

Other General Fund Revenue

All Other Revenue	Nursing Facilities Fee
Highway Patrol Fines	Public Contractors Tax
Investment License Fee	Public Ins titution Reimbursements
Long Range Bond Excess	Tobacco Settlement



Legislative Fiscal Division



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Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

Revenue Description: There are a number of other taxes, fees, and fines that historically have generated less than \$2.5 million each in annual general fund revenue. In addition, the statutes governing these miscellaneous taxes, fees, and fines are frequently changed, making the comparison of tax years difficult.

“All Other Revenue” sources are estimated in aggregate except for the following: investment license transfers, land grant transfers, civil fines, gross vehicle weight fees, lodging facility use tax, Montana University System debt service deposits, deposits by state agencies for SABHRS debt service, and wildfire cost reimbursements.

Applicable Tax Rate(s): Various

Distribution: “All Other Revenue” is deposited in the general fund.

Collection Frequency: The various revenue sources are generally collected on a monthly basis.

Applicable Assumptions:

- Nursing Facility Bed Days
- Investment Licenses Issued
- Capitol Land Grant Income:
- Grazing Fees
- Agricultural Fees
- Oil and Gas Leases
- Oil and Gas Penalties
- Oil and Gas Royalties
- Timber Sales
- Civil Fines
- Wildfire Reimbursements
- Debt Service for the 1992 Refunding Bond

Data Source(s): SBAS, SABHRS, Office of Budget and Program Planning, Department of Justice, Department of Public Health and Human Services, Department of Natural Resources and Conservation, Department of Administration, Department of Revenue, and the State Auditor

Contacts:

Statute: Various

% of Total FY 2000 General Fund Revenue: 1.76%

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgement, and a detailed analysis of the revenue source. The applicable methodology (formulas) used by the LFD to develop a revenue estimate for this source is provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

Determining total “All Other Revenue” is a multi-step process, as outlined below.

Investment License Transfers

Investment license revenue is determined by multiplying the anticipated number of licenses to be issued by the license fee. Estimated program costs are deducted from the total revenue. By statute, the remainder is transferred to the general fund.

Land Grant Transfer Revenue

The calculation of land grant transfer revenue involves estimating income for three separate components: capital land grant income, resource development allocation funds, and capital land grant resource revenue.

Capital land grant income is derived by summing the estimates for grazing fees, agricultural fees, miscellaneous fees, oil and gas leases, oil and gas penalties, and miscellaneous rentals. Resource development allocation income is determined by multiplying total land grant revenue by the statutory allocation of 3.0 percent. Resource revenue is determined by summing the capital land grant estimates for: oil royalties, gas royalties, timber sales, and miscellaneous revenue. The sum of these three components represents total land grant revenue. If any revenue exists after payment of debt service, the excess is transferred to the general fund.

Civil Fines

The estimate for civil fine income is derived by applying a growth rate to a base amount which represents the last known amount for these fines, usually the prior fiscal year.

Gross Vehicle Weight

Fees are estimated based on an historical average.

Lodging Facility Use Tax

The tax paid by state employees is reimbursed to the various funds from which the payments were made, including the general fund.

Montana University System Debt Service

Payments from the Montana University System’s trustee are wired to the general fund to pay debt service on the 1992 refunding bond for debt at MSU and MSU-Eastern. Due to the structure of the payments, deposits to the general fund have exceeded debt service payments from the general fund since fiscal 1997.

SABHRS Debt Service

Agencies pay a fixed amount based on the number of FTE in the agency for debt service on bonds used to fund replacement of the state’s major accounting and human resource computer systems.

Wildfire Cost Reimbursements

Under the Fire Suppression Program administered by FEMA, the state is eligible to receive fire suppression grants consisting of 70 percent of the state’s eligible wildfire suppression costs once the annual floor cost has been met. The annual floor cost consists of five percent of a five-year average fiscal year cost for fire suppression (the high and low years are removed from the past seven years and the remaining five years are averaged). If costs exceed twice the average fiscal year cost plus the annual floor cost, the grant becomes 100 percent of eligible costs. These funds are deposited into the general fund and spent through an emergency statutory appropriation. In addition, money the state spent in helping other states or federal agencies control wildfires is reimbursed and deposited into the general fund. Wildfire cost reimbursements are substantially larger than previous years.

All Other Revenue Not Previously Defined

The minor components of “All Other Revenue” are calculated aggregately by applying a growth rate to the adjusted actual (prior) fiscal year collections. Adjustments for any legislative action are included.

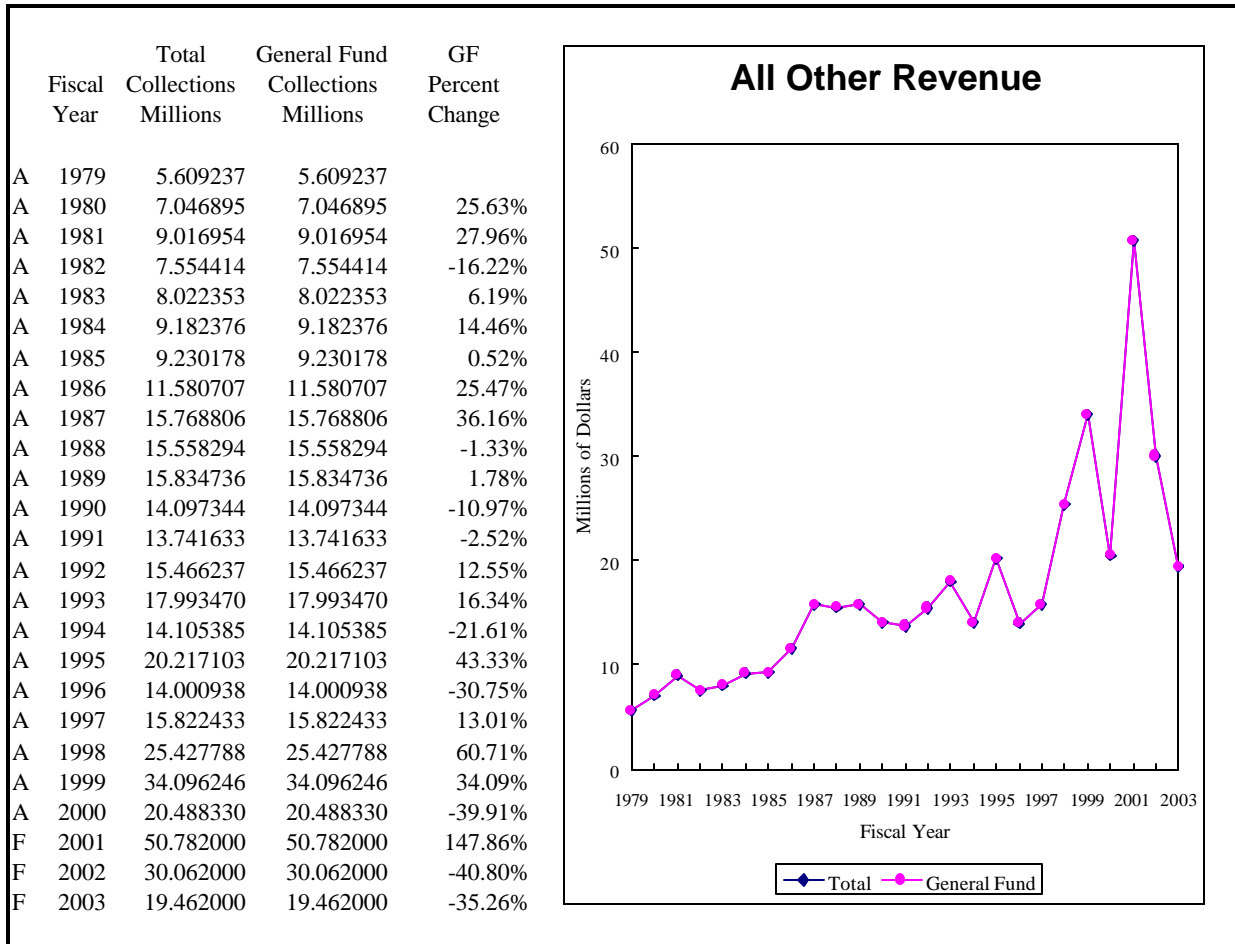
Total “All Other Revenue” is projected by adding the individual totals described above.

Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

Revenue Projection:



NOTE:

Due to the transition to a new state accounting system and other factors, an unusually large number of accounting errors occurred in fiscal 2000. The errors not only impact the general fund, but other funds as well. To correct these errors and ensure an accurate Comprehensive Annual Financial Report for the state, adjustments must be made in fiscal 2001 as prior year adjustments. All of these necessary adjustments may not be known at this time. The actual fiscal 2000 revenue shown in the table above was adjusted for these accounting errors, but has not been audited by the Legislative Auditor.

The general fund adjustments to this general fund revenue source that were known as of November 10, 2000 are: 1) -\$2,832,225; and 2) -\$1,349,572.

Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

Forecast Methodology

$$AOTH_t = AGRO_z * ACOL_x + INVL_t + CLGT_t + CFIN_t + GVW_t + LFUT_t + MUS_t + SDS_t + WFR_t + LEG_t$$

---where

- AOTH = All Other Revenue
- AGRO = Annual Growth in All Other Collections Not Previously Defined
- ACOL = Adjusted Actual Fiscal Year Collections
- INVL= Investment License Transfer
- CLGT = Capital Land Grant Transfer
- CFIN = Civil Fines
- GVW = GVW Fees
- LFUT = Lodging Facility Use Tax (state employees)
- MUS = University Debt Service
- SDS = SABHRS Debt Service
- WFR = Wildfire Reimbursements
- LEG = Legislation Impacts
- t = Fiscal Year
- x = Fiscal Year (most current)
- z = Annual Year

Distribution Methodology

$$GFTAX_t = AOTH_t * 100\%$$

---where

- GFTAX = General Fund Allocation of Tax
- AOTH = All Other Revenue
- t = Fiscal Year

	t	Total Tax	GF Tax	Base	Annual	Wildfire	Shared	
	Fiscal	Millions	Millions	Millions	Growth	Reimburse	Coal Transfer	SFCAP
						Millions	Millions	Millions
Actual	2000	20.488330	20.488330	11.125862	-8.9735%	0.000000	0.000000	0.577083
Forecast	2001	50.782000	50.782000	11.125862	0.0000%	31.200000	0.034416	0.582761
Forecast	2002	30.062000	30.062000	11.125862	0.0000%	10.400000	0.269483	0.629574
Forecast	2003	19.462000	19.462000	11.125862	0.0000%	0.000000	0.265511	0.661307

	t	Investment	Land Grant	Civil Fines	GVW Fees	Accom. Tax	MSU&EMC	SABHRS
	Fiscal	Transfer	Millions	Millions	Millions	Millions	Debt	Debt
		Millions	Millions	Millions	Millions	Millions	Millions	Millions
Actual	2000	2.296258	0.086129	0.439498	1.275935	0.016878	0.495693	2.506520
Forecast	2001	2.595000	0.085708	0.522354	1.292000	0.016878	0.837170	2.490067
Forecast	2002	2.640000	0.085514	0.552745	1.292000	0.016878	0.839583	2.210643
Forecast	2003	2.760000	0.085472	0.580511	1.292000	0.016878	0.838186	1.835989

Legislative Fiscal Division

Revenue Estimate Profile

Highway Patrol Fines

Revenue Description: The Montana Highway Patrol issues citations for speeding, driving under the influence of alcohol or drugs, and other misdemeanors. Fines and forfeitures associated with these citations are collected by various state and local courts.

Applicable Tax Rate(s): N/A

Distribution: Highway Patrol fines and forfeitures on all offenses that result from citations issued by the Highway Patrol, except those paid to a justice's court, are deposited in the general fund. Although statute directs 18 percent of these fines to be deposited into the crime victims compensation and assistance account, no such deposits have occurred since fiscal 1995. If, on March 31 of each year, the balance in the crime victims compensation and assistance account exceeds \$500,000, the balance in excess of that amount is deposited into the general fund.

Collection Frequency: Monthly

Applicable Assumptions and/or Relevant Indicators:

Number of Violations
Average Fine Per Violation

Data Source(s): Department of Justice, Highway Patrol, SBAS, SABHRS

Contacts: Department of Justice, Highway Patrol

Statute: Title 61, Chapters 8 and 12; Title 53, Chapter 9, MCA

% of Total FY 2000 General Fund Revenue: 0.35%

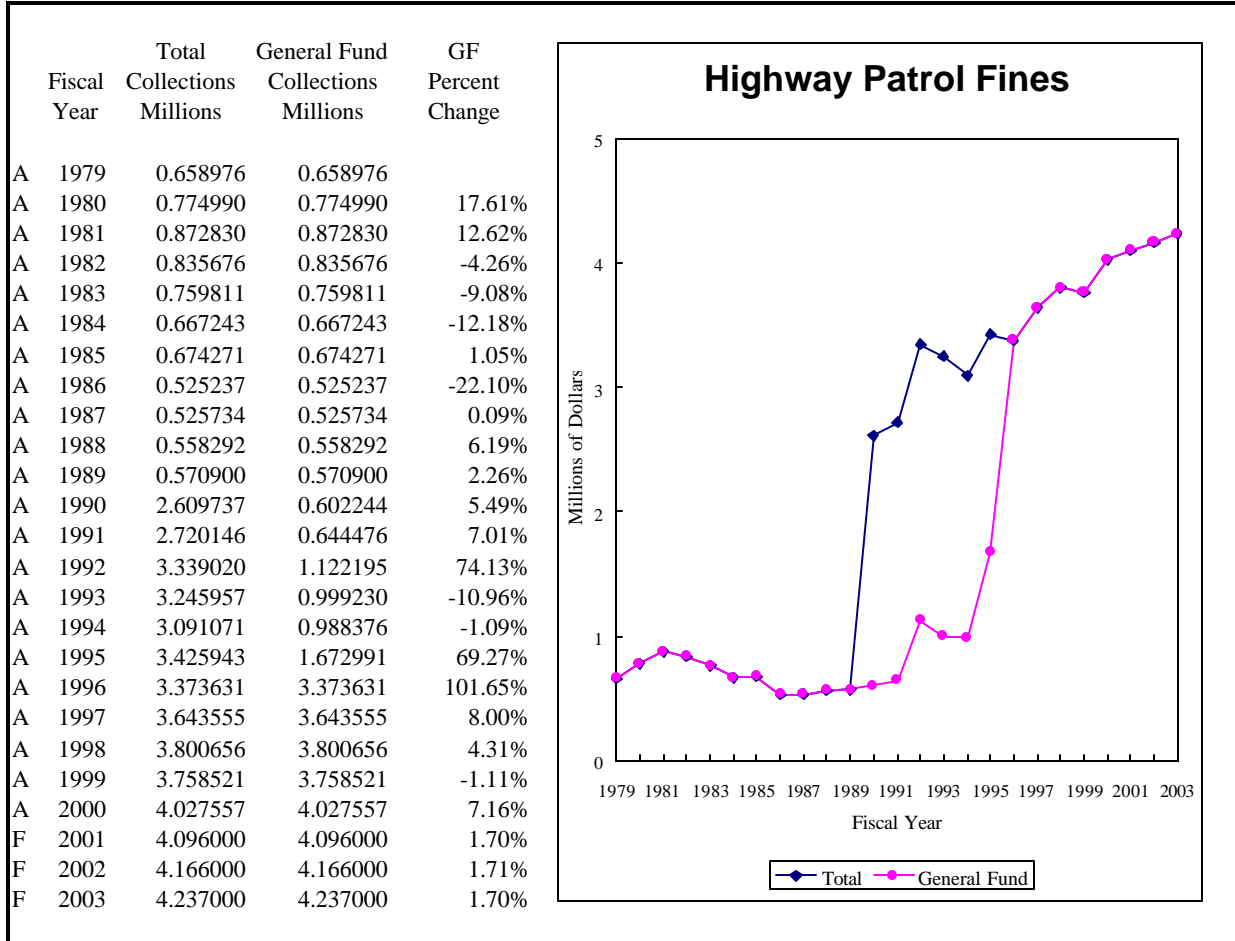
Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

A growth rate is determined based on historical data collections and applied to collections for the last known fiscal year and each year thereafter.

