

HOUSE JOINT RESOLUTION 2

Introduced by Harrington, et al.

12/01 Introduced
12/01 Referred to Taxation
12/01 First Reading
12/02 Hearing
12/09 Committee Report-Bill Passed as Amended
12/10 2nd Reading Passed as Amended
12/10 3rd Reading Passed

Transmitted to Senate
12/11 First Reading
12/11 Referred to Taxation
12/14 Hearing
12/18 Committee Report-Bill Concurred as Amended
12/18 2nd Reading Concurred
12/18 3rd Reading Concurred

Returned to House with Amendments
Died in Process

House JOINT RESOLUTION NO. 2

INTRODUCED BY

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. 3, LAWS OF 1993, OF THE STATE'S ANTICIPATED REVENUE FOR EACH YEAR OF THE 1994-95 BIENNIUM FOR THE PURPOSE OF ACHIEVING A BALANCED BUDGET AS MANDATED BY ARTICLE VIII, SECTION 9, OF THE MONTANA CONSTITUTION; ACCEPTING THE JUNE 30, 1993, 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 1994 AND FOR FISCAL YEAR 1995; 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 for all operating funds the proposed expenditures and estimated revenue of the state; and

WHEREAS, section 5-18-107(5), MCA, requires the Revenue Oversight Committee to estimate the amount of revenue projected to be available for legislative appropriation and to

1 introduce a house joint resolution setting forth the Committee's current revenue estimate for
2 the biennium; and

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

5 WHEREAS, the 53rd Legislature passed Senate Bill No. 235 (Chapter 544, Laws of 1993)
6 that would have imposed a general sales tax and would have provided income tax and property
7 tax relief; and

8 WHEREAS, the Montana Legislature referred Senate Bill No. 235 (Referendum 111) for
9 approval or rejection by the Montana electorate; and

10 WHEREAS, at a special election held June 8, 1993, the Montana electorate rejected the
11 tax reform proposal by a margin of almost 3-to-1;

12 WHEREAS, the 53rd Legislature enacted House Bill No. 671 (Chapter 634, Laws of 1993) to
13 balance the state's budget in the event the tax reform proposal (Senate Bill No. 235) was
14 rejected; and

15 WHEREAS, House Bill No. 671 generally revised the income tax system and the corporation
16 license tax system and increased revenue from these sources by \$72.3 million; and

17 WHEREAS, Professor Rob Natelson formed a citizens' group known as Montanans for Better
18 Government; and

19 WHEREAS, Montanans for Better Government opposed the tax increase contained in House

1 Bill No. 671 and circulated petitions to have the measure referred to the electorate at the
2 November 8, 1994, general election; and

3 WHEREAS, Montanans for Better Government obtained sufficient signatures to not only
4 refer the measure to Montana voters but to suspend its application as allowed by Article III,
5 section 5, of the Montana Constitution; and

6 WHEREAS, the suspension of House Bill No. 671 means that appropriations by the
7 Legislature are in excess of anticipated revenue; and

8 WHEREAS, state payments for guaranteed tax base for elementary and high schools are in
9 excess of the amount anticipated in House Bill No. 667 (Chapter 633, Laws of 1993); and

10 WHEREAS, the Governor issued a call for a special session to begin November 29, 1993,
11 to address the disparity between budgeted expenditures and anticipated revenue; and

12 WHEREAS, the Governor, in the call for a special session, also requested that the
13 Montana Legislature consider property tax relief for class four property owners whose
14 property values and property tax liabilities have dramatically increased as the result of
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16 WHEREAS, the Governor also requested that the Montana Legislature consider authorizing
17 income tax refunds of approximately \$14 million to federal retirees in light of the U.S.
18 Supreme Court decision in Harper v. Virginia; and

19 WHEREAS, recent Montana Supreme Court decisions dealing with sales assessment ratio

1 studies used to determine appraised value for property tax purposes and dealing with
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7 revised its assumptions relating to revenue estimates; and

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

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

15 That the state general fund revenue for fiscal years 1994 and 1995 is estimated to be
16 \$467,385,000 and \$614,536,000, respectively.

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18 \$405,336,000 and \$286,255,000, respectively.

19 BE IT FURTHER RESOLVED, that the Legislature accept for budget purposes the unreserved

1 fund balance of \$41,471,000 for the general fund and \$10,706,000 for the state equalization
2 account, prepared according to generally accepted accounting principles as published in the
3 audited state financial statements as of June 30, 1993.

4 BE IT FURTHER RESOLVED, that the Governor's Office of Budget and Program Planning use
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8 GENERAL FUND AND STATE EQUALIZATION ACCOUNT REVENUE

9 The projections for total general fund and state equalization account revenue during the
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11 on November 1, 1993.

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5	<u>Year</u> <u>Assumption</u>			
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7	Population July 1 (Millions)	0.817	0.823	0.829
8	Population > = 16 July 1 (Millions)	0.604	0.606	0.608
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10	CY Nonfarm Employment (Thousands)	322.400	327.500	332.300
11	Montana Income			
12	CY Total Personal Income (Millions)	\$13,703.577	\$14,276.992	\$14,909.795
13	CY Net Farm Income (Millions)	\$459.798	\$455.611	\$474.691
14	CY Disposable Personal Income (Millions)	\$12,013.574	\$12,516.132	\$13,070.733
15	CY Nonfarm Wage & Salary Income (Millions)	\$6,928.064	\$7,264.497	\$7,618.190
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18	CY Nonfarm Wage & Salary (Percent Change)	5.39%	4.86%	4.87%
19	CY Interest & Dividend (Percent Change)	2.08%	6.05%	7.37%
20	CY Net Business Income (Percent Change)	7.60%	8.60%	8.70%
21	CY Capital Gains/Losses Income (Percent Change)	1.66%	1.65%	1.63%
22	CY Rent/Royalty/Partnership Income (Percent Change)	7.60%	8.60%	8.70%
23	CY All Other Income (Percent Change)	5.55%	5.00%	5.00%
24	FY Individual Income Tax Audits (Millions)	\$16.397	\$12.000	\$12.000
25				

		CY/FY <u>1993</u>	CY/FY <u>1994</u>	CY/FY <u>1995</u>
<u>Year</u>	<u>Assumption</u>			
1	Montana Corporate Income Tax			
2	CY US Corporate Profits Before Taxes (Billions)	\$422.261	\$450.947	\$481.582
3	CY MT Corporate Taxable Income (Millions)	\$871.078	\$937.126	\$1,003.850
4	FY Corporate Income Tax Audits (Millions)	\$23.862	\$7.800	\$7.800
5				
6	Inflation & Interest Rates			
7	CY Consumer Price Index (Percent Change)	3.13%	3.38%	3.61%
8	CY Short-Term Interest Rate (Percent)	3.13%	3.47%	4.20%
9	CY Long-Term Interest Rate (Percent)	7.10%	6.84%	7.14%
10	FY TCA Blended Interest Rate (Percent)	4.53%	3.69%	4.13%
11	FY TRANS Interest Spread (Percent)	0.00%	0.70%	0.79%
12	FY Treasury Cash Average Balance (Millions)	\$295.216	\$256.393	\$258.898
13	FY TRANS Issue Size (Millions)	\$135.600	\$88.900	\$88.900
14	FY Permanent Trust Gains/Losses (Millions)	\$9.285	\$3.270	\$1.635
15	FY Common School Trust Gains/Losses (Millions)	\$6.235	\$2.633	\$1.317
16	FY Resource Indemnity Trust Gains (Millions)	\$1.505	\$0.712	\$0.356
17	FY Parks Trust Gains/Losses (Millions)	\$0.000	\$0.000	\$0.000
18	FY Arts Trust Gains/Losses (Millions)	\$0.113	\$0.084	\$0.042
19				
20	Natural Resource Tax			
21	CY Total Oil Production (Million bbls.)	17.886	17.357	16.837
22	CY Severance Tax Oil Production (Million bbls.)	16.800	16.438	15.948
23	CY Montana Oil Price (Per bbl.)	\$15.830	\$16.419	\$16.419

