interested people may attend and participate.

6
7 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE
8 OF MONTANA:

9 That the state general fund revenue for fiscal years 1992 and 1993 is estimated to be
10 \$463,405,000 and \$471,738,000, respectively. The school foundation revenue for fiscal years
11 1992 and 1993 is estimated to be \$373,217,000 and \$366,918,000, respectively.

12 BE IT FURTHER RESOLVED, that the Legislature accepts for budget purposes the unreserved
13 fund balance of \$58,700,000 for the general fund and \$9,482,000 for the state equalization
14 account, prepared according to generally accepted accounting principles as published in the
15 audited state financial statements as of June 30, 1991.

16 BE IT FURTHER RESOLVED, that the Governor's Office of Budget and Program Planning use,
17 as contemplated in section 5-18-107(5), MCA, the revenue estimates contained in this
18 resolution as the official revenue estimates for fiscal years 1992 and 1993.

GENERAL FUND REVENUE

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

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

ECONOMIC ASSUMPTIONS
Revenue Oversight Committee

YEAR	ASSUMPTION	CY/FY 1991	CY/FY 1992	CY/FY 1993
	MT Population July 1 (Thousands)	800.000	804.000	808.000
	MT Population > =16 July 1 (Thousands)	609.000	613.000	617.000
	MT Population 18-24 July 1 (Thousands)	67.000	64.000	61.000
CY	MT Nonfarm Employment (Thousands)	300.800	304.500	307.100
CY	MT Personal Income (Billions)	\$12.506	\$12.969	\$13.586
CY	MT Nonfarm Wage & Salary Income (Billions)	\$5.964	\$6.229	\$6.497
CY	Interest & Dividend Income (Percent change)	5.570%	4.440%	4.300%
CY	Net Business Income (Percent change)	5.570%	4.440%	4.300%
CY	Capital Gains/Losses Income (Percent change)	0.300%	0.300%	0.300%
CY	Rent/Royalty/Partnership Income (Percent change)	0.000%	0.000%	0.000%
CY	Other Nonwage & Salary Income (Percent change)	5.570%	4.440%	4.300%
CY	CPI Percent Change	4.130%	3.500%	4.000%
CY	U.S. Corporate Profits Before Taxes (Billions)	\$282.000	\$310.900	\$349.300

		CY/FY	CY/FY	CY/FY
	<u>YEAR</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
1				
2	<u>YEAR</u>			
3	CY			
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22	CY			
23	CY			
24	CY			
25	CY			

		CY/FY	CY/FY	CY/FY
	<u>YEAR</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
1				
2	<u>YEAR</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
3	CY Palladium Production (M ozs.)	0.200	0.222	0.290
4	CY Platinum Production (M ozs.)	0.061	0.067	0.088
5	CY Copper Price	\$1.046	\$1.038	\$1.042
6	CY Gold Price	\$400.675	\$400.675	\$400.675
7	CY Silver Price	\$4.775	\$4.775	\$4.775
8	CY Lead Price	\$0.209	\$0.209	\$0.209
9	CY Zinc Price	\$0.502	\$0.502	\$0.502
10	CY Molybdenum Price	\$3.119	\$3.112	\$3.115
11	CY Palladium Price	\$132.725	\$132.725	\$132.725
12	CY Platinum Price	\$453.253	\$453.253	\$453.253
13	FY Forest Receipts (Millions)	\$11.150	\$7.753	\$7.705
14	FY Permanent Trust Gains/Losses (Millions)	\$1.195	\$1.195	\$1.195
15	FY Common School Trust Gains/Losses (Millions)	\$1.231	\$1.231	\$1.231
16	FY Resource Ind. Trust Gains/Losses (Millions)	\$0.339	\$0.339	\$0.339
17	FY Park Acq. Trust Gains/Losses (Millions)	\$0.054	\$0.054	\$0.054
18	FY Liquor Unit Sales (Millions)	4.780	4.680	4.582
19	FY Wine Unit Sales (Millions)	0.100	0.083	0.067
20	FY Liquor Cost Per Unit	\$4.977	\$5.066	\$5.156
21	FY Wine Cost Per Unit	\$3.258	\$3.372	\$3.483
22	FY Liquor Division Budget (% Change)	0.000%	0.000%	0.000%
23	FY Cigarette Packs (Millions)	68.874	68.068	67.156
24	FY Tobacco Value (Millions)	\$7.626	\$8.053	\$8.490
25	FY Insurance Premiums Growth (% Change)	1.890%	1.890%	1.890%

		CY/FY	CY/FY	CY/FY
	<u>YEAR</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
1				
2	<u>YEAR</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
3	FY Insurance Premiums Tax Credit	\$3.231	\$4.311	\$5.391
4	FY Police & Firemen Retirement (Millions)	\$6.213	\$6.391	\$6.479
5	CY Telephone Taxable Income (% Change)	\$234.185	\$241.724	\$250.770
6	CY Kilowatt Hours Produced (Millions)	22,664.000	22,682.000	22,663.000
7	FY Barrels of Beer (Millions)	0.702	0.706	0.711
8	CY Freight Line Earnings (Millions)	\$21.757	\$21.768	\$21.699
9	FY Liters of Wine (Millions)	5.036	4.907	4.785
10	FY Video Machine Net Income (Millions)	\$126.079	\$139.382	\$150.333
11	FY Statewide Vehicle Value (Millions)	\$1,905.049	\$1,935.412	\$1,986.326
12	FY Per Capita Lottery Sales	\$27.000	\$32.700	\$35.400

Current Law
General Fund Revenue Estimates
(In Millions)

	ESTIMATED	ESTIMATED	ESTIMATED
<u>Source of Revenue</u>	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1992 and 1993</u>
20			
21	Individual Income Tax	\$195.463000	\$392.288000
22	Corporation License Tax	31.349000	65.438000
23	Coal Severance Tax	6.086000	11.950000
24	Oil Severance Tax	16.466000	32.374000
25	Interest on Investments	17.660000	38.159000

	ESTIMATED	ESTIMATED	ESTIMATED
	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1992 and 1993</u>
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Current Law
 Foundation Program Revenue Estimates
 (In Millions)

<u>Source of Revenue</u>	<u>ESTIMATED FY 1992</u>	<u>ESTIMATED FY 1993</u>	<u>ESTIMATED FY 1992 and 1993</u>
State Revenue			
Income Tax	\$88.705000	\$89.323000	\$178.028000
Corporation Tax	14.647000	15.927000	30.574000
Coal Tax	4.508000	4.344000	8.852000
Interest & Income	37.897000	38.808000	76.705000
U.S. Oil & Gas Royalties	25.005000	24.395000	49.400000
Education Trust Interest	0.054000	0.055000	0.109000
State Equal. Account Interest	0.290000	0.000000	0.290000
Permanent Trust Interest	7.606000	7.798000	15.404000
Lottery	5.025000	5.048000	10.073000
Statewide 40 Mills	63.003000	64.161000	127.164000
Miscellaneous	14.937000	8.838000	23.775000
County Levy Surplus	0.000000	0.000000	0.000000
Total State	\$261.677000	\$258.697000	\$520.374000
Statewide Taxable Valuation	1572.956000	1601.896000	Not Applicable