Legislative Fiscal Division

Revenue Estimate Profile Highway Patrol Fines

Revenue Projection:



Forecast Methodology

$$HPF_t = GR_t * BASE_x$$

---where

HPF = Highway Patrol Fines

GR = Growth Rate

BASE = Last Known Amount For Highway Patrol Fines

t = Fiscal Year

x = Last Completed Fiscal Year

Distribution Methodology

$$GFFINE_t = HPF_t * 100\%$$

---where

GFFINE = General Fund Allocation of Fines

HPF = Highway Patrol Fines

t = Fiscal Year

Legislative Fiscal Division

Revenue Estimate Profile

Highway Patrol Fines

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Fine</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Growth Rate</u>
Actual	2000	4.027557	4.027557	0.071580
Forecast	2001	4.096000	4.096000	0.017051
Forecast	2002	4.166000	4.166000	0.017051
Forecast	2003	4.237000	4.237000	0.017051

Legislative Fiscal Division

Revenue Estimate Profile Investment License Fee

Revenue Description: Investment advisors and investment companies pay various fees to the state. These fees are for the registration of securities and agents, for registration of securities by notification, or for notice of a federal filing of a federally secured security.

Applicable Tax Rate(s): Initial and annual security registration fees vary, but cannot be less than \$200 or more than \$1,000. Initial and annual registration fees for a broker-dealer, investment adviser, and federal covered adviser are \$200. Initial and annual registration fees for a salesperson or investment adviser are \$50.

Distribution: All such fees except portfolio notice filing fees and examination charges are deposited to the general fund. Portfolio notice filing fees and examination charges are deposited in a state special revenue account from which the State Auditor pays for expenses associated with the regulation of portfolio activities. The excess in this account is transferred to the general fund throughout the year as a non-budgeted transfer.

Collection Frequency: Varies

Applicable Assumptions and/or Relevant Indicators:

- Average Fee Per Issuers or Per Firm
- Number of Securities Registered
- Portfolio Notice Filing Fees
- Portfolio Expenses

Data Source(s): State Auditor

Contacts: State Auditor

Statute: Title 30, Chapter 10, MCA

% of Total FY 2000 General Fund Revenue: 0.46%

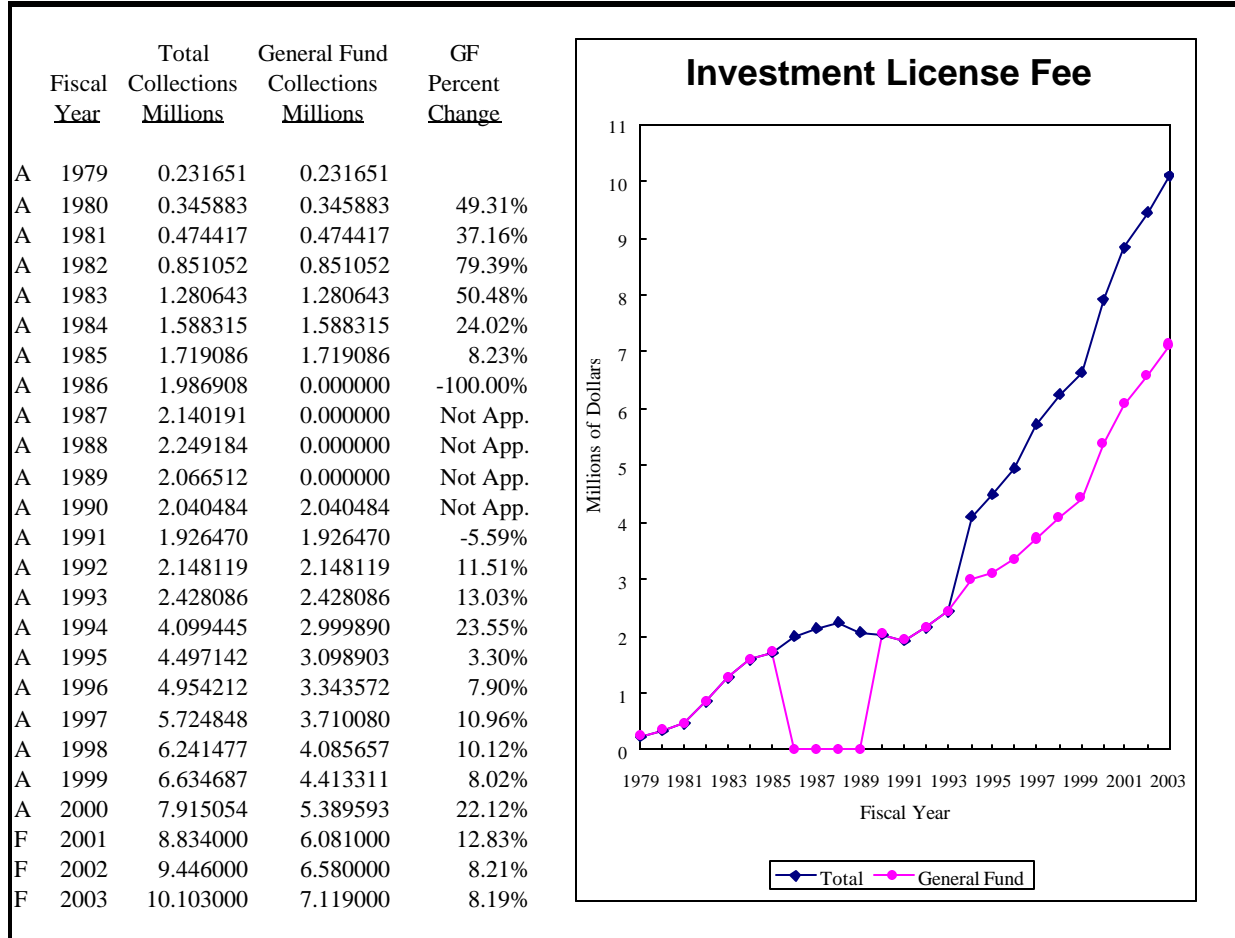
Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

Separate data is available for revenue from portfolio notice filings, licenses, examination fees, and portfolio expenses. Time trends are estimated for each, and the derived growth rates applied to the last applicable known year. The totals for each fee type are added to produce the final estimate for investment license income.