	<u>Year</u>	<u>Assumption</u>	<u>CY/FY 1993</u>	<u>CY/FY 1994</u>	<u>CY/FY 1995</u>
1	CY	Total Coal Production (Million tons)	34.154	34.447	34.347
2	CY	Montana Coal Price (CSP per ton)	7.863	7.849	8.005
3	FY	Coal Tax Credits (Millions)	\$0.627	\$0.000	\$0.000
4	CY	Total Natural Gas Production (MMCF)	50.427	50.207	50.921
5	CY	Montana Natural Gas Price (\$ / MCF)	\$1.574	\$1.685	\$1.821
6	CY	Total Liquid Gas Production (Million gallons)	8.509	8.472	8.593
7	CY	Montana Liquid Gas Price (\$ / Gallon)	\$0.195	\$0.209	\$0.225
8	CY	Copper Production (Million lbs.)	126.389	136.789	137.744
9	CY	Silver Production (Million ozs.)	5.793	5.708	5.748
10	CY	Gold Production (Million ozs.)	0.415	0.421	0.424
11	CY	Lead Production (Million lbs.)	9.620	9.620	9.687
12	CY	Zinc Production (Million lbs.)	23.140	23.140	23.301
13	CY	Molybdenum Production (Million lbs.)	7.860	10.280	10.352
14	CY	Palladium Production (Million ozs.)	0.206	0.206	0.207
15	CY	Platinum Production (Million ozs.)	0.061	0.061	0.061
16	CY	Nickel Production (Million lbs.)	0.310	0.310	0.312
17	CY	Rhodium Production (Million ozs.)	0.002	0.002	0.002
18	CY	Copper Price (\$ / lbs.)	\$0.850	\$0.850	\$0.850
19	CY	Silver Price (\$ / ozs.)	\$3.800	\$3.800	\$3.800
20	CY	Gold Price (\$ / ozs.)	\$340.000	\$340.000	\$340.000
21	CY	Lead Price (\$ / lbs.)	\$0.250	\$0.250	\$0.250
22	CY	Zinc Price (\$ / lbs.)	\$0.500	\$0.500	\$0.500
23	CY	Molybdenum Price (\$ / lbs.)	\$2.380	\$2.380	\$2.380

	<u>Year</u>	<u>Assumption</u>	<u>CY/FY</u> <u>1993</u>	<u>CY/FY</u> <u>1994</u>	<u>CY/FY</u> <u>1995</u>
1	CY	Palladium Price (\$ / ozs.)	\$100.000	\$100.000	\$100.000
2	CY	Platinum Price (\$ / ozs.)	\$350.000	\$350.000	\$350.000
3	CY	Nickel Price (\$ / lbs.)	\$4.270	\$4.270	\$4.270
4	CY	Rhodium Price (\$ / ozs.)	\$3,245.000	\$3,245.000	\$3,245.000
5	FY	Federal Forest Receipts (Millions)	\$47.358	\$58.766	\$47.676
6					
7		Property Value			
8	FY	Total Statewide Taxable Valuation (Millions)	\$1,612.780	\$1,707.829	\$1,755.731
9	FY	Net/Gross Proceeds Taxable Valuation (Millions)	\$19.248	\$15.927	\$15.870
10	FY	All Other Taxable Valuation (Millions)	\$1,593.532	\$1,691.902	\$1,739.861
11	FY	Statewide Vehicle Valuation (Millions)	\$2,348.835	\$2,449.593	\$2,561.960
12					
13		Consumption Tax			
14	FY	Liquor Unit Sales (Millions)	4.997	5.043	5.089
15	FY	Wine Unit Sales (Millions)	0.004	0.002	0.001
16	FY	Liquor Cost Per Unit	\$9.839	\$10.034	\$10.271
17	FY	Wine Cost Per Unit	\$4.232	\$4.629	\$4.629
18	FY	Liquor Division Budget (Percent Change)	0.42%	3.00%	3.00%
19	FY	Gallons of Beer (Millions)	0.748	0.754	0.758
20	FY	Wine Liters (Millions)	4.710	4.590	4.497
21	FY	Cigarette Packs (Millions)	69.188	68.519	67.805
22	FY	Tobacco Value (Millions)	\$9.787	\$10.796	\$11.994
23	FY	Gallons of Gasoline (Millions)	445.153	444.993	445.239

	<u>Year</u>	<u>Assumption</u>	<u>CY/FY 1993</u>	<u>CY/FY 1994</u>	<u>CY/FY 1995</u>
1	FY	Gallons of Diesel (Millions)	125.147	127.448	129.791
2	FY	Video Machine Net Income (Millions)	\$175.388	\$193.279	\$208.080
3	FY	Total Lottery Sales (Millions)	\$36.763	\$38.504	\$40.438
4	FY	Insurance Premiums Growth (Percent Change)	17.48%	5.55%	5.55%
5	FY	Insurance Premiums Tax Credit (Millions)	\$3.220	\$3.883	\$2.592
6	FY	Police & Firemen Retirement (Millions)	\$7.082	\$7.374	\$7.691
7	CY	Telephone Taxable Income (Millions)	\$263.932	\$269.739	\$275.673
8	FY	Telephone License Tax -- Multiyear Audits (Millions)	\$0.000	\$2.592	\$0.000
9	CY	Kilowatt-Hours Produced (Millions)	21,394.332	21,589.242	21,571.699
10					
11	Other				
12	FY	Medicaid Reimbursements (Millions)	\$11.845	\$11.921	\$12.448
13					
14		Current Law			
15		General Fund Revenue Estimates			
16		(In Millions)			
17					
18			Estimated	Estimated	Estimated
19	<u>Source of Revenue</u>		<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 94-FY 95</u>
20					
21		Individual Income Tax	\$195.896	\$315.080	\$510.976
22		Corporation License Tax	39.705	56.783	96.488
23		Coal Severance Tax	6.228	6.183	12.411

<u>Source of Revenue</u>		<u>Estimated FY 1994</u>	<u>Estimated FY 1995</u>	<u>Estimated FY 94-FY 95</u>
1	Oil Severance Tax	13.286	13.292	26.578
2	Interest on Investments	9.473	10.681	20.154
3	Long-Range Bond Excess	44.214	45.937	90.151
4	Coal Trust Interest Income	37.508	43.012	80.520
5	Insurance Premiums Tax	24.201	27.110	51.311
6	Public Institutions Reimbursement	14.364	14.949	29.313
7	Liquor Profits	4.205	4.587	8.792
8	Liquor Excise Tax	6.425	6.638	13.063
9	Inheritance Tax	11.384	11.113	22.497
10	Metal Mines Tax	3.526	3.692	7.218
11	Electrical Energy Tax	3.994	4.021	8.015
12	Driver's License Tax	1.800	1.805	3.605
13	Telephone License Tax	6.595	4.091	10.686
14	Beer License Tax	1.358	1.364	2.722
15	Natural Gas Severance Tax	1.298	1.306	2.604
16	Railroad Car Tax	0.000	0.000	0.000
17	Wine Tax	0.734	0.720	1.454
18	Video Gaming Income Tax	9.664	10.404	20.068
19	Motor Vehicle Account	9.632	9.889	19.521
20	Vehicle Fees	3.429	3.587	7.016
21	Public Contractor's Tax	1.242	1.252	2.494
22	Other Revenue Sources	17.224	17.040	34.264
23	Grand Total	\$467.385	\$614.536	\$1,081.921

Current Law
Foundation Program Revenue Estimates
(In Millions)

<u>Source of Revenue</u>	<u>Estimated FY 1994</u>	<u>Estimated FY 1995</u>	<u>Estimated FY 94-FY 95</u>
State Revenue			
Individual Income Tax	\$104.016	\$0.000	\$104.016
Corporation License Tax	15.980	0.000	15.980
Coal Severance Tax	4.613	4.580	9.193
Interest & Income	41.249	42.014	83.263
US Oil & Gas Royalties	21.489	21.497	42.986
Education Trust Interest	0.091	0.093	0.184
State Equalization Account Interest	0.038	0.038	0.076
Coal Tax Trust Interest	6.619	0.000	6.619
Lottery	8.442	8.870	17.312
Statewide 40 Mills	75.773	77.933	153.706
County Revenue	127.026	127.930	254.956
Miscellaneous	0.000	3.300	3.300
County Levy Surplus	0.000	0.000	0.000
Total State	\$405.336	\$286.255	\$691.591
Statewide Taxable Valuation	\$1,707.829	\$1,755.731	NA

	<u>Source of Revenue</u>	<u>Estimated FY 1994</u>	<u>Estimated FY 1995</u>	<u>Estimated FY 94-FY 95</u>
1	County Revenue			
2	Statewide 55 Mills	\$96.828	\$99.366	\$196.194
3	Elementary Transportation	0.000	0.000	0.000
4	Cash Reappropriated	0.000	0.000	0.000
5	Forest Funds	3.009	2.441	5.450
6	Taylor Grazing	0.150	0.149	0.299
7	Miscellaneous	28.168	27.103	55.271
8	High School Tuition	(1.129)	(1.129)	(2.258)
9				
10	Total County (totals included in state revenue)	\$127.026	\$127.930	\$254.956
11				
12	Total State and County	\$405.336	\$286.255	\$691.591
13				
14	Total General Fund and State Equalization Account	\$872.721	\$900.791	\$1,773.512
15	-END-			

