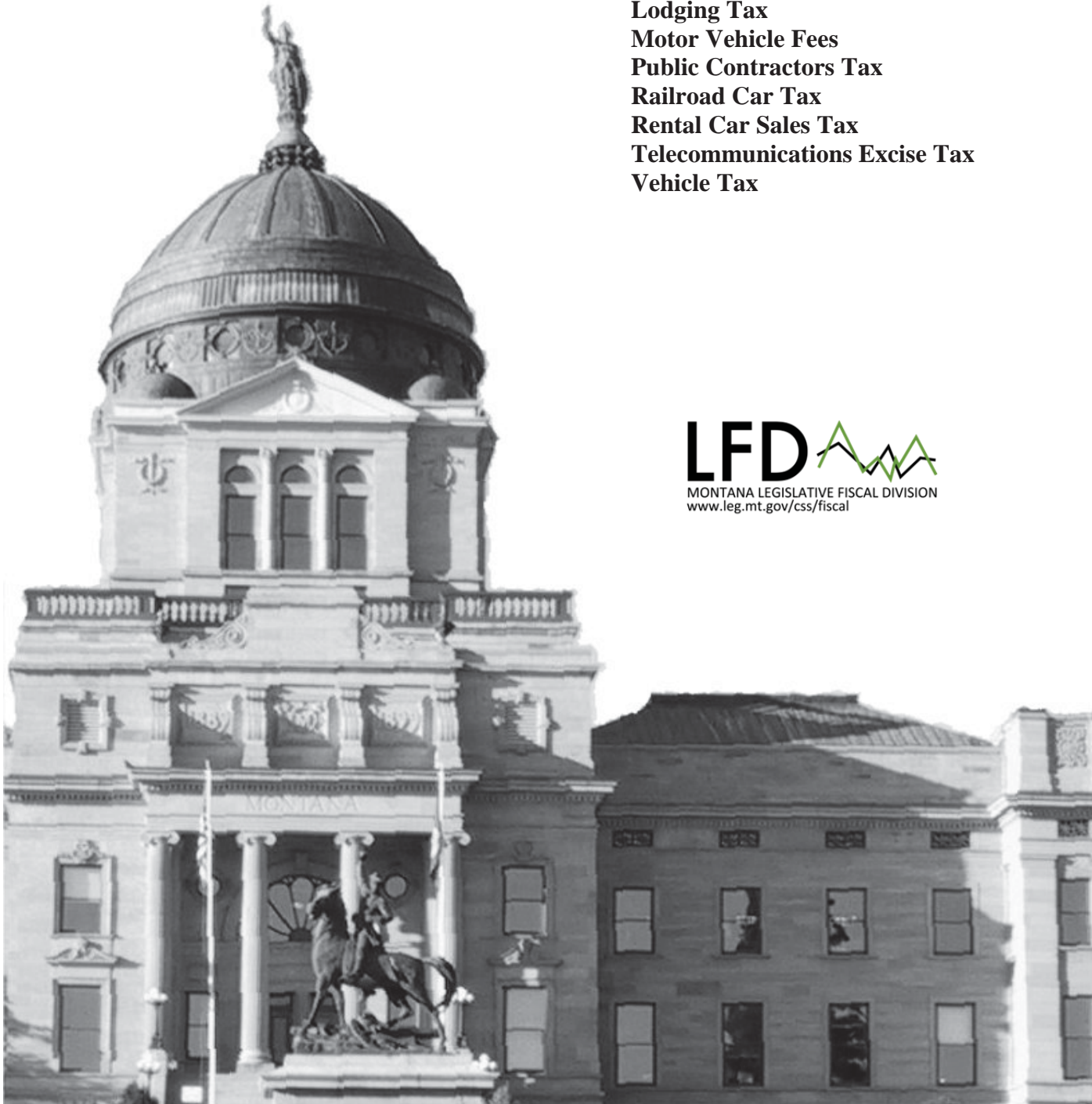


Business and Personal Taxes

Corporation Income Tax
Driver's License Fees
Estate Tax
Individual Income Tax
Insurance Tax & License Fees
Investment License Fee
Lodging Tax
Motor Vehicle Fees
Public Contractors Tax
Railroad Car Tax
Rental Car Sales Tax
Telecommunications Excise Tax
Vehicle Tax



Legislative Fiscal Division

Revenue Estimate Profile Corporation License Tax

Revenue Description: The corporation license tax is a license fee levied against a corporation's net income earned in Montana. The corporation income tax is imposed on corporations that, for reasons of jurisdiction, are not taxable under a license tax. Factors that affect corporation license tax receipts include tax credits and the audit efforts by the Department of Revenue. As with individual income tax, all tax liability is adjusted for allowable credits.

Statutory Reference:

Tax Rate (MCA) – 15-31-121,

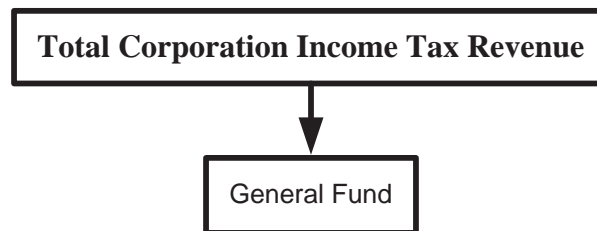
Tax Distribution (MCA) – 15-31-121

Date Due – by the 15th day of the fifth month following the close of the corporate fiscal year (15-31-111, 15-31-502). Estimated taxes due April 15th, June 15th, September 15th, and December 15th (15-31-502).

Applicable Tax Rate(s): The tax rate is 6.75%, except for corporations making a "water's edge" election (see 15-31-322, MCA), who pay a 7.0% tax on their net income.

Distribution: Beginning FY 2006, all corporation tax revenue is distributed to the general fund.

Distribution Chart:



Collection Frequency: Monthly, Quarterly, and Annually

% of Total General Fund Revenue:

FY 2004 – 4.90%

FY 2007 – 9.67%

FY 2010 – 5.40%

FY 2005 – 6.42%

FY 2008 – 8.17%

FY 2011 – 6.88%

FY 2006 – 9.00%

FY 2009 – 9.20%

FY 2012 – 6.83%

Revenue Estimate Methodology:

Data

The data used to develop the estimates for the corporation income tax are provided by the Department of Revenue (DOR), the state accounting system (SABHRS), and IHS. The DOR provides corporation data from the corporation income tax return series that include total corporation income, Montana allocation information, and the Montana tax liability. The return series is dated information since corporations are allowed up to 10.5 months after the end of the tax year to file the return. The DOR also provides a series based on the tax payment data. This series provides more timely data and includes individual corporation payment by type (estimated, tentative, return, refund, and audit). SABHRS provides historic fiscal year data of total collections, current year payments, estimated payments, audits and penalty and interest, and refunds.

Analysis

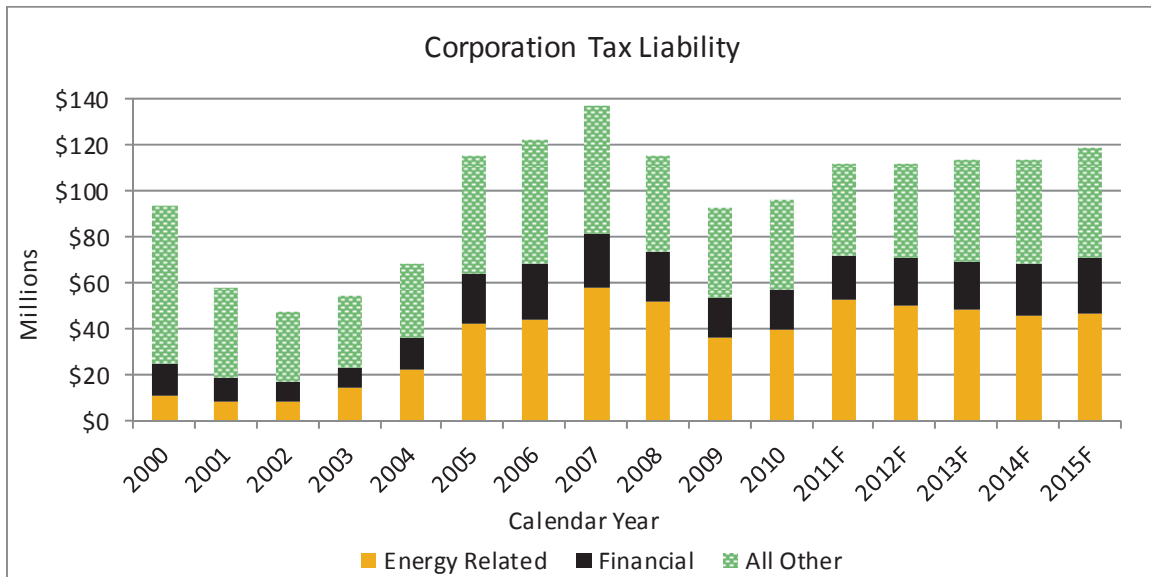
The corporation license tax is highly volatile. Collection patterns show that current tax payments often originate in a previous year. Included in fiscal year data are late payments, audit payments, and refunds. The data often includes payment for tax periods more than 20 years in the past. These activities promote misinterpretation of how high, or low as the case may be, Montana corporate profitability is in any given tax year. A simple review of SABHRS data will not distinguish the many anomalies of the data, and may lead to the adoption of incorrect assumptions.

Legislative Fiscal Division

Revenue Estimate Profile

Corporation License Tax

new sector information to prior years' return data. The result is a sixteen-year history of income and tax liability for each sector. The historical tax liability of each sector is modeled against characteristic national or Montana-specific economic variables from IHS to produce a forecast of calendar year tax liability. As shown in the figure below, energy related sectors account for nearly half of total tax liability. The underlying volatility of the energy industry is a large contributor to the overall volatility of this tax source.



Assumptions

Each of the eleven sectors is listed below, followed by the average share of tax liability, a brief description of the sector, and the underlying economic variables used to develop the projection. The variables used to develop most of the projections are the average price of West Texas Intermediate Crude, GDP, the average number of housing starts in Montana, and the median existing home price in Montana. All variable projections are provided by IHS.

- Manufacturing (25%)—The manufacturing industry in Montana is highly correlated with energy prices and is therefore a relatively variable with respect to its aggregate tax liability. This sector is modeled on the average price of West Texas Intermediate Crude.
- Financial services (19%)—This sector includes banks, bank holding corporations, and companies involved in investment activities. Financial sector tax liability is modeled on median existing home prices in Montana.
- Wholesale and retail trade (13%)—This combined sector models well against Montana retail sales.
- Mining (9%)—The mining industry in Montana is heavily dependent on energy prices; it is modeled on the average price of West Texas Intermediate Crude.
- Professional and business services (8%)—The professional service sector comprises establishments that specialize in performing professional, scientific, and technical activities for others. The business service sector comprises establishments performing routine support activities for the day-to-day operations of other organizations. The combined sectors' tax liability is modeled on GDP.
- Transportation and warehousing (6%)—The transportation and warehousing sector includes industries providing transportation of passengers and cargo, warehousing and storage for goods, scenic and sightseeing transportation, and support activities related to modes of transportation. Its tax liability is modeled on median house price.
- Information (4%)—The main components of this sector are the publishing industries, the motion picture and sound recording industries, the broadcasting industries, the telecommunications industries, and the information services

Legislative Fiscal Division

Revenue Estimate Profile

Corporation License Tax

industries. Its tax liability is modeled on the average number of housing starts per year.

- Utilities (3%)—The utilities sector includes establishments engaged in the provision of electric power, natural gas, steam supply, water supply, and sewage removal. The tax liability of this sector is modeled on the average number of housing starts per year.
- Agriculture (3%)—The tax liability of the agriculture sector is modeled on real GSP for agriculture.
- Social and educational services (2%)—This is a broad grouping of educational and health services, and arts, entertainment and recreation. The tax liability is modeled on GDP.
- Construction (2%)—The construction industry is the smallest contributor to corporation tax liability, likely because most construction companies are organized as S-corps or limited liability companies. Its tax liability is modeled on the average annual number of housing starts.

To develop the estimate for the corporation income tax, the sector growth rate is applied to the most recent tax year collections, 2010. The industrial sectors are then summed to provide an estimate for the tax year corporation tax liabilities. Because the industrial sector estimates are based on a tax year analysis, but are paid in a state fiscal year, payment timing must be taken into consideration. Analysis shows that the payments made in any given state fiscal year are made of the tax liability of the numerous previous tax years. Estimated tax payments made in the first half of the fiscal year are assumed to be payments for the liabilities of the previous tax year and payments in the second half of the fiscal year are assumed to be liabilities of the current tax year. Audits and refunds are generally assumed to be corrections to tax liabilities of the prior year. When calculated, the analysis suggests that 5% of the payments in the current fiscal year occur from liabilities of two years previous, 55% of the fiscal year payments are from tax liabilities of one year previous, and 40% of the payments are related to the current year's tax liability. When the percentages of each tax year are combined, the resulting value is adjusted by an average factor to produce the fiscal year corporate tax liability.

Adjustments

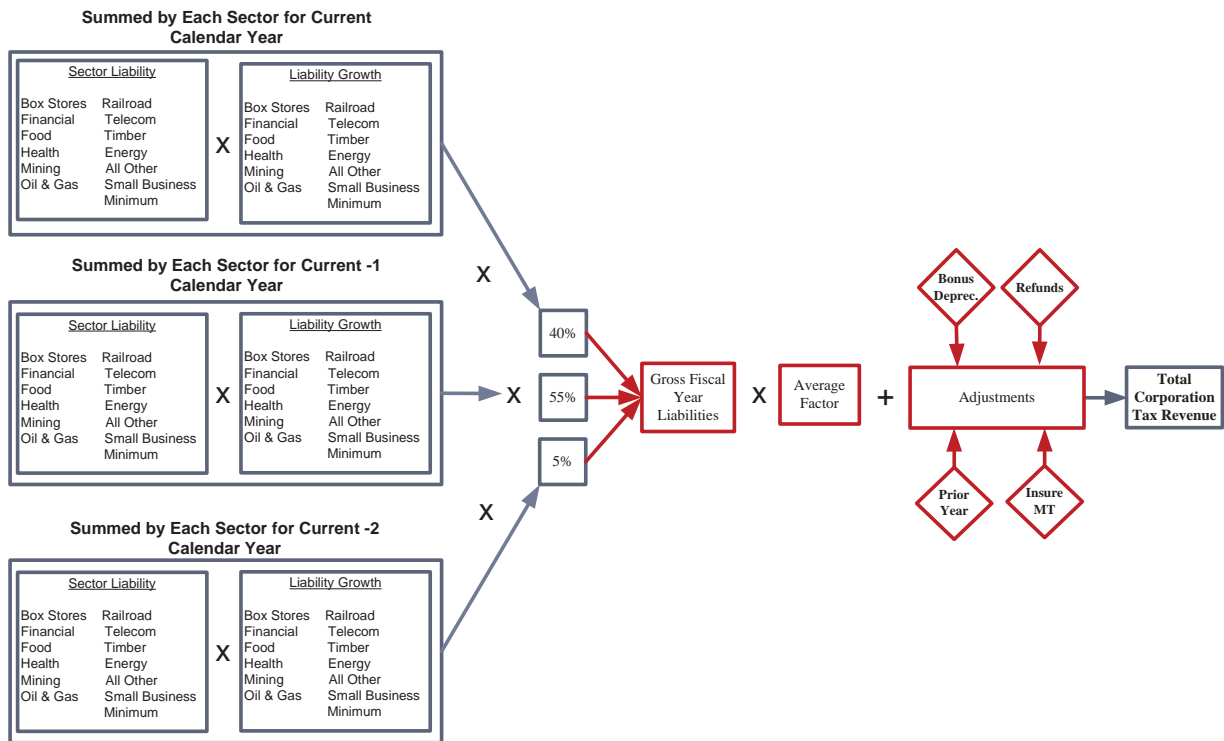
After the estimate for the fiscal year gross corporation tax liability is complete, several adjustments are required. The adjustments and the corresponding estimate process for each is described below.

- Refunds—After elevated levels in FY 2010 through FY 2012, refunds are projected to resume a more historical average based on the ratio to prior years' gross liability.
- Audits, penalties and interest—Audits, penalties and interest revenue are determined based on an average of past year ratios to gross fiscal year liability; these amounts included with the forecast gross tax liability in determining total fiscal year liability.
- Bonus depreciation—The bonus depreciation provisions of the Economic Stimulus Act of 2008 allows taxpayers to accelerate the depreciation on certain qualified property. The net effect is zero, but the timing of payments changes. The accelerated depreciation resulted in lower fiscal year payments in FY 2009 and FY 2010; the lingering effect is increased payments for each year in the forecast biennium.
- Insure Montana credit reimbursement—Beginning in FY 2010, the DOR adjusted the corporation tax account for the refund of the Insure Montana credit. As a result, the reimbursement will necessarily be shown as an adjustment in future years.
- Legislation impacts – any changes implemented by the 2011 Legislature that have yet to be fully implemented in the base year are added to future years.