Legislative Fiscal Division

Revenue Estimate Profile Investment License Fee

Revenue Projection:



Forecast Methodology

$$IFEE_t = \sum_{i=1}^n (GFFEE_b * GR^i)$$

---where

IFEE = Investment Fee Revenue

GFFEE = General Fund Fee Revenue

GR = Growth Rate

t = Fiscal Year

i = Investment Fee Type

b = Base Year

Legislative Fiscal Division

Revenue Estimate Profile

Investment License Fee

Distribution Methodology

$$GF\text{FEE } t = FEE \text{ } t * 100\%$$

---where

GF FEE = General Fund Allocation of Fee

FEE = Investment License Fee

t = Fiscal Year

$$GF\text{NBT } t = \text{PFEE } t - \text{PEXP } t$$

---where

GF NBT = General Fund Non-Budgeted Transfer

PFEE = Portfolio License Fee

PEXP = Portfolio Expense

t = Fiscal Year

	t	Total Tax	GF Tax	GF Transfer	Licenses	Portfolio	Port. Exp.
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	7.915054	5.389593	2.296258	5.389593	2.525461	0.151983
Forecast	2001	8.834000	6.081000	2.595000	6.081466	2.752361	0.157109
Forecast	2002	9.446000	6.580000	2.640000	6.579848	2.865789	0.225835
Forecast	2003	10.103000	7.119000	2.760000	7.119073	2.983891	0.224207

	t	Licenses	Portfolio	Expense
	<u>Fiscal</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>
Actual	2000	0.221213	0.137475	0.148649
Forecast	2001	0.128372	0.089845	0.140058
Forecast	2002	0.081951	0.041211	0.127206
Forecast	2003	0.081951	0.041211	0.117311

Legislative Fiscal Division

Revenue Estimate Profile

Long Range Bond Excess

Revenue Description: Statute provides for a debt service account to pay interest and principal on long range building program bonds and to accumulate reserves for payment of debt service when required by statute or bond resolution. Money received in the debt service account in excess of the principal, interest, and reserve requirements must be transferred by the treasurer to the general fund. Thus, this debt service account is referred to as the “long range bond excess account.”

In the past, 15-35-108(7), MCA, allocated 1.3 percent of coal severance tax collections into the debt service account to fund the bonds issued for the purchase of the Virginia City and Nevada City properties. This allocation was de-earmarked to the general fund by House Bill 69 in the 1999 legislative session. Debt service payments for these bonds are now made via the general fund statutory appropriation for debt service. Therefore, no long range bond excess deposits to the general fund are expected.

Applicable Tax Rate(s): N/A

Distribution: All long range bond excess funds are deposited into the general fund.

Collection Frequency: NA

Applicable Assumptions and/or Relevant Indicators:

NA

Data Source(s): Department of Administration

Contacts: Department of Administration

Statute: Title 17, Chapter 5, and Title 15, Chapter 35, MCA

% of Total FY 2000 General Fund Revenue: 0.01%

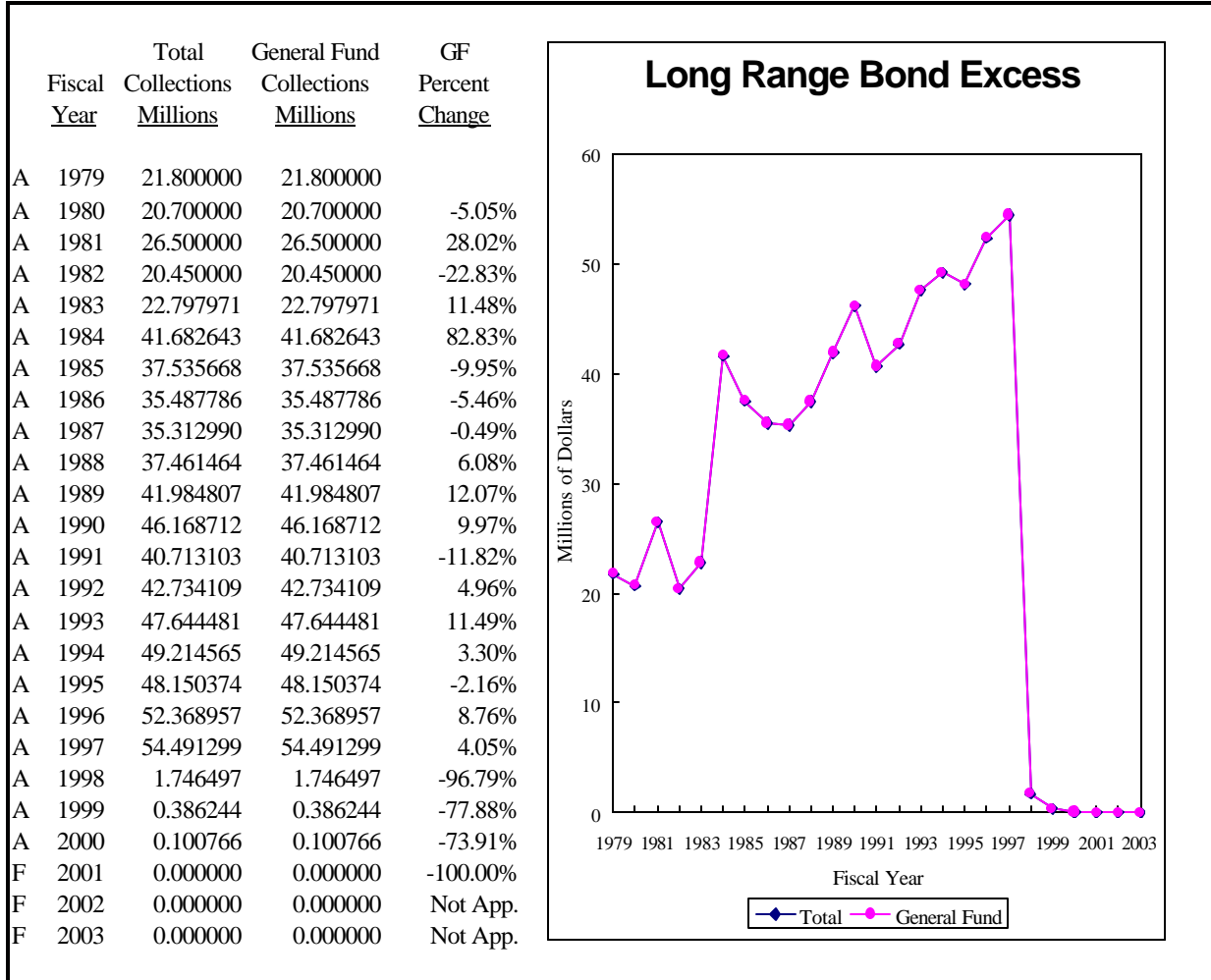
Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

As discussed above, it is anticipated that there will be no funds deposited into the long range bond excess account.

Legislative Fiscal Division

Revenue Estimate Profile Long Range Bond Excess

Revenue Projection:



Forecast Methodology

$$TAX_t = \sum_{i=1}^n (TTONS_t * CSP_t * TR_t)_i$$

---where

- TAX = Coal Severance Tax
- TTONS = Taxable Tons Produced
- CSP = Contract Sales Price
- TR = Tax Rate
- t = Calendar Year
- i = Coal Company

$$FY_{t+1} = CY_t * .5 + CY_{t+1} * .5$$

---where

- FY = Fiscal Year
- CY = Calendar Year

Legislative Fiscal Division

Revenue Estimate Profile Long Range Bond Excess

Distribution Methodology

$$\text{GFTR } t = \text{TAX } t * \text{DS\% } t$$

---where

GFTR = General Fund Transfer of Tax

TAX = Coal Severance Tax

DS% = Debt Service Statutory Percent

t = Fiscal Year

	t	Total Tax	GF Tax	Coal Tax	DS Percent
	Fiscal	Millions	Millions	Millions	Allocation
Actual	2000	0.100766	0.100766	35.469791	0.000000
Forecast	2001	0.000000	0.000000	33.290000	0.000000
Forecast	2002	0.000000	0.000000	33.866000	0.000000
Forecast	2003	0.000000	0.000000	33.811000	0.000000

Legislative Fiscal Division

Revenue Estimate Profile

Nursing Facilities Fee

Revenue Description: Qualified nursing facilities are required to pay a utilization fee of \$2.80 per bed day. Nursing facilities are health care facilities licensed by the Department of Public Health and Human Services and include those operated for profit or non-profit, freestanding or part of another health facility, and publicly or privately owned. According to federal definitions, nursing facilities do not include adult foster homes, retirement homes, and other alternative living arrangements. Bed days are defined as a 24-hour period in which a resident of a nursing facility is present in the facility or in which a bed is held for a resident while on temporary leave.

Applicable Tax Rate(s): \$2.80 per bed day

Distribution: All nursing facility fee revenue is deposited into the general fund.