	ESTIMATED	ESTIMATED	ESTIMATED
	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1992 and 1993</u>
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-END-

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INTRODUCED BY GILBERT, REAM, HARRINGTON, FOSTER, ECK, B. BROWN, HANSON, SCHYE,

VAN VALKENBURG, HAGER, CRIPPEN, TOWE

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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

WHEREAS, Article VIII, section 9, of the Montana Constitution prohibits the Legislature

SECOND READING

1 from appropriating funds in excess of the anticipated revenue of the state; and

2 WHEREAS, it became apparent shortly after the adjournment of the 52nd regular session
3 that there would be a shortfall in anticipated revenue, primarily in individual income taxes,
4 oil severance taxes, and interest earnings; and

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6 collections for fiscal years 1991, 1992, and 1993 will be \$73.3 million less than estimated
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12 authority to the Governor in the general appropriations acts; and

13 WHEREAS, the Governor signed Executive Order No. 28-91, which directed state agencies
14 and the University System to balance the state budget by reducing expenditures, transferring
15 fund balances, revising revenue estimates, and transferring other funds; and

16 WHEREAS, several associations affiliated with the University System and four legislators
17 filed suit in the Montana First Judicial District, Lewis and Clark County, challenging the
18 constitutionality of the Montana Legislature's delegation of authority to the Governor to
19 reduce appropriations, as provided in section 17-7-140, MCA; and

1 WHEREAS, Judge Jeffrey Sherlock determined that section 17-7-140, MCA, is an
2 unconstitutional delegation of that authority; and

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4 anticipation notes indicated that the Governor would call a special session of the
5 Legislature if he was enjoined from balancing the budget under Executive Order No. 28-91 and
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7 financially sound basis; and

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19 WHEREAS, because of the complexity of economic variables involved in revenue forecasting

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2 its revised assumptions to those areas described above; and

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14 fund balance of \$58,700,000 for the general fund and \$9,482,000 for the state equalization
15 account, prepared according to generally accepted accounting principles as published in the
16 audited state financial statements as of June 30, 1991.

17 BE IT FURTHER RESOLVED, that the Governor's Office of Budget and Program Planning use,
18 as contemplated in section 5-18-107(5), MCA, the revenue estimates contained in this
19 resolution as the official revenue estimates for fiscal years 1992 and 1993.

GENERAL FUND REVENUE

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

ECONOMIC ASSUMPTIONS
Revenue Oversight Committee

		CY/FY	CY/FY	CY/FY
		<u>1991</u>	<u>1992</u>	<u>1993</u>
<u>YEAR</u>	<u>ASSUMPTION</u>			
	MT Population July 1 (Thousands)	800.000	804.000	808.000
	MT Population > = 16 July 1 (Thousands)	609.000	613.000	617.000
	MT Population 18-24 July 1 (Thousands)	67.000	64.000	61.000
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CY	MT Nonfarm Wage & Salary Income (Billions)	\$5.964	\$6.229	\$6.497
CY	Interest & Dividend Income (Percent change)	5.570%	4.440%	4.300%
CY	Net Business Income (Percent change)	5.570%	4.440%	4.300%
CY	Capital Gains/Losses Income (Percent change)	0.300%	0.300%	0.300%
CY	Rent/Royalty/Partnership Income (Percent change)	0.000%	0.000%	0.000%
		<u>5.570%</u>	<u>4.440%</u>	<u>4.300%</u>
CY	Other Nonwage & Salary Income (Percent change)	5.570%	4.440%	4.300%
CY	CPI Percent Change	4.130%	3.500%	4.000%

		CY/FY	CY/FY	CY/FY
	<u>YEAR</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
1				
2	<u>YEAR</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
3	CY U.S. Corporate Profits Before Taxes (Billions)	\$282.000	\$310.900	\$349.300
4	CY Short-Term Interest Rate	6.080%	5.800%	6.500%
5	CY Long-Term Interest Rate	8.840%	8.500%	9.500%
6	CY Prime Interest Rate	9.810%	10.000%	10.000%
7	FY Treasury Cash Average Balance (Millions)	\$273.426	\$239.636	\$211.601
8	FY TRANS Issue (Millions)	\$0.000	\$85.000	\$125.000
9	FY Basis Points (Percentage)	0.000%	1.000%	1.000%
10	FY Individual Income Tax Audits (Millions)	\$11.266	\$13.517	\$14.640
11			<u>\$14.077</u>	<u>\$15.597</u>
12	FY Legislative Audits (Millions)	\$0.000	\$0.750	\$0.750
13	FY Corporation Tax Audits (Millions)	\$8.109	\$8.239	\$8.174
14			<u>\$10.155</u>	<u>\$11.257</u>
15	CY Total Oil Production (Million bbls.)	18.358	17.807	17.273
16	CY Montana Oil Price	\$18.200	\$18.000	\$18.000
17	FY Statewide Taxable Valuation (Millions)	\$1,564.317	\$1,572.956	\$1,601.896
18	CY Total Coal Production (Million tons)	35.182	34.515	34.375
19	CY Montana Coal Price (CSP)	\$7.564	\$7.540	\$7.530
20	FY Coal Tax Credits (Millions)	\$4.996	\$2.449	\$0.000
21	CY Total Natural Gas Production (M MCF)	45.622	47.304	47.437
22	CY Montana Natural Gas Price (\$/MCF)	\$1.773	\$1.907	\$2.097
23	CY Copper Production (M lbs.)	135.762	137.863	130.776
24	CY Gold Production (M ozs.)	0.348	0.345	0.347
25	CY Silver Production (M ozs.)	6.449	6.454	6.457