APPROVED BY COMMITTEE
ON TAXATION

HOUSE JOINT RESOLUTION NO. 2

INTRODUCED BY HARRINGTON, CRIPPEN, TOWE, REAM

BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

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21	CY Capital Gains/Losses Income (Percent Change)	1.66%	1.65%	1.63%
22	CY Rent/Royalty/Partnership Income (Percent Change)	7.60%	8.60%	8.70%
23	CY All Other Income (Percent Change)	5.55%	5.00%	5.00%
24	FY Individual Income Tax Audits (Millions)	\$16.397	\$12.000	\$12.000
25				

53rd Legislature

HJR 0002/02

<u>Year</u>	<u>Assumption</u>	<u>CY/FY</u> <u>1993</u>	<u>CY/FY</u> <u>1994</u>	<u>CY/FY</u> <u>1995</u>
1	Montana Corporate Income Tax			
2	CY US Corporate Profits Before Taxes (Billions)	\$422.261	\$450.947	\$481.582
3	CY MT Corporate Taxable Income (Millions)	\$871.078	\$937.126	\$1,003.850
4	FY Corporate Income Tax Audits (Millions)	\$23 862	\$7.800	\$7.800
5				
6	Inflation & Interest Rates			
7	CY Consumer Price Index (Percent Change)	3.13%	3.38%	3.61%
8	CY Short-Term Interest Rate (Percent)	3.13%	3.47%	4.20%
9	CY Long-Term Interest Rate (Percent)	7.10%	6.84%	7.14%
10	FY TCA Blended Interest Rate (Percent)	4.53%	3.69%	4.13%
11	FY TRANS Interest Spread (Percent)	0.00%	0.70%	0.79%
12	FY Treasury Cash Average Balance (Millions)	\$295.216	\$256.393	\$258.898
13	FY TRANS Issue Size (Millions)	\$135.600	\$88.900	\$88.900
14	FY Permanent Trust Gains/Losses (Millions)	\$9.285	\$3.270	\$1.635
15	FY Common School Trust Gains/Losses (Millions)	\$6.235	\$2.633	\$1.317
16	FY Resource Indemnity Trust Gains (Millions)	\$1.505	\$0.712	\$0.356
17	FY Parks Trust Gains/Losses (Millions)	\$0.000	\$0.000	\$0.000
18	FY Arts Trust Gains/Losses (Millions)	\$0.113	\$0.084	\$0.042
19				
20	Natural Resource Tax			
21	CY Total Oil Production (Million bbls.)	17.886	17.357	16.837
22	CY Severance Tax Oil Production (Million bbls.)	16.800	16.438	15.948
23	CY Montana Oil Price (Per bbl.)	\$15.830	\$16.419	\$16.419

53rd Legislature

HJR 0002/02

<u>Year</u>	<u>Assumption</u>	<u>CY/FY 1993</u>	<u>CY/FY 1994</u>	<u>CY/FY 1995</u>
1		<u>\$15.000</u>	<u>\$15.000</u>	<u>\$15.000</u>
2	CY Total Coal Production (Million tons)	34.154	34.447	34.347
3	CY Montana Coal Price (CSP per ton)	7.863	7.849	8.005
4	FY Coal Tax Credits (Millions)	\$0.627	\$0.000	\$0.000
5	CY Total Natural Gas Production (MMCF)	50.427	50.207	50.921
6	CY Montana Natural Gas Price (\$ / MCF)	\$1.574	\$1.685	\$1.821
7	CY Total Liquid Gas Production (Million gallons)	8.509	8.472	8.593
8	CY Montana Liquid Gas Price (\$ / Gallon)	\$0.195	\$0.209	\$0.225
9	CY Copper Production (Million lbs.)	126.389	136.789	137.744
10	CY Silver Production (Million ozs.)	5.793	5.708	5.748
11	CY Gold Production (Million ozs.)	0.415	0.421	0.424
12	CY Lead Production (Million lbs.)	9.620	9.620	9.687
13	CY Zinc Production (Million lbs.)	23.140	23.140	23.301
14	CY Molybdenum Production (Million lbs.)	7.860	10.280	10.352
15	CY Palladium Production (Million ozs.)	0.206	0.206	0.207
16	CY Platinum Production (Million ozs.)	0.061	0.061	0.061
17	CY Nickel Production (Million lbs.)	0.310	0.310	0.312
18	CY Rhodium Production (Million ozs.)	0.002	0.002	0.002
19	CY Copper Price (\$ / lbs.)	\$0.850	\$0.850	\$0.850
20	CY Silver Price (\$ / ozs.)	\$3.800	\$3.800	\$3.800
21	CY Gold Price (\$ / ozs.)	\$340.000	\$340.000	\$340.000
22	CY Lead Price (\$ / lbs.)	\$0.250	\$0.250	\$0.250
23	CY Zinc Price (\$ / lbs.)	\$0.500	\$0.500	\$0.500

53rd Legislature

HJR 0002/02

<u>Year</u>	<u>Assumption</u>	<u>CY/FY 1993</u>	<u>CY/FY 1994</u>	<u>CY/FY 1995</u>
1	CY Molybdenum Price (\$ / lbs.)	\$2.380	\$2.380	\$2.380
2	CY Palladium Price (\$ / ozs.)	\$100.000	\$100.000	\$100.000
3	CY Platinum Price (\$ / ozs.)	\$350.000	\$350.000	\$350.000
4	CY Nickel Price (\$ / lbs.)	\$4.270	\$4.270	\$4.270
5	CY Rhodium Price (\$ / ozs.)	\$3,245.000	\$3,245.000	\$3,245.000
6	FY Federal Forest Receipts (Millions)	\$47.358	\$58.766	\$47.676
7				
8	Property Value			
9	FY Total Statewide Taxable Valuation (Millions)	\$1,612.780	\$1,707.829	\$1,755.731
10	FY Net/Gross Proceeds Taxable Valuation (Millions)	\$19.248	\$15.927	\$15.870
11	FY All Other Taxable Valuation (Millions)	\$1,593.532	\$1,691.902	\$1,739.861
12	FY Statewide Vehicle Valuation (Millions)	\$2,348.835	\$2,449.593	\$2,561.960
13				
14	Consumption Tax			
15	FY Liquor Unit Sales (Millions)	4.997	5.043	5.089
16	FY Wine Unit Sales (Millions)	0.004	0.002	0.001
17	FY Liquor Cost Per Unit	\$9.839	\$10.034	\$10.271
18	FY Wine Cost Per Unit	\$4.232	\$4.629	\$4.629
19	FY Liquor Division Budget (Percent Change)	0.42%	3.00%	3.00%
20	FY Gallons of Beer (Millions)	0.748	0.754	0.758
21	FY Wine Liters (Millions)	4.710	4.590	4.497
22	FY Cigarette Packs (Millions)	69.188	68.519	67.805
23	FY Tobacco Value (Millions)	\$9.787	\$10.796	\$11.994

	<u>Year</u>	<u>Assumption</u>	<u>CY/FY 1993</u>	<u>CY/FY 1994</u>	<u>CY/FY 1995</u>
1	FY	Gallons of Gasoline (Millions)	445.153	444.993	445.239
2	FY	Gallons of Diesel (Millions)	125.147	127.448	129.791
3	FY	Video Machine Net Income (Millions)	\$175.388	\$193.279	\$208.080
4	FY	Total Lottery Sales (Millions)	\$36.763	\$38.504	\$40.438
5	FY	Insurance Premiums Growth (Percent Change)	17.48%	5.55%	5.55%
6	FY	Insurance Premiums Tax Credit (Millions)	\$3.220	\$3.883	\$2.592
7	FY	Police & Firemen Retirement (Millions)	\$7.082	\$7.374	\$7.691
8	CY	Telephone Taxable Income (Millions)	\$263.932	\$269.739	\$275.673
9	FY	Telephone License Tax -- Multiyear Audits (Millions)	\$0.000	\$2.592	\$0.000
10	CY	Kilowatt-Hours Produced (Millions)	21,394.332	21,589.242	21,571.699
11					
12	Other				
13	FY	Medicaid Reimbursements (Millions)	\$11.845	\$11.921	\$12.448
14					
15		Current Law			
16		General Fund Revenue Estimates			
17		(In Millions)			
18					
19			Estimated	Estimated	Estimated
20	<u>Source of Revenue</u>		<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 94-FY 95</u>
21					
22		Individual Income Tax	\$195.896	\$315.080	\$510.976
23		Corporation License Tax	39.705	56.783	96.488