Collection Frequency: Quarterly

Applicable Assumptions and/or Relevant Indicators:

Number of Bed Days

Data Source(s): Department of Public Health and Human Services, Nursing Facilities

Contacts: Department of Public Health and Human Services

Statute: Title 15, Chapter 60, MCA

% of Total FY 2000 General Fund Revenue: 0.52%

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

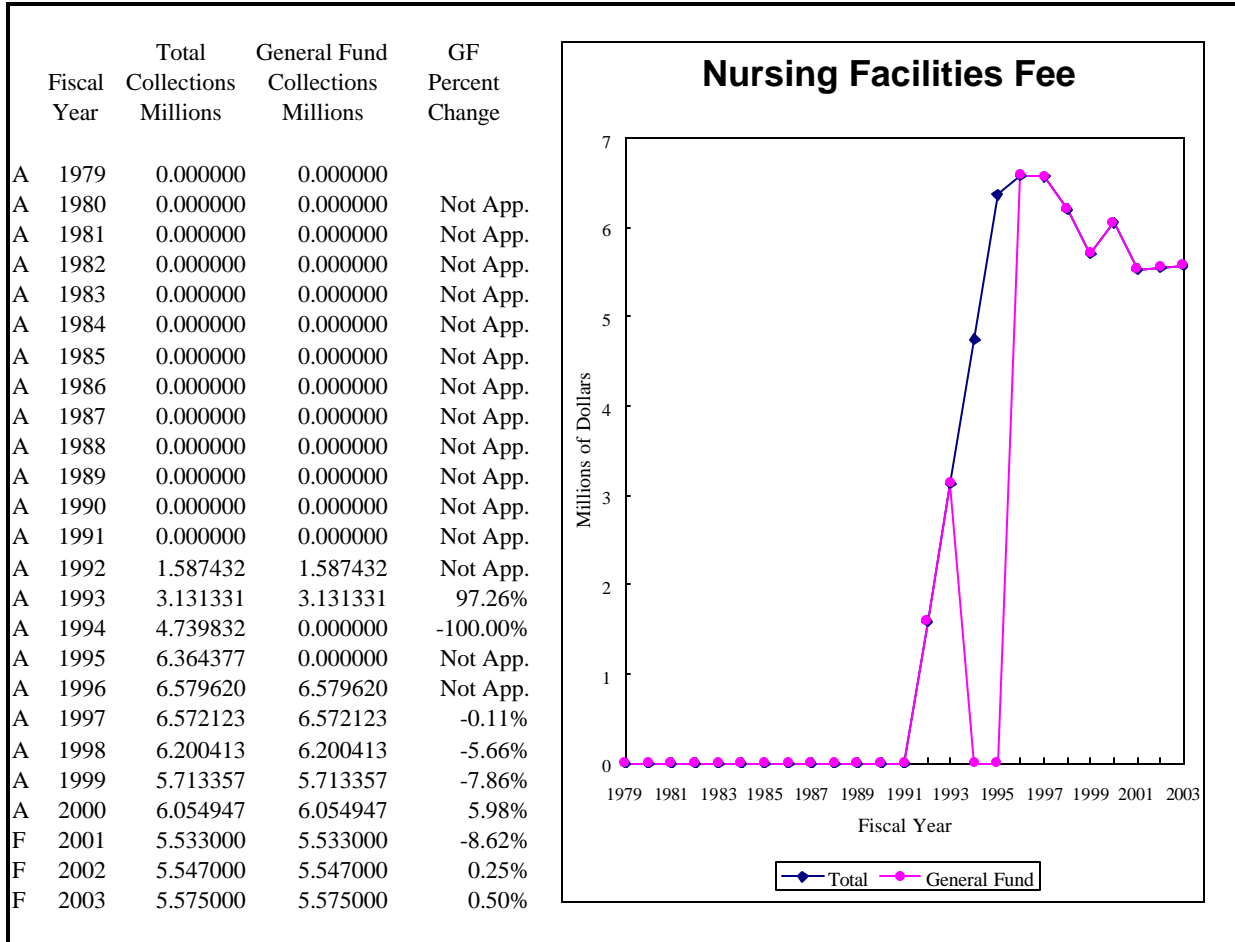
Revenue from the nursing facilities fee is calculated by multiplying the fee by the estimated number of bed days in qualified facilities.

Legislative Fiscal Division

Revenue Estimate Profile

Nursing Facilities Fee

Revenue Projection:



NOTE:

Due to the transition to a new state accounting system and other factors, an unusually large number of accounting errors occurred in fiscal 2000. The errors not only impact the general fund, but other funds as well. To correct these errors and ensure an accurate Comprehensive Annual Financial Report for the state, adjustments must be made in fiscal 2001 as prior year adjustments. All of these necessary adjustments may not be known at this time. The actual fiscal 2000 revenue shown in the table above was adjusted for these accounting errors, but has not been audited by the Legislative Auditor.

The general fund adjustment to this general fund revenue source that was known as of November 10, 2000 is -\$129,755.

Forecast Methodology

$$\text{NFF } t = \text{BD } t * \text{FEE } t$$

---where

NFF = Nursing Facilities Fee

BD = Bed Days

FEE = Fee

t = Fiscal Year

Legislative Fiscal Division

Revenue Estimate Profile

Nursing Facilities Fee

Distribution Methodology

$$\text{GFFEE } t = \text{NFF } t * 100\%$$

---where

GFFEE = General Fund Allocation of Fee

NFF = Nursing Facilities Fee

t = Fiscal Year

	t Fiscal	Total Tax Millions	GF Tax Millions	Fee	Bed Days
Actual	2000	6.054947	6.054947	2.800000	2.019711
Forecast	2001	5.533000	5.533000	2.800000	1.975978
Forecast	2002	5.547000	5.547000	2.800000	1.980918
Forecast	2003	5.575000	5.575000	2.800000	1.990823

Legislative Fiscal Division

Revenue Estimate Profile

Public Contractors Tax

Revenue Description: Contractors or subcontractors submitting a proposal to perform construction work in Montana for the federal government, state government, or any political subdivision, must be licensed as a public contractor. A license is not required in order to bid on contracts in which federal aid is used for highway construction, but a license is required once the bid is awarded.

Applicable Tax Rate(s): A 1.0 percent license fee is applied to the gross receipts of each separate project let by any of the listed public entities. However, a credit (in the form of a refund) against the license fee is allowed for personal property taxes and certain motor vehicle fees paid in Montana on personal property or vehicles used in the business of the contractor. In addition, the amount of the net license fee paid (gross less the property tax refund) may be used as a credit on the contractor's corporate or individual tax return. Overpayments are also refunded.

Distribution: All public contractor tax revenue is deposited into the general fund.

Collection Frequency: Monthly

Applicable Assumptions and/or Relevant Indicators:

Public Contracts Value
Tax Credits and Refunds

Data Source(s): SBAS, SABHRS, Department of Revenue, Department of Transportation

Contacts: Department of Revenue, Department of Transportation

Statute: Title 15, Chapter 50, MCA

% of Total FY 2000 General Fund Revenue: 0.19%

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgement, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

