

HOUSE JOINT RESOLUTION NO. 2
INTRODUCED BY GILBERT, B. BROWN, REAM
BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

IN THE HOUSE

JULY 9, 1992 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

 FIRST READING.

JULY 10, 1992 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

JULY 13, 1992 PRINTING REPORT.

JULY 14, 1992 SECOND READING, DO PASS AS AMENDED.

 ENGROSSING REPORT.

 THIRD READING, PASSED.
AYES, 62; NOES, 34.

 TRANSMITTED TO SENATE.

IN THE SENATE

JULY 14, 1992 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

 FIRST READING.

JULY 15, 1992 COMMITTEE RECOMMEND BILL BE
CONCURRED IN AS AMENDED. REPORT
ADOPTED.

JULY 16, 1992 SECOND READING, CONCURRED IN AS
AMENDED.

 THIRD READING, CONCURRED IN.
AYES, 50; NOES, 0.

 RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

JULY 16, 1992 RECEIVED FROM THE SENATE.

JULY 16, 1992 SECOND READING, AMENDMENTS NOT

CONCURRED IN.

ON MOTION, FREE CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

IN THE SENATE

JULY 17, 1992

ON MOTION, FREE CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

IN THE HOUSE

JULY 18, 1992

FREE CONFERENCE COMMITTEE REPORTED.

IN THE SENATE

JULY 18, 1992

FREE CONFERENCE COMMITTEE REPORTED.

IN THE HOUSE

JULY 18, 1992

SECOND READING, FREE CONFERENCE
COMMITTEE REPORT ADOPTED.

THIRD READING, FREE CONFERENCE
COMMITTEE REPORT ADOPTED.

IN THE SENATE

JULY 18, 1992

FREE CONFERENCE COMMITTEE REPORT ADOPTED.

IN THE HOUSE

JULY 18, 1992

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

House JOINT RESOLUTION NO. 2

INTRODUCED BY

Dilbert Bob Brown Ream

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. 1, SPECIAL LAWS OF JANUARY 1992, 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 FISCAL YEAR 1992 AND FOR FISCAL YEAR 1993; AND ESTABLISHING AN ESTIMATE OF THE NONGENERAL FUND REVENUE 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 2
INTRODUCED BILL

1 WHEREAS, it became apparent after the adjournment of the January 1992 special session
2 that there would be a shortfall in anticipated revenue, primarily in individual income taxes,
3 oil-related taxes, and interest earnings; and

4 WHEREAS, the Governor issued a call for a special session to begin July 6, 1992, to
5 address the disparity between budgeted expenditures and anticipated revenue; and

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

8 WHEREAS, section 5-18-107(5), MCA, requires the Revenue Oversight Committee, prior to
9 each regular legislative session, to estimate the amount of revenue projected to be available
10 for legislative appropriation, with that estimate to be used until amended or until finally
11 adopted by both houses; and

12 WHEREAS, the Revenue Oversight Committee has revised its assumptions relating to revenue
13 estimates, including estimates for individual and corporation income taxes, oil and coal
14 severance taxes, earnings on investments, statewide mill levies, and lottery receipts; and

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

19

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

3 That the state general fund revenue for fiscal years 1992 and 1993 is estimated to be
4 \$455,012,000 and \$497,264,000, respectively. The school foundation revenue for fiscal years
5 1992 and 1993 is estimated to be \$365,565,000 and \$374,308,000, respectively.

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

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

13

14

GENERAL FUND REVENUE

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

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

19

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
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)	14.000%	12.000%	10.000%
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	Short-Term Interest Rate	6.080%	5.800%	6.500%
CY	Long-Term Interest Rate	8.840%	8.500%	9.500%
CY	Prime Interest Rate	9.810%	10.000%	10.000%
FY	Treasury Cash Average Balance (Millions)	\$273.426	\$239.636	\$211.601
FY	TRANS Issue (Millions)	\$0.000	\$85.000	\$130.000
FY	Basis Points (Percentage)	0.000%	1.000%	1.000%
FY	Individual Income Tax Audits (Millions)	\$11.266	\$14.077	\$16.397
FY	Legislative Audits (Millions)	\$0.000	\$0.750	\$0.750

		CY/FY	CY/FY	CY/FY
	<u>YEAR</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
1				
2	<u>YEAR</u>			
3	FY Corporation Tax Audits (Millions)	\$8.109	\$10.155	\$13.257
4	FY Other Audits (Millions)			\$0.200
5	CY Total Oil Production (Million bbls.)	18.358	17.807	17.273
6	CY Montana Oil Price	\$18.200	\$18.000	\$18.000
7	FY Statewide Taxable Valuation (Millions)	\$1,564.317	\$1,572.956	\$1,601.896
8	CY Total Coal Production (Million tons)	35.182	34.515	34.375
9	CY Montana Coal Price (CSP)	\$7.564	\$7.540	\$7.530
10	FY Coal Tax Credits (Millions)	\$4.996	\$2.449	\$0.000
11	CY Total Natural Gas Production (M MCF)	45.622	47.304	47.437
12	CY Montana Natural Gas Price (\$/MCF)	\$1.773	\$1.907	\$2.097
13	CY Copper Production (M lbs.)	135.762	137.863	130.776
14	CY Gold Production (M ozs.)	0.348	0.345	0.347
15	CY Silver Production (M ozs.)	6.449	6.454	6.457
16	CY Lead Production (M lbs.)	11.665	11.674	11.739
17	CY Zinc Production (M lbs.)	32.029	32.421	32.602
18	CY Molybdenum Production (M lbs.)	14.100	10.900	9.300
19	CY Palladium Production (M ozs.)	0.200	0.222	0.290
20	CY Platinum Production (M ozs.)	0.061	0.067	0.088
21	CY Copper Price	\$1.046	\$1.038	\$1.042
22	CY Gold Price	\$400.675	\$400.675	\$400.675
23	CY Silver Price	\$4.775	\$4.775	\$4.775
24	CY Lead Price	\$0.209	\$0.209	\$0.209
25	CY Zinc Price	\$0.502	\$0.502	\$0.502