		CY/FY	CY/FY	CY/FY
	<u>YEAR</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
1				
2	<u>YEAR</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
3	CY Lead Production (M lbs.)	11.665	11.674	11.739
4	CY Zinc Production (M lbs.)	32.029	32.421	32.602
5	CY Molybdenum Production (M lbs.)	14.100	10.900	9.300
6	CY Palladium Production (M ozs.)	0.200	0.222	0.290
7	CY Platinum Production (M ozs.)	0.061	0.067	0.088
8	CY Copper Price	\$1.046	\$1.038	\$1.042
9	CY Gold Price	\$400.675	\$400.675	\$400.675
10	CY Silver Price	\$4.775	\$4.775	\$4.775
11	CY Lead Price	\$0.209	\$0.209	\$0.209
12	CY Zinc Price	\$0.502	\$0.502	\$0.502
13	CY Molybdenum Price	\$3.119	\$3.112	\$3.115
14	CY Palladium Price	\$132.725	\$132.725	\$132.725
15	CY Platinum Price	\$453.253	\$453.253	\$453.253
16	FY Forest Receipts (Millions)	\$11.150	\$7.753	\$7.705
17	FY Permanent Trust Gains/Losses (Millions)	\$1.195	\$1.195	\$1.195
18	FY Common School Trust Gains/Losses (Millions)	\$1.231	\$1.231	\$1.231
19	FY Resource Ind. Trust Gains/Losses (Millions)	\$0.339	\$0.339	\$0.339
20	FY Park Acq. Trust Gains/Losses (Millions)	\$0.054	\$0.054	\$0.054
21	FY Liquor Unit Sales (Millions)	4.780	4.680	4.582
22	FY Wine Unit Sales (Millions)	0.100	0.083	0.067
23	FY Liquor Cost Per Unit	\$4.977	\$5.066	\$5.156
24	FY Wine Cost Per Unit	\$3.258	\$3.372	\$3.483
25	FY Liquor Division Budget (% Change)	0.000%	0.000%	0.000%

		CY/FY	CY/FY	CY/FY
	<u>YEAR</u> <u>ASSUMPTION</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
1				
2				
3	FY Cigarette Packs (Millions)	68.874	68.068	67.156
4	FY Tobacco Value (Millions)	\$7.626	\$8.053	\$8.490
5	FY Insurance Premiums Growth (% Change)	1.890%	1.890%	1.890%
6	FY Insurance Premiums Tax Credit	\$3.231	\$4.311	\$5.391
7	FY Police & Firemen Retirement (Millions)	\$6.213	\$6.391	\$6.479
8	CY Telephone Taxable Income (% Change)	\$234.185	\$241.724	\$250.770
9	CY Kilowatt Hours Produced (Millions)	22,664.000	22,682.000	22,663.000
10	FY Barrels of Beer (Millions)	0.702	0.706	0.711
11	CY Freight Line Earnings (Millions)	\$21.757	\$21.768	\$21.699
12	FY Liters of Wine (Millions)	5.036	4.907	4.785
13	FY Video Machine Net Income (Millions)	\$126.079	\$139.382	\$150.333
14	FY Statewide Vehicle Value (Millions)	\$1,905.049	\$1,935.412	\$1,986.326
15	FY Per Capita Lottery Sales	\$27.000	\$32.700	\$35.400

Current Law
General Fund Revenue Estimates
(In Millions)

	ESTIMATED	ESTIMATED	ESTIMATED
<u>Source of Revenue</u>	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1992 and 1993</u>
23			
24	\$195.463000	\$196.825000	\$392.288000
25	<u>\$197.010000</u>	<u>\$199.435000</u>	<u>\$396.445000</u>

	ESTIMATED	ESTIMATED	ESTIMATED
	FY 1992	FY 1993	FY 1992 and 1993
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	ESTIMATED FY 1992	ESTIMATED FY 1993	ESTIMATED FY 1992 and 1993
<u>Source of Revenue</u>			
Motor Vehicle Account	7.882000	8.056000	15.938000
Vehicle Fees	2.710000	2.781000	5.491000
Public Contractor's Tax	1.070000	1.067000	2.137000
Other Revenue Sources	21.683000	22.237000	43.920000
Grand Total	\$463.405000 <u>\$467.535000</u>	\$471.738000 <u>\$467.914000</u>	\$935.143000 <u>\$944.449000</u>

Current Law
 Foundation Program Revenue Estimates
 (In Millions)

	ESTIMATED FY 1992	ESTIMATED FY 1993	ESTIMATED FY 1992 and 1993
<u>Source of Revenue</u>			
State Revenue			
Income Tax	\$88.705000 <u>\$89.407000</u>	\$89.323000 <u>\$90.508000</u>	\$178.028000 <u>\$179.915000</u>
Corporation Tax	14.647000 <u>15.193000</u>	15.927000 <u>16.806000</u>	30.574000 <u>31.999000</u>
Coal Tax	4.508000	4.344000	8.852000
Interest & Income	37.897000	38.808000	76.705000
U.S. Oil & Gas Royalties	25.005000	24.395000	49.400000

	ESTIMATED	ESTIMATED	ESTIMATED
	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1992 and 1993</u>
1			
2	<u>Source of Revenue</u>		
3	0.054000	0.055000	0.109000
4	0.290000	0.000000	0.290000
5	7.606000	7.798000	15.404000
6	5.025000	5.048000	10.073000
7	63.003000	64.161000	127.164000
8	14.937000	8.838000	23.775000
9	0.000000	0.000000	0.000000
10			
11	\$261.677000	\$258.697000	\$520.374000
12	<u>\$262.925000</u>	<u>\$260.761000</u>	<u>\$523.686000</u>
13			
14	1572.956000	1601.896000	Not Applicable
15			
16	County Revenue		
17	\$86.513000	\$88.104000	\$174.617000
18	0.000000	0.000000	0.000000
19	6.718000	1.119000	7.837000
20	1.744000	1.409000	3.153000
21	0.119000	0.114000	0.233000
22	17.439000	18.374000	35.813000
23	-0.993000	-0.899000	-1.892000
24			
25	\$111.540000	\$108.221000	\$219.761000

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<u>Source of Revenue</u>	ESTIMATED FY 1992	ESTIMATED FY 1993	ESTIMATED FY 1992 and 1993
Total State & County	\$373.217000	\$366.918000	\$740.135000
	<u>\$374.465000</u>	<u>\$368.982000</u>	<u>\$743.447000</u>

-END-

HOUSE JOINT RESOLUTION NO. 1

INTRODUCED BY GILBERT, REAM, HARRINGTON, FOSTER, ECK, B. BROWN, HANSON, SCHYE,

VAN VALKENBURG, HAGER, CRIPPEN, TOWE

BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REVISING THE OFFICIAL ESTIMATE, CONTAINED IN HOUSE JOINT RESOLUTION NO. 24, LAWS OF 1991, 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 THE JUNE 30, 1991, GENERAL FUND AND STATE EQUALIZATION ACCOUNT BALANCES THAT WERE 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 THE REMAINDER OF FISCAL YEAR 1992 AND FOR FISCAL YEAR 1993; 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

WHEREAS, Article VIII, section 9, of the Montana Constitution prohibits the Legislature

THIRD READING

AS AMENDED

1 from appropriating funds in excess of the anticipated revenue of the state; and

2 WHEREAS, it became apparent shortly after the adjournment of the 52nd regular session
3 that there would be a shortfall in anticipated revenue, primarily in individual income taxes,
4 oil severance taxes, and interest earnings; and

5 WHEREAS, the Office of Budget and Program Planning has projected that revenue
6 collections for fiscal years 1991, 1992, and 1993 will be \$73.3 million less than estimated
7 by the Legislature in House Joint Resolution No. 24; and