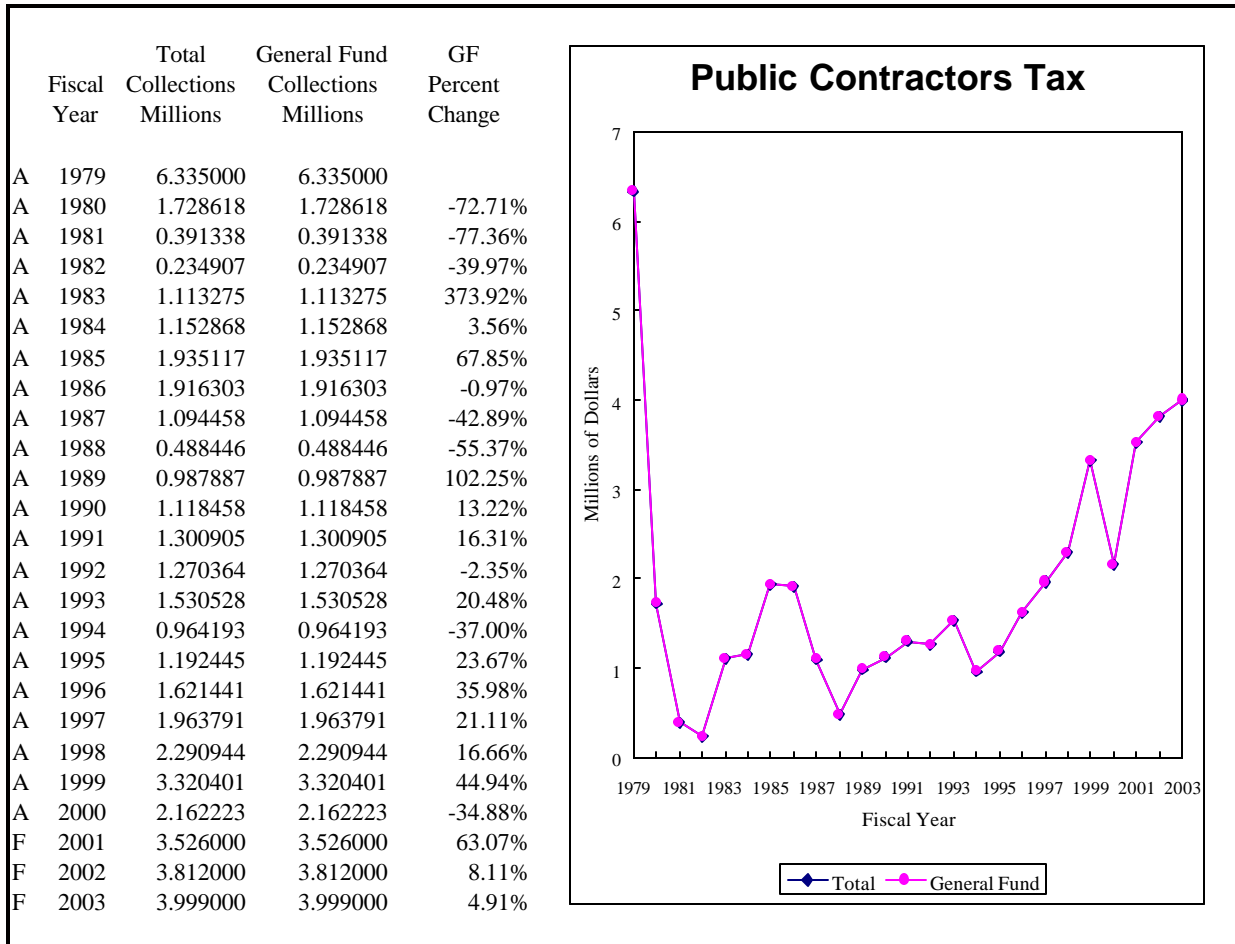
Public contractor tax receipts are calculated by projecting total value of public contracts value and multiplying by the statutory tax rate. An allowance for tax credits and refunds is then applied to determine the amount of revenue available for deposit in the general fund.

Legislative Fiscal Division

Revenue Estimate Profile

Public Contractors Tax

Revenue Projection:



Forecast Methodology

$$\text{TAX } t = (\text{PCVAL } t * \text{TR } t) * \text{NET\% } t$$

---where

TAX = Public Contractors Gross Receipts Tax

PCVAL = Total Public Contracts Value

TR = Tax Rate

NET% = Percent After Property Credits and Overpayment Refunds

t = Fiscal Year

Legislative Fiscal Division

Revenue Estimate Profile

Public Contractors Tax

Distribution Methodology

$$\text{GFTAX } t = \text{TAX } t * 100\%$$

---where

GFTAX = General Fund Allocation of Tax

TAX = Public Contractors Gross Receipts Tax

t = Fiscal Year

	t	Total Tax	GF Tax	Gross Tax	Credits	Tax	DOT	Other
	Fiscal	Millions	Millions	Millions	& Refunds	Rate	Millions	Millions
					Millions			
Actual	2000	2.162223	2.162223	5.516069	3.444985	0.010000	234.875308	316.731592
Forecast	2001	3.526000	3.526000	5.592647	2.066527	0.010000	222.503964	336.760738
Forecast	2002	3.812000	3.812000	6.067395	2.255576	0.010000	248.683035	358.056467
Forecast	2003	3.999000	3.999000	6.388019	2.389430	0.010000	258.103048	380.698873

Legislative Fiscal Division

Revenue Estimate Profile

Public Institution Reimbursements

Revenue Description: The Department of Public Health and Human Services receives reimbursement for the cost of sheltering and treating residents at the Montana Developmental Center (MDC), the Montana Mental Health Nursing Care Center, Montana State Hospital (MSH), Eastern Montana Veterans' Home, Eastmont Human Services Center, Montana Chemical Dependency Treatment Center, and the Montana Veterans' Home. There are four sources of reimbursement income: 1) state and federally matched Medicaid monies; 2) insurance proceeds from companies with whom the resident is insured; 3) payments by residents or persons legally responsible for them; and 4) federal Medicare funds. Most of the reimbursements come from federal Medicaid payments.

Three variables determine the level of Medicaid nursing home payments: 1) the number of patient days eligible for Medicaid reimbursement; 2) the reimbursement rate per patient day; and 3) the private resources of Medicaid patients.

Applicable Tax Rate(s): N/A

Distribution: Revenue collected from these sources are deposited in the general fund with the following exceptions:

1. Reimbursements from MDC and MSH are first used to pay debt service on bonds issued to fund construction of facilities at MDC and MSH. The remainder is deposited into the general fund.
2. Reimbursements received for the Veterans' Home and Montana Chemical Dependency Treatment Center are deposited into a state special revenue account and appropriated to the institutions.
3. Medicaid payments from the Montana Mental Health Nursing Care Center and MSH are deposited into the federal fund and appropriated for the mental health programs.

Collection Frequency: Monthly

Applicable Assumptions:

Medicaid Days
Medicaid Reimbursement Rate
Private Payments
Insurance Payments
Medicare Payments
Debt Service Payments