		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 Molybdenum Price	\$3.119	\$3.112	\$3.115
4	CY Palladium Price	\$132.725	\$132.725	\$132.725
5	CY Platinum Price	\$453.253	\$453.253	\$453.253
6	FY Forest Receipts (Millions)	\$11.150	\$7.753	\$7.705
7	FY Permanent Trust Gains/Losses (Millions)	\$1.195	\$1.195	\$1.195
8	FY Common School Trust Gains/Losses (Millions)	\$1.231	\$1.231	\$1.231
9	FY Resource Ind. Trust Gains/Losses (Millions)	\$0.339	\$0.339	\$0.339
10	FY Park Acq. Trust Gains/Losses (Millions)	\$0.054	\$0.054	\$0.054
11	FY Liquor Unit Sales (Millions)	4.780	4.680	4.582
12	FY Wine Unit Sales (Millions)	0.100	0.083	0.067
13	FY Liquor Cost Per Unit	\$4.977	\$5.066	\$5.156
14	FY Wine Cost Per Unit	\$3.258	\$3.372	\$3.483
15	FY Liquor Division Budget (Percent change)	0.000%	0.000%	0.000%
16	FY Cigarette Packs (Millions)	68.874	68.068	67.156
17	FY Tobacco Value (Millions)	\$7.626	\$8.053	\$8.490
18	FY Insurance Premiums Growth (Percent change)	1.890%	1.890%	1.890%
19	FY Insurance Premiums Tax Credit	\$3.231	\$4.311	\$5.391
20	FY Police & Firefighters Retirement (Millions)	\$6.213	\$6.391	\$6.479
21	CY Telephone Taxable Income (Millions)	\$234.185	\$241.724	\$250.770
22	CY Kilowatt Hours Produced (Millions)	22,664.000	22,682.000	22,663.000
23	FY Barrels of Beer (Millions)	0.702	0.706	0.711
24	CY Freight Line Earnings (Millions)	\$21.757	\$21.768	\$21.699
25	FY Liters of Wine (Millions)	5.036	4.907	4.785

1		CY/FY	CY/FY	CY/FY
2	<u>YEAR</u> <u>ASSUMPTION</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
3	FY Video Machine Net Income (Millions)	\$126.079	\$139.382	\$150.333
4	FY Statewide Vehicle Value (Millions)	\$1,905.049	\$1,935.412	\$1,986.326
5	FY Per Capita Lottery Sales	\$27.000	\$32.700	\$35.400

8 Current Law
 9 General Fund Revenue Estimates
 10 (In Millions)

11		ESTIMATED	ESTIMATED	ESTIMATED
12		FY 1992	FY 1993	FY 1992 and 1993
13	<u>Source of Revenue</u>			
14	Individual Income Tax	\$184.658	\$211.449	\$396.107
15	Corporation License Tax	33.250	39.314	72.564
16	Coal Severance Tax	6.684	11.461	18.145
17	Oil Severance Tax	16.350	15.796	32.146
18	Interest on Investments	16.719	17.975	34.694
19	Long-Range Bond Excess	41.515	45.368	86.883
20	Coal Trust Interest Income	39.358	40.349	79.707
21	Insurance Premiums Tax	20.734	20.025	40.759
22	Public Institutions Reimb.	15.301	15.217	30.518
23	Liquor Profits	5.363	4.301	9.664
24	Liquor Excise Tax	6.148	6.128	12.276
25	Inheritance Tax	10.394	10.678	21.072

	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	\$83.801	\$95.960	\$179.761
Corporation Tax	15.535	18.368	33.903
Coal Tax	4.951	4.771	9.722
Interest & Income	39.473	42.003	81.476
U.S. Oil & Gas Royalties	21.150	20.634	41.784
Education Trust Interest	0.100	0.102	0.202
Permanent Trust Interest	6.946	7.121	14.067
Lottery	5.500	5.525	11.025
Statewide 40 Mills	61.632	62.765	124.397
Miscellaneous	<u>14.937</u>	<u>8.838</u>	<u>23.775</u>
Total State	\$254.025	\$266.087	\$520.112
Statewide Taxable Valuation	\$1572.956000	\$1601.896000	Not Applicable

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<u>Source of Revenue</u>	<u>ESTIMATED FY 1992</u>	<u>ESTIMATED FY 1993</u>	<u>ESTIMATED FY 1992 and 1993</u>
County Revenue			
55 Mills	\$86.513	\$88.104	\$174.617
Cash Reappropriated	6.718	1.119	7.837
Forest Funds	1.744	1.409	3.153
Taylor Grazing	0.119	0.114	0.233
Miscellaneous	17.439	18.374	35.813
High School Tuition	<u>(0.993)</u>	<u>(0.899)</u>	<u>(1.892)</u>
Total County	\$111.540	\$108.221	\$219.761
Total State & County	\$365.565	\$374.308	\$739.873
Grand Total GF and SEA	\$820.577	\$871.572	\$1,692.149

- END -

1 HOUSE JOINT RESOLUTION NO. 2

2 INTRODUCED BY GILBERT, B. BROWN, REAM

3 BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

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5 A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA
6 REVISING THE OFFICIAL ESTIMATE, CONTAINED IN HOUSE JOINT RESOLUTION NO. 1, SPECIAL LAWS OF
7 JANUARY 1992, OF THE STATE'S ANTICIPATED REVENUE FOR EACH YEAR OF THE 1992-93 BIENNIUM FOR
8 THE PURPOSE OF ACHIEVING A BALANCED BUDGET AS MANDATED BY ARTICLE VIII, SECTION 9, OF THE
9 MONTANA CONSTITUTION; ACCEPTING THE JUNE 30, 1991, GENERAL FUND AND STATE EQUALIZATION
10 ACCOUNT BALANCES THAT WERE ESTABLISHED BASED ON GENERALLY ACCEPTED ACCOUNTING PRINCIPLES;
11 REQUESTING THE GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING TO USE THE REVENUE ESTIMATES
12 CONTAINED IN THIS RESOLUTION AS OFFICIAL REVENUE ESTIMATES FOR FISCAL YEAR 1992 AND FOR
13 FISCAL YEAR 1993; AND ESTABLISHING AN ESTIMATE OF THE NONGENERAL FUND REVENUE FOR THE STATE
14 EQUALIZATION ACCOUNT.

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16 WHEREAS, Article VI, section 9, of the Montana Constitution requires the Governor to
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18 estimated revenue of the state; and

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

HJR 2
SECOND READING

1 WHEREAS, it became apparent after the adjournment of the January 1992 special session
2 that there would be a shortfall in anticipated revenue, primarily in individual income taxes,
3 oil-related taxes, and interest earnings; and

4 WHEREAS, the Governor issued a call for a special session to begin July 6, 1992, to
5 address the disparity between budgeted expenditures and anticipated revenue; and

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7 with the budget crisis; and

8 WHEREAS, section 5-18-107(5), MCA, requires the Revenue Oversight Committee, prior to
9 each regular legislative session, to estimate the amount of revenue projected to be available
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11 adopted by both houses; and

12 WHEREAS, the Revenue Oversight Committee has revised its assumptions relating to revenue
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15 WHEREAS, given the magnitude of the fiscal crisis facing the State of Montana and given
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8 account, prepared according to generally accepted accounting principles as published in the
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14 GENERAL FUND REVENUE

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16 based on an assumption of a continuation of Montana law as it existed on July 1, 1992.