53rd Legislature

HJR 0002/02

	<u>Source of Revenue</u>	<u>Estimated FY 1994</u>	<u>Estimated FY1995</u>	<u>Estimated FY 94-FY 95</u>
1	Coal Severance Tax	6.228	6.183	12.411
2	Oil Severance Tax	13.286	13.292	26.578
3	Interest on Investments	9.473	10.681	20.154
4	Long-Range Bond Excess	44.214	45.937	90.151
5	Coal Trust Interest Income	37.508	43.012	80.520
6	Insurance Premiums Tax	24.201	27.110	51.311
7	Public Institutions Reimbursement	14.364	14.949	29.313
8	Liquor Profits	4.205	4.587	8.792
9	Liquor Excise Tax	6.425	6.638	13.063
10	Inheritance Tax	11.384	11.113	22.497
11	Metal Mines Tax	3.526	3.692	7.218
12	Electrical Energy Tax	3.994	4.021	8.015
13	Driver's License Tax	1.800	1.805	3.605
14	Telephone License Tax	6.595	4.091	10.686
15	Beer License Tax	1.358	1.364	2.722
16	Natural Gas Severance Tax	1.298	1.306	2.604
17	Railroad Car Tax	0.000	0.000	0.000
18	Wine Tax	0.734	0.720	1.454
19	Video Gaming Income Tax	9.664	10.404	20.068
20	Motor Vehicle Account	9.632	9.889	19.521
21	Vehicle Fees	3.429	3.587	7.016
22	Public Contractor's Tax	1.242	1.252	2.494
23	Other Revenue Sources	17.224	17.040	34.264

<u>Source of Revenue</u>	<u>Estimated FY 1994</u>	<u>Estimated FY1995</u>	<u>Estimated FY 94-FY 95</u>
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1	Grand Total	\$467.385	\$614.536	\$1,081.921
2		<u>\$465.582</u>	<u>\$612.403</u>	<u>\$1,077.985</u>

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Current Law

Foundation Program Revenue Estimates

(In Millions)

<u>Source of Revenue</u>	<u>Estimated FY 1994</u>	<u>Estimated FY 1995</u>	<u>Estimated FY 94-FY 95</u>
--------------------------	------------------------------	------------------------------	----------------------------------

State Revenue

Individual Income Tax	\$104.016	\$0.000	\$104.016
Corporation License Tax	15.980	0.000	15.980
Coal Severance Tax	4.613	4.580	9.193
Interest & Income	41.249	42.014	83.263
US Oil & Gas Royalties	21.489	21.497	42.986
Education Trust Interest	0.091	0.093	0.184
State Equalization Account Interest	0.038	0.038	0.076
Coal Tax Trust Interest	6.619	0.000	6.619
Lottery	8.442	8.870	17.312
Statewide 40 Mills	75.773	77.933	153.706
County Revenue	127.026	127.930	254.956
Miscellaneous	0.000	3.300	3.300

53rd Legislature

HJR 0002/02

<u>Source of Revenue</u>	<u>Estimated FY 1994</u>	<u>Estimated FY1995</u>	<u>Estimated FY 94-FY 95</u>
1 County Levy Surplus	0.000	0.000	0.000
2 Total State	\$406.336	\$286.255	\$691.591
3	<u>\$404.875</u>	<u>\$285.690</u>	<u>\$690.565</u>
4			
5 Statewide Taxable Valuation	\$1,707.829	\$1,755.731	NA
6			
7 County Revenue			
8 Statewide 55 Mills	\$96.828	\$99.366	\$196.194
9 Elementary Transportation	0.000	0.000	0.000
10 Cash Reappropriated	0.000	0.000	0.000
11 Forest Funds	3.009	2.441	5.450
12 Taylor Grazing	0.150	0.149	0.299
13 Miscellaneous	28.168	27.103	55.271
14 High School Tuition	(1.129)	(1.129)	(2.258)
15			
16 Total County (totals included in state revenue)	\$127.026	\$127.930	\$254.956
17			
18 Total State and County	\$406.336	\$286.255	\$691.591
19	<u>\$404.875</u>	<u>\$285.690</u>	<u>\$690.565</u>
20			
21 Total General Fund and State Equalization Account	\$872.721	\$900.791	\$1,773.512
22	<u>\$870.457</u>	<u>\$898.093</u>	<u>\$1,768.550</u>
23			

-END-

1 HOUSE JOINT RESOLUTION NO. 2

2 INTRODUCED BY HARRINGTON, CRIPPEN, TOWE, 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. 3, LAWS OF 1993, OF
7 THE STATE'S ANTICIPATED REVENUE FOR EACH YEAR OF THE 1994-95 BIENNIUM FOR THE PURPOSE OF
8 ACHIEVING A BALANCED BUDGET AS MANDATED BY ARTICLE VIII, SECTION 9, OF THE MONTANA
9 CONSTITUTION; ACCEPTING THE JUNE 30, 1993, GENERAL FUND AND STATE EQUALIZATION ACCOUNT
10 BALANCES THAT WERE ESTABLISHED BASED ON GENERALLY ACCEPTED ACCOUNTING PRINCIPLES; REQUESTING
11 THE GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING TO USE THE REVENUE ESTIMATES CONTAINED
12 IN THIS RESOLUTION AS OFFICIAL REVENUE ESTIMATES FOR THE REMAINDER OF FISCAL YEAR 1994 AND
13 FOR FISCAL YEAR 1995; AND ESTABLISHING AN ESTIMATE OF THE NONGENERAL FUND REVENUES FOR THE
14 STATE 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 for
18 all operating funds the proposed expenditures and estimated revenue of the state; and

19 WHEREAS, section 5-18-107(5), MCA, requires the Revenue Oversight Committee to estimate
20 the amount of revenue projected to be available for legislative appropriation and to

1 introduce a house joint resolution setting forth the Committee's current revenue estimate for
2 the biennium; and

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

5 WHEREAS, the 53rd Legislature passed Senate Bill No. 235 (Chapter 544, Laws of 1993)
6 that would have imposed a general sales tax and would have provided income tax and property
7 tax relief; and

8 WHEREAS, the Montana Legislature referred Senate Bill No. 235 (Referendum 111) for
9 approval or rejection by the Montana electorate; and

10 WHEREAS, at a special election held June 8, 1993, the Montana electorate rejected the
11 tax reform proposal by a margin of almost 3-to-1;

12 WHEREAS, the 53rd Legislature enacted House Bill No. 671 (Chapter 634, Laws of 1993) to
13 balance the state's budget in the event the tax reform proposal (Senate Bill No. 235) was
14 rejected; and

15 WHEREAS, House Bill No. 671 generally revised the income tax system and the corporation
16 license tax system and increased revenue from these sources by \$72.3 million; and

17 WHEREAS, Professor Rob Natelson formed a citizens' group known as Montanans for Better
18 Government; and

19 WHEREAS, Montanans for Better Government opposed the tax increase contained in House

1 Bill No. 671 and circulated petitions to have the measure referred to the electorate at the
2 November 8, 1994, general election; and

3 WHEREAS, Montanans for Better Government obtained sufficient signatures to not only
4 refer the measure to Montana voters but to suspend its application as allowed by Article III,
5 section 5, of the Montana Constitution; and

6 WHEREAS, the suspension of House Bill No. 671 means that appropriations by the
7 Legislature are in excess of anticipated revenue; and

8 WHEREAS, state payments for guaranteed tax base for elementary and high schools are in
9 excess of the amount anticipated in House Bill No. 667 (Chapter 633, Laws of 1993); and

10 WHEREAS, the Governor issued a call for a special session to begin November 29, 1993,
11 to address the disparity between budgeted expenditures and anticipated revenue; and

12 WHEREAS, the Governor, in the call for a special session, also requested that the
13 Montana Legislature consider property tax relief for class four property owners whose
14 property values and property tax liabilities have dramatically increased as the result of
15 reappraisal; and

16 WHEREAS, the Governor also requested that the Montana Legislature consider authorizing
17 income tax refunds of approximately \$14 million to federal retirees in light of the U.S.
18 Supreme Court decision in Harper v. Virginia; and

19 WHEREAS, recent Montana Supreme Court decisions dealing with sales assessment ratio

1 studies used to determine appraised value for property tax purposes and dealing with
2 adjustment payments to state retirees may affect the state's financial condition;

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

6 WHEREAS, the Revenue Oversight Committee, in anticipation of the special session, has
7 revised its assumptions relating to revenue estimates; and

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

12
13 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE
14 OF MONTANA:

15 That the state general fund revenue for fiscal years 1994 and 1995 is estimated to be
16 \$467,385,000 and \$614,536,000, respectively.