Data Source(s): SBAS, SABHRS, Department of Public Health and Human Services

Contacts: Department of Public Health and Human Services

Statute: Title 53, Chapter 1, MCA

% of Total FY 2000 General Fund Revenue: 0.97%

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Legislative Fiscal Division

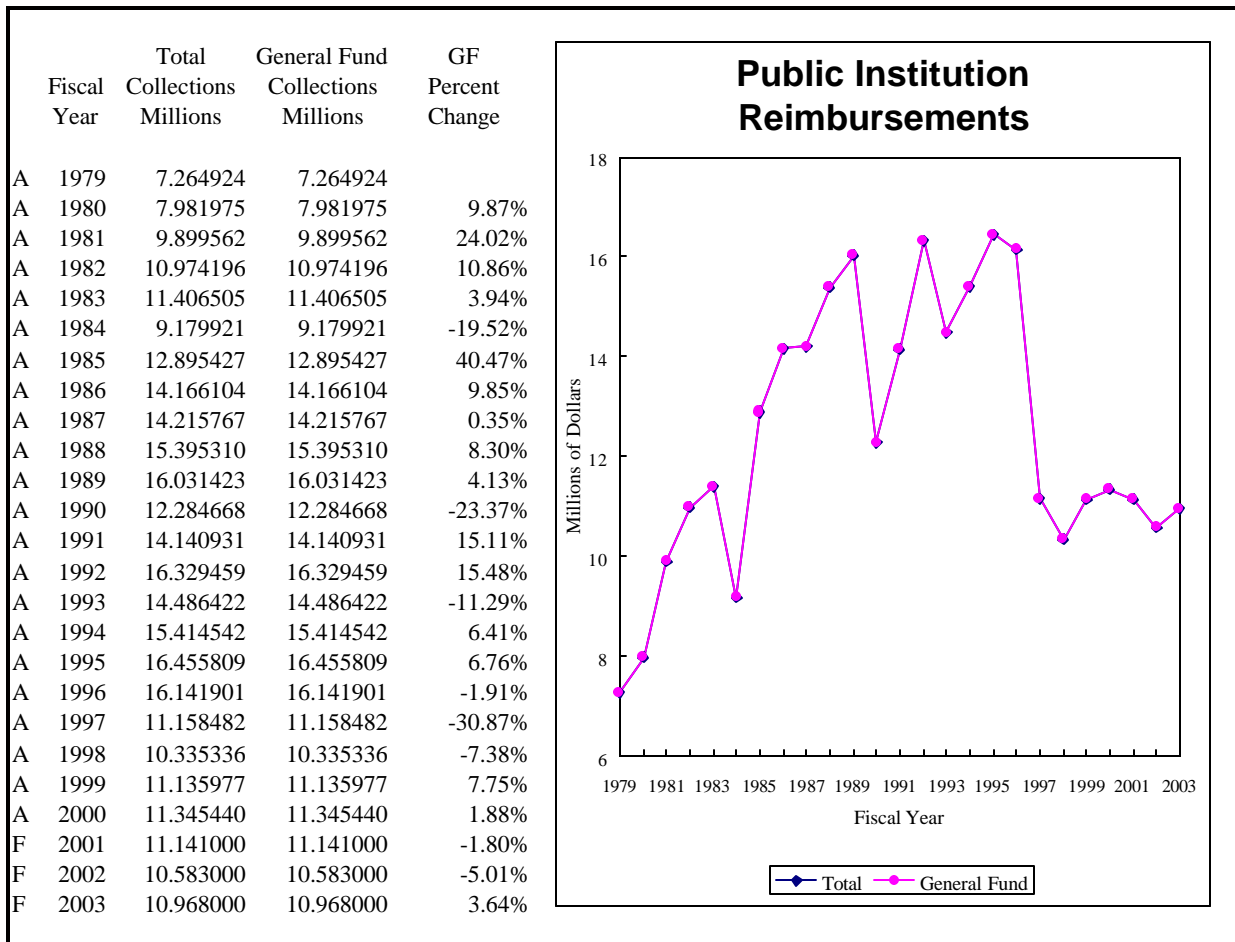
Revenue Estimate Profile

Public Institution Reimbursements

The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable methodology (formulas) used by the LFD to develop a revenue estimate for this source is provided in a subsequent section of this document.

Public institution reimbursement revenue is calculated by first taking the number of eligible Medicaid days times the reimbursement rate for each institution, then totaling those amounts to derive total Medicaid reimbursement revenue. To that amount is added anticipated reimbursement revenue for private payments, insurance payments, and Medicare payments. Building debt service payments for the Montana Developmental Center and the Montana State Hospital are subtracted from total income, to determine the amount of reimbursement revenue to be deposited into the general fund.

Revenue Projection:



NOTE:

Due to the transition to a new state accounting system and other factors, an unusually large number of accounting errors occurred in fiscal 2000. The errors not only impact the general fund, but other funds as well. To correct these errors and ensure an accurate Comprehensive Annual Financial Report for the state, adjustments must be made in fiscal 2001 as prior year adjustments. All of these necessary adjustments may not be known at this time. The actual fiscal 2000 revenue shown in the table above was adjusted for these accounting errors, but has not been audited by the Legislative Auditor.

The general fund adjustment to this general fund revenue source that was known as of November 10, 2000 is -\$695,735.

Legislative Fiscal Division

Revenue Estimate Profile

Public Institution Reimbursements

Forecast Methodology

$$\text{PIR } t = \text{MCAID } t + \text{PRIV } t + \text{INS } t + \text{MCARE } t + \text{CTY } t - \text{DEBT } t$$

---where

PIR = Public Institution Reimbursement Revenue

MCAID = Medicaid Payments

PRIV = Private Payments

INS = Insurance Payments

MCARE = Medicare Payments

CTY = County Payments

DEBT = Building Debt Service Payments

t = Fiscal Year

Distribution Methodology

$$\text{GFREIM } t = \text{PIR } t * 100\%$$

---where

GFREIM = General Fund Allocation of Reimbursement

PIR = Public Institution Reimbursement Revenue

t = Fiscal Year

	t	Total Rev.	GF Rev.	Private	Insurance	Medicaid	Medicare
	Fiscal	Millions	Millions	Millions	Millions	Millions	Millions
Actual	2000	11.345440	11.345440	0.512403	0.000257	12.490967	0.003044
Forecast	2001	11.141000	11.141000	2.467614	0.582849	10.952030	0.126731
Forecast	2002	10.583000	10.583000	2.778569	0.523790	10.150935	0.116238
Forecast	2003	10.968000	10.968000	2.885090	0.523790	10.429421	0.116238

	t	MDC Debt	MSH Debt	County
	Fiscal	Millions	Millions	Millions
Actual	2000	-0.965496	0.000000	0.000000
Forecast	2001	-1.079220	-1.909252	0.000000
Forecast	2002	-1.075405	-1.911032	0.000000
Forecast	2003	-1.075425	-1.910857	0.000000

Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Settlement

Revenue Description: Montana receives revenue as a settling party to a Master Settlement Agreement with four original tobacco companies and 19 subsequent companies to end a four-year legal battle with 46 states, Puerto Rico, American Samoa, the U.S. Virgin Islands, the North Mariana Island, Guam and the District of Columbia (52 total settling entities).

Montana is eligible for four types of payments: 1) reimbursement for legal costs (received December 1999); 2) five initial payments (Two were received in fiscal 2000. One each year is expected in fiscal 2001, 2002, and 2003); 3) on-going annual payments; and 4) strategic contribution payments (from fiscal 2008 through 2017). The Master Settlement Agreement places no restrictions on how the money is to be spent.

The total amount of tobacco settlement funds available to Montana may be affected by a number of adjustments. These include inflation, sales volume changes, operating income of the original four tobacco companies, number and operating income of subsequent participating manufactures, number of state reaching state specific finality, settlements reached by the four states not party to the agreement (Florida, Texas, Minnesota, and Mississippi), litigation offsets, and federal tobacco legislation offsets among others.

Applicable Tax Rate(s): NA

Distribution: Due to passage of Constitutional Amendment 35 by the electorate in November 2000, the legislature is required to dedicate not less than 40 percent of tobacco settlement money to a permanent trust fund. The remainder of the money is deposited into the general fund. Since the legislature has not yet determined the exact percentage to be deposited to the trust fund, the revenue estimate assumes 40 percent.

Collection Frequency: Twice a year. Initial payments are expected each January 10. Annual and strategic contribution payments are expected each April 15.