17 The revenue estimates contained in the following tables are based on the assumptions
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2				
3	FY Corporation Tax Audits (Millions)	\$8.109	\$10.155	\$13.257
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25	CY Freight Line Earnings (Millions)	\$21.757	\$21.768	\$21.699

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1				
2	<u>ASSUMPTION</u>			
3	FY Liters of Wine (Millions)	5.036	4.907	4.785
4	FY Video Machine Net Income (Millions)	\$126.079	\$139.382	\$150.333
5	FY Statewide Vehicle Value (Millions)	\$1,905.049	\$1,935.412	\$1,986.326
6	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>
14			
15	\$184.658	\$211.449	\$396.107
16	33.250	39.314	72.664
17		<u>36.186</u>	<u>69.436</u>
18	6.684	11.461	18.145
19	16.350	15.796	32.146
20	16.719	17.975	34.694
21	41.515	45.368	86.883
22		<u>44.830</u>	<u>86.345</u>
23	39.358	40.349	79.707
24	20.734	20.025	40.759
25	15.301	15.217	30.518

	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	\$83.801	\$95.960	\$179.761
Corporation Tax	15.535	18.368 <u>16.906</u>	33.903 <u>32.441</u>
Coal Tax	4.951	4.771	9.722
Interest & Income	39.473	42.003	81.476
U.S. Oil & Gas Royalties	21.150	20.634	41.784
Education Trust Interest	0.100	0.102	0.202
Permanent Trust Interest	6.946	7.121	14.067
Lottery	5.500	5.525	11.025
Statewide 40 Mills	61.632	62.765	124.397
Miscellaneous	<u>14.937</u>	<u>8.838</u>	<u>23.775</u>
Total State	\$254.025	\$266.087 <u>\$264.625</u>	\$520.112 <u>\$518.650</u>
Statewide Taxable Valuation	\$1572.956000	\$1601.896000	Not Applicable

	ESTIMATED	ESTIMATED	ESTIMATED
<u>Source of Revenue</u>	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1992 and 1993</u>
County Revenue			
55 Mills	\$86.513	\$88.104	\$174.617
Cash Reappropriated	6.718	1.119	7.837
Forest Funds	1.744	1.409	3.153
Taylor Grazing	0.119	0.114	0.233
Miscellaneous	17.439	18.374	35.813
High School Tuition	<u>(0.993)</u>	<u>(0.899)</u>	<u>(1.892)</u>
Total County	\$111.540	\$108.221	\$219.761
Total State & County	\$365.565	\$374.308	\$739.873
Grand Total GF and SEA	\$820.577	\$871.572	\$1,692.149
		<u>\$866.444</u>	<u>\$1,687.021</u>

- END -

1 HOUSE JOINT RESOLUTION NO. 2

2 INTRODUCED BY GILBERT, B. BROWN, REAM

3 BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

4
5 A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA
6 REVISING THE OFFICIAL ESTIMATE, CONTAINED IN HOUSE JOINT RESOLUTION NO. 1, SPECIAL LAWS OF
7 JANUARY 1992, OF THE STATE'S ANTICIPATED REVENUE FOR EACH YEAR OF THE 1992-93 BIENNIUM FOR
8 THE PURPOSE OF ACHIEVING A BALANCED BUDGET AS MANDATED BY ARTICLE VIII, SECTION 9, OF THE
9 MONTANA CONSTITUTION; ACCEPTING THE JUNE 30, 1991, GENERAL FUND AND STATE EQUALIZATION
10 ACCOUNT BALANCES THAT WERE ESTABLISHED BASED ON GENERALLY ACCEPTED ACCOUNTING PRINCIPLES;
11 REQUESTING THE GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING TO USE THE REVENUE ESTIMATES
12 CONTAINED IN THIS RESOLUTION AS OFFICIAL REVENUE ESTIMATES FOR FISCAL YEAR 1992 AND FOR
13 FISCAL YEAR 1993; AND ESTABLISHING AN ESTIMATE OF THE NONGENERAL FUND REVENUE FOR THE STATE
14 EQUALIZATION ACCOUNT.

15
16 WHEREAS, Article VI, section 9, of the Montana Constitution requires the Governor to
17 submit to the Legislature a budget for the ensuing fiscal period, containing in detail the
18 estimated revenue of the state; and

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

THIRD READING
AS AMENDED

1 WHEREAS, it became apparent after the adjournment of the January 1992 special session
2 that there would be a shortfall in anticipated revenue, primarily in individual income taxes,
3 oil-related taxes, and interest earnings; and

4 WHEREAS, the Governor issued a call for a special session to begin July 6, 1992, to
5 address the disparity between budgeted expenditures and anticipated revenue; and

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

8 WHEREAS, section 5-18-107(5), MCA, requires the Revenue Oversight Committee, prior to
9 each regular legislative session, to estimate the amount of revenue projected to be available
10 for legislative appropriation, with that estimate to be used until amended or until finally
11 adopted by both houses; and

12 WHEREAS, the Revenue Oversight Committee has revised its assumptions relating to revenue
13 estimates, including estimates for individual and corporation income taxes, oil and coal
14 severance taxes, earnings on investments, statewide mill levies, and lottery receipts; and

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

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

3 That the state general fund revenue for fiscal years 1992 and 1993 is estimated to be
4 \$455,012,000 and ~~\$497,264,000~~ \$493,598,000, respectively. The school foundation revenue for
5 fiscal years 1992 and 1993 is estimated to be \$365,565,000 and ~~\$374,308,000~~ \$372,846,000,
6 respectively.