17 That the school foundation revenue for fiscal years 1994 and 1995 is estimated to be
18 \$405,336,000 and \$286,255,000, respectively.

19 BE IT FURTHER RESOLVED, that the Legislature accept for budget purposes the unreserved

1 fund balance of \$41,471,000 for the general fund and \$10,706,000 for the state equalization
2 account, prepared according to generally accepted accounting principles as published in the
3 audited state financial statements as of June 30, 1993.

4 BE IT FURTHER RESOLVED, that the Governor's Office of Budget and Program Planning use
5 the revenue estimates (and the underlying assumptions) contained in this resolution as the
6 official revenue estimates for fiscal years 1994 and 1995.

7

8 GENERAL FUND AND STATE EQUALIZATION ACCOUNT REVENUE

9 The projections for total general fund and state equalization account revenue during the
10 1994-95 biennium are based on an assumption of a continuation of Montana law as it existed
11 on November 1, 1993.

12 The revenue estimates contained in the following tables are based on the assumptions
13 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>1993</u>	<u>CY/FY</u> <u>1994</u>	<u>CY/FY</u> <u>1995</u>
	Montana Population & Employment			
	Population July 1 (Millions)	0.817	0.823	0.829
	Population > = 16 July 1 (Millions)	0.604	0.606	0.608
	Population 18-24 July 1 (Millions)	0.064	0.061	0.059
CY	Nonfarm Employment (Thousands)	322.400	327.500	332.300
	Montana Income			
CY	Total Personal Income (Millions)	\$13,703.577	\$14,276.992	\$14,909.795
CY	Net Farm Income (Millions)	\$459.798	\$455.611	\$474.691
CY	Disposable Personal Income (Millions)	\$12,013.574	\$12,516.132	\$13,070.733
CY	Nonfarm Wage & Salary Income (Millions)	\$6,928.064	\$7,264.497	\$7,618.190
	Montana Individual Income Tax			
CY	Nonfarm Wage & Salary (Percent Change)	5.39%	4.86%	4.87%
CY	Interest & Dividend (Percent Change)	2.08%	6.05%	7.37%
CY	Net Business Income (Percent Change)	7.60%	8.60%	8.70%
CY	Capital Gains/Losses Income (Percent Change)	1.66%	1.65%	1.63%
CY	Rent/Royalty/Partnership Income (Percent Change)	7.60%	8.60%	8.70%
CY	All Other Income (Percent Change)	5.55%	5.00%	5.00%
FY	Individual Income Tax Audits (Millions)	\$16.397	\$12.000	\$12.000

53rd Legislature

HJR 0002/03

<u>Year</u>	<u>Assumption</u>	<u>CY/FY</u> <u>1993</u>	<u>CY/FY</u> <u>1994</u>	<u>CY/FY</u> <u>1995</u>
1	Montana Corporate Income Tax			
2	CY US Corporate Profits Before Taxes (Billions)	\$422.261	\$450.947	\$481.582
3	CY MT Corporate Taxable Income (Millions)	\$871.078	\$937.126	\$1,003.850
4	FY Corporate Income Tax Audits (Millions)	\$23.862	\$7.800	\$7.800
5				
6	Inflation & Interest Rates			
7	CY Consumer Price Index (Percent Change)	3.13%	3.38%	3.61%
8	CY Short-Term Interest Rate (Percent)	3.13%	3.47%	4.20%
9	CY Long-Term Interest Rate (Percent)	7.10%	6.84%	7.14%
10	FY TCA Blended Interest Rate (Percent)	4.53%	3.69%	4.13%
11	FY TRANS Interest Spread (Percent)	0.00%	0.70%	0.79%
12	FY Treasury Cash Average Balance (Millions)	\$295.216	\$256.393	\$258.898
13	FY TRANS Issue Size (Millions)	\$135.600	\$88.900	\$88.900
14	FY Permanent Trust Gains/Losses (Millions)	\$9.285	\$3.270	\$1.635
15	FY Common School Trust Gains/Losses (Millions)	\$6.235	\$2.633	\$1.317
16	FY Resource Indemnity Trust Gains (Millions)	\$1.505	\$0.712	\$0.356
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19				
20	Natural Resource Tax			
21	CY Total Oil Production (Million bbls.)	17.886	17.357	16.837
22	CY Severance Tax Oil Production (Million bbls.)	16.800	16.438	15.948
23	CY Montana Oil Price (Per bbl.)	\$15.830	\$16.419	\$16.419

53rd Legislature

HJR 0002/03

<u>Year</u>	<u>Assumption</u>	<u>CY/FY 1993</u>	<u>CY/FY 1994</u>	<u>CY/FY 1995</u>
1		<u>\$15.000</u>	<u>\$15.000</u>	<u>\$15.000</u>
2	CY Total Coal Production (Million tons)	34.154	34.447	34.347
3	CY Montana Coal Price (CSP per ton)	7.863	7.849	8.005
4	FY Coal Tax Credits (Millions)	\$0.627	\$0.000	\$0.000
5	CY Total Natural Gas Production (MMCF)	50.427	50.207	50.921
6	CY Montana Natural Gas Price (\$ / MCF)	\$1.574	\$1.685	\$1.821
7	CY Total Liquid Gas Production (Million gallons)	8.509	8.472	8.593
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10	CY Silver Production (Million ozs.)	5.793	5.708	5.748
11	CY Gold Production (Million ozs.)	0.415	0.421	0.424
12	CY Lead Production (Million lbs.)	9.620	9.620	9.687
13	CY Zinc Production (Million lbs.)	23.140	23.140	23.301
14	CY Molybdenum Production (Million lbs.)	7.860	10.280	10.352
15	CY Palladium Production (Million ozs.)	0.206	0.206	0.207
16	CY Platinum Production (Million ozs.)	0.061	0.061	0.061
17	CY Nickel Production (Million lbs.)	0.310	0.310	0.312
18	CY Rhodium Production (Million ozs.)	0.002	0.002	0.002
19	CY Copper Price (\$ / lbs.)	\$0.850	\$0.850	\$0.850
20	CY Silver Price (\$ / ozs.)	\$3.800	\$3.800	\$3.800
21	CY Gold Price (\$ / ozs.)	\$340.000	\$340.000	\$340.000
22	CY Lead Price (\$ / lbs.)	\$0.250	\$0.250	\$0.250
23	CY Zinc Price (\$ / lbs.)	\$0.500	\$0.500	\$0.500

53rd Legislature

HJR 0002/03

<u>Year</u>	<u>Assumption</u>	<u>CY/FY 1993</u>	<u>CY/FY 1994</u>	<u>CY/FY 1995</u>
1	CY Molybdenum Price (\$ / lbs.)	\$2.380	\$2.380	\$2.380
2	CY Palladium Price (\$ / ozs.)	\$100.000	\$100.000	\$100.000
3	CY Platinum Price (\$ / ozs.)	\$350.000	\$350.000	\$350.000
4	CY Nickel Price (\$ / lbs.)	\$4.270	\$4.270	\$4.270
5	CY Rhodium Price (\$ / ozs.)	\$3,245.000	\$3,245.000	\$3,245.000
6	FY Federal Forest Receipts (Millions)	\$47.358	\$58.766	\$47.676
7				
8	Property Value			
9	FY Total Statewide Taxable Valuation (Millions)	\$1,612.780	\$1,707.829	\$1,755.731
10	FY Net/Gross Proceeds Taxable Valuation (Millions)	\$19.248	\$15.927	\$15.870
11	FY All Other Taxable Valuation (Millions)	\$1,593.532	\$1,691.902	\$1,739.861
12	FY Statewide Vehicle Valuation (Millions)	\$2,348.835	\$2,449.593	\$2,561.960
13				
14	Consumption Tax			
15	FY Liquor Unit Sales (Millions)	4.997	5.043	5.089
16	FY Wine Unit Sales (Millions)	0.004	0.002	0.001
17	FY Liquor Cost Per Unit	\$9.839	\$10.034	\$10.271
18	FY Wine Cost Per Unit	\$4.232	\$4.629	\$4.629
19	FY Liquor Division Budget (Percent Change)	0.42%	3.00%	3.00%
20	FY Gallons of Beer (Millions)	0.748	0.754	0.758
21	FY Wine Liters (Millions)	4.710	4.590	4.497
22	FY Cigarette Packs (Millions)	69.188	68.519	67.805
23	FY Tobacco Value (Millions)	\$9.787	\$10.796	\$11.994