Legislative Fiscal Division

Revenue Estimate Profile Corporation License Tax

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile Corporation License Tax

Revenue Estimate Assumptions:

	t	Total Tax	GF Tax	Tax	Refunds	Audit & P&I	Bonus	Insure MT
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Rate</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Credit</u>
								<u>Millions</u>
Actual	2002	68.173	68.173	6.75%				
Actual	2003	44.138	44.138	6.75%				
Actual	2004	67.723	67.723	6.75%				
Actual	2005	98.214	98.214	6.75%				
Actual	2006	153.675	153.675	6.75%	(13.859)	10.830		
Actual	2007	177.504	177.504	6.75%	(26.200)	26.813		
Actual	2008	160.342	160.342	6.75%	(27.900)	16.874		
Actual	2009	166.355	166.355	6.75%	(19.881)	31.036		
Actual	2010	87.901	87.901	6.75%	(37.121)	15.380		
Actual	2011	119.044	119.044	6.75%	(29.800)	26.116		
Actual	2012	127.771	127.771	6.75%	(38.757)	27.366		
Forecast	2013	149.158	149.158	6.75%	(24.400)	22.100	2.137	1.000
Forecast	2014	152.832	152.832	6.75%	(24.477)	22.425	4.103	1.000
Forecast	2015	154.149	154.149	6.75%	(25.593)	22.496	3.282	1.000

	t	Agriculture	Mining	Utilities	Construction	Manufacture	Trade	Transport
	<u>Cal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2002	1.966	2.021	1.604	1.033	5.918	7.983	1.417
Actual	2003	1.614	4.031	1.649	1.104	9.738	8.485	1.147
Actual	2004	1.636	5.256	1.561	1.151	16.532	8.859	3.860
Actual	2005	2.269	14.589	4.471	2.278	27.314	13.892	9.269
Actual	2006	2.823	9.798	4.938	2.873	34.111	13.071	10.250
Actual	2007	3.437	12.237	6.594	2.721	45.595	14.836	10.145
Actual	2008	3.094	11.654	2.508	2.373	39.358	9.942	11.268
Actual	2009	3.043	11.613	2.394	2.364	24.276	13.361	6.455
Actual	2010	3.224	10.006	1.399	1.518	29.653	12.019	7.114
Actual	2011	2.657	14.688	1.006	1.112	37.291	13.881	8.341
Actual	2012	2.765	14.481	0.806	1.040	35.462	14.285	8.670
Forecast	2013	2.778	13.709	1.544	1.305	34.540	14.664	9.195
Forecast	2014	2.821	13.320	1.807	1.399	32.215	15.017	9.922
Forecast	2015	2.865	12.339	2.311	1.580	34.280	15.463	10.591

Legislative Fiscal Division

Revenue Estimate Profile Corporation License Tax

	<u>t</u>	<u>Information</u>	<u>Professional</u>	<u>Large Banks</u>	<u>Social</u>	<u>Unknown</u>	<u>Total</u>
	<u>Cal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>CY Liability</u>
							<u>Millions</u>
Actual	2002	2.420	5.306	8.959	1.208	6.258	46.092
Actual	2003	2.686	5.536	9.170	1.370	5.699	52.230
Actual	2004	2.008	6.132	13.739	1.433	4.346	66.512
Actual	2005	3.770	7.233	21.306	1.891	4.848	113.130
Actual	2006	4.701	7.844	23.826	1.922	3.803	119.959
Actual	2007	3.788	6.564	23.253	2.501	2.339	134.011
Actual	2008	3.396	4.776	22.402	1.703	0.948	113.422
Actual	2009	1.758	6.356	17.051	1.774	0.171	90.616
Actual	2010	2.697	6.570	17.203	1.954	0.190	93.547
Actual	2011	1.982	7.097	19.467	1.966	0.150	109.640
Actual	2012	1.880	7.302	20.200	2.108	0.150	109.149
Forecast	2013	2.254	7.538	20.902	2.179	0.150	110.758
Forecast	2014	2.387	7.786	22.022	2.262	0.150	111.108
Forecast	2015	2.642	8.034	23.572	2.349	0.150	116.177

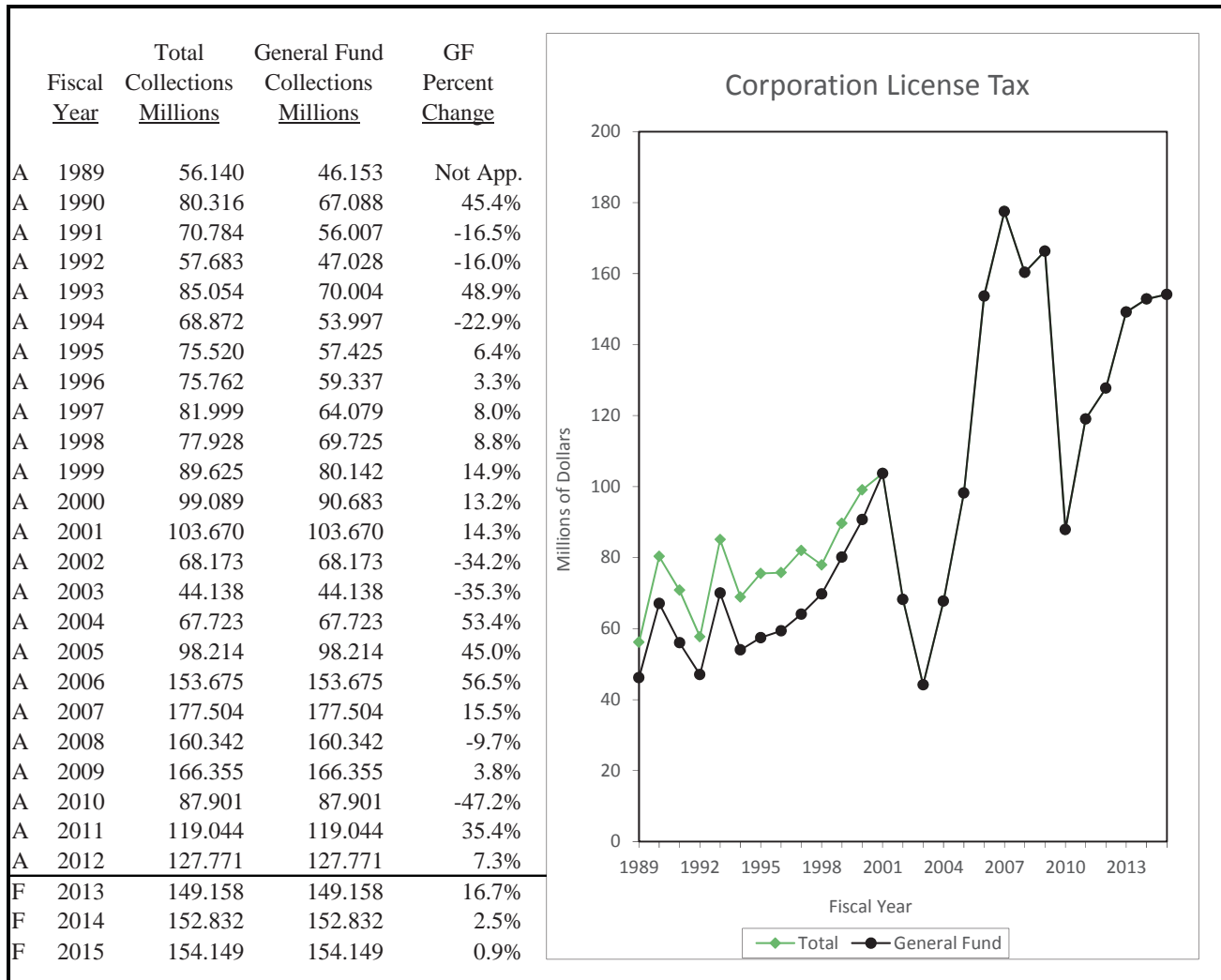
	<u>t</u>	<u>Calculated</u>	<u>Payroll Tax</u>	<u>Legislation</u>
	<u>Fiscal</u>	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>
		<u>Factor</u>		
Actual	2002			
Actual	2003			
Actual	2004			
Actual	2005			
Actual	2006	1.330		
Actual	2007	1.384		
Actual	2008	1.334		
Actual	2009	1.473		
Actual	2010	1.180		
Actual	2011	1.230		
Actual	2012	1.282		
Forecast	2013	1.350	0.067	
Forecast	2014	1.350	0.176	
Forecast	2015	1.350	0.255	

Total Tax = (5%*(Total CY Liability)_(t-2) + 55%*(Total CY Liability)_(t-1) + 40%*(Total CY Liability)_t)
 *Calculated Fiscal Factor + Refunds + Audit & P&I + Insure MT Credit + Bonus + Payroll +Legislation
 GF Tax = Total Tax

Legislative Fiscal Division

Revenue Estimate Profile Corporation License Tax

Revenue Projection:



Data Source(s): SABHRS, IHS, Department of Revenue

Contacts: Department of Revenue

Legislative Fiscal Division

Revenue Estimate Profile

Driver's License Fees

Revenue Description: A resident of Montana must have a valid driver's license to operate a motor vehicle on any highway in the state. A driver's license is issued only if the applicant passes specified examinations and pays fees. The fees are collected by Department of Justice, Motor Vehicle Division staff or county treasurers and are forwarded to the state treasurer for deposit. If collected by the county treasurers, a portion is retained by the county. The estimates shown in this source are net of revenue retained by the counties. The fees included in this source are from regular driver's licenses, commercial driver's licenses, motorcycle endorsements, duplicate driver's licenses, and renewal notices. Between October 1, 1995 and October 1, 1999, one-half of the licenses issued for those between the ages of 21 and 67 were 4-year licenses and one-half were 8-year licenses. Drivers outside these age brackets were assigned driver's licenses with terms which depend on how many years the driver was less than 21 or less than 75 years old. Between October 1, 1999 and July 1, 2005, all licenses for those 21-67 years of age were valid for 8 years. With the enactment of House Bill 192 by the 2005 Legislature, commercial licenses are valid for 5 years.

Statutory Reference:

Tax Rates (MCA) – Duplicate license (61-5-114), all others (61-5-111(6))

Tax Distribution (MCA) – 61-5-121

Date Due – upon application

Applicable Tax Rate(s):

 Driver's license fees are:

- driver's license, except a commercial driver's license - \$5.00 per year or fraction of a year
- motorcycle endorsement - \$0.50 per year or fraction of a year
- commercial driver's licenses (includes the basic license fee of \$5.00):
 - interstate - \$10.00 per year or fraction of a year
 - intrastate - \$8.50 per year or fraction of a year
- duplicate license - \$10.00
- renewal notice - \$0.50

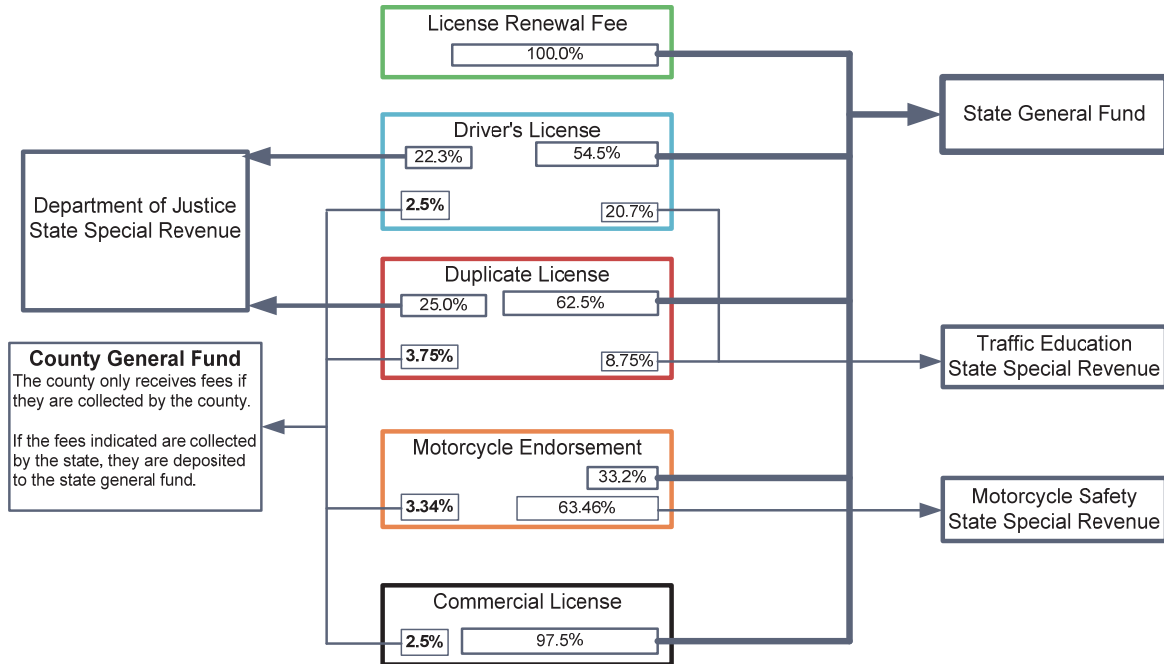
Distribution: The distribution of license fee revenue varies by the type of license and who collects the fee. The table shows the current statutory distribution. Note: the portion allocated to counties applies only when the county collects the fee. Otherwise, the county allocation is added to the general fund distribution.

Distribution of Driver's License Fees					
Allocation	Driver's License	Replacement License	Motorcycle Endorsement	Commercial	
				Driver's License	Renewal Notice
County or State General Fund	2.5%	3.8%	3.3%	2.5%	0.0%
Motorcycle Safety Account	0.0%	0.0%	63.5%	0.0%	0.0%
Traffic Education Account	20.7%	8.8%	0.0%	16.5%	0.0%
State General Fund (remainder)	<u>76.8%</u>	<u>87.5%</u>	<u>33.2%</u>	<u>80.6%</u>	<u>100.0%</u>
Total	100.0%	100.0%	100.0%	99.6%	100.0%

Legislative Fiscal Division

Revenue Estimate Profile Driver's License Fees

Distribution Chart:



Collection Frequency: Monthly

% of Total General Fund Revenue:

FY 2004 – 0.22%	FY 2007 – 0.25%	FY 2010 – 0.26%
FY 2005 – 0.22%	FY 2008 – 0.20%	FY 2011 – 0.21%
FY 2006 – 0.22%	FY 2009 – 0.19%	FY 2012 – 0.23%

Revenue Estimate Methodology:

Deriving an estimate of driver's license revenue is a matter of determining an estimate for the number of each of the six various licenses/fees. Once determined, each number can be multiplied by the applicable fee and the resulting products added together to obtain the total revenue estimate. Since the number of licenses depends on the number of drivers, an estimate of the number of people in the driving age bracket is also used in determining the estimate. As the distribution chart above shows, a portion of the revenue is collected and retained at the county level. Therefore, these revenue estimates only show the state's portion.

Data

There are six different sources of revenue - five different driver's licenses and the renewal notice. The best source of data for the number of licenses and the renewal notice is contained in the history of revenue collections for each of these six items. This information is readily available from the state accounting system (SABHRS) which records revenue from each source separately. By knowing the actual revenue collected from a specific fee and the amount of the fee, the number of licenses can be calculated. To adjust for population, population estimates for Montana are used.