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

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

14
15 GENERAL FUND REVENUE

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

18 The revenue estimates contained in the following tables are based on the assumptions
19 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)	14.000%	12.000%	10.000%
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	Short-Term Interest Rate	6.080%	5.800%	6.500%
CY	Long-Term Interest Rate	8.840%	8.500%	9.500%
CY	Prime Interest Rate	9.810%	10.000%	10.000%
FY	Treasury Cash Average Balance (Millions)	\$273.426	\$239.636	\$211.601
FY	TRANS Issue (Millions)	\$0.000	\$85.000	\$130.000
FY	Basis Points (Percentage)	0.000%	1.000%	1.000%
FY	Individual Income Tax Audits (Millions)	\$11.266	\$14.077	\$16.397
FY	Legislative Audits (Millions)	\$0.000	\$0.750	\$0.750

		CY/FY	CY/FY	CY/FY
	<u>YEAR</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
1				
2	<u>YEAR</u>			
3	<u>ASSUMPTION</u>			
4	FY Corporation Tax Audits (Millions)	\$8.109	\$10.155	\$13.257
5				<u>\$8.129</u>
6	FY Other Audits (Millions)			\$0.200
7	CY Total Oil Production (Million bbls.)	18.358	17.807	17.273
8	CY Montana Oil Price	\$18.200	\$18.000	\$18.000
9	FY Statewide Taxable Valuation (Millions)	\$1,564.317	\$1,572.956	\$1,601.896
10	CY Total Coal Production (Million tons)	35.182	34.515	34.375
11	CY Montana Coal Price (CSP)	\$7.564	\$7.540	\$7.530
12	FY Coal Tax Credits (Millions)	\$4.996	\$2.449	\$0.000
13	CY Total Natural Gas Production (M MCF)	45.622	47.304	47.437
14	CY Montana Natural Gas Price (\$/MCF)	\$1.773	\$1.907	\$2.097
15	CY Copper Production (M lbs.)	135.762	137.863	130.776
16	CY Gold Production (M ozs.)	0.348	0.345	0.347
17	CY Silver Production (M ozs.)	6.449	6.454	6.457
18	CY Lead Production (M lbs.)	11.665	11.674	11.739
19	CY Zinc Production (M lbs.)	32.029	32.421	32.602
20	CY Molybdenum Production (M lbs.)	14.100	10.900	9.300
21	CY Palladium Production (M ozs.)	0.200	0.222	0.290
22	CY Platinum Production (M ozs.)	0.061	0.067	0.088
23	CY Copper Price	\$1.046	\$1.038	\$1.042
24	CY Gold Price	\$400.675	\$400.675	\$400.675
25	CY Silver Price	\$4.775	\$4.775	\$4.775
26	CY Lead Price	\$0.209	\$0.209	\$0.209

		CY/FY	CY/FY	CY/FY
		1991	1992	1993
<u>YEAR</u>	<u>ASSUMPTION</u>			
3	CY Zinc Price	\$0.502	\$0.502	\$0.502
4	CY Molybdenum Price	\$3.119	\$3.112	\$3.115
5	CY Palladium Price	\$132.725	\$132.725	\$132.725
6	CY Platinum Price	\$453.253	\$453.253	\$453.253
7	FY Forest Receipts (Millions)	\$11.150	\$7.753	\$7.705
8	FY Permanent Trust Gains/Losses (Millions)	\$1.195	\$1.195	\$1.195
9	FY Common School Trust Gains/Losses (Millions)	\$1.231	\$1.231	\$1.231
0	FY Resource Ind. Trust Gains/Losses (Millions)	\$0.339	\$0.339	\$0.339
1	FY Park Acq. Trust Gains/Losses (Millions)	\$0.054	\$0.054	\$0.054
2	FY Liquor Unit Sales (Millions)	4.780	4.680	4.582
3	FY Wine Unit Sales (Millions)	0.100	0.083	0.067
4	FY Liquor Cost Per Unit	\$4.977	\$5.066	\$5.156
5	FY Wine Cost Per Unit	\$3.258	\$3.372	\$3.483
6	FY Liquor Division Budget (Percent change)	0.000%	0.000%	0.000%
7	FY Cigarette Packs (Millions)	68.874	68.068	67.156
8	FY Tobacco Value (Millions)	\$7.626	\$8.053	\$8.490
9	FY Insurance Premiums Growth (Percent change)	1.890%	1.890%	1.890%
0	FY Insurance Premiums Tax Credit	\$3.231	\$4.311	\$5.391
1	FY Police & Firefighters Retirement (Millions)	\$6.213	\$6.391	\$6.479
2	CY Telephone Taxable Income (Millions)	\$234.185	\$241.724	\$250.770
3	CY Kilowatt Hours Produced (Millions)	22,664.000	22,682.000	22,663.000
4	FY Barrels of Beer (Millions)	0.702	0.706	0.711
5	CY Freight Line Earnings (Millions)	\$21.757	\$21.768	\$21.699

		CY/FY	CY/FY	CY/FY
		<u>1991</u>	<u>1992</u>	<u>1993</u>
1				
2	<u>YEAR</u> <u>ASSUMPTION</u>			
3	FY Liters of Wine (Millions)	5.036	4.907	4.785
4	FY Video Machine Net Income (Millions)	\$126.079	\$139.382	\$150.333
5	FY Statewide Vehicle Value (Millions)	\$1,905.049	\$1,935.412	\$1,986.326
6	FY Per Capita Lottery Sales	\$27.000	\$32.700	\$35.400

Current Law
General Fund Revenue Estimates
(In Millions)

	ESTIMATED	ESTIMATED	ESTIMATED	
	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1992 and 1993</u>	
13				
14	<u>Source of Revenue</u>			
15	Individual Income Tax	\$184.658	\$211.449	\$396.107
16	Corporation License Tax	33.250	39.314	72.564
17			<u>36.186</u>	<u>69.436</u>
18	Coal Severance Tax	6.684	11.461	18.145
19	Oil Severance Tax	16.350	15.796	32.146
20	Interest on Investments	16.719	17.975	34.694
21	Long-Range Bond Excess	41.515	45.368	86.883
22			<u>44.830</u>	<u>86.345</u>
23	Coal Trust Interest Income	39.358	40.349	79.707
24	Insurance Premiums Tax	20.734	20.025	40.759
25	Public Institutions Reimb.	15.301	15.217	30.518

<u>Source of Revenue</u>	ESTIMATED <u>FY 1992</u>	ESTIMATED <u>FY 1993</u>	ESTIMATED <u>FY 1992 and 1993</u>
Liquor Profits	5.363	4.301	9.664
Liquor Excise Tax	6.148	6.128	12.276
Inheritance Tax	10.394	10.678	21.072
Metal Mines Tax	\$3.819	\$3.654	\$7.473
Electrical Energy Tax	4.129	4.131	8.260
Driver's License Tax	1.700	1.706	3.406
Telephone License Tax	3.970	4.283	8.253
Beer License Tax	1.334	1.342	2.676
Natural Gas Severance Tax	1.117	1.241	2.358
Freight Line Tax	1.272	1.268	2.540
Wine Tax	0.816	0.796	1.612
Video Gaming Income Tax	7.825	8.360	16.185
Motor Vehicle Account	9.387	9.594	18.981
Vehicle Fees	2.995	3.073	6.068
Public Contractor's Tax	0.885	0.883	1.768
Other Revenue Sources	<u>19.289</u>	<u>18.872</u>	<u>38.161</u>
 Grand Total	 \$455.012	 \$497.264 <u>\$493.596</u>	 \$952.276 <u>\$948.610</u>