8 WHEREAS, section 10, Chapter 787, Laws of 1991 (codified as section 17-7-140, MCA),
9 delegates authority to the Governor to reduce appropriations in the event of a shortfall in
10 revenue; and

11 WHEREAS, for the last 20 years, the Montana Legislature has similarly delegated this
12 authority to the Governor in the general appropriations acts; and

13 WHEREAS, the Governor signed Executive Order No. 28-91, which directed state agencies
14 and the University System to balance the state budget by reducing expenditures, transferring
15 fund balances, revising revenue estimates, and transferring other funds; and

16 WHEREAS, several associations affiliated with the University System and four legislators
17 filed suit in the Montana First Judicial District, Lewis and Clark County, challenging the
18 constitutionality of the Montana Legislature's delegation of authority to the Governor to
19 reduce appropriations, as provided in section 17-7-140, MCA; and

1 WHEREAS, Judge Jeffrey Sherlock determined that section 17-7-140, MCA, is an
2 unconstitutional delegation of that authority; and

3 WHEREAS, the official statement for the issuance of \$85 million in tax revenue and
4 anticipation notes indicated that the Governor would call a special session of the
5 Legislature if he was enjoined from balancing the budget under Executive Order No. 28-91 and
6 if there were no available alternatives for the management of the state's budget on a
7 financially sound basis; and

8 WHEREAS, the Governor issued a call for a special session to begin January 6, 1992, to
9 address the disparity between budgeted expenditures and anticipated revenue; and

10 WHEREAS, the Montana Legislature must revise its revenue estimates to responsibly deal
11 with the budget crisis; and

12 WHEREAS, section 5-18-107(5), MCA, requires the Revenue Oversight Committee to estimate
13 the amount of revenue projected to be available for legislative appropriation for use until
14 amended or until final adoption of the estimate by both houses; and

15 WHEREAS, the Revenue Oversight Committee, in anticipation of the special session, has
16 revised its assumptions relating to revenue estimates for individual and corporation income
17 taxes, oil and coal severance taxes, earnings on investments, statewide mill levies, and
18 lottery receipts; and

19 WHEREAS, because of the complexity of economic variables involved in revenue forecasting

1 and the diversity of sources from which state revenues are obtained, the Committee limited
2 its revised assumptions to those areas described above; and

3 WHEREAS, given the magnitude of the fiscal crisis facing the State of Montana and given
4 the Legislature's constitutional responsibility to balance the budget, it is in the best
5 interests of the state that revenue forecasts be discussed and determined in public hearings
6 at which all interested people may attend and participate.

7

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

10 That the state general fund revenue for fiscal years 1992 and 1993 is estimated to be
11 \$463,405,000 and \$471,738,000, respectively. The school foundation revenue for fiscal years
12 1992 and 1993 is estimated to be \$373,217,000 and \$366,918,000, respectively.

13 BE IT FURTHER RESOLVED, that the Legislature accepts for budget purposes the unreserved
14 fund balance of \$58,700,000 for the general fund and \$9,482,000 for the state equalization
15 account, prepared according to generally accepted accounting principles as published in the
16 audited state financial statements as of June 30, 1991.

17 BE IT FURTHER RESOLVED, that the Governor's Office of Budget and Program Planning use,
18 as contemplated in section 5-18-107(5), MCA, the revenue estimates contained in this
19 resolution as the official revenue estimates for fiscal years 1992 and 1993.

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GENERAL FUND REVENUE

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

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

ECONOMIC ASSUMPTIONS
Revenue Oversight Committee

<u>YEAR</u>	<u>ASSUMPTION</u>	<u>CY/FY</u> <u>1991</u>	<u>CY/FY</u> <u>1992</u>	<u>CY/FY</u> <u>1993</u>
	MT Population July 1 (Thousands)	800.000	804.000	808.000
	MT Population > = 16 July 1 (Thousands)	609.000	613.000	617.000
	MT Population 18-24 July 1 (Thousands)	67.000	64.000	61.000
CY	MT Nonfarm Employment (Thousands)	300.800	304.500	307.100
CY	MT Personal Income (Billions)	\$12.506	\$12.969	\$13.586
CY	MT Nonfarm Wage & Salary Income (Billions)	\$5.964	\$6.229	\$6.497
CY	Interest & Dividend Income (Percent change)	5.570%	4.440%	4.300%
CY	Net Business Income (Percent change)	5.570%	4.440%	4.300%
CY	Capital Gains/Losses Income (Percent change)	0.300%	0.300%	0.300%
CY	Rent/Royalty/Partnership Income (Percent change)	0.000%	0.000%	0.000%
		<u>5.570%</u>	<u>4.440%</u>	<u>4.300%</u>
		<u>14.000%</u>	<u>12.000%</u>	<u>10.000%</u>
CY	Other Nonwage & Salary Income (Percent change)	5.570%	4.440%	4.300%

		CY/FY	CY/FY	CY/FY
	<u>YEAR</u> <u>ASSUMPTION</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
1				
2				
3	CY CPI Percent Change	4.130%	3.500%	4.000%
4	CY U.S. Corporate Profits Before Taxes (Billions)	\$282.000	\$310.900	\$349.300
5	CY Short-Term Interest Rate	6.080%	5.800%	6.500%
6	CY Long-Term Interest Rate	8.840%	8.500%	9.500%
7	CY Prime Interest Rate	9.810%	10.000%	10.000%
8	FY Treasury Cash Average Balance (Millions)	\$273.426	\$239.636	\$211.601
9	FY TRANS Issue (Millions)	\$0.000	\$85.000	\$125.000
10	FY Basis Points (Percentage)	0.000%	1.000%	1.000%
11	FY Individual Income Tax Audits (Millions)	\$11.266	\$13.617	\$14.640
12			<u>\$14.077</u>	<u>\$15.597</u>
13	FY Legislative Audits (Millions)	\$0.000	\$0.750	\$0.750
14	FY Corporation Tax Audits (Millions)	\$8.109	\$8.239	\$8.174
15			<u>\$10.155</u>	<u>\$11.257</u>
16	CY Total Oil Production (Million bbls.)	18.358	17.807	17.273
17	CY Montana Oil Price	\$18.200	\$18.000	\$18.000
18	FY Statewide Taxable Valuation (Millions)	\$1,564.317	\$1,572.956	\$1,601.896
19	CY Total Coal Production (Million tons)	35.182	34.515	34.375
20	CY Montana Coal Price (CSP)	\$7.564	\$7.540	\$7.530
21	FY Coal Tax Credits (Millions)	\$4.996	\$2.449	\$0.000
22	CY Total Natural Gas Production (M MCF)	45.622	47.304	47.437
23	CY Montana Natural Gas Price (\$/MCF)	\$1.773	\$1.907	\$2.097
24	CY Copper Production (M lbs.)	135.762	137.863	130.776
25	CY Gold Production (M ozs.)	0.348	0.345	0.347