Analysis

The methodology used to determine the number of each license/fee differs slightly:

1. The proxy numbers for driver's and motorcycle licenses are derived by multiplying the population estimate for those 16 years or older for each year by: a) for FY 2011 and FY 2013, the ratio between the number of licenses in FY 2009 and the population for the previous year; and b) for FY 2012, the ratio between the number of licenses in FY 2010 and the population for the previous year.
2. For duplicate licenses, the proxy number is derived by multiplying the number of driver's licenses by the previous year's ratio between the number of duplicates and drivers licenses. Because the driver's license proxy includes the

Legislative Fiscal Division

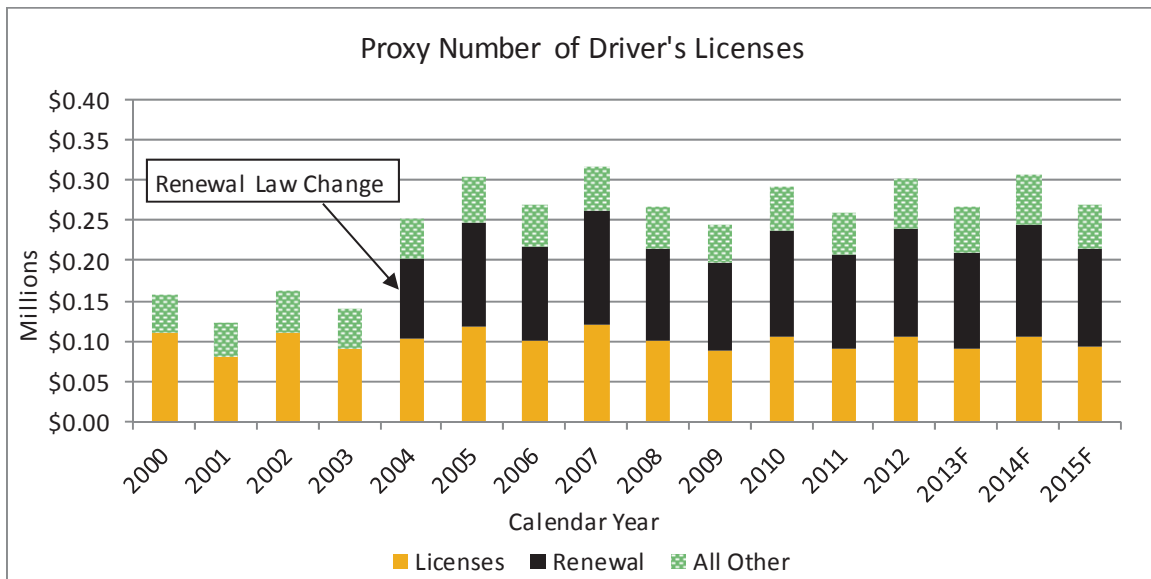
Revenue Estimate Profile

Driver's License Fees

effects of population change, these effects are also included in the proxy for duplicate licenses.

3. The proxies for the number of interstate and intrastate licenses are the amounts from the last known fiscal year.
4. To approximate the number of renewal notices, the ratio between the previous years' number of notices to the proxy number of licenses is multiplied by the estimated number of licenses. Since the license proxy includes the effects of population change, these effects are also included in the proxy for renewal notices.
5. Based on historical percentages, amounts retained by the counties are calculated and subtracted from the total revenue to derive the state's portion.

If necessary, adjustments are made; usually based on legislation enacted the previous legislative session. For example, the renewal notice was first authorized in October 2003 and, so, was in effect for 2/3 of FY 2004. Using FY 2003 actual collections required an adjustment to reflect a full year's revenue so future years could be estimated. Once the proxies for the numbers of various licenses are estimated, the revenue from each can be derived by multiplying the number by the applicable fee. The amount from each license is then summed and the portion retained by the counties subtracted.



Adjustments and Distribution

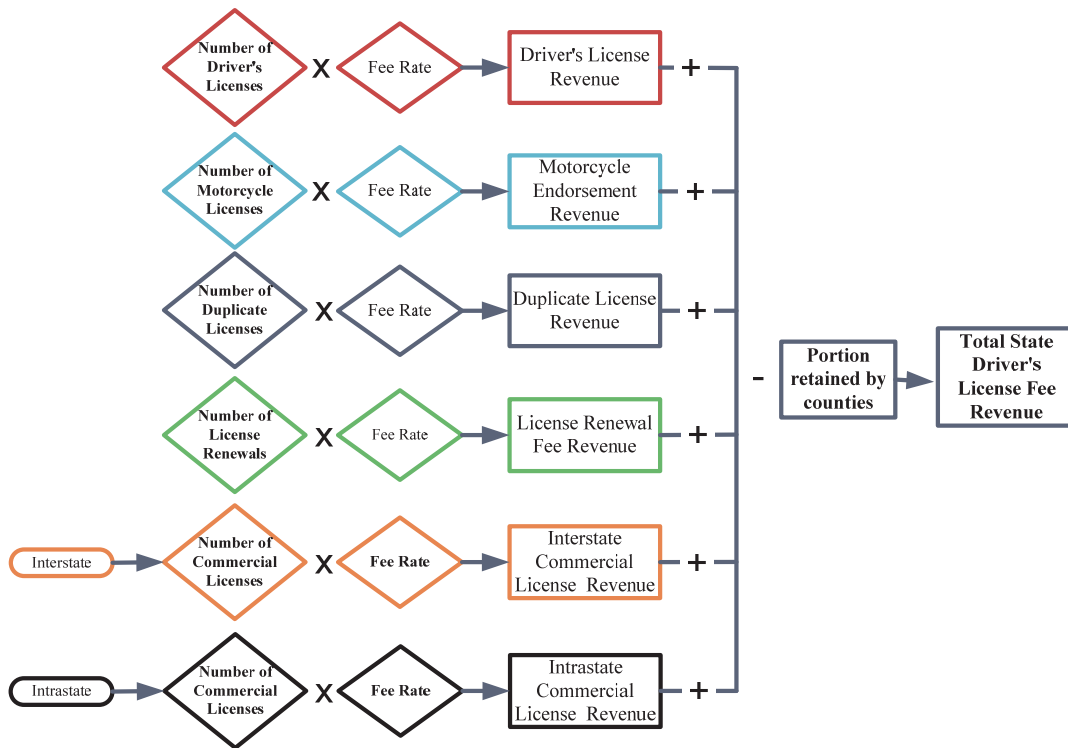
Once the proxy number for each license has been estimated, adjustments, if any, are made. After any adjustments, the applicable distribution percentage of the revenue for each license fee is applied (see the "Distribution" section).

Legislative Fiscal Division

Revenue Estimate Profile

Driver's License Fees

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

Driver's License Fees

Revenue Estimate Assumptions:

	<u>t</u>	<u>Total Fee</u>	<u>GF Fee</u>	<u>GF Fee</u>	<u>GF Fee</u>	<u>GF Fee</u>	<u>GF Fee</u>	<u>GF Fee</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Licenses</u>	<u>Duplicates</u>	<u>Cycle</u>	<u>Commercial</u>	<u>Renewal</u>
				<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2002	4.173	2.580	0.000	0.000	0.000	0.000	0.000
Actual	2003	3.421	2.119	0.000	0.000	0.000	0.000	0.000
Actual	2004	4.895	3.021	2.224	0.190	0.013	0.410	0.049
Actual	2005	5.562	3.373	2.557	0.216	0.016	0.401	0.064
Actual	2006	4.872	3.828	3.072	0.307	0.012	0.346	0.058
Actual	2007	5.747	4.609	3.654	0.282	0.017	0.439	0.071
Actual	2008	4.845	3.866	3.037	0.285	0.013	0.377	0.058
Actual	2009	4.326	3.478	2.778	0.288	0.012	0.314	0.054
Actual	2010	5.166	4.156	3.315	0.278	0.018	0.430	0.065
Actual	2011	4.614	3.711	2.808	0.285	0.014	0.515	0.058
Actual	2012	5.432	4.369	3.259	0.295	0.018	0.689	0.068
Forecast	2013	4.817	3.873	2.851	0.258	0.015	0.689	0.059
Forecast	2014	5.472	4.394	3.317	0.300	0.018	0.689	0.069
Forecast	2015	4.889	3.930	2.902	0.263	0.015	0.689	0.060

License							
<u>Count</u>	<u>t</u>	<u>Proxy</u>	<u>Proxy</u>	<u>Proxy</u>	<u>Proxy</u>	<u>Proxy</u>	<u>Proxy</u>
<u>Millions</u>	<u>Fiscal</u>	<u>Licenses</u>	<u>Duplicates</u>	<u>Cycle</u>	<u>Interstate</u>	<u>Intrastate</u>	<u>Renewal</u>
Actual	2002	0.108	0.029	0.010	0.011	0.003	0.000
Actual	2003	0.089	0.035	0.008	0.009	0.001	0.000
Actual	2004	0.102	0.030	0.010	0.010	0.001	0.099
Actual	2005	0.117	0.035	0.012	0.009	0.001	0.129
Actual	2006	0.100	0.035	0.009	0.008	0.001	0.116
Actual	2007	0.119	0.032	0.013	0.010	0.001	0.141
Actual	2008	0.099	0.033	0.010	0.008	0.001	0.116
Actual	2009	0.088	0.032	0.009	0.007	0.001	0.108
Actual	2010	0.105	0.031	0.012	0.009	0.001	0.130
Actual	2011	0.089	0.032	0.010	0.011	0.001	0.116
Actual	2012	0.104	0.033	0.013	0.015	0.002	0.136
Forecast	2013	0.091	0.029	0.010	0.015	0.002	0.119
Forecast	2014	0.106	0.033	0.013	0.015	0.002	0.138
Forecast	2015	0.092	0.029	0.011	0.015	0.002	0.121

Legislative Fiscal Division

Revenue Estimate Profile

Driver's License Fees

<u>GF Fee</u> <u>Rate in \$</u>	<u>t</u> <u>Fiscal</u>	<u>Proxy</u> <u>Licenses</u>	<u>Proxy</u> <u>Duplicates</u>	<u>Proxy</u> <u>Cycle</u>	<u>Proxy</u> <u>Interstate</u>	<u>Proxy</u> <u>Intrastate</u>	<u>Proxy</u> <u>Renewal</u>
Actual	2002						
Actual	2003						
Actual	2004	21.80	6.25	1.33	39.00	27.30	0.50
Actual	2005	21.80	6.25	1.33	39.00	27.30	0.50
Actual	2006	30.72	8.75	1.33	40.28	34.24	0.50
Actual	2007	30.72	8.75	1.33	40.28	34.24	0.50
Actual	2008	30.72	8.75	1.33	40.28	34.24	0.50
Actual	2009	31.42	9.01	1.42	41.16	34.98	0.50
Actual	2010	31.42	9.01	1.42	41.16	34.98	0.50
Actual	2011	31.42	9.01	1.42	41.16	34.98	0.50
Actual	2012	31.42	9.01	1.42	41.16	34.98	0.50
Forecast	2013	31.42	9.01	1.42	41.16	34.98	0.50
Forecast	2014	31.42	9.01	1.42	41.16	34.98	0.50
Forecast	2015	31.42	9.01	1.42	41.16	34.98	0.50

<u>Total Fee</u> <u>Rate in \$</u>	<u>t</u> <u>Fiscal</u>	<u>Proxy</u> <u>Licenses</u>	<u>Proxy</u> <u>Duplicates</u>	<u>Proxy</u> <u>Cycle</u>	<u>Proxy</u> <u>Interstate</u>	<u>Proxy</u> <u>Intrastate</u>	<u>Proxy</u> <u>Renewal</u>
Actual	2002	32.00	5.00	4.00	40.00	28.00	0.00
Actual	2003	32.00	5.00	4.00	40.00	28.00	0.00
Actual	2004	40.00	10.00	4.00	40.00	28.00	0.50
Actual	2005	40.00	10.00	4.00	40.00	28.00	0.50
Actual	2006	40.00	10.00	4.00	50.00	42.50	0.50
Actual	2007	40.00	10.00	4.00	50.00	42.50	0.50
Actual	2008	40.00	10.00	4.00	50.00	42.50	0.50
Actual	2009	40.00	10.00	4.00	50.00	42.50	0.50
Actual	2010	40.00	10.00	4.00	50.00	42.50	0.50
Actual	2011	40.00	10.00	4.00	50.00	42.50	0.50
Actual	2012	40.00	10.00	4.00	50.00	42.50	0.50
Forecast	2013	40.00	10.00	4.00	50.00	42.50	0.50
Forecast	2014	40.00	10.00	4.00	50.00	42.50	0.50
Forecast	2015	40.00	10.00	4.00	50.00	42.50	0.50

$$\text{Total Fee} = \text{Licenses} \times \text{Fee} + \text{Duplicates} \times \text{Fee} + \text{Cycle} \times \text{Fee} + \text{Interstate} \times \text{Fee} + \text{Intrastate} \times \text{Fee} + \text{Renewal} \times \text{Fee}$$

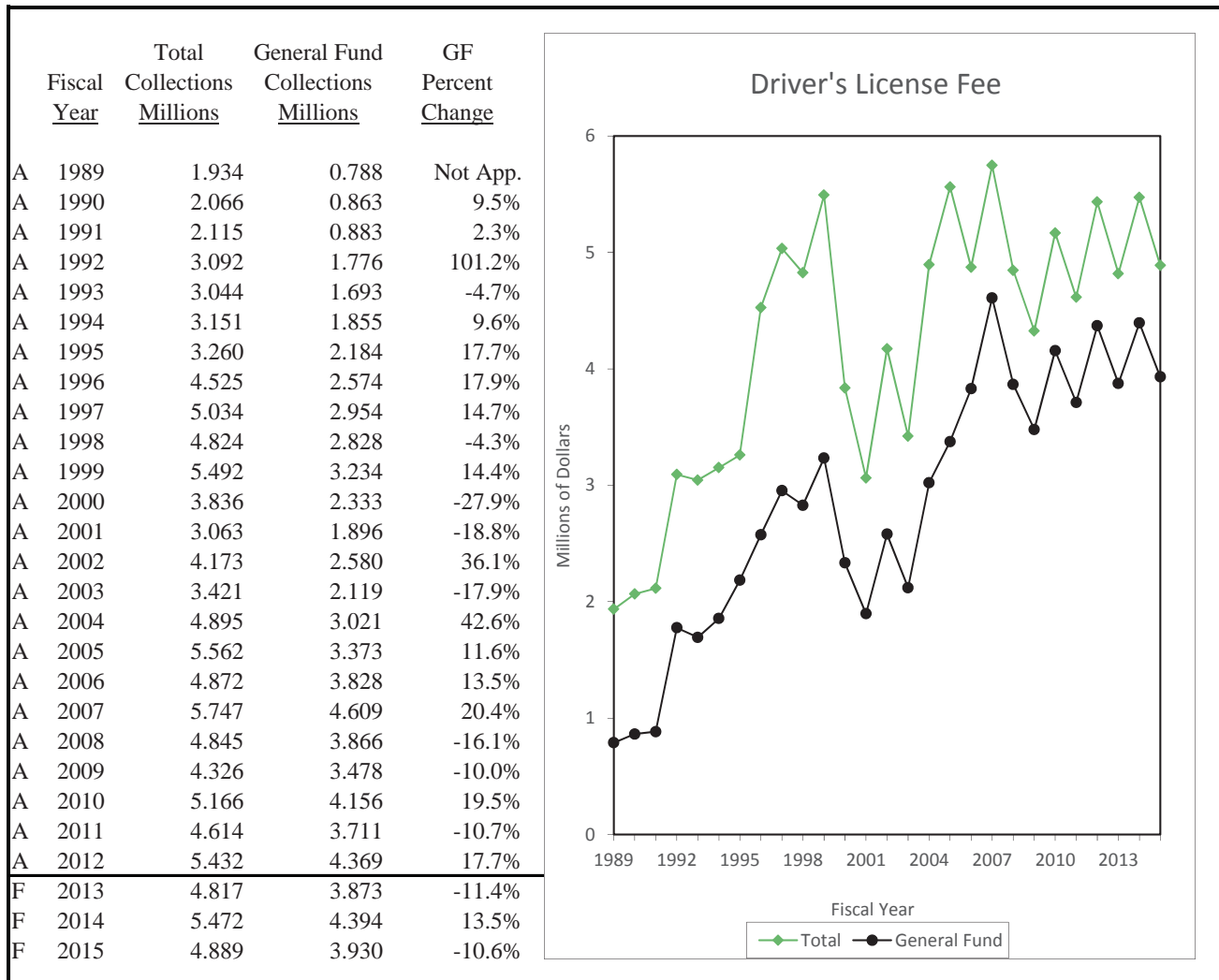
$$\text{GF Fee} = \text{Licenses} \times \text{GF Fee} + \text{Duplicates} \times \text{GF Fee} + \text{Cycle} \times \text{GF Fee} + \text{Interstate} \times \text{GF Fee} + \text{Intrastate} \times \text{GF Fee} + \text{Renewal} \times \text{GF Fee}$$

Legislative Fiscal Division

Revenue Estimate Profile

Driver's License Fees

Revenue Projection:



Data Source(s): SABHRS, Department of Administration, County Treasurer Offices

Contacts: Department of Justice

Legislative Fiscal Division

Revenue Estimate Profile

Estate Tax

Revenue Description: Since 1980, revenues from inheritance taxes have fluctuated because of federal and state law changes, changes in wealth, changes in the death rate of the population, accounting procedures, and the processing of large estates. Due to passage of Legislative Referendum 116 by the electorate in November 2000, the state inheritance tax was repealed. The tax had been imposed on the transfer of any decedent's property, interest in property, or income from property within the state, to any other person or corporation except a surviving spouse, child or lineal descendant, stepchild, or governmental or charitable organization. Although the referendum was effective immediately, it applied to deaths occurring after December 31, 2000. Thus, inheritance tax revenue will continue to produce revenue, but the amount of revenue will decrease each year. In addition to the inheritance tax, the state receives a credit from the federal estate tax based on the value of Montana property transferred to estates at the time of death. The Montana estate tax is equal to the maximum estate tax credit allowed under federal estate tax law.