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	\$83.801	\$95.960	\$179.761
Corporation Tax	15.535	18.368	33.903
		<u>16.906</u>	<u>32.441</u>
Coal Tax	4.951	4.771	9.722
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Lottery	5.500	5.525	11.025
Statewide 40 Mills	61.632	62.765	124.397
Miscellaneous	<u>14.937</u>	<u>8.838</u>	<u>23.775</u>
Total State	\$254.025	\$266.087	\$520.112
		<u>\$264.625</u>	<u>\$518.650</u>
Statewide Taxable Valuation	\$1572.956000	\$1601.896000	Not Applicable

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<u>Source of Revenue</u>	<u>ESTIMATED FY 1992</u>	<u>ESTIMATED FY 1993</u>	<u>ESTIMATED FY 1992 and 1993</u>
County Revenue			
55 Mills	\$86.513	\$88.104	\$174.617
Cash Reappropriated	6.718	1.119	7.837
Forest Funds	1.744	1.409	3.153
Taylor Grazing	0.119	0.114	0.233
Miscellaneous	17.439	18.374	35.813
High School Tuition	<u>(0.993)</u>	<u>(0.899)</u>	<u>(1.892)</u>
Total County	\$111.540	\$108.221	\$219.761
Total State & County	\$365.565	\$374.308	\$739.873
Grand Total GF and SEA	\$820.577	\$871.572 <u>\$866.444</u>	\$1,692.149 <u>\$1,687.021</u>

- END -

SENATE STANDING COMMITTEE REPORT

Page 2 of 2
July 15, 1992

Page 1 of 2
July 15, 1992

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Joint Resolution No. 2 (third reading copy -- blue), respectfully report that House Joint Resolution No. 2 be amended and as so amended be concurred in:

1. Page 3, line 4.
Strike: "~~\$493,598,000~~"
Insert: "\$492,883,000"

2. Page 3, line 5.
Strike: "~~\$372,846,000~~"
Insert: "372,561,000"

3. Page 4, line 24.
Strike: "\$16.397"
Insert: "\$15.397"

4. Page 7, line 15.
Strike: "\$211.449"
Insert: "\$210.821"
Strike: "\$396.107"
Insert: "\$395.479"

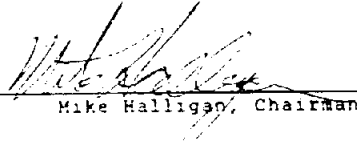
5. Page 8, line 21.
Strike: "~~\$493.596~~"
Insert: "\$492.883"
Strike: "~~\$948.610~~"
Insert: "\$947.895"

6. Page 9, line 8.
Strike: "\$95.960"
Insert: "\$95.675"
Strike: "\$179.761"
Insert: "\$179.476"

7. Page 9, line 21.
Strike: "~~\$264.625~~"
Insert: "\$264.340"
Strike: "~~\$518.650~~"
Insert: "\$518.365"

8. Page 10, line 13.
Strike: "\$374.308"
Insert: "\$372.561"
Strike: "\$739.873"
Insert: "\$738.126"

9. Page 10, line 16.
Strike: "~~\$866.444~~"
Insert: "\$865.444"
Strike: "~~\$1,687.021~~"
Insert: "\$1,686.021"

Signed: 
Mike Halligan, Chairman

AA 7-15-92
Ald. Coord.
SRS 7-15-92
Sec. of Senate

HJR 2

SENATE

0914295C.S11

1 HOUSE JOINT RESOLUTION NO. 2

2 INTRODUCED BY GILBERT, B. BROWN, REAM

3 BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

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10 ACCOUNT BALANCES THAT WERE ESTABLISHED BASED ON GENERALLY ACCEPTED ACCOUNTING PRINCIPLES;
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12 CONTAINED IN THIS RESOLUTION AS OFFICIAL REVENUE ESTIMATES FOR FISCAL YEAR 1992 AND FOR
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14 EQUALIZATION ACCOUNT.

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16 WHEREAS, Article VI, section 9, of the Montana Constitution requires the Governor to
17 submit to the Legislature a budget for the ensuing fiscal period, containing in detail the
18 estimated revenue of the state; and

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

REFERENCE BILL
AS AMENDED

1 WHEREAS, it became apparent after the adjournment of the January 1992 special session
2 that there would be a shortfall in anticipated revenue, primarily in individual income taxes,
3 oil-related taxes, and interest earnings; and

4 WHEREAS, the Governor issued a call for a special session to begin July 6, 1992, to
5 address the disparity between budgeted expenditures and anticipated revenue; and

6 WHEREAS, the Montana Legislature must revise its revenue estimates to responsibly deal
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8 WHEREAS, section 5-18-107(5), MCA, requires the Revenue Oversight Committee, prior to
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10 for legislative appropriation, with that estimate to be used until amended or until finally
11 adopted by both houses; and

12 WHEREAS, the Revenue Oversight Committee has revised its assumptions relating to revenue
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15 WHEREAS, given the magnitude of the fiscal crisis facing the State of Montana and given
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6 ~~\$372,846,000~~ \$372,561,000, respectively.

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18 The revenue estimates contained in the following tables are based on the assumptions
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Revenue Oversight Committee

		CY/FY	CY/FY	CY/FY
		<u>1991</u>	<u>1992</u>	<u>1993</u>
<u>YEAR</u>	<u>ASSUMPTION</u>			
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6	MT Population > = 16 July 1 (Thousands)	609.000	613.000	617.000
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11	CY Interest & Dividend Income (Percent change)	5.570%	4.440%	4.300%
12	CY Net Business Income (Percent change)	5.570%	4.440%	4.300%
13	CY Capital Gains/Losses Income (Percent change)	0.300%	0.300%	0.300%
14	CY Rent/Royalty/Partnership Income (Percent change)	14.000%	12.000%	10.000%
15	CY Other Nonwage & Salary Income (Percent change)	5.570%	4.440%	4.300%
16	CY CPI Percent Change	4.130%	3.500%	4.000%
17	CY U.S. Corporate Profits Before Taxes (Billions)	\$282.000	\$310.900	\$349.300
18	CY Short-Term Interest Rate	6.080%	5.800%	6.500%
19	CY Long-Term Interest Rate	8.840%	8.500%	9.500%
20	CY Prime Interest Rate	9.810%	10.000%	10.000%
21	FY Treasury Cash Average Balance (Millions)	\$273.426	\$239.636	\$211.601
22	FY TRANS Issue (Millions)	\$0.000	\$85.000	\$130.000
23	FY Basis Points (Percentage)	0.000%	1.000%	1.000%
24	FY Individual Income Tax Audits (Millions)	\$11.266	\$14.077	\$16.397
25				<u>\$15.397</u>