		CY/FY	CY/FY	CY/FY
	<u>YEAR</u> <u>ASSUMPTION</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
1				
2				
3	CY Silver Production (M ozs.)	6.449	6.454	6.457
4	CY Lead Production (M lbs.)	11.665	11.674	11.739
5	CY Zinc Production (M lbs.)	32.029	32.421	32.602
6	CY Molybdenum Production (M lbs.)	14.100	10.900	9.300
7	CY Palladium Production (M ozs.)	0.200	0.222	0.290
8	CY Platinum Production (M ozs.)	0.061	0.067	0.088
9	CY Copper Price	\$1.046	\$1.038	\$1.042
10	CY Gold Price	\$400.675	\$400.675	\$400.675
11	CY Silver Price	\$4.775	\$4.775	\$4.775
12	CY Lead Price	\$0.209	\$0.209	\$0.209
13	CY Zinc Price	\$0.502	\$0.502	\$0.502
14	CY Molybdenum Price	\$3.119	\$3.112	\$3.115
15	CY Palladium Price	\$132.725	\$132.725	\$132.725
16	CY Platinum Price	\$453.253	\$453.253	\$453.253
17	FY Forest Receipts (Millions)	\$11.150	\$7.753	\$7.705
18	FY Permanent Trust Gains/Losses (Millions)	\$1.195	\$1.195	\$1.195
19	FY Common School Trust Gains/Losses (Millions)	\$1.231	\$1.231	\$1.231
20	FY Resource Ind. Trust Gains/Losses (Millions)	\$0.339	\$0.339	\$0.339
21	FY Park Acq. Trust Gains/Losses (Millions)	\$0.054	\$0.054	\$0.054
22	FY Liquor Unit Sales (Millions)	4.780	4.680	4.582
23	FY Wine Unit Sales (Millions)	0.100	0.083	0.067
24	FY Liquor Cost Per Unit	\$4.977	\$5.066	\$5.156
25	FY Wine Cost Per Unit	\$3.258	\$3.372	\$3.483

		CY/FY	CY/FY	CY/FY
	<u>YEAR</u> <u>ASSUMPTION</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
1				
2				
3	FY Liquor Division Budget (% Change)	0.000%	0.000%	0.000%
4	FY Cigarette Packs (Millions)	68.874	68.068	67.156
5	FY Tobacco Value (Millions)	\$7.626	\$8.053	\$8.490
6	FY Insurance Premiums Growth (% Change)	1.890%	1.890%	1.890%
7	FY Insurance Premiums Tax Credit	\$3.231	\$4.311	\$5.391
8	FY Police & Firemen Retirement (Millions)	\$6.213	\$6.391	\$6.479
9	CY Telephone Taxable Income (% Change)	\$234.185	\$241.724	\$250.770
10	CY Kilowatt Hours Produced (Millions)	22,664.000	22,682.000	22,663.000
11	FY Barrels of Beer (Millions)	0.702	0.706	0.711
12	CY Freight Line Earnings (Millions)	\$21.757	\$21.768	\$21.699
13	FY Liters of Wine (Millions)	5.036	4.907	4.785
14	FY Video Machine Net Income (Millions)	\$126.079	\$139.382	\$150.333
15	FY Statewide Vehicle Value (Millions)	\$1,905.049	\$1,935.412	\$1,986.326
16	FY Per Capita Lottery Sales	\$27.000	\$32.700	\$35.400

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Current Law
General Fund Revenue Estimates
(In Millions)

	ESTIMATED	ESTIMATED	ESTIMATED
<u>Source of Revenue</u>	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1992 and 1993</u>
Individual Income Tax	\$195.463000	\$196.825000	\$392.288000

	ESTIMATED FY 1992	ESTIMATED FY 1993	ESTIMATED FY 1992 and 1993
<u>Source of Revenue</u>	<u>\$187.010000</u>	<u>\$199.435000</u>	<u>\$386.445000</u>
	<u>\$199.084000</u>	<u>\$203.212000</u>	<u>\$402.296000</u>
Corporation License Tax	31.349000	34.089000	65.438000
	<u>32.517000</u>	<u>35.970000</u>	<u>68.487000</u>
Coal Severance Tax	6.086000	5.864000	11.950000
Oil Severance Tax	16.466000	15.908000	32.374000
Interest on Investments	17.660000	20.499000	38.159000
Long-Range Bond Excess	<u>41.849000</u>	<u>42.444000</u>	<u>84.293000</u>
	<u>42.264000</u>	<u>43.129000</u>	<u>85.393000</u>
	<u>42.551000</u>	<u>43.652000</u>	<u>86.203000</u>
Coal Trust Interest Income	43.103000	44.188000	87.291000
Insurance Premiums Tax	18.518000	17.885000	36.403000
Public Institutions Reimb.	13.448000	13.028000	26.476000
Liquor Profits	<u>4.363000</u>	4.301000	<u>8.664000</u>
	<u>5.363000</u>		<u>9.664000</u>
Liquor Excise Tax	5.710000	5.691000	11.401000
Inheritance Tax	9.704000	9.969000	19.673000
Metal Mines Tax	4.661000	4.460000	9.121000
Electrical Energy Tax	4.239000	4.241000	8.480000
Driver's License Tax	1.571000	1.577000	3.148000
Telephone License Tax	4.009000	4.125000	8.134000
Beer License Tax	1.272000	1.280000	2.552000
Natural Gas Severance Tax	1.634000	1.816000	3.450000

	ESTIMATED FY 1992	ESTIMATED FY 1993	ESTIMATED FY 1992 and 1993
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Current Law
 Foundation Program Revenue Estimates
 (In Millions)

	ESTIMATED FY 1992	ESTIMATED FY 1993	ESTIMATED FY 1992 and 1993
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22			
23			
24			
25			

	ESTIMATED	ESTIMATED	ESTIMATED
	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1992 and 1993</u>
1			
2	<u>Source of Revenue</u>		
3	Corporation Tax	14.647000	30.574000
4		<u>15.193000</u>	<u>31.999000</u>
5	Coal Tax	4.508000	8.852000
6	Interest & Income	37.897000	76.705000
7	U.S. Oil & Gas Royalties	25.005000	49.400000
8	Education Trust Interest	0.054000	0.109000
9	State Equal. Account Interest	0.290000	0.290000
10	Permanent Trust Interest	7.606000	15.404000
11	Lottery	5.025000	10.073000
12	Statewide 40 Mills	63.003000	127.164000
13	Miscellaneous	14.937000	23.775000
14	County Levy Surplus	0.000000	0.000000
15			
16	Total State	\$261.677000	\$520.374000
17		<u>\$262.925000</u>	<u>\$523.686000</u>
18		<u>\$263.867000</u>	<u>\$526.342000</u>
19			
20	Statewide Taxable Valuation	1572.956000	Not Applicable
21			
22	County Revenue		
23	55 Mills	\$86.513000	\$174.617000
24	Elementary Transportation	0.000000	0.000000
25	Cash Reappropriated	6.718000	7.837000