<u>Year</u>	<u>Assumption</u>	<u>CY/FY 1993</u>	<u>CY/FY 1994</u>	<u>CY/FY 1995</u>
1	FY Gallons of Gasoline (Millions)	445.153	444.993	445.239
2	FY Gallons of Diesel (Millions)	125.147	127.448	129.791
3	FY Video Machine Net Income (Millions)	\$175.388	\$193.279	\$208.080
4	FY Total Lottery Sales (Millions)	\$36.763	\$38.504	\$40.438
5	FY Insurance Premiums Growth (Percent Change)	17.48%	5.55%	5.55%
6	FY Insurance Premiums Tax Credit (Millions)	\$3.220	\$3.883	\$2.592
7	FY Police & Firemen Retirement (Millions)	\$7.082	\$7.374	\$7.691
8	CY Telephone Taxable Income (Millions)	\$263.932	\$269.739	\$275.673
9	FY Telephone License Tax -- Multiyear Audits (Millions)	\$0.000	\$2.592	\$0.000
10	CY Kilowatt-Hours Produced (Millions)	21,394.332	21,589.242	21,571.699
11				
12	Other			
13	FY Medicaid Reimbursements (Millions)	\$11.845	\$11.921	\$12.448
14				
15	Current Law			
16	General Fund Revenue Estimates			
17	(In Millions)			
18				
19		Estimated	Estimated	Estimated
20	<u>Source of Revenue</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 94-FY 95</u>
21				
22	Individual Income Tax	\$195.896	\$315.080	\$510.976
23	Corporation License Tax	38.705	56.783	96.488

53rd Legislature

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<u>Source of Revenue</u>		<u>Estimated FY 1994</u>	<u>Estimated FY1995</u>	<u>Estimated FY 94-FY 95</u>
1		<u>39.252</u>	<u>55.901</u>	<u>95.153</u>
2	Coal Severance Tax	6.228	6.183	12.411
3	Oil Severance Tax	13.286	13.282	26.578
4		<u>12.010</u>	<u>12.144</u>	<u>24.154</u>
5	Interest on Investments	9.473	10.681	20.154
6	Long-Range Bond Excess	44.214	45.837	90.151
7		<u>44.140</u>	<u>45.834</u>	<u>89.974</u>
8	Coal Trust Interest Income	37.508	43.012	80.520
9	Insurance Premiums Tax	24.201	27.110	51.311
10	Public Institutions Reimbursement	14.364	14.949	29.313
11	Liquor Profits	4.205	4.587	8.792
12	Liquor Excise Tax	6.425	6.638	13.063
13	Inheritance Tax	11.384	11.113	22.497
14	Metal Mines Tax	3.526	3.692	7.218
15	Electrical Energy Tax	3.994	4.021	8.015
16	Driver's License Tax	1.800	1.805	3.605
17	Telephone License Tax	6.595	4.091	10.686
18	Beer License Tax	1.358	1.364	2.722
19	Natural Gas Severance Tax	1.298	1.306	2.604
20	Railroad Car Tax	0.000	0.000	0.000
21	Wine Tax	0.734	0.720	1.454
22	Video Gaming Income Tax	9.664	10.404	20.068
23	Motor Vehicle Account	9.632	9.889	19.521

<u>Source of Revenue</u>	<u>Estimated FY 1994</u>	<u>Estimated FY1995</u>	<u>Estimated FY 94-FY 95</u>
1 Vehicle Fees	3.429	3.587	7.016
2 Public Contractor's Tax	1.242	1.252	2.494
3 Other Revenue Sources	17.224	17.040	34.264
4 Grand Total	\$467.385	\$614.536	\$1,081.921
5	<u>\$465.582</u>	<u>\$612.403</u>	<u>\$1,077.985</u>

Current Law

Foundation Program Revenue Estimates

(In Millions)

<u>Source of Revenue</u>	<u>Estimated FY 1994</u>	<u>Estimated FY 1995</u>	<u>Estimated FY 94-FY 95</u>
14 State Revenue			
15 Individual Income Tax	\$104.016	\$0.000	\$104.016
16 Corporation License Tax	15.980	0.000	15.980
17	<u>15.779</u>		<u>15.779</u>
18 Coal Severance Tax	4.613	4.580	9.193
19 Interest & Income	41.249	42.014	83.263
20 US Oil & Gas Royalties	21.489	21.487	42.986
21	<u>21.303</u>	<u>21.257</u>	<u>42.560</u>
22 Education Trust Interest	0.091	0.093	0.184
23 State Equalization Account Interest	0.038	0.038	0.076

<u>Source of Revenue</u>		<u>Estimated FY 1994</u>	<u>Estimated FY1995</u>	<u>Estimated FY 94-FY 95</u>
1	Coal Tax Trust Interest	6.619	0.000	6.619
2	Lottery	8.442	8.870	17.312
3	Statewide 40 Mills	75.773	77.933	153.706
4		<u>75.750</u>	<u>77.896</u>	<u>153.646</u>
5	County Revenue	127.026	127.930	254.956
6		<u>126.975</u>	<u>127.642</u>	<u>254.617</u>
7	Miscellaneous	0.000	3.300	3.300
8	County Levy Surplus	0.000	0.000	0.000
9	Total State	\$405.336	\$286.255	\$691.591
10		<u>\$404.875</u>	<u>\$285.690</u>	<u>\$690.565</u>
11				
12	Statewide Taxable Valuation	\$1,707.829	\$1,755.731	NA
13				
14	County Revenue			
15	Statewide 55 Mills	\$96.828	\$99.366	\$196.194
16	Elementary Transportation	0.000	0.000	0.000
17	Cash Reappropriated	0.000	0.000	0.000
18	Forest Funds	3.009	2.441	5.450
19	Taylor Grazing	0.150	0.149	0.299
20	Miscellaneous	28.168	27.103	55.271
21	High School Tuition	(1.129)	(1.129)	(2.258)
22				
23	Total County (totals included in state revenue)	\$127.026	\$127.930	\$254.956

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Source of Revenue

<u>Estimated FY 1994</u>	<u>Estimated FY1995</u>	<u>Estimated FY 94-FY 95</u>
------------------------------	-----------------------------	----------------------------------

1	Total State and County
2	
3	
4	Total General Fund and State Equalization Account
5	
6	

\$406.336	\$286.255	\$691.591
<u>\$404.875</u>	<u>\$285.690</u>	<u>\$690.565</u>
\$872.721	\$900.791	\$1,773.512
<u>\$870.457</u>	<u>\$898.093</u>	<u>\$1,768.550</u>

-END-

1 HOUSE JOINT RESOLUTION NO. 2

2 INTRODUCED BY HARRINGTON, CRIPPEN, TOWE, 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. 3, LAWS OF 1993, OF
7 THE STATE'S ANTICIPATED REVENUE FOR EACH YEAR OF THE 1994-95 BIENNIUM FOR THE PURPOSE OF
8 ACHIEVING A BALANCED BUDGET AS MANDATED BY ARTICLE VIII, SECTION 9, OF THE MONTANA
9 CONSTITUTION; ACCEPTING THE JUNE 30, 1993, GENERAL FUND AND STATE EQUALIZATION ACCOUNT
10 BALANCES THAT WERE ESTABLISHED BASED ON GENERALLY ACCEPTED ACCOUNTING PRINCIPLES; REQUESTING
11 THE GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING TO USE THE REVENUE ESTIMATES CONTAINED
12 IN THIS RESOLUTION AS OFFICIAL REVENUE ESTIMATES FOR THE REMAINDER OF FISCAL YEAR 1994 AND
13 FOR FISCAL YEAR 1995; AND ESTABLISHING AN ESTIMATE OF THE NONGENERAL FUND REVENUES FOR THE
14 STATE 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 for
18 all operating funds the proposed expenditures and estimated revenue of the state; and

19 WHEREAS, section 5-18-107(5), MCA, requires the Revenue Oversight Committee to estimate
20 the amount of revenue projected to be available for legislative appropriation and to

REFERENCE BILL
AS AMENDED

1 introduce a house joint resolution setting forth the Committee's current revenue estimate for
2 the biennium; and

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

5 WHEREAS, the 53rd Legislature passed Senate Bill No. 235 (Chapter 544, Laws of 1993)
6 that would have imposed a general sales tax and would have provided income tax and property
7 tax relief; and

8 WHEREAS, the Montana Legislature referred Senate Bill No. 235 (Referendum 111) for
9 approval or rejection by the Montana electorate; and

10 WHEREAS, at a special election held June 8, 1993, the Montana electorate rejected the
11 tax reform proposal by a margin of almost 3-to-1;

12 WHEREAS, the 53rd Legislature enacted House Bill No. 671 (Chapter 634, Laws of 1993) to
13 balance the state's budget in the event the tax reform proposal (Senate Bill No. 235) was
14 rejected; and