		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 Legislative Audits (Millions)	\$0.000	\$0.750	\$0.750
4	FY Corporation Tax Audits (Millions)	\$8.109	\$10.155	\$13.257
5				<u>\$8.129</u>
6	FY Other Audits (Millions)			\$0.200
7	CY Total Oil Production (Million bbls.)	18.358	17.807	17.273
8	CY Montana Oil Price	\$18.200	\$18.000	\$18.000
9	FY Statewide Taxable Valuation (Millions)	\$1,564.317	\$1,572.956	\$1,601.896
10	CY Total Coal Production (Million tons)	35.182	34.515	34.375
11	CY Montana Coal Price (CSP)	\$7.564	\$7.540	\$7.530
12	FY Coal Tax Credits (Millions)	\$4.996	\$2.449	\$0.000
13	CY Total Natural Gas Production (M MCF)	45.622	47.304	47.437
14	CY Montana Natural Gas Price (\$/MCF)	\$1.773	\$1.907	\$2.097
15	CY Copper Production (M lbs.)	135.762	137.863	130.776
16	CY Gold Production (M ozs.)	0.348	0.345	0.347
17	CY Silver Production (M ozs.)	6.449	6.454	6.457
18	CY Lead Production (M lbs.)	11.665	11.674	11.739
19	CY Zinc Production (M lbs.)	32.029	32.421	32.602
20	CY Molybdenum Production (M lbs.)	14.100	10.900	9.300
21	CY Palladium Production (M ozs.)	0.200	0.222	0.290
22	CY Platinum Production (M ozs.)	0.061	0.067	0.088
23	CY Copper Price	\$1.046	\$1.038	\$1.042
24	CY Gold Price	\$400.675	\$400.675	\$400.675
25	CY Silver Price	\$4.775	\$4.775	\$4.775

		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 Lead Price	\$0.209	\$0.209	\$0.209
4	CY Zinc Price	\$0.502	\$0.502	\$0.502
5	CY Molybdenum Price	\$3.119	\$3.112	\$3.115
6	CY Palladium Price	\$132.725	\$132.725	\$132.725
7	CY Platinum Price	\$453.253	\$453.253	\$453.253
8	FY Forest Receipts (Millions)	\$11.150	\$7.753	\$7.705
9	FY Permanent Trust Gains/Losses (Millions)	\$1.195	\$1.195	\$1.195
10	FY Common School Trust Gains/Losses (Millions)	\$1.231	\$1.231	\$1.231
11	FY Resource Ind. Trust Gains/Losses (Millions)	\$0.339	\$0.339	\$0.339
12	FY Park Acq. Trust Gains/Losses (Millions)	\$0.054	\$0.054	\$0.054
13	FY Liquor Unit Sales (Millions)	4.780	4.680	4.582
14	FY Wine Unit Sales (Millions)	0.100	0.083	0.067
15	FY Liquor Cost Per Unit	\$4.977	\$5.066	\$5.156
16	FY Wine Cost Per Unit	\$3.258	\$3.372	\$3.483
17	FY Liquor Division Budget (Percent change)	0.000%	0.000%	0.000%
18	FY Cigarette Packs (Millions)	68.874	68.068	67.156
19	FY Tobacco Value (Millions)	\$7.626	\$8.053	\$8.490
20	FY Insurance Premiums Growth (Percent change)	1.890%	1.890%	1.890%
21	FY Insurance Premiums Tax Credit	\$3.231	\$4.311	\$5.391
22	FY Police & Firefighters Retirement (Millions)	\$6.213	\$6.391	\$6.479
23	CY Telephone Taxable Income (Millions)	\$234.185	\$241.724	\$250.770
24	CY Kilowatt Hours Produced (Millions)	22,664.000	22,682.000	22,663.000
25	FY Barrels of Beer (Millions)	0.702	0.706	0.711

1		CY/FY	CY/FY	CY/FY
2	<u>YEAR</u> <u>ASSUMPTION</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
3	CY Freight Line Earnings (Millions)	\$21.757	\$21.768	\$21.699
4	FY Liters of Wine (Millions)	5.036	4.907	4.785
5	FY Video Machine Net Income (Millions)	\$126.079	\$139.382	\$150.333
6	FY Statewide Vehicle Value (Millions)	\$1,905.049	\$1,935.412	\$1,986.326
7	FY Per Capita Lottery Sales	\$27.000	\$32.700	\$35.400

8
9
10 **Current Law**
11 **General Fund Revenue Estimates**
12 **(In Millions)**

13		ESTIMATED	ESTIMATED	ESTIMATED
14				
15	<u>Source of Revenue</u>	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1992 and 1993</u>
16	Individual Income Tax	\$184.658	\$211.449	\$396.107
17			<u>\$210.821</u>	\$395.479
18	Corporation License Tax	33.250	39.314	72.564
19			<u>36.186</u>	<u>69.436</u>
20	Coal Severance Tax	6.684	11.461	18.145
21	Oil Severance Tax	16.350	15.796	32.146
22	Interest on Investments	16.719	17.975	34.694
23	Long-Range Bond Excess	41.515	45.368	86.883
24			<u>44.830</u>	<u>86.345</u>
25			<u>44.743</u>	<u>86.258</u>

	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	39.358	40.349	79.707
4	20.734	20.025	40.759
5	15.301	15.217	30.518
6	5.363	4.301	9.664
7	6.148	6.128	12.276
8	10.394	10.678	21.072
9	\$3.819	\$3.654	\$7.473
10	4.129	4.131	8.260
11	1.700	1.706	3.406
12	3.970	4.283	8.253
13	1.334	1.342	2.676
14	1.117	1.241	2.358
15	1.272	1.268	2.540
16	0.816	0.796	1.612
17	7.825	8.360	16.185
18	9.387	9.594	18.981
19	2.995	3.073	6.068
20	0.885	0.883	1.768
21	<u>19.289</u>	<u>18.872</u>	<u>38.161</u>
22			
23	\$455.012	\$497.264	\$952.276
24		<u>\$493.586</u>	<u>\$948.610</u>
25		<u>\$492.883</u>	<u>\$947.895</u>

Current Law
 Foundation Program Revenue Estimates
 (In Millions)