	ESTIMATED	ESTIMATED	ESTIMATED
	FY 1992	FY 1993	FY 1992 and 1993
1			
2	<u>Source of Revenue</u>		
3	1.744000	1.409000	3.153000
4	0.119000	0.114000	0.233000
5	17.439000	18.374000	35.813000
6	-0.993000	-0.899000	-1.892000
7			
8	\$111.540000	\$108.221000	\$219.761000
9	\$373.217000	\$366.818000	\$740.135000
10	<u>\$374.465000</u>	<u>\$368.982000</u>	<u>\$743.447000</u>
11	<u>\$375.407000</u>	<u>\$370.696000</u>	<u>\$746.103000</u>
12			

-END-

Amendments to House Joint Resolution No. 1
Third Reading Copy

For the Committee on Taxation

Prepared by Jeff Martin
January 15, 1992

1. Page 4, line 11.
Strike: "\$463,405,000"
Insert: "\$469,896,000"
Strike: "\$471,738,000"
Insert: "\$484,634,000"

2. Page 4, line 12.
Strike: "\$373,217,000"
Insert: "\$375,407,000"
Strike: "\$366,918,000"
Insert: "\$371,494,000"

3. Page 6, line 9.
Strike: "\$125.000"
Insert: "\$145.000"

4. Page 6, line 12.
Strike: "\$15.597"
Insert: "\$16.397"

5. Page 6, line 15.
Strike: "\$11.257"
Insert: "\$13.257"

6. Page 6.
Following: line 15
Insert: "FY Other Audits (Millions)"

\$0.200

7. Page 9, line 4.
Strike: "\$203.212000"
Insert: "\$203.714000"
Strike: "\$402.296000"
Insert: "\$402.798000"

8. Page 9, line 6.
Strike: "35.970000"
Insert: "37.190000"
Strike: "68.487000"
Insert: "69.707000"

9. Page 9, line 9.
Strike: "20.499000"
Insert: "21.717000"
Strike: "38.159000"
Insert: "39.377000"

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10. Page 9, line 12.
Strike: "43.652000"
Insert: "43.932000"
Strike: "86.203000"
Insert: "86.483000"

11. Page 9, line 23.
Strike: "4.125000"
Insert: "4.325000"
Strike: "8.134000"
Insert: "8.334000"

12. Page 10, line 13.
Strike: "\$481.214000"
Insert: "\$484.634000"
Strike: "\$951.110000"
Insert: "\$954.530000"

13. Page 10, line 25.
Strike: "\$92.222000"
Insert: "\$92.450000"
Strike: "\$182.571000"
Insert: "\$182.799000"

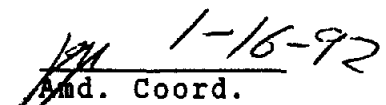
14. Page 11, line 4.
Strike: "16.806000"
Insert: "17.376000"
Strike: "31.999000"
Insert: "32.569000"


15. Page 11, line 18.
Strike: "\$262.475000"
Insert: "\$263.273000"
Strike: "\$526.342000"
Insert: "\$527.140000"

16. Page 12, line 11.
Strike: "\$370.696000"
Insert: "\$371.494000"
Strike: "\$746.103000"
Insert: "\$746.901000"

Signed: _____


Mike Halligan, Chairman


Ad. Coord.


Sec. of Senate

HOUSE JOINT RESOLUTION NO. 1

INTRODUCED BY GILBERT, REAM, HARRINGTON, FOSTER, ECK, B. BROWN, M. HANSON, SCHYE,
VAN VALKENBURG, HAGER, CRIPPEN, TOWE
BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA
REVISING THE OFFICIAL ESTIMATE, CONTAINED IN HOUSE JOINT RESOLUTION NO. 24, LAWS OF 1991, 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 THE JUNE 30, 1991, GENERAL FUND AND STATE EQUALIZATION ACCOUNT
BALANCES THAT WERE 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 THE REMAINDER OF FISCAL YEAR 1992 AND
FOR FISCAL YEAR 1993; 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

WHEREAS, Article VIII, section 9, of the Montana Constitution prohibits the Legislature

HJR 1 REFERENCE BILL
AS AMENDED

1 from appropriating funds in excess of the anticipated revenue of the state; and

2 WHEREAS, it became apparent shortly after the adjournment of the 52nd regular session
3 that there would be a shortfall in anticipated revenue, primarily in individual income taxes,
4 oil severance taxes, and interest earnings; and

5 WHEREAS, the Office of Budget and Program Planning has projected that revenue
6 collections for fiscal years 1991, 1992, and 1993 will be \$73.3 million less than estimated
7 by the Legislature in House Joint Resolution No. 24; and

8 WHEREAS, section 10, Chapter 787, Laws of 1991 (codified as section 17-7-140, MCA),
9 delegates authority to the Governor to reduce appropriations in the event of a shortfall in
10 revenue; and

11 WHEREAS, for the last 20 years, the Montana Legislature has similarly delegated this
12 authority to the Governor in the general appropriations acts; and

13 WHEREAS, the Governor signed Executive Order No. 28-91, which directed state agencies
14 and the University System to balance the state budget by reducing expenditures, transferring
15 fund balances, revising revenue estimates, and transferring other funds; and

16 WHEREAS, several associations affiliated with the University System and four legislators
17 filed suit in the Montana First Judicial District, Lewis and Clark County, challenging the
18 constitutionality of the Montana Legislature's delegation of authority to the Governor to
19 reduce appropriations, as provided in section 17-7-140, MCA; and

1 WHEREAS, Judge Jeffrey Sherlock determined that section 17-7-140, MCA, is an
2 unconstitutional delegation of that authority; and

3 WHEREAS, the official statement for the issuance of \$85 million in tax revenue and
4 anticipation notes indicated that the Governor would call a special session of the
5 Legislature if he was enjoined from balancing the budget under Executive Order No. 28-91 and
6 if there were no available alternatives for the management of the state's budget on a
7 financially sound basis; and

8 WHEREAS, the Governor issued a call for a special session to begin January 6, 1992, to
9 address the disparity between budgeted expenditures and anticipated revenue; and

10 WHEREAS, the Montana Legislature must revise its revenue estimates to responsibly deal
11 with the budget crisis; and

12 WHEREAS, section 5-18-107(5), MCA, requires the Revenue Oversight Committee to estimate
13 the amount of revenue projected to be available for legislative appropriation for use until
14 amended or until final adoption of the estimate by both houses; and

15 WHEREAS, the Revenue Oversight Committee, in anticipation of the special session, has
16 revised its assumptions relating to revenue estimates for individual and corporation income
17 taxes, oil and coal severance taxes, earnings on investments, statewide mill levies, and
18 lottery receipts; and

19 WHEREAS, because of the complexity of economic variables involved in revenue forecasting

1 and the diversity of sources from which state revenues are obtained, the Committee limited
2 its revised assumptions to those areas described above; and

3 WHEREAS, given the magnitude of the fiscal crisis facing the State of Montana and given
4 the Legislature's constitutional responsibility to balance the budget, it is in the best
5 interests of the state that revenue forecasts be discussed and determined in public hearings
6 at which all interested people may attend and participate.