15 WHEREAS, House Bill No. 671 generally revised the income tax system and the corporation
16 license tax system and increased revenue from these sources by \$72.3 million; and

17 WHEREAS, Professor Rob Natelson formed a citizens' group known as Montanans for Better
18 Government; and

19 WHEREAS, Montanans for Better Government opposed the tax increase contained in House

1 Bill No. 671 and circulated petitions to have the measure referred to the electorate at the
2 November 8, 1994, general election; and

3 WHEREAS, Montanans for Better Government obtained sufficient signatures to not only
4 refer the measure to Montana voters but to suspend its application as allowed by Article III,
5 section 5, of the Montana Constitution; and

6 WHEREAS, the suspension of House Bill No. 671 means that appropriations by the
7 Legislature are in excess of anticipated revenue; and

8 WHEREAS, state payments for guaranteed tax base for elementary and high schools are in
9 excess of the amount anticipated in House Bill No. 667 (Chapter 633, Laws of 1993); and

10 WHEREAS, the Governor issued a call for a special session to begin November 29, 1993,
11 to address the disparity between budgeted expenditures and anticipated revenue; and

12 WHEREAS, the Governor, in the call for a special session, also requested that the
13 Montana Legislature consider property tax relief for class four property owners whose
14 property values and property tax liabilities have dramatically increased as the result of
15 reappraisal; and

16 WHEREAS, the Governor also requested that the Montana Legislature consider authorizing
17 income tax refunds of approximately \$14 million to federal retirees in light of the U.S.
18 Supreme Court decision in Harper v. Virginia; and

19 WHEREAS, recent Montana Supreme Court decisions dealing with sales assessment ratio

1 studies used to determine appraised value for property tax purposes and dealing with
2 adjustment payments to state retirees may affect the state's financial condition;

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

6 WHEREAS, the Revenue Oversight Committee, in anticipation of the special session, has
7 revised its assumptions relating to revenue estimates; and

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

12
13 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE
14 OF MONTANA:

15 That the state general fund revenue for fiscal years 1994 and 1995 is estimated to be
16 ~~\$467,385,000~~ \$465,582,000 and ~~\$614,536,000~~ \$612,403,000, respectively.

17 That the school foundation revenue for fiscal years 1994 and 1995 is estimated to be
18 ~~\$405,336,000~~ \$404,875,000 and ~~\$286,255,000~~ \$285,690,000, respectively.

19 BE IT FURTHER RESOLVED, that the Legislature accept for budget purposes the unreserved

1 fund balance of \$41,471,000 for the general fund and \$10,706,000 for the state equalization
2 account, prepared according to generally accepted accounting principles as published in the
3 audited state financial statements as of June 30, 1993.

4 BE IT FURTHER RESOLVED, that the Governor's Office of Budget and Program Planning use
5 the revenue estimates (and the underlying assumptions) contained in this resolution as the
6 official revenue estimates for fiscal years 1994 and 1995.

7

8 GENERAL FUND AND STATE EQUALIZATION ACCOUNT REVENUE

9 The projections for total general fund and state equalization account revenue during the
10 1994-95 biennium are based on an assumption of a continuation of Montana law as it existed
11 on November 1, 1993.

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

ECONOMIC ASSUMPTIONS
Revenue Oversight Committee

		<u>CY/FY</u> <u>1993</u>	<u>CY/FY</u> <u>1994</u>	<u>CY/FY</u> <u>1995</u>
	<u>Year</u> <u>Assumption</u>			
1	Montana Population & Employment			
2	Population July 1 (Millions)	0.817	0.823	0.829
3	Population > = 16 July 1 (Millions)	0.604	0.606	0.608
4	Population 18-24 July 1 (Millions)	0.064	0.061	0.059
5	CY Nonfarm Employment (Thousands)	322.400	327.500	332.300
6	Montana Income			
7	CY Total Personal Income (Millions)	\$13,703.577	\$14,276.992	\$14,909.795
8	CY Net Farm Income (Millions)	\$459.798	\$455.611	\$474.691
9	CY Disposable Personal Income (Millions)	\$12,013.574	\$12,516.132	\$13,070.733
10	CY Nonfarm Wage & Salary Income (Millions)	\$6,928.064	\$7,264.497	\$7,618.190
11	Montana Individual Income Tax			
12	CY Nonfarm Wage & Salary (Percent Change)	5.39%	4.86%	4.87%
13	CY Interest & Dividend (Percent Change)	2.08%	6.05%	7.37%
14	CY Net Business Income (Percent Change)	7.60%	8.60%	8.70%
15	CY Capital Gains/Losses Income (Percent Change)	1.66%	1.65%	1.63%
16	CY Rent/Royalty/Partnership Income (Percent Change)	7.60%	8.60%	8.70%
17	CY All Other Income (Percent Change)	5.55%	5.00%	5.00%
18	FY Individual Income Tax Audits (Millions)	\$16.397	\$12.000	\$12.000
19				
20				
21				
22				
23				
24				
25				

<u>Year</u>	<u>Assumption</u>	<u>CY/FY</u> <u>1993</u>	<u>CY/FY</u> <u>1994</u>	<u>CY/FY</u> <u>1995</u>
1	Montana Corporate Income Tax			
2	CY US Corporate Profits Before Taxes (Billions)	\$422.261	\$450.947	\$481.582
3	CY MT Corporate Taxable Income (Millions)	\$871.078	\$937.126	\$1,003.850
4	FY Corporate Income Tax Audits (Millions)	\$23.862	\$7.800	\$7.800
5				
6	Inflation & Interest Rates			
7	CY Consumer Price Index (Percent Change)	3.13%	3.38%	3.61%
8	CY Short-Term Interest Rate (Percent)	3.13%	3.47%	4.20%
9	CY Long-Term Interest Rate (Percent)	7.10%	6.84%	7.14%
10	FY TCA Blended Interest Rate (Percent)	4.53%	3.69%	4.13%
11	FY TRANS Interest Spread (Percent)	0.00%	0.70%	0.79%
12	FY Treasury Cash Average Balance (Millions)	\$295.216	\$256.393	\$258.898
13	FY TRANS Issue Size (Millions)	\$135.600	\$88.900	\$88.900
14	FY Permanent Trust Gains/Losses (Millions)	\$9.285	\$3.270	\$1.635
15	FY Common School Trust Gains/Losses (Millions)	\$6.235	\$2.633	\$1.317
16	FY Resource Indemnity Trust Gains (Millions)	\$1.505	\$0.712	\$0.356
17	FY Parks Trust Gains/Losses (Millions)	\$0.000	\$0.000	\$0.000
18	FY Arts Trust Gains/Losses (Millions)	\$0.113	\$0.084	\$0.042
19				
20	Natural Resource Tax			
21	CY Total Oil Production (Million bbls.)	17.886	17.357	16.837
22	CY Severance Tax Oil Production (Million bbls.)	16.800	16.438	15.948
23	CY Montana Oil Price (Per bbl.)	\$15.830	\$16.419	\$16.419

	<u>Year</u>	<u>Assumption</u>	<u>CY/FY 1993</u>	<u>CY/FY 1994</u>	<u>CY/FY 1995</u>
1			<u>\$15.000</u>	<u>\$15.000</u>	<u>\$15.000</u>
2	CY	Total Coal Production (Million tons)	34.154	34.447	34.347
3	CY	Montana Coal Price (CSP per ton)	7.863	7.849	8.005
4	FY	Coal Tax Credits (Millions)	\$0.627	\$0.000	\$0.000
5	CY	Total Natural Gas Production (MMCF)	50.427	50.207	50.921
6	CY	Montana Natural Gas Price (\$ / MCF)	\$1.574	\$1.685	\$1.821
7	CY	Total Liquid Gas Production (Million gallons)	8.509	8.472	8.593
8	CY	Montana Liquid Gas Price (\$ / Gallon)	\$0.195	\$0.209	\$0.225
9	CY	Copper Production (Million lbs.)	126.389	136.789	137.744
10	CY	Silver Production (Million ozs.)	5.793	5.708	5.748
11	CY	Gold Production (Million ozs.)	0.415	0.421	0.424
12	CY	Lead Production (Million lbs.)	9.620	9.620	9.687
13	CY	Zinc Production (Million lbs.)	23.140	23.140	23.301
14	CY	Molybdenum Production (Million lbs.)	7.860	10.280	10.352
15	CY	Palladium Production (Million ozs.)	0.206	0.206	0.207
16	CY	Platinum Production (Million ozs.)	0.061	0.061	0.061
17	CY	Nickel Production (Million lbs.)	0.310	0.310	0.312
18	CY	Rhodium Production (Million ozs.)	0.002	0.002	0.002
19	CY	Copper Price (\$ / lbs.)	\$0.850	\$0.850	\$0.850
20	CY	Silver Price (\$ / ozs.)	\$3.800	\$3.800	\$3.800
21	CY	Gold Price (\$ / ozs.)	\$340.000	\$340.000	\$340.000
22	CY	Lead Price (\$ / lbs.)	\$0.250	\$0.250	\$0.250
23	CY	Zinc Price (\$ / lbs.)	\$0.500	\$0.500	\$0.500