Congress passed the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) which scheduled a step down approach to the repeal of the federal estate tax. Provisions of the act included the elimination of the state estate tax credit, the source of Montana's estate tax revenue. The estate tax credit of those who died in 2002, 2003, and 2004 was reduced by 25% per each year until 2005 when the credit equaled zero. Many years may pass before the time that estates are finally settled and the taxes of the estates are paid, and estate tax revenues collected by the state are expected to become insignificant.

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 reinstated federal estate taxes for 2011 and 2012, but did not reinstate the state estate tax credit. For these years, the federal estate tax exemption will be \$5 million and the estate tax rate for estates valued over this amount will be 35%; however, because the state credit was not continued, Montana will not receive any increase in revenues.

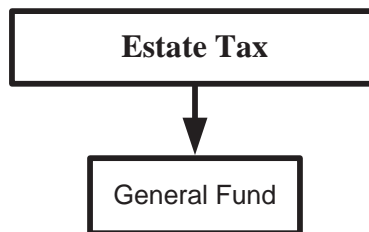
Statutory Reference:

Tax Rate (MCA) – 72-16-905
Tax Distribution (MCA) – 17-2-124(2), 72-16-1003
Date Due – 18 months after death (72-16-909)

Applicable Tax Rate(s): The estate tax is equal to the maximum estate tax credit allowed under federal estate tax law.

Distribution: All proceeds are deposited into the general fund.

Distribution Chart:



Collection Frequency: Monthly

% of Total General Fund Revenue:

FY 2004 – 0.83%	FY 2007 – 0.05%	FY 2010 – 0.01%
FY 2005 – 0.27%	FY 2008 – 0.01%	FY 2011 – 0.00%
FY 2006 – 0.10%	FY 2009 – 0.01%	FY 2012 – 0.00%

Legislative Fiscal Division

Revenue Estimate Profile

Estate Tax

Revenue Estimate Methodology:

Changes to the Federal Estate Tax

The provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) were designed to be temporary unless Congress took action to extend the tax revisions. The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 reinstated federal estate taxes for 2011 and 2012, but did not reinstate the state estate tax credit. For these years, the federal estate tax exemption will be \$5 million and the estate tax rate for estates valued over this amount will be 35%; however, because the state credit was not continued, Montana will not receive any increase in revenues.

Data

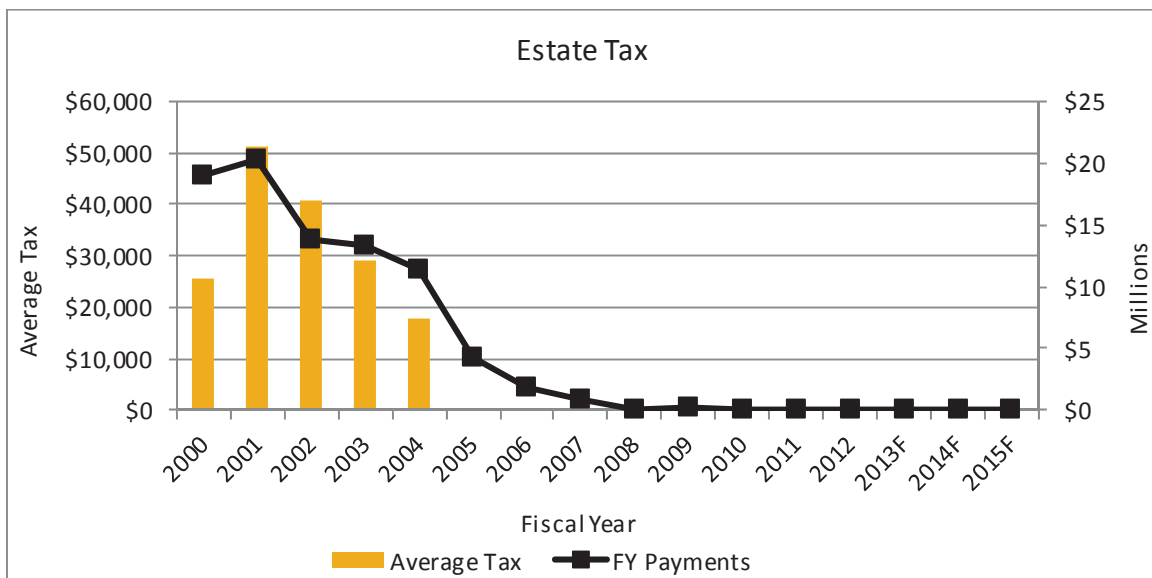
To create the estate tax projection, data are supplied by the Department of Revenue (DOR) and the state accounting system (SABHRS). The DOR provides the details of fiscal year tax filers on individual estates. SABHRS data provides aggregate historic collections of the estate tax.

To prepare fiscal year data from DOR for analysis, several steps must occur. First, the data is separated based on the individual's year of death. This is a necessary step because the estate tax laws are imposed based on the year of death. Next, all new and prior year data is combined by year of death, and that data is sorted based on total tax payment. For the estate tax analysis, the tax filers who do not owe estate tax are ignored.

Analysis

Because the state credit to the federal estate tax was effectively eliminated in 2005, no recent data exists and the estimates are based on data from 2002, the year that most closely mirrored the pre-EGTRRA tax provisions. The Tax Relief Act of 2010 changed the exemptions on the decedent's taxable estate value to be \$5 million and the top tax rate for taxable estates will be 35%.

Future collections of the estate tax are developed with a complex system of averaging. First, a ratio of taxpayers to deaths is created. The product of that ratio is then adjusted in recognition of the changes in the laws governing the "death" taxes. Next, the average tax paid by taxpayer is calculated. When those quantities are multiplied, the result is the expected estate taxes for the given year of death. The figure above shows the number of taxpayers and the average tax as calculated with this methodology.



Finally, payments of the estate tax are distributed across the years based on federal tax provisions which require the estate tax to be filed within 9 months of death. A six month extension is available on the taxpayers request, however the Internal Revenue Service requires the requesting estates to estimate the tax due and pay the estimated amount.

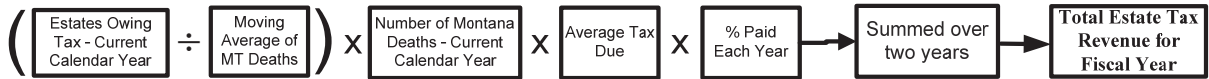
Legislative Fiscal Division

Revenue Estimate Profile

Estate Tax

Due to the Tax Relief Act of 2010 exclusion of the state tax credit provisions of the federal estate tax, no estate tax estimate has been included for the 2013 biennium.

Forecast Methodology:



Revenue Estimate Assumptions:

	t	Total Tax	GF Tax	Annual
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Growth</u>
Actual	2002	13.816	13.816	-31.9%
Actual	2003	13.306	13.306	-3.7%
Actual	2004	11.431	11.431	-14.1%
Actual	2005	4.191	4.191	-63.3%
Actual	2006	1.773	1.773	-57.7%
Actual	2007	0.839	0.839	-52.7%
Actual	2008	0.122	0.122	-85.4%
Actual	2009	0.217	0.217	77.7%
Actual	2010	0.091	0.091	-58.3%
Actual	2011	0.043	0.043	-52.3%
Actual	2012	0.060	0.060	38.3%
Forecast	2013	0.000	0.000	-100.0%
Forecast	2014	0.000	0.000	0.0%
Forecast	2015	0.000	0.000	0.0%

Total Tax = Previous Fiscal Total Tax × (1 + Annual Growth)

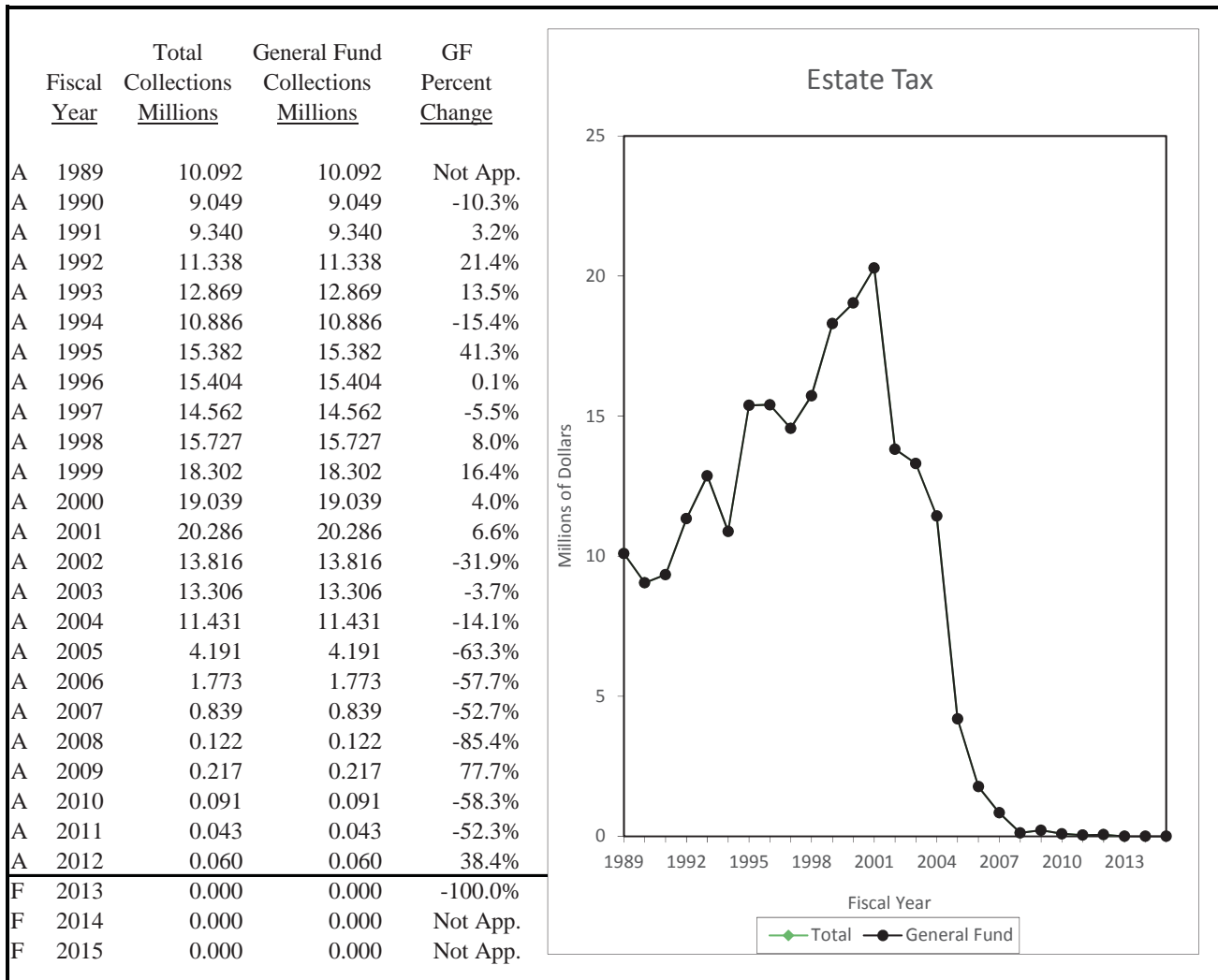
GF Tax = Total Tax

Legislative Fiscal Division

Revenue Estimate Profile

Estate Tax

Revenue Projection:



Data Source(s): SABHRS

Contacts: Department of Revenue

Legislative Fiscal Division

Revenue Estimate Profile Individual Income Tax

Revenue Description: The tax is levied against taxable income, which is defined as Montana personal income adjusted for exemptions and deductions. Once tax liability is determined, the amount of tax due is computed by subtracting allowable credits.

Statutory Reference:

Tax Rate (MCA) – 15-30-2103, 15-30-2104, 15-30-2105

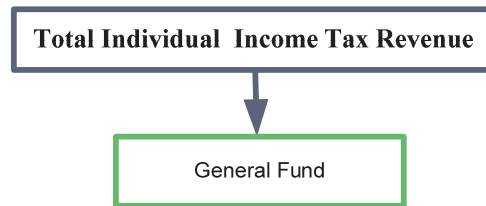
Tax Distribution (MCA) – 17-2-124(2)

Date Due – 15th day of the fourth month of the filer's fiscal year (15-30-2604). Withholding taxes are due monthly, quarterly, or on an accelerated schedule depending on income (15-30-2504). Estimated taxes are due on the 15th day of the 4th, 6th, and 9th month and the month following the close of the tax year.

Applicable Tax Rate(s): Tax rates vary from 1.0% to 6.9%, depending on the level of taxable income. Tax brackets, personal exemption amounts, and the standard deduction are adjusted for inflation each year. SB 407, enacted by the 2003 Legislature, created a new capital gains income tax credit. As a result, the tax rate on capital gains income was less than the tax rate on ordinary income by 1% in tax years 2005 and 2006, and by 2% in tax year 2007 and beyond.

Distribution: All proceeds are deposited into the general fund.

Distribution Chart:



Collection Frequency: Withholding and estimated taxes are collected monthly, bi-weekly, and weekly.

% of Total General Fund Revenue:

FY 2004 – 43.82%	FY 2007 – 45.04%	FY 2010 – 44.12%
FY 2005 – 46.13%	FY 2008 – 44.17%	FY 2011 – 45.78%
FY 2006 – 45.01%	FY 2009 – 45.09%	FY 2012 – 48.04%

Revenue Estimate Methodology:

Data

There are three kinds of data required to make forecasts of individual income tax revenue: historical individual income tax return data; state and national historical data on income, inflation, employment, and other economic variables; and forecasts of economic activity that determine income and deductions.

Actual individual income tax return data is supplied annually by the Department of Revenue (DOR). This data is usually available in November and is for the prior tax year. It includes line-by-line tax return information for each state income taxpayer (except those that have been removed because of the existence of certain federal information).

The historical information on type of income, inflation rates, employment and other economic variables is available from individual income tax returns, Bureau of Economic Analysis, Bureau of Labor Statistics, IHS and MA.

IHS provides forecasts of a wide variety of state and national economic variables that are used to assess overall state and national economic activity. These data are used to produce future growth rates for each income and deduction item, as explained in the methodology section below.

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

Analysis

An individual income tax simulation model is used to forecast Montana calendar year individual income tax liability for all residents. These forecasts are converted to fiscal year liability and are adjusted for audits, legislative impacts and one-time events. The model includes the effects of SB 407, which changed the individual income tax system in Montana and was passed by the 2003 legislature. This legislation collapsed 10 tax brackets with a top tax rate of 11% into a system of 7 tax brackets with a top rate of 6.9%, and limited the deductibility of federal taxes paid to \$5,000 for single taxpayers and \$10,000 for married taxpayers.

The calendar year state tax liability forecast is developed by applying growth rates to each resident taxpayer's income and deduction items. The latest year for which tax return data is available is tax year 2011; therefore, growth rates must be formulated for tax years 2012 through 2015 and applied to each taxpayer's 2011 tax return data. The result is a forecast of calendar year state individual income tax liability for each resident, the sum of which produces a statewide forecast of individual income tax liability for each year.

The statewide forecast of resident liability is multiplied by an all-filers percentage to include the tax liability for nonresidents and partial-year residents. In tax year 2011, the tax liability of nonresidents and part-time residents amounted to 7.3% of resident filers' liability. Next, the all-filers calendar year tax liability is adjusted by the expected growth in the number of taxpayers. This results in a forecast of total calendar year individual income tax liability before credits. An estimate of allowable credits is deducted, producing a calendar year individual income tax liability for each future year.

Fiscal Year Conversion

The calendar year liabilities are converted to fiscal year liabilities by summing 50% of the prior calendar year's liability with 50% of the current calendar year tax liability.