7
8 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE
9 OF MONTANA:

10 That the state general fund revenue for fiscal years 1992 and 1993 is estimated to be
11 ~~\$463,405,000~~ \$469,896,000 and ~~\$471,738,000~~ \$484,634,000, respectively. The school foundation
12 revenue for fiscal years 1992 and 1993 is estimated to be ~~\$373,217,000~~ \$375,407,000 and
13 ~~\$366,918,000~~ \$371,494,000, respectively.

14 BE IT FURTHER RESOLVED, that the Legislature accepts for budget purposes the unreserved
15 fund balance of \$58,700,000 for the general fund and \$9,482,000 for the state equalization
16 account, prepared according to generally accepted accounting principles as published in the
17 audited state financial statements as of June 30, 1991.

18 BE IT FURTHER RESOLVED, that the Governor's Office of Budget and Program Planning use,
19 as contemplated in section 5-18-107(5), MCA, the revenue estimates contained in this

1 resolution as the official revenue estimates for fiscal years 1992 and 1993.

3 GENERAL FUND REVENUE

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

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

9 ECONOMIC ASSUMPTIONS

10 Revenue Oversight Committee

11		CY/FY	CY/FY	CY/FY
12	<u>YEAR</u> <u>ASSUMPTION</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
13	MT Population July 1 (Thousands)	800.000	804.000	808.000
14	MT Population > = 16 July 1 (Thousands)	609.000	613.000	617.000
15	MT Population 18-24 July 1 (Thousands)	67.000	64.000	61.000
16	CY MT Nonfarm Employment (Thousands)	300.800	304.500	307.100
17	CY MT Personal Income (Billions)	\$12.506	\$12.969	\$13.586
18	CY MT Nonfarm Wage & Salary Income (Billions)	\$5.964	\$6.229	\$6.497
19	CY Interest & Dividend Income (Percent change)	5.570%	4.440%	4.300%
20	CY Net Business Income (Percent change)	5.570%	4.440%	4.300%
21	CY Capital Gains/Losses Income (Percent change)	0.300%	0.300%	0.300%
22	CY Rent/Royalty/Partnership Income (Percent change)	0.000%	0.000%	0.000%

		CY/FY	CY/FY	CY/FY
	<u>YEAR</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
		<u>5.570%</u>	<u>4.440%</u>	<u>4.300%</u>
		<u>14.000%</u>	<u>12.000%</u>	<u>10.000%</u>
5	CY Other Nonwage & Salary Income (Percent change)	5.570%	4.440%	4.300%
6	CY CPI Percent Change	4.130%	3.500%	4.000%
7	CY U.S. Corporate Profits Before Taxes (Billions)	\$282.000	\$310.900	\$349.300
8	CY Short-Term Interest Rate	6.080%	5.800%	6.500%
9	CY Long-Term Interest Rate	8.840%	8.500%	9.500%
10	CY Prime Interest Rate	9.810%	10.000%	10.000%
11	FY Treasury Cash Average Balance (Millions)	\$273.426	\$239.636	\$211.601
12	FY TRANS Issue (Millions)	\$0.000	\$85.000	\$125.000
13				<u>\$145.000</u>
14	FY Basis Points (Percentage)	0.000%	1.000%	1.000%
15	FY Individual Income Tax Audits (Millions)	\$11.266	\$13.517	\$14.640
16			<u>\$14.077</u>	<u>\$15.597</u>
17				<u>\$16.397</u>
18	FY Legislative Audits (Millions)	\$0.000	\$0.750	\$0.750
19	FY Corporation Tax Audits (Millions)	\$8.109	\$8.239	\$8.174
20			<u>\$10.155</u>	<u>\$11.257</u>
21				<u>\$13.257</u>
22	<u>FY OTHER AUDITS (MILLIONS)</u>			<u>\$0.200</u>
23	CY Total Oil Production (Million bbls.)	18.358	17.807	17.273
24	CY Montana Oil Price	\$18.200	\$18.000	\$18.000
25	FY Statewide Taxable Valuation (Millions)	\$1,564.317	\$1,572.956	\$1,601.896

		CY/FY	CY/FY	CY/FY
	<u>YEAR</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
1				
2	<u>YEAR</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
3	CY Total Coal Production (Million tons)	35.182	34.515	34.375
4	CY Montana Coal Price (CSP)	\$7.564	\$7.540	\$7.530
5	FY Coal Tax Credits (Millions)	\$4.996	\$2.449	\$0.000
6	CY Total Natural Gas Production (M MCF)	45.622	47.304	47.437
7	CY Montana Natural Gas Price (\$/MCF)	\$1.773	\$1.907	\$2.097
8	CY Copper Production (M lbs.)	135.762	137.863	130.776
9	CY Gold Production (M ozs.)	0.348	0.345	0.347
10	CY Silver Production (M ozs.)	6.449	6.454	6.457
11	CY Lead Production (M lbs.)	11.665	11.674	11.739
12	CY Zinc Production (M lbs.)	32.029	32.421	32.602
13	CY Molybdenum Production (M lbs.)	14.100	10.900	9.300
14	CY Palladium Production (M ozs.)	0.200	0.222	0.290
15	CY Platinum Production (M ozs.)	0.061	0.067	0.088
16	CY Copper Price	\$1.046	\$1.038	\$1.042
17	CY Gold Price	\$400.675	\$400.675	\$400.675
18	CY Silver Price	\$4.775	\$4.775	\$4.775
19	CY Lead Price	\$0.209	\$0.209	\$0.209
20	CY Zinc Price	\$0.502	\$0.502	\$0.502
21	CY Molybdenum Price	\$3.119	\$3.112	\$3.115
22	CY Palladium Price	\$132.725	\$132.725	\$132.725
23	CY Platinum Price	\$453.253	\$453.253	\$453.253
24	FY Forest Receipts (Millions)	\$11.150	\$7.753	\$7.705
25	FY Permanent Trust Gains/Losses (Millions)	\$1.195	\$1.195	\$1.195