<u>Source of Revenue</u>	ESTIMATED <u>FY 1992</u>	ESTIMATED <u>FY 1993</u>	ESTIMATED <u>FY 1992 and 1993</u>
State Revenue			
Income Tax	\$83.801	\$95.960	\$179.761
		<u>\$95.675</u>	<u>\$179.476</u>
Corporation Tax	15.535	18.368	33.903
		<u>16.906</u>	<u>32.441</u>
Coal Tax	4.951	4.771	9.722
Interest & Income	39.473	42.003	81.476
U.S. Oil & Gas Royalties	21.150	20.634	41.784
Education Trust Interest	0.100	0.102	0.202
Permanent Trust Interest	6.946	7.121	14.067
Lottery	5.500	5.525	11.025
Statewide 40 Mills	61.632	62.765	124.397
Miscellaneous	<u>14.937</u>	<u>8.838</u>	<u>23.775</u>
Total State	\$254.025	\$266.087	\$520.112
		<u>\$264.625</u>	<u>\$518.650</u>
		<u>\$264.340</u>	<u>\$518.365</u>
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>
1			
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- END -

Conference Committee
on HJR 2
Report No. 1, July 18, 1992

July 18, 1992
Page 2 of 3

Page 1 of 3

Mr. Speaker and Mr. President:

We, your Conference Committee on HJR 2 met and considered House Joint Resolution 2 and recommend that HJR 2 (reference copy -- salmon) be amended as follows:

1. Page 3, line 4.
Strike: "\$492,883,000"
Insert: "\$493,598,000"

2. Page 3, line 6.
Strike: "\$372,561,000"
Insert: "\$372,846,000"

3. Page 3.
Following: line 13
Insert: "BE IT FURTHER RESOLVED, that the Board of Examiners, prior to issuing tax and revenue anticipation notes (TRANS) to investors outside of state government, look to borrowable funds within the various funds and accounts in the state treasury, including funds that can be borrowed from the board of investments as an investment by the Board of Investments at market interest rates and consistent with the prudent investor rule. Additionally, that the total net income potentially available to the State of Montana, including any arbitrage obtainable and all of the costs associated with issuing TRANS, be recognized by the Board of Examiners and by the Board of Investments and its staff when issuing TRANS or borrowing money from within the state treasury.
BE IT FURTHER RESOLVED, that all borrowable funds within the state treasury be taken into account in determining the cash balance available within the state treasury."

4. Page 4, line 25.
Strike: "\$15.397"
Insert: "\$16.397"

5. Page 7, line 17.
Strike: "\$210.821"
Insert: "\$211.449"
Strike: "\$395.479"
Insert: "\$396.107"

ADOPT

REJECT

6. Page 7, line 25.
Strike: "44.743"
Insert: "44.830"
Strike: "86.258"
Insert: "86.345"

7. Page 8, line 25.
Strike: "\$492.883"
Insert: "\$493.598"
Strike: "\$947.895"
Insert: "\$948.610"

8. Page 9, line 9.
Strike: "\$95.675"
Insert: "\$95.960"
Strike: "\$179.476"
Insert: "\$179.761"

9. Page 9, line 23.
Strike: "\$264.340"
Insert: "\$264.625"
Strike: "\$518.365"
Insert: "\$518.650"

10. Page 10, line 14.
Strike: "\$372.561"
Insert: "\$372.846"
Strike: "\$738.126"
Insert: "\$738.411"

11. Page 10, line 18.
Strike: "\$865.444"
Insert: "\$866.444"
Strike: "\$1,686.021"
Insert: "\$1,687.021"

FCC #1
HJR 2
121215CC.HRT
OPT

121215CC.HRT

July 18, 1992
Page 3 of 3

And this Conference Committee report be adopted.

For the House:

For the Senate:

Bob Ream
Chair Rep. Bob Ream

Thomas E. Towe
Chair Sen. Tom Towe

Sp. Gilbert
Rep. Gilbert

Bob Gage
Sen. Gage

Al Schye
Rep. Schye

Donny Eck
Sen. Eck

HOUSE JOINT RESOLUTION NO. 2

INTRODUCED BY GILBERT, B. BROWN, REAM

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. 1, SPECIAL LAWS OF JANUARY 1992, 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 FISCAL YEAR 1992 AND FOR FISCAL YEAR 1993; AND ESTABLISHING AN ESTIMATE OF THE NONGENERAL FUND REVENUE 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

REFERENCE BILL: Includes
Conference Committee Report
Dated July 18, 1992

1 WHEREAS, it became apparent after the adjournment of the January 1992 special session
2 that there would be a shortfall in anticipated revenue, primarily in individual income taxes,
3 oil-related taxes, and interest earnings; and

4 WHEREAS, the Governor issued a call for a special session to begin July 6, 1992, to
5 address the disparity between budgeted expenditures and anticipated revenue; and

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

8 WHEREAS, section 5-18-107(5), MCA, requires the Revenue Oversight Committee, prior to
9 each regular legislative session, to estimate the amount of revenue projected to be available
10 for legislative appropriation, with that estimate to be used until amended or until finally
11 adopted by both houses; and

12 WHEREAS, the Revenue Oversight Committee has revised its assumptions relating to revenue
13 estimates, including estimates for individual and corporation income taxes, oil and coal
14 severance taxes, earnings on investments, statewide mill levies, and lottery receipts; and

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

19

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

3 That the state general fund revenue for fiscal years 1992 and 1993 is estimated to be
4 \$455,012,000 and ~~\$497,264,000~~ ~~\$493,598,000~~ ~~\$492,883,000~~ \$493,598,000, respectively. The
5 school foundation revenue for fiscal years 1992 and 1993 is estimated to be \$365,565,000 and
6 ~~\$374,308,000~~ ~~\$372,846,000~~ ~~\$372,561,000~~ \$372,846,000, respectively.

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

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

14 BE IT FURTHER RESOLVED, THAT THE BOARD OF EXAMINERS, PRIOR TO ISSUING TAX AND REVENUE
15 ANTICIPATION NOTES (TRANS) TO INVESTORS OUTSIDE OF STATE GOVERNMENT, LOOK TO BORROWABLE FUNDS
16 WITHIN THE VARIOUS FUNDS AND ACCOUNTS IN THE STATE TREASURY, INCLUDING FUNDS THAT CAN BE
17 BORROWED FROM THE BOARD OF INVESTMENTS AS AN INVESTMENT BY THE BOARD OF INVESTMENTS AT MARKET
18 INTEREST RATES AND CONSISTENT WITH THE PRUDENT INVESTOR RULE. ADDITIONALLY, THAT THE TOTAL
19 NET INCOME POTENTIALLY AVAILABLE TO THE STATE OF MONTANA, INCLUDING ANY ARBITRAGE OBTAINABLE

1 AND ALL OF THE COSTS ASSOCIATED WITH ISSUING TRANS. BE RECOGNIZED BY THE BOARD OF EXAMINERS
 2 AND BY THE BOARD OF INVESTMENTS AND ITS STAFF WHEN ISSUING TRANS OR BORROWING MONEY FROM
 3 WITHIN THE STATE TREASURY.