Audits and Other Assumptions

After fiscal year liabilities are determined, growth rates between fiscal years are calculated; these growth rates are applied to the base year (FY 2012) collections of individual income tax to produce forecasted collections before audits and other adjustments. Projected audit revenue and any other adjustments are added in, resulting in total fiscal year collections. The table below summarizes these assumptions:

	Audit and Other Assumptions (Millions)		
	Fiscal Year		
	2013	2014	2015
Audits, Penalties and Interest	\$36.049	\$36.734	\$37.245
Legislation Impacts	(2.064)	(1.473)	(1.033)
Insure Montana Credit	2.500	2.500	2.500
Bonus Depreciation	0.713	0.529	0.418
Federal PPACA	0.750	0.085	0.856

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

Growth Rates

The table below contains the growth rates used to forecast calendar years 2010 through 2013 individual income and deduction items:

Income Tax Growth Rates 2012 - 2015							
				Calendar Year			
				2012	2013	2014	2015
Full Year Resident Returns (Annual)				0.6%	1.4%	1.4%	1.5%
Full Year Resident Returns (Cumulative)				100.6%	102.0%	103.4%	105.0%
Inflation State				1.7%	1.3%	1.8%	1.6%
Inflation Federal				2.4%	2.6%	1.4%	1.7%
INCOME:							
Wages and salaries				4.6%	4.0%	4.5%	5.0%
Interest income				-1.2%	0.0%	4.0%	7.4%
Dividend income				1.7%	12.8%	6.4%	-1.4%
Taxable refunds				0.0%	0.0%	0.0%	0.0%
Alimony received				3.4%	3.4%	3.4%	3.4%
Net business income				4.8%	9.3%	-2.4%	1.7%
Capital gains				26.6%	-5.8%	-2.1%	13.2%
Supplemental gains				12.9%	5.4%	10.7%	5.0%
IRA distributions				15.4%	15.5%	14.3%	12.4%
Taxable pensions				6.7%	7.4%	7.8%	7.8%
Rents, royalties, etc.				3.3%	1.9%	7.4%	2.8%
Farm income				-26.5%	80.2%	26.2%	5.8%
Unemployment compensation				0.0%	0.0%	0.0%	0.0%
Taxable soc. sec.				3.2%	4.3%	8.1%	7.3%
Other income				0.0%	0.0%	0.0%	0.0%
ADJUSTMENTS:							
Educator expenses				0.0%	0.0%	0.0%	0.0%
Business expenses				0.0%	0.0%	0.0%	0.0%
Health SA deduction				11.0%	10.0%	9.0%	8.0%
Moving expenses				0.0%	0.0%	0.0%	0.0%
One-half self-employment tax				0.0%	0.0%	0.0%	0.0%
Self-employed SEP, SIMPLE, and qual. plans				0.0%	0.0%	0.0%	0.0%
Self-employed health insurance deduction				0.0%	0.0%	0.0%	0.0%
Penalty on early withdrawal of savings				0.0%	0.0%	0.0%	0.0%
Alimony paid				3.4%	3.4%	3.4%	3.4%
IRA deduction				-1.7%	-1.7%	-1.7%	-1.7%
Student loan interest deduction				5.0%	5.0%	5.0%	5.0%
Tuition and fees				0.0%	0.0%	0.0%	0.0%
Domestic production activities deduction				0.0%	0.0%	0.0%	0.0%
Federal write ins				0.0%	0.0%	0.0%	0.0%
Federal write-in adjustments				0.0%	0.0%	0.0%	0.0%
ADDITIONS:							
Interest on local govt. bonds				15.2%	-2.3%	-7.2%	-10.6%
Dividends not included in FAGI				0.0%	0.0%	0.0%	0.0%
Recoveries of amounts deducted in earlier years				0.0%	0.0%	0.0%	0.0%
Additions to federal taxable social security or railroad retirement				4.1%	4.1%	4.1%	4.1%
Allocation of compensation to spouse				0.0%	0.0%	0.0%	0.0%
Medical savings account nonqualified withdrawals				0.0%	0.0%	0.0%	0.0%
First-time homebuyer's account nonqualified withdrawals				0.0%	0.0%	0.0%	0.0%
Farm and ranch risk management account taxable distributions				0.0%	0.0%	0.0%	0.0%
Dependent care assistance credit adjustment				0.0%	0.0%	0.0%	0.0%
Smaller federal estate and trust taxable distributions				-75.0%	0.0%	0.0%	0.0%
Federal net operating loss carryover				0.0%	0.0%	0.0%	0.0%
Federal taxes paid by your S. corporation				0.0%	0.0%	0.0%	0.0%
Title plant depreciation				0.0%	0.0%	0.0%	0.0%
Premiums for Insure MT SB health				14.1%	14.1%	14.1%	14.1%
Other additions				19.6%	19.6%	19.6%	19.6%

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

Income Tax Growth Rates 2012 - 2015 (Continued)				
	Calendar Year			
	2012	2013	2014	2015
REDUCTIONS:				
Exclusion for savings bonds	-25.0%	15.5%	14.2%	21.9%
Exempt tribal income	18.9%	18.9%	18.9%	18.9%
Unemployment income	0.0%	0.0%	0.0%	0.0%
Exempt worker's comp benefits	0.0%	0.0%	0.0%	0.0%
Capital gains from small business investment companies	0.0%	0.0%	0.0%	0.0%
State tax refunds included in federal AGI	0.0%	0.0%	0.0%	0.0%
Recoveries of amounts deducted in earlier years	0.0%	0.0%	0.0%	0.0%
Exempt active duty military salary	4.3%	4.3%	4.3%	4.3%
Nonresident exempt military income	16.8%	16.8%	16.8%	16.8%
Exempt life insurance premiums reimbursement (National Gu	0.0%	0.0%	0.0%	0.0%
Exempt retirement disability income (under age 65)	0.0%	0.0%	0.0%	0.0%
Exempt tip income	10.4%	10.4%	10.4%	10.4%
Exempt income of child taxed to parent	0.0%	0.0%	0.0%	0.0%
Exempt health insurance premiums taxed to employee	0.0%	0.0%	0.0%	0.0%
Health Care Prof. Loan Pmt Excl	0.0%	0.0%	0.0%	0.0%
Medical savings account excl.	4.9%	4.9%	4.9%	4.9%
First-time homebuyers acct. excl.	0.0%	0.0%	0.0%	0.0%
Family education account excl.	2.5%	2.5%	2.5%	2.5%
Farm risk management account	0.0%	0.0%	0.0%	0.0%
Subtraction to federal taxable social security/Tier 1 railroad re	11.4%	11.4%	11.4%	11.4%
Subtraction for federal taxable Tier II railroad retirement	4.5%	4.5%	4.5%	4.5%
Subtraction for spouse filing joint return: passive loss carryov	0.0%	0.0%	0.0%	0.0%
Subtraction for spouse filing joint return: capital loss adjustm	2.1%	2.1%	2.1%	2.1%
Allocation of compensation to spouse	-4.2%	-4.2%	-4.2%	-4.2%
Montana net operation loss carryover	18.1%	18.1%	18.1%	18.1%
40% capital gain exclusion (Montana)	0.0%	0.0%	0.0%	0.0%
Business expense of recycled material	30.0%	30.0%	30.0%	30.0%
Sales of land to beginning farmers	0.0%	0.0%	0.0%	0.0%
Larger federal estate and trust taxable distributions	0.0%	0.0%	0.0%	0.0%
Wage deduction reduced by federal targeted jobs credit	0.0%	0.0%	0.0%	0.0%
Certain gains recognized by liquidating corporation	0.0%	0.0%	0.0%	0.0%
Other subtractions	7.6%	7.6%	7.6%	7.6%
TAX ITEMS:				
Montana tax withheld	4.6%	4.0%	4.5%	5.0%
Payments of estimated tax	8.8%	3.7%	5.5%	6.7%
ITEMIZED DEDUCTIONS:				
Deductible medical expenses	4.1%	4.1%	4.1%	4.1%
Medical insurance premiums	5.4%	5.4%	5.4%	5.4%
Long-term care insurance premiums	9.4%	9.4%	9.4%	9.4%
Real estate taxes	5.2%	5.2%	5.2%	5.2%
Personal property taxes	1.2%	1.2%	1.2%	1.2%
Local income taxes	0.0%	0.0%	0.0%	0.0%
Other deductible taxes	3.3%	3.3%	3.3%	3.3%
Home mortgage interest	3.6%	3.6%	3.6%	3.6%
NR Home mortgage interest	5.4%	5.4%	5.4%	5.4%
Home mortgage interest points	0.0%	0.0%	0.0%	0.0%
Home mortgage interest premiums	0.0%	0.0%	0.0%	0.0%
Deductible investment interest	2.3%	2.3%	2.3%	2.3%
Contributions by cash or check	7.7%	7.7%	7.7%	7.7%
Contributions other than cash or check	-2.3%	-2.3%	-2.3%	-2.3%
Contributions carryover	10.5%	10.5%	10.5%	10.5%
Child/dependent care expenses	0.1%	0.1%	0.1%	0.1%
Casualty and theft losses	-40.0%	0.0%	0.0%	0.0%
Tier I - Miscellaneous	4.7%	4.7%	4.7%	4.7%
Tier II - Miscellaneous	0.0%	0.0%	0.0%	0.0%
Political Contributions	0.0%	0.0%	0.0%	0.0%
Gambling Losses	10.3%	10.3%	10.3%	10.3%

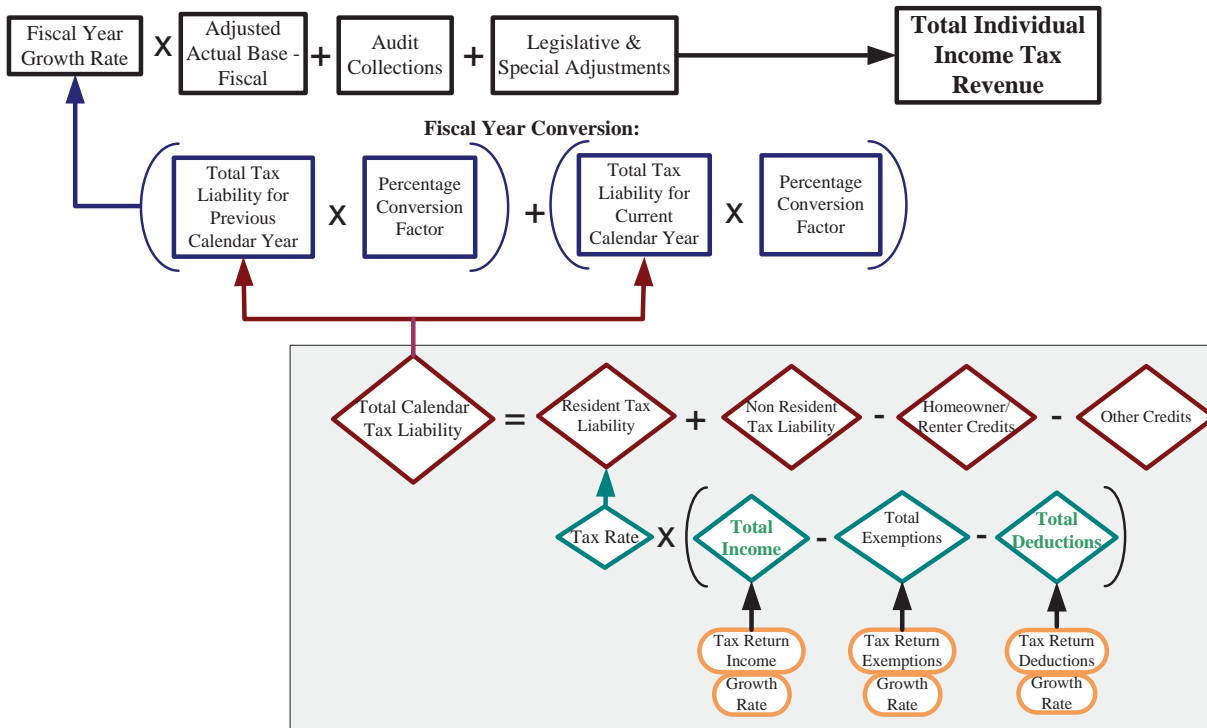
Legislative Fiscal Division

Revenue Estimate Profile Individual Income Tax

The forecast of individual income tax collections is shown in the table below:

Income Tax Forecast (Millions)		
Fiscal Year	Amount	Change
2013	\$ 983.666	9.4%
2014	\$ 1,031.319	4.8%
2015	\$ 1,092.205	5.9%

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

Revenue Estimate Assumptions:

	t	Total Tax	GF Tax	Legislation	Depreciation	Insure MT	PPACA
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Bonus</u>	<u>Adjustement</u>	<u>Adjustement</u>
					<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2002	517.568	517.568	0.000	0.000	0.000	0.000
Actual	2003	535.831	535.831	0.000	0.000	0.000	0.000
Actual	2004	605.582	605.348	0.000	0.000	0.000	0.000
Actual	2005	707.343	706.235	0.000	0.000	0.000	0.000
Actual	2006	768.922	768.922	0.000	0.000	0.000	0.000
Actual	2007	827.145	827.145	0.000	0.000	0.000	0.000
Actual	2008	866.659	866.659	0.000	0.000	0.000	0.000
Actual	2009	815.138	815.138	0.000	0.000	0.000	0.000
Actual	2010	717.834	717.834	0.000	0.000	0.000	0.000
Actual	2011	816.090	816.090	0.000	0.000	0.000	0.000
Actual	2012	898.851	898.851	0.000	0.713	0.000	0.750
Forecast	2013	983.667	983.667	-2.064	0.529	2.500	0.085
Forecast	2014	1031.320	1031.320	-1.473	0.418	2.500	0.856
Forecast	2015	1092.206	1092.206	-1.033	0.274	2.500	0.565

	t	Total Tax	GF Tax	Legislation	Depreciation	Insure MT	PPACA
	<u>Fiscal</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Bonus</u>	<u>Adjustement</u>	<u>Adjustements</u>
					<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Actual	2002	-6.9%	-6.9%	NA	NA	NA	NA
Actual	2003	3.5%	3.5%	NA	NA	NA	NA
Actual	2004	13.0%	13.0%	NA	NA	NA	NA
Actual	2005	16.8%	16.7%	NA	NA	NA	NA
Actual	2006	8.7%	8.9%	NA	NA	NA	NA
Actual	2007	7.6%	7.6%	NA	NA	NA	NA
Actual	2008	4.8%	4.8%	NA	NA	NA	NA
Actual	2009	-5.9%	-5.9%	NA	NA	NA	NA
Actual	2010	-11.9%	-11.9%	NA	NA	NA	NA
Actual	2011	13.7%	13.7%	NA	NA	NA	NA
Actual	2012	10.1%	10.1%	NA	NA	NA	NA
Forecast	2013	9.4%	9.4%	NA	NA	NA	NA
Forecast	2014	4.8%	4.8%	NA	NA	NA	NA
Forecast	2015	5.9%	5.9%	NA	NA	NA	NA

	t	Total	Total	Collections less:	Collections less:	Audits &	Audits &
	<u>Fiscal</u>	<u>Liability</u>	<u>Liability</u>	<u>Audits & Adjus</u>	<u>Audits & Adjus</u>	<u>P&I & Amend</u>	<u>P&I & Amend</u>
		<u>Millions</u>	<u>Percent</u>	<u>Millions</u>	<u>Percent</u>	<u>Millions</u>	<u>Percent</u>
Actual	2002	496.596	-3.0%	495.756	-9.1%	21.812	107.7%
Actual	2003	518.493	4.4%	512.204	3.3%	23.627	8.3%
Actual	2004	584.732	12.8%	575.660	12.4%	29.922	26.6%
Actual	2005	646.513	10.6%	670.103	16.4%	37.240	24.5%
Actual	2006	700.957	8.4%	746.179	11.4%	22.744	-38.9%
Actual	2007	760.264	8.5%	801.670	7.4%	25.475	12.0%
Actual	2008	774.578	1.9%	836.022	4.3%	30.637	20.3%
Actual	2009	720.909	-6.9%	780.395	-6.7%	34.743	13.4%
Actual	2010	706.177	-2.0%	682.541	-12.5%	35.293	1.6%
Actual	2011	759.198	7.5%	782.622	14.7%	33.468	-5.2%
Actual	2012	809.274	6.6%	870.544	11.2%	28.307	-15.4%
Forecast	2013	852.787	5.4%	947.182	8.8%	36.049	27.3%
Forecast	2014	894.542	4.9%	993.558	4.9%	36.734	1.9%
Forecast	2015	948.504	6.0%	1,053.494	6.0%	37.245	1.4%