	<u>Year</u>	<u>Assumption</u>	<u>CY/FY</u> <u>1993</u>	<u>CY/FY</u> <u>1994</u>	<u>CY/FY</u> <u>1995</u>
1	CY	Molybdenum Price (\$ / lbs.)	\$2.380	\$2.380	\$2.380
2	CY	Palladium Price (\$ / ozs.)	\$100.000	\$100.000	\$100.000
3	CY	Platinum Price (\$ / ozs.)	\$350.000	\$350.000	\$350.000
4	CY	Nickel Price (\$ / lbs.)	\$4.270	\$4.270	\$4.270
5	CY	Rhodium Price (\$ / ozs.)	\$3,245.000	\$3,245.000	\$3,245.000
6	FY	Federal Forest Receipts (Millions)	\$47.358	\$58.766	\$47.676
7					
8		Property Value			
9	FY	Total Statewide Taxable Valuation (Millions)	\$1,612.780	\$1,707.829	\$1,755.731
10	FY	Net/Gross Proceeds Taxable Valuation (Millions)	\$19.248	\$15.927	\$15.870
11	FY	All Other Taxable Valuation (Millions)	\$1,593.532	\$1,691.902	\$1,739.861
12	FY	Statewide Vehicle Valuation (Millions)	\$2,348.835	\$2,449.593	\$2,561.960
13					
14		Consumption Tax			
15	FY	Liquor Unit Sales (Millions)	4.997	5.043	5.089
16	FY	Wine Unit Sales (Millions)	0.004	0.002	0.001
17	FY	Liquor Cost Per Unit	\$9.839	\$10.034	\$10.271
18	FY	Wine Cost Per Unit	\$4.232	\$4.629	\$4.629
19	FY	Liquor Division Budget (Percent Change)	0.42%	3.00%	3.00%
20	FY	Gallons of Beer (Millions)	0.748	0.754	0.758
21	FY	Wine Liters (Millions)	4.710	4.590	4.497
22	FY	Cigarette Packs (Millions)	69.188	68.519	67.805
23	FY	Tobacco Value (Millions)	\$9.787	\$10.796	\$11.994

<u>Year</u>	<u>Assumption</u>	<u>CY/FY 1993</u>	<u>CY/FY 1994</u>	<u>CY/FY 1995</u>
1	FY Gallons of Gasoline (Millions)	445.153	444.993	445.239
2	FY Gallons of Diesel (Millions)	125.147	127.448	129.791
3	FY Video Machine Net Income (Millions)	\$175.388	\$193.279	\$208.080
4	FY Total Lottery Sales (Millions)	\$36.763	\$38.504	\$40.438
5	FY Insurance Premiums Growth (Percent Change)	17.48%	5.55%	5.55%
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7	FY Police & Firemen Retirement (Millions)	\$7.082	\$7.374	\$7.691
8	CY Telephone Taxable Income (Millions)	\$263.932	\$269.739	\$275.673
9	FY Telephone License Tax -- Multiyear Audits (Millions)	\$0.000	\$2.592	\$0.000
10	CY Kilowatt-Hours Produced (Millions)	21,394.332	21,589.242	21,571.699
11				
12	Other			
13	FY Medicaid Reimbursements (Millions)	\$11.845	\$11.921	\$12.448
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15	Current Law			
16	General Fund Revenue Estimates			
17	(In Millions)			
18				
19		Estimated	Estimated	Estimated
20	<u>Source of Revenue</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 94-FY 95</u>
21				
22	Individual Income Tax	\$195.896	\$315.080	\$510.976
23	Corporation License Tax	39.705	56.783	96.488

<u>Source of Revenue</u>		<u>Estimated FY 1994</u>	<u>Estimated FY1995</u>	<u>Estimated FY 94-FY 95</u>
1		<u>39.252</u>	<u>55.901</u>	<u>95.153</u>
2	Coal Severance Tax	6.228	6.183	12.411
3	Oil Severance Tax	13.286	13.292	26.578
4		<u>12.010</u>	<u>12.144</u>	<u>24.154</u>
5	Interest on Investments	9.473	10.681	20.154
6	Long-Range Bond Excess	44.214	45.937	90.151
7		<u>44.140</u>	<u>45.834</u>	<u>89.974</u>
8	Coal Trust Interest Income	37.508	43.012	80.520
9	Insurance Premiums Tax	24.201	27.110	51.311
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15	Electrical Energy Tax	3.994	4.021	8.015
16	Driver's License Tax	1.800	1.805	3.605
17	Telephone License Tax	6.595	4.091	10.686
18	Beer License Tax	1.358	1.364	2.722
19	Natural Gas Severance Tax	1.298	1.306	2.604
20	Railroad Car Tax	0.000	0.000	0.000
21	Wine Tax	0.734	0.720	1.454
22	Video Gaming Income Tax	9.664	10.404	20.068
23	Motor Vehicle Account	9.632	9.889	19.521

<u>Source of Revenue</u>	<u>Estimated FY 1994</u>	<u>Estimated FY1995</u>	<u>Estimated FY 94-FY 95</u>
1 Vehicle Fees	3.429	3.587	7.016
2 Public Contractor's Tax	1.242	1.252	2.494
3 Other Revenue Sources	17.224	17.040	34.264
4 Grand Total	\$467.385	\$614.536	\$1,081.921
5	<u>\$465.582</u>	<u>\$612.403</u>	<u>\$1,077.985</u>

7 Current Law
8 Foundation Program Revenue Estimates
9 (In Millions)

<u>Source of Revenue</u>	<u>Estimated FY 1994</u>	<u>Estimated FY 1995</u>	<u>Estimated FY 94-FY 95</u>
14 State Revenue			
15 Individual Income Tax	\$104.016	\$0.000	\$104.016
16 Corporation License Tax	15.980	0.000	15.980
17	<u>15.779</u>		<u>15.779</u>
18 Coal Severance Tax	4.613	4.580	9.193
19 Interest & Income	41.249	42.014	83.263
20 US Oil & Gas Royalties	21.489	21.497	42.986
21	<u>21.303</u>	<u>21.257</u>	<u>42.560</u>
22 Education Trust Interest	0.091	0.093	0.184
23 State Equalization Account Interest	0.038	0.038	0.076

<u>Source of Revenue</u>		<u>Estimated FY 1994</u>	<u>Estimated FY1995</u>	<u>Estimated FY 94-FY 95</u>
1	Coal Tax Trust Interest	6.619	0.000	6.619
2	Lottery	8.442	8.870	17.312
3	Statewide 40 Mills	75.773	77.933	153.706
4		<u>75.750</u>	<u>77.896</u>	<u>153.646</u>
5	County Revenue	127.026	127.930	254.956
6		<u>126.975</u>	<u>127.642</u>	<u>254.617</u>
7	Miscellaneous	0.000	3.300	3.300
8	County Levy Surplus	0.000	0.000	0.000
9	Total State	\$405.336	\$286.255	\$691.591
10		<u>\$404.875</u>	<u>\$285.690</u>	<u>\$690.565</u>
11				
12	Statewide Taxable Valuation	\$1,707.829	\$1,755.731	NA
13				
14	County Revenue			
15	Statewide 55 Mills	\$96.828	\$99.366	\$196.194
16	Elementary Transportation	0.000	0.000	0.000
17	Cash Reappropriated	0.000	0.000	0.000
18	Forest Funds	3.009	2.441	5.450
19	Taylor Grazing	0.150	0.149	0.299
20	Miscellaneous	28.168	27.103	55.271
21	High School Tuition	(1.129)	(1.129)	(2.258)
22				
23	Total County (totals included in state revenue)	\$127.026	\$127.930	\$254.956

<u>Source of Revenue</u>	<u>Estimated FY 1994</u>	<u>Estimated FY1995</u>	<u>Estimated FY 94-FY 95</u>
1 Total State and County	\$405.336	\$286.255	\$691.591
2	<u>\$404.875</u>	<u>\$285.690</u>	<u>\$690.565</u>
3			
4 Total General Fund and State Equalization Account	\$872.721	\$900.791	\$1,773.512
5	<u>\$870.457</u>	<u>\$898.093</u>	<u>\$1,768.550</u>
6			

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