4 BE IT FURTHER RESOLVED, THAT ALL BORROWABLE FUNDS WITHIN THE STATE TREASURY BE TAKEN
 5 INTO ACCOUNT IN DETERMINING THE CASH BALANCE AVAILABLE WITHIN THE STATE TREASURY.

6
 7 GENERAL FUND REVENUE

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

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

12
 13 ECONOMIC ASSUMPTIONS

14 Revenue Oversight Committee

15		CY/FY	CY/FY	CY/FY
16	<u>YEAR</u> <u>ASSUMPTION</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
17	MT Population July 1 (Thousands)	800.000	804.000	808.000
18	MT Population > = 16 July 1 (Thousands)	609.000	613.000	617.000
19	MT Population 18-24 July 1 (Thousands)	67.000	64.000	61.000
20	CY MT Nonfarm Employment (Thousands)	300.800	304.500	307.100
21	CY MT Personal Income (Billions)	\$12.506	\$12.969	\$13.586

		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 MT Nonfarm Wage & Salary Income (Billions)	\$5.964	\$6.229	\$6.497
4	CY Interest & Dividend Income (Percent change)	5.570%	4.440%	4.300%
5	CY Net Business Income (Percent change)	5.570%	4.440%	4.300%
6	CY Capital Gains/Losses Income (Percent change)	0.300%	0.300%	0.300%
7	CY Rent/Royalty/Partnership Income (Percent change)	14.000%	12.000%	10.000%
8	CY Other Nonwage & Salary Income (Percent change)	5.570%	4.440%	4.300%
9	CY CPI Percent Change	4.130%	3.500%	4.000%
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22				<u>\$8.129</u>
23	FY Other Audits (Millions)			\$0.200
24	CY Total Oil Production (Million bbls.)	18.358	17.807	17.273
25	CY Montana Oil Price	\$18.200	\$18.000	\$18.000

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	<u>YEAR</u> <u>ASSUMPTION</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
1				
2				
3	FY Statewide Taxable Valuation (Millions)	\$1,564.317	\$1,572.956	\$1,601.896
4	CY Total Coal Production (Million tons)	35.182	34.515	34.375
5	CY Montana Coal Price (CSP)	\$7.564	\$7.540	\$7.530
6	FY Coal Tax Credits (Millions)	\$4.996	\$2.449	\$0.000
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3	FY Permanent Trust Gains/Losses (Millions)	\$1.195	\$1.195	\$1.195
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6	FY Park Acq. Trust Gains/Losses (Millions)	\$0.054	\$0.054	\$0.054
7	FY Liquor Unit Sales (Millions)	4.780	4.680	4.582
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15	FY Insurance Premiums Tax Credit	\$3.231	\$4.311	\$5.391
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25

Current Law
General Fund Revenue Estimates
(In Millions)

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		<u>\$210.821</u>	<u>\$395.479</u>
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		<u>36.186</u>	<u>69.436</u>
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Interest on Investments	16.719	17.975	34.694
Long-Range Bond Excess	41.515	45.368	86.883
		<u>44.830</u>	<u>86.345</u>
		<u>44.743</u>	<u>86.258</u>
		<u>44.830</u>	<u>86.345</u>
Coal Trust Interest Income	39.358	40.349	79.707
Insurance Premiums Tax	20.734	20.025	40.759
Public Institutions Reimb.	15.301	15.217	30.518
Liquor Profits	5.363	4.301	9.664
Liquor Excise Tax	6.148	6.128	12.276
Inheritance Tax	10.394	10.678	21.072
Metal Mines Tax	\$3.819	\$3.654	\$7.473

	ESTIMATED	ESTIMATED	ESTIMATED
	FY 1992	FY 1993	FY 1992 and 1993
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3			
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Current Law
 Foundation Program Revenue Estimates
 (In Millions)

<u>Source of Revenue</u>	ESTIMATED <u>FY 1992</u>	ESTIMATED <u>FY 1993</u>	ESTIMATED <u>FY 1992 and 1993</u>
State Revenue			
Income Tax	\$83.801	\$95.960	\$179.761
		\$95.675	\$179.476
		<u>\$95.960</u>	<u>\$179.761</u>
Corporation Tax	15.535	18.368	33.903
		<u>16.906</u>	<u>32.441</u>
Coal Tax	4.951	4.771	9.722
Interest & Income	39.473	42.003	81.476
U.S. Oil & Gas Royalties	21.150	20.634	41.784
Education Trust Interest	0.100	0.102	0.202
Permanent Trust Interest	6.946	7.121	14.067
Lottery	5.500	5.525	11.025
Statewide 40 Mills	61.632	62.765	124.397
Miscellaneous	<u>14.937</u>	<u>8.838</u>	<u>23.775</u>
Total State	\$254.025	\$266.087	\$520.112
		<u>\$264.625</u>	<u>\$518.650</u>
		\$264.340	\$518.365
		<u>\$264.625</u>	<u>\$518.650</u>

	ESTIMATED FY 1992	ESTIMATED FY 1993	ESTIMATED FY 1992 and 1993
<u>Source of Revenue</u>			
Statewide Taxable Valuation	\$1572.956000	\$1601.896000	Not Applicable
County Revenue			
55 Mills	\$86.513	\$88.104	\$174.617
Cash Reappropriated	6.718	1.119	7.837
Forest Funds	1.744	1.409	3.153
Taylor Grazing	0.119	0.114	0.233
Miscellaneous	17.439	18.374	35.813
High School Tuition	<u>(0.993)</u>	<u>(0.899)</u>	<u>(1.892)</u>
Total County	\$111.540	\$108.221	\$219.761
Total State & County	\$365.565	\$374.308	\$738.873
		<u>\$372.561</u>	<u>\$738.126</u>
		<u>\$372.846</u>	<u>\$738.411</u>
Grand Total GF and SEA	\$820.577	\$871.572	\$1,692.149
		<u>\$866.444</u>	<u>\$1,687.021</u>
		<u>\$866.444</u>	<u>\$1,686.021</u>
		<u>\$866.444</u>	<u>\$1,687.021</u>

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