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

	<u>t</u>	<u>Resident</u> <u>Liability</u> <u>Millions</u>	<u>Population</u> <u>Adjustment</u> <u>Percent</u>	<u>Homeowner</u> <u>Credit</u> <u>Millions</u>	<u>All Other</u> <u>Credits</u> <u>Millions</u>	<u>All Filers</u> <u>Multiplier</u> <u>Percent</u>	<u>All Filers</u> <u>Liability</u> <u>Millions</u>
Actual	2002	494.216	100.0%	11.049	18.955	106.3%	495.118
Actual	2003	538.246	100.0%	11.889	21.119	106.8%	541.868
Actual	2004	620.965	100.0%	12.193	26.462	107.3%	627.595
Actual	2005	652.487	100.0%	11.580	31.606	108.6%	665.431
Actual	2006	731.493	100.0%	10.726	41.553	107.8%	736.482
Actual	2007	771.627	100.0%	9.811	38.111	107.8%	784.046
Actual	2008	741.689	100.0%	10.396	38.219	109.7%	765.110
Actual	2009	687.751	100.0%	10.316	37.626	105.4%	676.708
Actual	2010	739.846	100.0%	11.355	43.461	106.8%	735.647
Actual	2011	776.522	100.0%	10.786	35.901	106.8%	782.748
Forecast	2012	825.674	100.6%	10.786	46.422	107.3%	835.799
Forecast	2013	847.787	102.0%	10.786	48.212	107.3%	869.776
Forecast	2014	882.904	103.4%	10.786	51.053	107.3%	919.308
Forecast	2015	924.644	105.0%	10.786	54.430	107.3%	977.701

	<u>t</u>	<u>Resident</u> <u>Liability</u> <u>Percent</u>	<u>Population</u> <u>Adjustment</u> <u>Percent</u>	<u>Homeowner</u> <u>Credit</u> <u>Percent</u>	<u>All Other</u> <u>Credits</u> <u>Percent</u>	<u>All Filers</u> <u>Multiplier</u> <u>Percent</u>	<u>All Filers</u> <u>Liability</u> <u>Percent</u>
Actual	2002	-0.8%	0.0%	15.8%	-19.9%	-0.3%	-0.6%
Actual	2003	8.9%	0.0%	7.6%	11.4%	0.5%	9.4%
Actual	2004	15.4%	0.0%	2.6%	25.3%	0.5%	15.8%
Actual	2005	5.1%	0.0%	-5.0%	19.4%	1.2%	6.0%
Actual	2006	12.1%	0.0%	-7.4%	31.5%	-0.7%	10.7%
Actual	2007	5.5%	0.0%	-8.5%	-8.3%	0.0%	6.5%
Actual	2008	-3.9%	0.0%	6.0%	0.3%	1.8%	-2.4%
Actual	2009	-7.3%	0.0%	-0.8%	-1.6%	-4.0%	-11.6%
Actual	2010	7.6%	0.0%	10.1%	15.5%	1.4%	8.7%
Actual	2011	5.0%	0.0%	-5.0%	-17.4%	0.0%	6.4%
Forecast	2012	6.3%	0.6%	0.0%	29.3%	0.5%	6.8%
Forecast	2013	2.7%	1.4%	0.0%	3.9%	0.0%	4.1%
Forecast	2014	4.1%	1.4%	0.0%	5.9%	0.0%	5.7%
Forecast	2015	4.7%	1.5%	0.0%	6.6%	0.0%	6.4%

	<u>t</u>	<u>Wages</u> <u>Millions</u>	<u>Annual</u> <u>Growth</u>	<u>Interest</u> <u>Millions</u>	<u>Annual</u> <u>Growth</u>	<u>Dividends</u> <u>Millions</u>	<u>Annual</u> <u>Growth</u>	<u>Fed Inflation</u> <u>Growth</u>
Actual	2002	9,265.904	2.8%	528.959	-20.2%	264.875	-12.4%	3.3%
Actual	2003	9,649.687	4.1%	453.025	-14.4%	297.423	12.3%	1.6%
Actual	2004	10,209.869	5.8%	411.889	-9.1%	379.386	27.6%	2.3%
Actual	2005	10,840.674	6.2%	480.088	16.6%	463.027	22.0%	2.3%
Actual	2006	11,779.592	8.7%	636.780	32.6%	521.734	12.7%	3.1%
Actual	2007	12,669.894	7.6%	756.826	18.9%	619.819	18.8%	3.9%
Actual	2008	13,352.105	5.4%	674.053	-10.9%	592.113	-4.5%	2.3%
Actual	2009	13,136.979	-1.6%	519.760	-22.9%	462.423	-21.9%	4.3%
Actual	2010	13,389.962	1.9%	442.983	-14.8%	504.422	9.1%	0.2%
Actual	2011	13,995.864	4.5%	376.777	-14.9%	465.230	-7.8%	1.5%
Forecast	2012	14,608.957	4.4%	372.803	-1.1%	472.948	1.7%	2.4%
Forecast	2013	15,134.173	3.6%	374.414	0.4%	527.604	11.6%	2.6%
Forecast	2014	15,807.528	4.4%	390.292	4.2%	562.830	6.7%	1.4%
Forecast	2015	16,602.145	5.0%	419.146	7.4%	557.109	-1.0%	1.7%

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

	t	Business Income	Annual	Capital Gains	Annual	Supplemental Gains	Annual	State Inflation
	Cal	Millions	Growth	Millions	Growth	Millions	Growth	Growth
Actual	2002	620.572	0.4%	637.444	-18.9%	32.565	-24.1%	1.1%
Actual	2003	629.701	1.5%	629.701	-1.2%	55.547	70.6%	2.1%
Actual	2004	680.790	8.1%	1193.177	89.5%	69.724	25.5%	3.3%
Actual	2005	749.588	10.1%	1554.054	30.2%	77.631	11.3%	2.5%
Actual	2006	785.303	4.8%	2006.021	29.1%	67.793	-12.7%	4.3%
Actual	2007	762.060	-3.0%	2088.579	4.1%	66.367	-2.1%	2.7%
Actual	2008	701.307	-8.0%	1337.810	-35.9%	56.735	-14.5%	5.0%
Actual	2009	648.187	-7.6%	912.041	-31.8%	19.035	-66.4%	-1.4%
Actual	2010	690.830	6.6%	992.632	8.8%	42.064	121.0%	1.1%
Actual	2011	702.187	1.6%	1015.745	2.3%	41.884	-0.4%	3.6%
Forecast	2012	735.283	4.7%	1284.069	26.4%	47.266	12.9%	1.7%
Forecast	2013	799.689	8.8%	1204.611	-6.2%	49.808	5.4%	1.3%
Forecast	2014	778.167	-2.7%	1179.613	-2.1%	55.133	10.7%	1.8%
Forecast	2015	794.587	2.1%	1342.199	13.8%	57.910	5.0%	1.6%

	t	Rents, Royalties S-Corps	Annual	Farm Income Gains	Annual	Social Security	Annual
	Cal	Millions	Growth	Millions	Growth	Millions	Growth
Actual	2002	1014.593	11.8%	-157.525	39.9%	254.249	-1.1%
Actual	2003	1019.724	0.5%	-146.211	-7.2%	267.287	5.1%
Actual	2004	1283.271	25.8%	-139.623	-4.5%	305.542	14.3%
Actual	2005	1704.629	32.8%	-125.935	-9.8%	359.184	17.6%
Actual	2006	1944.999	14.1%	-176.145	39.9%	434.518	21.0%
Actual	2007	1976.847	1.6%	-155.989	-11.4%	508.637	17.1%
Actual	2008	1735.147	-12.2%	-210.131	34.7%	527.626	3.7%
Actual	2009	1508.400	-13.1%	-183.602	-12.6%	540.620	2.5%
Actual	2010	1823.263	20.9%	-145.068	-21.0%	603.827	11.7%
Actual	2011	2075.865	13.9%	-127.273	-12.3%	651.771	7.9%
Forecast	2012	2144.602	3.3%	-94.219	-26.0%	672.122	3.1%
Forecast	2013	2191.052	2.2%	-172.201	82.8%	701.227	4.3%
Forecast	2014	2356.586	7.6%	-214.583	24.6%	758.706	8.2%
Forecast	2015	2430.871	3.2%	-227.133	5.8%	814.637	7.4%

	t	IRA Income	Annual	Pension Income	Annual	Other Income	Annual
	Cal	Millions	Growth	Millions	Growth	Millions	Growth
Actual	2002	231.217	-12.6%	1019.172	5.2%	-5.377	-76.0%
Actual	2003	237.257	2.6%	1070.482	5.0%	-47.936	791.5%
Actual	2004	271.069	14.3%	1146.455	7.1%	-78.402	63.6%
Actual	2005	308.394	13.8%	1216.409	6.1%	-218.921	179.2%
Actual	2006	339.909	10.2%	1317.954	8.3%	-204.405	-6.6%
Actual	2007	396.199	16.6%	1416.590	7.5%	41.344	-120.2%
Actual	2008	451.709	14.0%	1509.033	6.5%	2.641	-93.6%
Actual	2009	396.729	-12.2%	1567.181	3.9%	-24.918	-1043.4%
Actual	2010	548.648	38.3%	1658.178	5.8%	-23.266	-6.6%
Actual	2011	592.390	8.0%	1752.608	5.7%	-210.837	806.2%
Forecast	2012	685.389	15.7%	1874.424	7.0%	-210.361	-0.2%
Forecast	2013	790.925	15.4%	2015.645	7.5%	-209.868	-0.2%
Forecast	2014	902.798	14.1%	2176.968	8.0%	-209.359	-0.2%
Forecast	2015	1013.680	12.3%	2346.347	7.8%	-208.832	-0.3%

Legislative Fiscal Division

Revenue Estimate Profile Individual Income Tax

	t	Total	Annual	IRA, Etc	Annual	Fed Adjusted	Annual
	Cal	Income	Growth	Reductions	Growth	Gross Income	Growth
		Millions		Millions		Millions	
Actual	2002	13,706.648	0.1%	252.613	23.2%	13,454.034	-0.2%
Actual	2003	14,115.688	3.0%	292.241	15.7%	13,984.658	3.9%
Actual	2004	15,733.147	11.5%	322.438	10.3%	15,410.710	10.2%
Actual	2005	17,408.821	10.7%	367.927	14.1%	17,188.824	11.5%
Actual	2006	19,454.052	11.7%	389.095	5.8%	19,220.114	11.8%
Actual	2007	21,147.172	8.7%	427.200	9.8%	20,892.994	8.7%
Actual	2008	20,730.149	-2.0%	417.744	-2.2%	20,312.405	-2.8%
Actual	2009	19,502.835	-5.9%	378.735	-9.3%	19,124.100	-5.9%
Actual	2010	20,528.474	5.3%	417.143	10.1%	20,111.331	5.2%
Actual	2011	21,332.211	3.9%	434.745	4.2%	20,897.467	3.9%
Forecast	2012	22,593.284	5.9%	438.886	1.0%	22,154.398	6.0%
Forecast	2013	23,407.081	3.6%	443.179	1.0%	22,963.902	3.7%
Forecast	2014	24,544.678	4.9%	447.577	1.0%	24,097.101	4.9%
Forecast	2015	25,942.664	5.7%	452.027	1.0%	25,490.637	5.8%

	t	Bond	Annual	FIT	Annual	Other	Annual
	Cal	Interest	Growth	Refunds	Growth	Additions	Growth
		Millions		Millions		Millions	
Actual	2002	43.230	-3.0%	247.312	21.3%	150.548	2.6%
Actual	2003	44.962	4.0%	256.908	3.9%	177.862	18.1%
Actual	2004	47.871	6.5%	271.611	5.7%	205.779	15.7%
Actual	2005	47.838	-0.1%	252.492	-7.0%	247.926	20.5%
Actual	2006	71.965	50.4%	147.708	-41.5%	326.648	31.8%
Actual	2007	79.868	11.0%	146.328	-0.9%	300.556	-8.0%
Actual	2008	94.381	18.2%	122.653	-16.2%	315.525	5.0%
Actual	2009	92.213	-2.3%	122.977	0.3%	395.449	25.3%
Actual	2010	114.984	24.7%	126.672	3.0%	494.396	25.0%
Actual	2011	110.168	-4.2%	111.495	-12.0%	262.700	-46.9%
Forecast	2012	126.863	15.2%	106.654	-4.3%	293.570	11.8%
Forecast	2013	123.913	-2.3%	102.024	-4.3%	331.076	12.8%
Forecast	2014	114.997	-7.2%	97.594	-4.3%	375.805	13.5%
Forecast	2015	102.860	-10.6%	93.357	-4.3%	429.161	14.2%

	t	Farm Risk	Annual	Elderly	Annual	Savings	Annual
	Cal	Mgmt Excl.	Growth	Interest	Growth	Bond	Growth
		Millions		Millions		Millions	
Actual	2002	0.062	NA	43.310		59.642	-30.6%
Actual	2003	0.873	1309.1%	40.099		47.157	-20.9%
Actual	2004	0.010	-98.9%	37.999		43.524	-7.7%
Actual	2005	0.000	-100.0%	38.041		49.152	12.9%
Actual	2006	0.000	NA	43.447	14.2%	67.566	37.5%
Actual	2007	0.000	NA	47.408	9.1%	76.997	14.0%
Actual	2008	0.000	NA	46.872	-1.1%	51.862	-32.6%
Actual	2009	0.000	NA	43.633	-6.9%	37.421	-27.8%
Actual	2010	0.000	NA	40.227	-7.8%	31.017	-17.1%
Actual	2011	0.000	NA	36.798	-8.5%	25.765	-16.9%
Forecast	2012	0.000	NA	36.798	0.0%	19.323	-25.0%
Forecast	2013	0.000	NA	36.798	0.0%	22.326	15.5%
Forecast	2014	0.000	NA	36.798	0.0%	25.505	14.2%
Forecast	2015	0.000	NA	36.798	0.0%	31.088	21.9%

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

	t	Unemployment	Annual	Med.	Annual	Family	Annual
	Cal	Millions	Growth	Savings	Growth	Education	Growth
				Millions		Millions	
Actual	2002	78.266	31.5%	5.480	60.4%	0.000	
Actual	2003	85.702	9.5%	6.584	20.1%	0.381	
Actual	2004	67.368	-21.4%	7.474	13.5%	0.330	-13.4%
Actual	2005	56.427	-16.2%	14.352	92.0%	6.984	2015.5%
Actual	2006	58.694	4.0%	15.791	10.0%	7.515	7.6%
Actual	2007	62.872	7.1%	16.638	5.4%	8.009	6.6%
Actual	2008	99.749	58.7%	16.968	2.0%	6.854	-14.4%
Actual	2009	169.813	70.2%	17.484	3.0%	6.592	-3.8%
Actual	2010	268.586	58.2%	18.732	7.1%	6.547	-0.7%
Actual	2011	192.982	-28.1%	19.396	3.5%	6.529	-0.3%
Forecast	2012	192.982	0.0%	20.352	4.9%	6.689	2.5%
Forecast	2013	192.982	0.0%	21.356	4.9%	6.853	2.5%
Forecast	2014	192.982	0.0%	22.409	4.9%	7.021	2.5%
Forecast	2015	192.982	0.0%	23.515	4.9%	7.193	2.5%

	t	First Time	Annual	Doctor Student	Annual	Other	Annual
	Cal	Home	Growth	Loan Excl.	Growth	Reductions	Growth
		Millions		Millions		Millions	
Actual	2002	0.929	1.8%	9.937	20.6%	496.251	5.0%
Actual	2003	1.067	14.9%	11.398	14.7%	530.169	6.8%
Actual	2004	0.866	-18.8%	13.876	21.7%	585.907	10.5%
Actual	2005	0.732	-15.5%	0.258	-98.1%	656.587	12.1%
Actual	2006	0.587	-19.8%	0.251	-2.9%	784.247	19.4%
Actual	2007	0.539	-8.3%	0.257	2.4%	855.991	9.1%
Actual	2008	0.538	0.0%	0.295	14.9%	908.568	6.1%
Actual	2009	0.710	31.9%	0.371	25.8%	1,039.095	14.4%
Actual	2010	0.358	-49.6%	0.477	28.5%	1,161.909	11.8%
Actual	2011	0.395	10.4%	0.666	39.8%	1,331.638	14.6%
Forecast	2012	0.395	0.0%	0.666	0.0%	1,500.332	12.7%
Forecast	2013	0.395	0.0%	0.666	0.0%	1,694.716	13.0%
Forecast	2014	0.395	0.0%	0.666	0.0%	1,920.784	13.3%
Forecast	2015	0.395	0.0%	0.666	0.0%	2,184.047	13.7%

	t	Reductions to	Reductions	Additions to	Additions	MT Adjusted	MAGI
	Cal	Income	Annual	Income	Annual	Gross Income	Annual
		Millions	Growth	Millions	Growth	Millions	Growth
Actual	2002	860.312	2.6%	441.091	11.7%	13,034.813	0.0%
Actual	2003	892.111	3.7%	479.732	8.8%	13,572.280	4.1%
Actual	2004	924.793	3.7%	525.260	9.5%	15,011.177	10.6%
Actual	2005	953.277	3.1%	550.350	4.8%	16,785.897	11.8%
Actual	2006	1,107.147	16.1%	546.321	-0.7%	18,659.288	11.2%
Actual	2007	1,195.607	8.0%	550.710	0.8%	20,248.096	8.5%
Actual	2008	1,265.730	5.9%	532.558	-3.3%	19,579.234	-3.3%
Actual	2009	1,447.997	14.4%	610.638	14.7%	18,286.742	-6.6%
Actual	2010	1,670.219	15.3%	736.051	20.5%	19,177.163	4.9%
Actual	2011	1,764.863	5.7%	484.364	-34.2%	19,934.727	4.0%
Forecast	2012	1,740.740	-1.4%	527.087	8.8%	20,940.745	5.0%
Forecast	2013	1,939.294	11.4%	557.013	5.7%	21,581.620	3.1%
Forecast	2014	2,169.763	11.9%	588.396	5.6%	22,515.734	4.3%
Forecast	2015	2,439.887	12.4%	625.377	6.3%	23,676.128	5.2%