		CY/FY	CY/FY	CY/FY
		1991	1992	1993
1				
2	<u>YEAR</u> <u>ASSUMPTION</u>			
3	FY Common School Trust Gains/Losses (Millions)	\$1.231	\$1.231	\$1.231
4	FY Resource Ind. Trust Gains/Losses (Millions)	\$0.339	\$0.339	\$0.339
5	FY Park Acq. Trust Gains/Losses (Millions)	\$0.054	\$0.054	\$0.054
6	FY Liquor Unit Sales (Millions)	4.780	4.680	4.582
7	FY Wine Unit Sales (Millions)	0.100	0.083	0.067
8	FY Liquor Cost Per Unit	\$4.977	\$5.066	\$5.156
9	FY Wine Cost Per Unit	\$3.258	\$3.372	\$3.483
10	FY Liquor Division Budget (% Change)	0.000%	0.000%	0.000%
11	FY Cigarette Packs (Millions)	68.874	68.068	67.156
12	FY Tobacco Value (Millions)	\$7.626	\$8.053	\$8.490
13	FY Insurance Premiums Growth (% Change)	1.890%	1.890%	1.890%
14	FY Insurance Premiums Tax Credit	\$3.231	\$4.311	\$5.391
15	FY Police & Firemen Retirement (Millions)	\$6.213	\$6.391	\$6.479
16	CY Telephone Taxable Income (% Change)	\$234.185	\$241.724	\$250.770
17	CY Kilowatt Hours Produced (Millions)	22,664.000	22,682.000	22,663.000
18	FY Barrels of Beer (Millions)	0.702	0.706	0.711
19	CY Freight Line Earnings (Millions)	\$21.757	\$21.768	\$21.699
20	FY Liters of Wine (Millions)	5.036	4.907	4.785
21	FY Video Machine Net Income (Millions)	\$126.079	\$139.382	\$150.333
22	FY Statewide Vehicle Value (Millions)	\$1,905.049	\$1,935.412	\$1,986.326
23	FY Per Capita Lottery Sales	\$27.000	\$32.700	\$35.400

24

25

Current Law
General Fund Revenue Estimates
(In Millions)

<u>Source of Revenue</u>	ESTIMATED FY 1992	ESTIMATED FY 1993	ESTIMATED FY 1992 and 1993
Individual Income Tax	\$195.463000	\$196.825000	\$382.288000
	\$197.010000	\$198.435000	\$386.445000
	\$199.084000	\$203.212000	\$402.296000
		\$203.714000	\$402.798000
Corporation License Tax	31.349000	34.089000	65.438000
	<u>32.517000</u>	<u>35.970000</u>	<u>68.487000</u>
		<u>37.190000</u>	<u>69.707000</u>
Coal Severance Tax	6.086000	5.864000	11.950000
Oil Severance Tax	16.466000	15.908000	32.374000
Interest on Investments	17.660000	20.499000	38.159000
		<u>21.717000</u>	<u>39.377000</u>
Long-Range Bond Excess	41.849000	42.444000	84.293000
	42.264000	43.129000	85.343000
	<u>42.551000</u>	<u>43.652000</u>	<u>86.203000</u>
		<u>43.932000</u>	<u>86.483000</u>
Coal Trust Interest Income	43.103000	44.188000	87.291000
Insurance Premiums Tax	18.518000	17.885000	36.403000
Public Institutions Reimb.	13.448000	13.028000	26.476000
Liquor Profits	4.363000	4.301000	8.664000

	ESTIMATED	ESTIMATED	ESTIMATED
	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1992 and 1993</u>
1			
2			
3	<u>5.363000</u>		<u>9.664000</u>
4	Liquor Excise Tax	5.710000	11.401000
5	Inheritance Tax	9.704000	19.673000
6	Metal Mines Tax	4.661000	9.121000
7	Electrical Energy Tax	4.239000	8.480000
8	Driver's License Tax	1.571000	3.148000
9	Telephone License Tax	4.009000	8.134000
10		<u>4.325000</u>	<u>8.334000</u>
11	Beer License Tax	1.272000	2.552000
12	Natural Gas Severance Tax	1.634000	3.450000
13	Freight Line Tax	1.197000	2.390000
14	Wine Tax	0.785000	1.551000
15	Video Gaming Income Tax	6.973000	14.421000
16	Motor Vehicle Account	7.882000	15.938000
17	Vehicle Fees	2.710000	5.491000
18	Public Contractor's Tax	1.070000	2.137000
19	Other Revenue Sources	21.683000	43.920000
20			
21	Grand Total	\$463.405000	\$935.143000
22		<u>\$467.535000</u>	<u>\$944.449000</u>
23		<u>\$469.896000</u>	<u>\$951.110000</u>
24		<u>\$484.634000</u>	<u>\$954.530000</u>
25			

Current Law
 Foundation Program Revenue Estimates
 (In Millions)

<u>Source of Revenue</u>	<u>ESTIMATED FY 1992</u>	<u>ESTIMATED FY 1993</u>	<u>ESTIMATED FY 1992 and 1993</u>
State Revenue			
Income Tax	\$88.705000	\$88.323000	\$178.028000
	\$89.407000	\$90.508000	\$179.915000
	\$90.349000	\$92.222000	\$182.571000
		<u>\$92.450000</u>	<u>\$182.799000</u>
Corporation Tax	14.647000	15.927000	30.574000
	<u>15.193000</u>	<u>16.806000</u>	<u>31.999000</u>
		<u>17.376000</u>	<u>32.569000</u>
Coal Tax	4.508000	4.344000	8.852000
Interest & Income	37.897000	38.808000	76.705000
U.S. Oil & Gas Royalties	25.005000	24.395000	49.400000
Education Trust Interest	0.054000	0.055000	0.109000
State Equal. Account Interest	0.290000	0.000000	0.290000
Permanent Trust Interest	7.606000	7.798000	15.404000
Lottery	5.025000	5.048000	10.073000
Statewide 40 Mills	63.003000	64.161000	127.164000
Miscellaneous	14.937000	8.838000	23.775000
County Levy Surplus	0.000000	0.000000	0.000000

	ESTIMATED FY 1992	ESTIMATED FY 1993	ESTIMATED FY 1992 and 1993
<u>Source of Revenue</u>			
Total State	\$261.677000 <u>\$263.867000</u>	\$258.697000 <u>\$262.475000</u> <u>\$263.273000</u>	\$520.374000 <u>\$523.686000</u> <u>\$526.342000</u> <u>\$527.140000</u>
Statewide Taxable Valuation	1572.956000	1601.896000	Not Applicable
County Revenue			
55 Mills	\$86.513000	\$88.104000	\$174.617000
Elementary Transportation	0.000000	0.000000	0.000000
Cash Reappropriated	6.718000	1.119000	7.837000
Forest Funds	1.744000	1.409000	3.153000
Taylor Grazing	0.119000	0.114000	0.233000
Miscellaneous	17.439000	18.374000	35.813000
High School Tuition	-0.993000	-0.899000	-1.892000
Total County	\$111.540000	\$108.221000	\$219.761000
Total State & County	\$373.217000 <u>\$374.465000</u> <u>\$375.407000</u>	\$366.918000 <u>\$368.982000</u> <u>\$370.696000</u> <u>\$371.494000</u>	\$740.135000 <u>\$743.447000</u> <u>\$746.103000</u> <u>\$746.901000</u>

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