Applicable Assumptions and/or Relevant Indicators:

Total settlement amounts available to distribute	Inflation
Montana percentage share of payments	Previous settled states percentage reduction
Tobacco consumption	Trust Fund Percentage

Data Source(s):

USDA, Master Settlement Agreement (as amended), Center for Disease Control and Prevention, National Council of State Legislatures, National Association of Attorneys General, confidential sources

Contacts: Department of Justice

Statute: Title 53, Chapter 4

% of Total FY 2000 General Fund Revenue: 2.99%

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

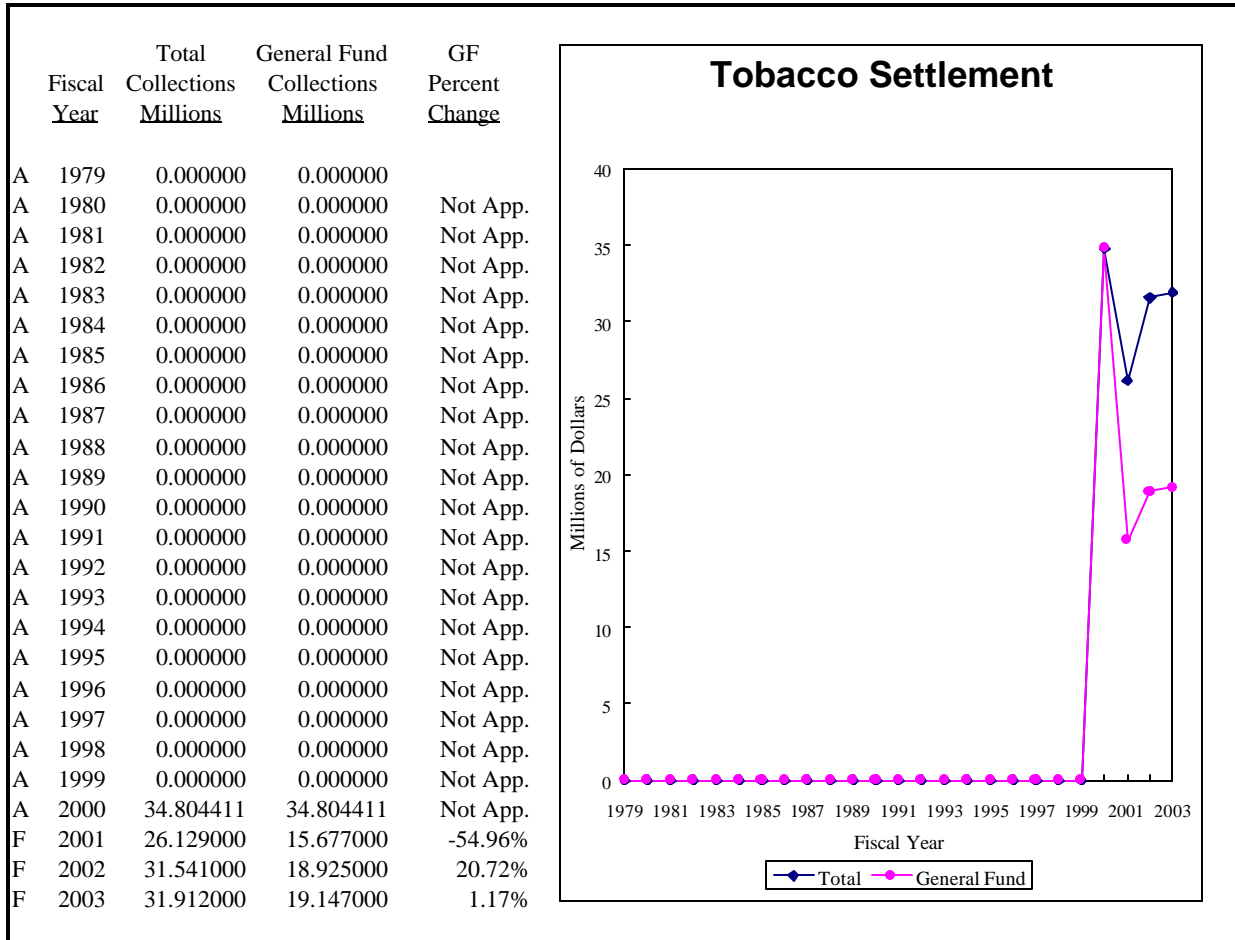
Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Settlement

1. **Annual Payments:** The total settlement amount that is available each year from the original participating manufactures annual payment is adjusted by estimates for the inflation, volume, operating income, and previous settled states adjustments. The amount of the annual payment from subsequent participating manufactures is derived by adjusting the total settlement amount that is available each year from the original participating manufactures for a volume adjustment and a base adjustment and then applying an inflation factor. These two annual payments are summed and then multiplied by the Montana's percentage share.
2. **Initial Payments:** The total settlement amount that is available each year from the initial payment is adjusted by an estimate for the volume adjustment then multiplied by the Montana's percentage share.
3. **Total:** The sum of the annual payment and the initial payment equals the amount Montana will receive in that fiscal year.

Revenue Projection:



Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Settlement

Forecast Methodology

$$\text{OIA} = (\text{OI } t-1 * (1 + \text{CPI } t)) - \text{BASE} * (1 + \text{CCPI } t) * 0.25 * 0.9136648$$

---where

OIA = Operating Income Adjustment

OI = Operating Income of Original Participating Manufactures

CPI = Change in Consumer Price Index

BASE = 1996 Operating Income of \$7,195,340,000

CCPI = Cummulative Change in Consumer Price Index

$$\text{SPMAP} = (\text{TAPA } t + \text{VA } t - \text{BASE}) * (1 + \text{CCPI } t-1)$$

---where

SPMAP = Subsequent Participating Manufacturers Annual Payment

TAPA = Total Annual Payment Available

VA = Volume Adjustment

BASE = Base Amount Due from Subsequent Participating Manufactures of \$45,215,768

CCPI = Cummulative Change in Consumer Price Index

t = Fiscal Year

$$\text{OPMAP} = (\text{TAPA } t + \text{IA } t + \text{VA } t + \text{OIA } t + \text{SPMAP } t + \text{PSSA } t) * \text{MT\% } t + \text{AA}$$

---where

OPMAP = Original Participating Manufactures Annual Payment

TAPA = Total Annual Payment Available

IA = Inflation Adjustment

VA = Volume Adjustment

OIA = Operating Income Adjustment

SPMAP = Subsequent Participating Manufacturers Annual Payment

PSSA = Previous Settled States Adjustment

MT% = Montana's Share

AA = Auditor Adjustments

t = Fiscal Year

$$\text{MIP } t = (\text{TIPA } t + \text{VA } t) * \text{MT\% } t$$

---where

MIP = Montana's Initial Payment

TIPA = Total Initial Payment Available

VA = Volume Adjustment

MT% = Montana's Share

t = Fiscal Year

$$\text{MTTS } t = \text{OPMAP } t + \text{MIP } t$$

---where

MTTS = Montana's Total Tobacco Settlement

OPMAP = Original Participating Manufactures Annual Payment

MIP = Montana's Initial Payment

t = Fiscal Year

Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Settlement

Distribution Methodology

$$\text{GFTS } t = \text{MTTS } t * 60\%$$

---where

GFTS = General Fund Tobacco Settlement

MTTS = Montana's Total Tobacco Settlement

t = Fiscal Year

	t	Total Tax	GF Tax	Initial	Annual	Montana's	PSS
	Fiscal	Millions	Millions	Payment	Payment	Share	Reduction
				Millions	Millions	Percent	Percent
Actual	2000	34.804411	34.804411	4872.000000	4500.000000	0.004247591	-0.124500000
Forecast	2001	26.129000	15.677000	2546.160000	5000.000000	0.004247591	-0.124500000
Forecast	2002	31.541000	18.925000	2622.544800	6500.000000	0.004247591	-0.124500000
Forecast	2003	31.912000	19.147000	2701.221144	6500.000000	0.004247591	-0.124500000

	t	Annual	Cummulative	Adjustment	Adjusted	Annual	Cummulative
	Fiscal	Vol. Change	Vol. Change	Factor	Vol. Change	CPI Change	CPI Change
		Percent	Percent	Percent	Percent	Percent	Percent
Actual	2000	-0.140094943	-0.140094943	0.980000000	-0.137293044	0.030000000	0.030000000
Forecast	2001	-0.025300000	-0.161850541	0.980000000	-0.158613530	0.032993000	0.063983000
Forecast	2002	-0.016700000	-0.175847637	0.980000000	-0.172330684	0.030000000	0.095902000
Forecast	2003	-0.018400000	-0.191012040	0.980000000	-0.187191799	0.030000000	0.128779000

	t	Op. Income	SPM
	Fiscal	Adjustment	Payment
		Millions	Millions
Actual	2000	40.787986	46.572241
Forecast	2001	42.134266	48.195600
Forecast	2002	43.398902	49.837822
Forecast	2003	44.701296	51.633833