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

	Year	Medical Premiums Millions	Annual Growth	Medical Deductions Millions	Annual Growth	Long Term Care Millions	Annual Growth
Actual	2002	239.494	9.9%	222.983	9.7%	15.887	13.0%
Actual	2003	234.737	-2.0%	236.627	6.1%	17.295	8.9%
Actual	2004	251.763	7.3%	258.564	9.3%	18.472	6.8%
Actual	2005	266.946	6.0%	273.369	5.7%	19.125	3.5%
Actual	2006	304.942	14.2%	274.060	0.3%	21.552	12.7%
Actual	2007	314.537	3.1%	287.408	4.9%	24.551	13.9%
Actual	2008	328.606	4.5%	309.033	7.5%	26.552	8.1%
Actual	2009	345.055	5.0%	307.848	-0.4%	26.195	-1.3%
Actual	2010	353.881	2.6%	304.437	-1.1%	27.301	4.2%
Actual	2011	364.570	3.0%	301.438	-1.0%	33.986	24.5%
Forecast	2012	384.119	5.4%	313.798	4.1%	37.191	9.4%
Forecast	2013	404.717	5.4%	326.664	4.1%	40.698	9.4%
Forecast	2014	426.420	5.4%	340.057	4.1%	44.536	9.4%
Forecast	2015	449.286	5.4%	354.000	4.1%	48.736	9.4%

	Year	Federal Income Tax Deducted Millions	Annual Growth	Real Estate Millions	Annual Growth	Other Taxes Millions	Annual Growth
Actual	2002	1,644.517	-11.9%	274.873	10.7%	39.533	11.6%
Actual	2003	1,587.057	-3.5%	291.351	6.0%	40.721	3.0%
Actual	2004	1,749.652	10.2%	313.020	7.4%	44.860	10.2%
Actual	2005	915.475	-47.7%	313.168	0.0%	49.392	10.1%
Actual	2006	1,003.149	9.6%	335.796	7.2%	53.801	8.9%
Actual	2007	1,065.150	6.2%	351.508	4.7%	54.986	2.2%
Actual	2008	977.041	-8.3%	375.863	6.9%	54.112	-1.6%
Actual	2009	1,007.166	3.1%	390.524	3.9%	53.773	-0.6%
Actual	2010	1,015.360	0.8%	400.710	2.6%	52.672	-2.0%
Actual	2011	1,132.027	11.5%	411.428	2.7%	52.698	0.1%
Forecast	2012		NA	432.885	5.2%	53.305	1.2%
Forecast	2013		NA	455.461	5.2%	53.920	1.2%
Forecast	2014		NA	479.214	5.2%	54.541	1.2%
Forecast	2015		NA	504.206	5.2%	55.170	1.2%

	Year	Home Mortgage Millions	Annual Growth	Deductible Interest Millions	Annual Growth	Contributions Millions	Annual Growth
Actual	2002	752.226	4.2%	27.933	-22.6%	345.228	13.1%
Actual	2003	744.359	-1.0%	24.518	-12.2%	337.411	-2.3%
Actual	2004	775.952	4.2%	27.544	12.3%	375.310	11.2%
Actual	2005	833.941	7.5%	38.056	38.2%	432.055	15.1%
Actual	2006	965.231	15.7%	54.142	42.3%	463.826	7.4%
Actual	2007	1,099.986	14.0%	59.497	9.9%	658.658	42.0%
Actual	2008	1,151.150	4.7%	49.398	-17.0%	530.993	-19.4%
Actual	2009	1,114.955	-3.1%	31.369	-36.5%	510.963	-3.8%
Actual	2010	1,075.407	-3.5%	37.073	18.2%	537.900	5.3%
Actual	2011	1,008.850	-6.2%	33.365	-10.0%	556.132	3.4%
Forecast	2012	1,045.343	3.6%	34.118	2.3%	593.493	6.7%
Forecast	2013	1,083.156	3.6%	34.888	2.3%	633.989	6.8%
Forecast	2014	1,122.336	3.6%	35.676	2.3%	677.870	6.9%
Forecast	2015	1,162.934	3.6%	36.482	2.3%	725.406	7.0%

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

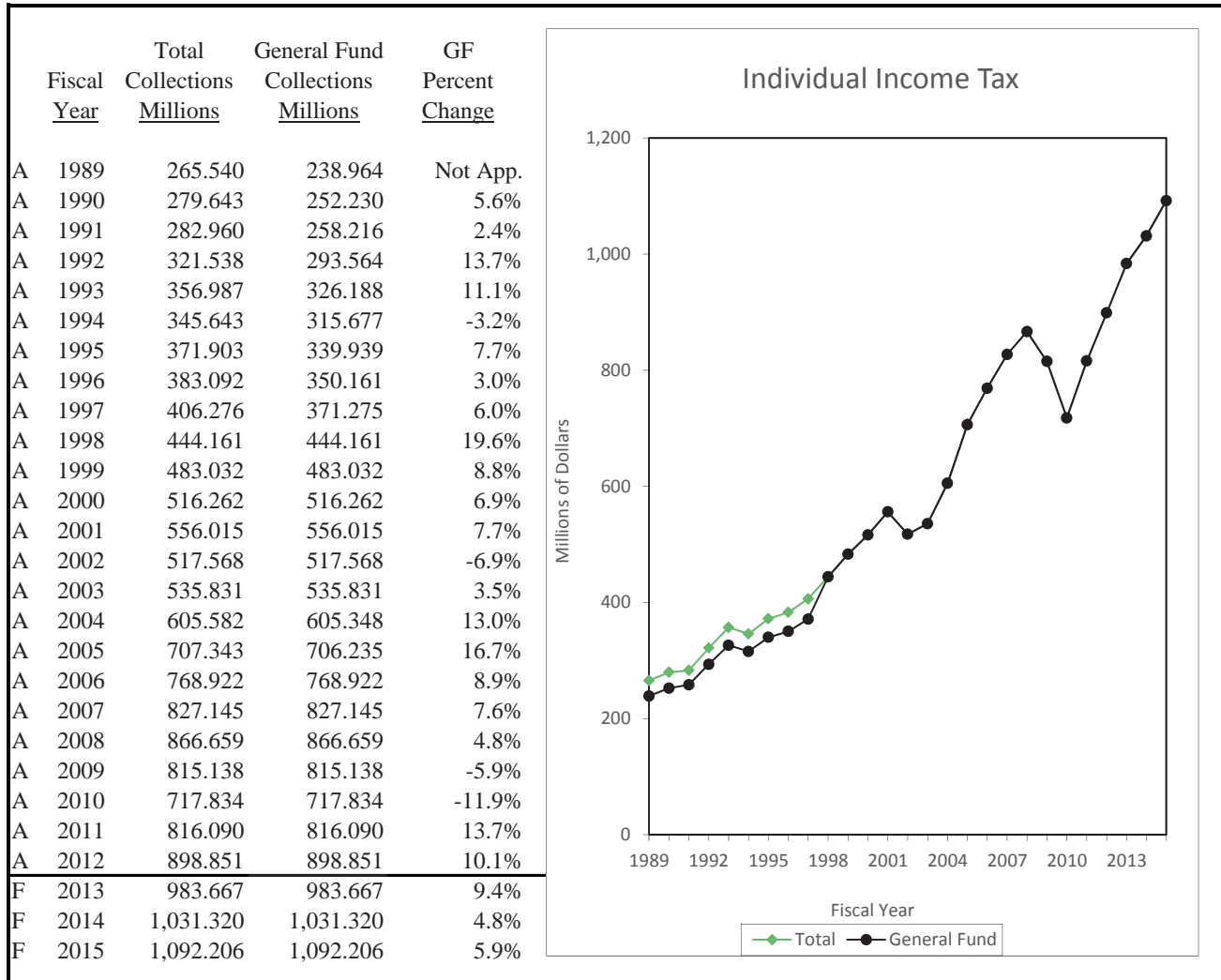
		Child Care	Annual Growth	Casualty Losses	Annual Growth	Miscellaneous Expense 1	Annual Growth
	t Cal	Millions		Millions		Millions	
Actual	2002	1.668	1.6%	4.464	41.3%	146.328	3.8%
Actual	2003	1.704	2.2%	4.105	-8.0%	146.982	0.4%
Actual	2004	1.545	-9.4%	3.619	-11.9%	160.408	9.1%
Actual	2005	1.495	-3.2%	4.478	23.7%	174.095	8.5%
Actual	2006	1.392	-6.9%	7.373	64.7%	186.204	7.0%
Actual	2007	1.471	5.7%	4.675	-36.6%	204.621	9.9%
Actual	2008	1.382	-6.1%	5.566	19.1%	213.815	4.5%
Actual	2009	1.601	15.8%	6.906	24.1%	191.103	-10.6%
Actual	2010	1.468	-8.3%	4.922	-28.7%	198.644	3.9%
Actual	2011	1.607	9.5%	9.738	97.9%	219.574	10.5%
Forecast	2012	1.609	0.1%	5.843	-40.0%	229.922	4.7%
Forecast	2013	1.610	0.1%	5.843	0.0%	240.757	4.7%
Forecast	2014	1.612	0.1%	5.843	0.0%	252.102	4.7%
Forecast	2015	1.613	0.1%	5.843	0.0%	263.982	4.7%

		Miscellaneous Expense 2	Annual Growth	Gambling Losses	Annual Growth	Capital Gains Credit	Annual Growth
	t Cal	Millions		Millions		Millions	
Actual	2002	4.267	13.5%	4.846	0.1%		
Actual	2003	7.147	67.5%	4.674	-3.6%		
Actual	2004	4.928	-31.0%	5.748	23.0%		
Actual	2005	6.133	24.4%	7.371	28.2%	15.441	
Actual	2006	8.989	46.6%	7.916	7.4%	19.599	26.9%
Actual	2007	5.362	-40.4%	8.914	12.6%	40.025	104.2%
Actual	2008	7.970	48.6%	10.936	22.7%	26.152	-34.7%
Actual	2009	17.171	115.4%	10.916	-0.2%	17.974	-31.3%
Actual	2010	7.635	-55.5%	10.773	-1.3%	19.642	9.3%
Actual	2011	5.625	-26.3%	12.302	14.2%	19.622	-0.1%
Forecast	2012	5.625	0.0%	13.572	10.3%		NA
Forecast	2013	5.625	0.0%	14.972	10.3%		NA
Forecast	2014	5.625	0.0%	16.517	10.3%		NA
Forecast	2015	5.625	0.0%	18.222	10.3%		NA

Legislative Fiscal Division

Revenue Estimate Profile Individual Income Tax

Revenue Projection:



Data Source(s): SABHRS, Income Tax Returns, Labor Statistics - Departments of Commerce, Labor & Industry and Revenue; Bureau of Economic Analysis, Bureau of Labor Statistics, IHS, Congressional Budget Office, Industry

Contacts: Department of Revenue, Census and Economic Information

Legislative Fiscal Division

Revenue Estimate Profile

Insurance Tax & License Fees

Revenue Description: The insurance premiums tax is levied on the net premiums or gross underwriting profit for each insurance company operating in Montana. Gross underwriting profit is essentially insurance premium income. In addition, various insurance and license fees are also collected.

Statutory Reference:

Tax Rate (MCA) – 33-2-705(2), 33-2-311, 33-28-201(1&2), 50-3-109(1)
 Fee Rate (MCA) – 33-2-708(1&2), 33-14-201(2), 33-2-712, 33-38-105
 Tax Distribution (MCA) – 33-2-708(3), 33-2-712, 50-3-109(1), 33-28-120
 Date Due – March 1st each year (33-2-705(1), 33-2-712, 33-28-201(1&2)). Quarterly payments due the 15th of April, June, September, and December (Administrative Rules 6.6.2704, 6.6.2705)

Applicable Tax Rate(s): The current tax rate is 2.75% of net premiums (including cancellation and return premiums) on policies sold in Montana. In addition to this tax, there is a 2.5 % tax on the fire portion of net premiums for selected risks. Beginning FY 2008 with the enactment of HB 278 (2007 session), for each Montana resident insured under any individual or group disability or health insurance policy, all insurers are required to pay \$1.00 to the State Insurance Commissioner. The fee had been scheduled to be reduced to \$0.70, but the legislation extended the \$1.00 fee indefinitely. This fee is deposited to the state special revenue fund and used to fund the statewide genetics program established in statute (50-19-211, MCA). Senate Bill 132 (passed by the 1999 legislature) eliminated many disparate fees on insurance companies, which had partially been deposited into the general fund, and replaced them with a single company annual fee of \$1,900. Revenue from this fee is deposited to the state special revenue fund for administration of insurance activities. The following lists various insurance related fees. Captive insurance companies are taxed 0.4% on the first \$20 million of net direct premiums and 0.3% on each subsequent dollar collected. The annual \$5,000 minimum tax is prorated based on the quarter in which the company is first licensed.

Insurance Fees Collected by the State Auditor				
Fee	Amount	MCA Cite	ARM Cite	
<u>General Fund</u>				
Farm mutual insurer filing of articles of incorporation	10.00	33-4-202		
Farm mutual county insurer certificate of authority	10.00	33-4-505		
Farm mutual state insurer certificate of authority	25.00	33-4-505		
Benevolent association certificate of authority and reinstatement	25.00	33-6-401		
Fraternal benefit society report filing	25.00	33-7-118		
Fraternal benefit society certificate of authority renewal	10.00	33-7-217		
Fraternal benefit society lapsed certificate of authority reinstatement	25.00	33-7-217		
Insurance administrator certificate of registration application and renewal	100.00	33-17-603		
Medical care discount card certification and renewal	100.00	33-38-105		
<u>State Auditor's Office</u>				
Domestic and foreign insurer accreditation	275.00	33-1-313	6.6.4101	
Insurance producers charges and expenses for examinations	Variable	33-1-413		
Reinstatement of certificate of authority	100.00	33-2-117		
Certificate of authority	1,900.00	33-2-708		
Non-resident application for original license	100.00	33-2-708		
Non-resident biennial license renewal	50.00	33-2-708		
Non-resident lapsed license reinstatement	100.00	33-2-708		
Resident lapsed insurance producer's license reinstatement	100.00	33-2-708		
Surplus lines insurance producer license application	50.00	33-2-708		
Surplus lines insurance producer license biennial renewal	100.00	33-2-708		
Surplus lines insurance lapsed producer license reinstatement	200.00	33-2-708		
Insurance adjuster license application	50.00	33-2-708		
Insurance adjuster license biennial renewal	100.00	33-2-708		
Insurance adjuster lapsed license reinstatement	200.00	33-2-708		
Insurance consultant license application	50.00	33-2-708		
Insurance consultant license biennial renewal	100.00	33-2-708		
Insurance consultant lapsed license reinstatement	200.00	33-2-708		
Rental car entity producer license application	100.00	33-2-708		
Rental car entity producer quarterly filing	25.00	33-2-708		
A copy of each document page	0.50	33-2-708		

Legislative Fiscal Division

Revenue Estimate Profile

Insurance Tax & License Fees

Insurance Fees Collected by the State Auditor (continued)			
Fee	Amount	MCA Cite	ARM Cite
Review of each course or program submitted for continuing education	75.00	33-2-708	
Genetics program fee for each MT resident insured	1.00	33-2-712	
Surplus lines stamping fee	1% of base	33-2-321	6.6.2804
Charges and expenses for examinations	Variable	33-4-315	
Fraternal benefit society charges and expenses for examinations	Variable	33-7-119	
Fraternal benefit society service of process	2.00	33-7-123	
Guaranty associations charges and expenses for examinations	Variable	33-10-218	
Premium finance company license application	100.00	33-14-201	
Premium finance company license renewal	100.00	33-14-201	
Rating & advisory organization charges and expenses for examinations	Variable	33-16-106	
Rating & advisory organization license application	100.00	33-16-403	
Insurance producers background examination	Variable	33-17-201	
Insurance producers charges and examinations	Variable	33-17-212	
Review of each non-resident course submitted for continuing education	75.00	33-17-1206	6.6.4213
Viatical settlement provider registration application	1,900.00	33-20-1315	6.6.8502
Viatical settlement broker license	50.00	33-20-1315	6.6.8502
Viatical settlement provider license renewal	1,900.00	33-20-1315	6.6.8503
Captive insurance company license application	200.00	33-28-102	
Captive insurance company license renewal	300.00	33-28-102	
Captive insurance company examinations and investigations	Variable	33-28-108	
Health service corporation certified copies	0.50	33-30-204	
Health service corporation membership contract filing	25.00	33-30-204	
Health service corporation membership contract package filing	100.00	33-30-204	
Health service corporation filing statement	25.00	33-30-204	
Health service corporation license	300.00	33-30-204	
Health service corporation license renewal	300.00	33-30-204	
Health maintenance organization certification of authority	300.00	33-31-212	
Health maintenance organization amendment to documents	25.00	33-31-212	
Health maintenance organization statement filing	25.00	33-31-212	
Health maintenance organization certification of authority renewal	300.00	33-31-212	
Health maintenance organization charges & examinations	Variable	33-31-401	
Actual cost to review an application for a managed care community network	Variable	53-6-703	6.6.5805

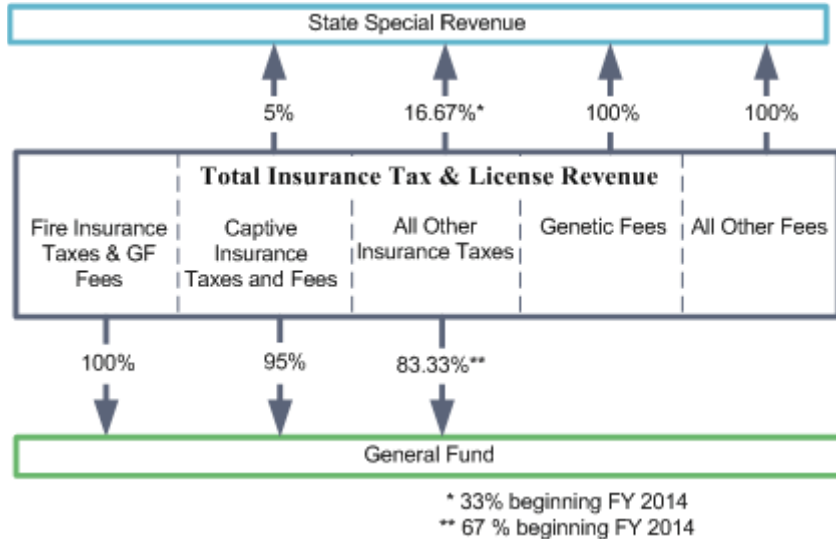
Distribution: With the approval of Initiative 155 by the electorate in November 2008, 67% of insurance tax proceeds from the tax on surplus lines premiums and net premiums have been deposited into the general fund. The remaining 33% of revenue have been deposited to the state special revenue to expand the children health insurance program and Medicaid eligibility of uninsured children. HB 676 enacted by the 2009 Legislature temporarily changed the 33% distribution to 16.67% for the 2011 and 2013 biennia with 83.33% deposited to the general fund. Beginning FY 2014 the distribution will again be 33% with 67% deposited to the general fund. All fire insurance premiums are deposited to the general fund. Due to enactment of SB 161 by the 2007 Legislature, 5% of premium tax revenue from captive insurance company and all fees and assessments on captive insurance companies are deposited to a state special revenue fund to be used to administer captive insurance captive insurance company statutes and reimburse expenses incurred in promoting captive insurance in Montana. The other 95% of captive insurance premium tax revenue is deposited to the general fund. License fees and the 1% stamping fee on surplus lines insurance premiums are deposited into the state special revenue fund for use by the State Auditor. Beginning October 2005, the genetic fee revenue is deposited to the state special revenue fund.

Legislative Fiscal Division

Revenue Estimate Profile

Insurance Tax & License Fees

Distribution Chart:



Collection Frequency: Quarterly and annually

% of Total General Fund Revenue:

FY 2004 – 4.11%	FY 2007 – 3.33%	FY 2010 – 3.37%
FY 2005 – 3.74%	FY 2008 – 3.26%	FY 2011 – 3.25%
FY 2006 – 3.44%	FY 2009 – 2.77%	FY 2012 – 3.15%

Revenue Estimate Methodology:

The large majority of insurance tax and license fee revenue is from premium taxes with minor amounts from a multitude of different fees. Estimates are made for these components based on measures of growth and then summed. This total is reduced by estimates of refunds and guarantee offsets. Guarantees are amounts that members of the Montana comprehensive health associations are required to pay into a reserve account (up to 1% of the total disability insurance premium received from Montana residents). The amount of these payments reduces (offsets) premium tax liabilities dollar for dollar (33-22-1513(7), MCA).

Data

The state accounting system provides historical collection data for the various components needed for the analysis. These include collections of insurance premium taxes, genetics program fees, and various general fund and state special revenue fees. The State Auditor's Office provides historical data on offsets and refunds as well as estimates for these items for the 3-year period.

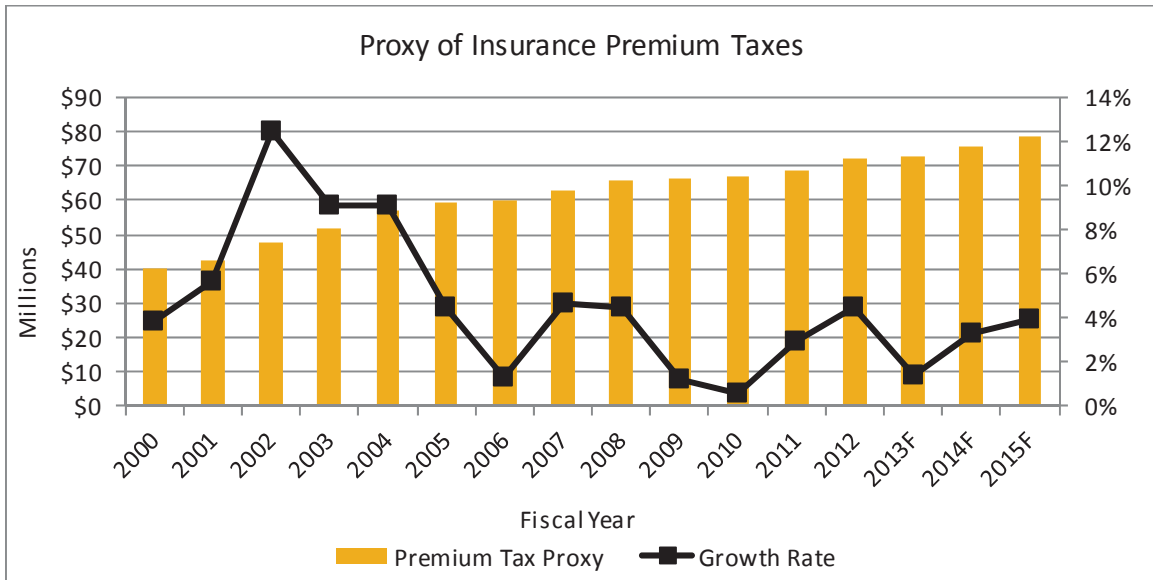
Legislative Fiscal Division

Revenue Estimate Profile

Insurance Tax & License Fees

Analysis

Because offsets and refunds can vary substantially, the technique used to estimate the premium tax revenue component of this source begins by adding the offset and refund amounts to the amounts shown on the state accounting system to derive a “true” amount of taxes. To estimate premium taxes, an exponent to the base of the natural logarithm is determined from a regression analysis based on long-term interest rates and housing starts from FY 1990. Premium taxes paid show an inverse relationship to long-term interest rates and a positive relationship to housing starts.



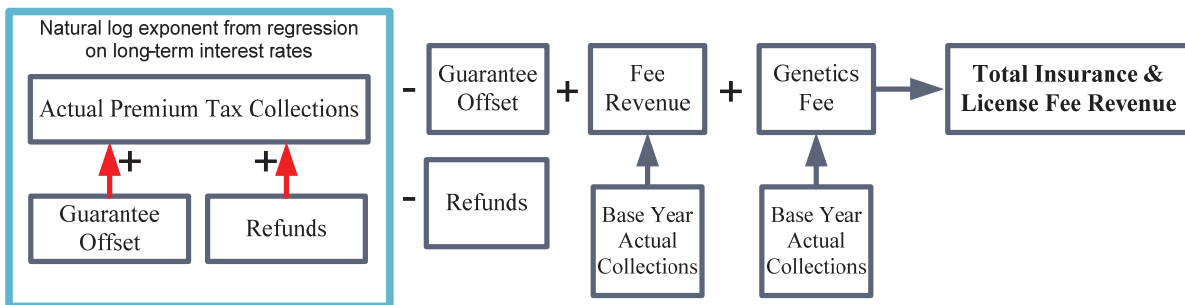
From the estimated amounts, offsets and refunds as estimated by the State Auditor’s Office are subtracted to derive the amount of net premium taxes expected to be received by the state.

If no better information is available, the estimates for the other components such as genetics program fees, general fund fees, and state special revenue fees are a continuation of the last known fiscal year amounts.

Adjustments and Distribution

Once each component has been estimated adjustments, if any, are made. Since each component is estimated separately and each goes to either the general fund or the state special revenue fund, the distribution of the revenue has already been done.

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

Insurance Tax & License Fees

Revenue Estimate Assumptions:

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Non-GF Fees</u>	<u>GF Fees</u>	<u>CHIP</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2002	51.084	47.291	3.793	0.291	
Actual	2003	54.790	50.810	3.980	0.378	
Actual	2004	61.063	56.533	4.530	0.623	
Actual	2005	61.290	57.308	3.981	-0.417	
Actual	2006	64.521	58.795	4.816	0.199	
Actual	2007	66.321	61.074	4.200	0.002	
Actual	2008	69.269	64.004	4.504	0.068	
Actual	2009	71.122	50.038	5.323	0.030	14.622
Actual	2010	70.581	54.892	4.872	0.024	9.661
Actual	2011	74.599	57.964	5.165	0.024	9.960
Actual	2012	75.706	58.951	5.019	0.028	10.401
Forecast	2013	76.787	59.087	5.019	0.028	11.056
Forecast	2014	80.502	50.817	5.019	0.028	23.040
Forecast	2015	83.478	52.869	5.019	0.028	23.964

	<u>t</u>	<u>Genetics</u>	<u>Premium Tax</u>	<u>Offsets</u>	<u>Refunds</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2002	0.570	47.683	0.740	0.513
Actual	2003	0.563	52.038	1.463	0.707
Actual	2004	0.583	56.775	1.161	0.287
Actual	2005	0.635	59.309	1.650	0.568
Actual	2006	0.911	60.064	1.116	0.353
Actual	2007	1.047	62.880	1.679	0.128
Actual	2008	0.750	65.703	1.576	0.180
Actual	2009	1.138	66.508	1.704	0.173
Actual	2010	1.135	66.880	2.079	0.252
Actual	2011	1.480	68.871	0.826	0.115
Actual	2012	1.295	71.963	2.400	0.200
Forecast	2013	1.295	72.944	2.300	0.200
Forecast	2014	1.295	75.359	1.000	0.200
Forecast	2015	1.295	78.336	1.000	0.200

Total Tax = Non-GF Fees + GF Fees + Genetics + Premium Tax - Offsets - Refunds

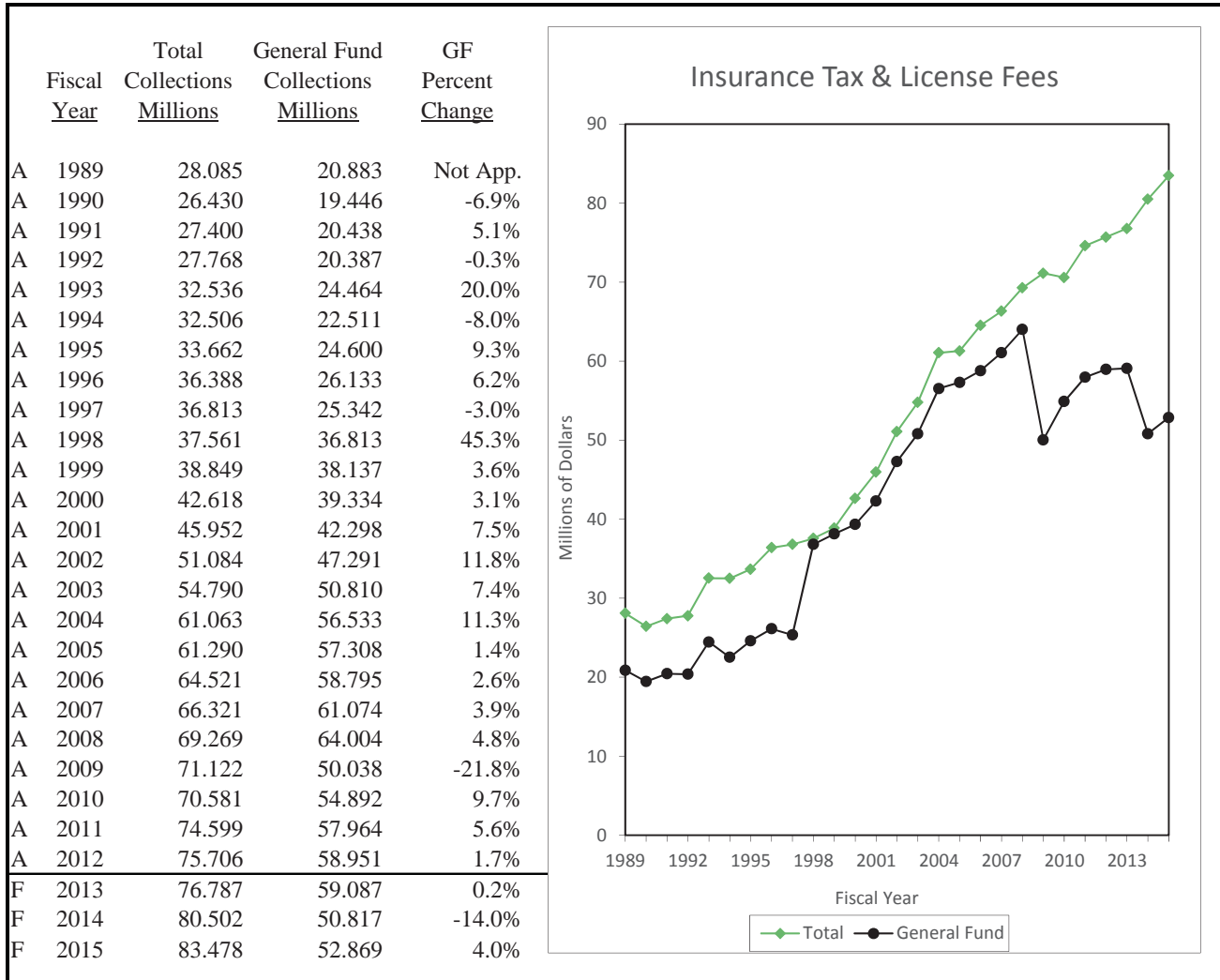
GF Tax = GF Fees + Premium Tax - Offsets - Refunds - CHIP

Legislative Fiscal Division

Revenue Estimate Profile

Insurance Tax & License Fees

Revenue Projection:



Data Source(s): SABHRS, State Auditor

Contacts: State Auditor

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: 1) registration of securities and agents; 2) registration of securities by notification; 3) notice of a federal filing of a federally secured security; and 4) name changes.

Statutory Reference:

- Fee Rate (MCA) – 30-10-209, 30-10-904
- Fee Distribution (MCA) – excess to general fund (30-10-115), 30-10-209(6), portfolio notice fee (30-10-209(1d)), 30-10-210(2), 30-10-907
- Date Due (Regulation of dealers) – initial (upon registration), annual (prior to December 31st) (30-10-201 (9&11)
- Date Due (Regulation of securities) – upon registration (30-10-206(3c), valid for one year (30-10-209(1b)), renewal (prior to termination date):

Applicable Tax Rate(s): Initial and annual security registration fees vary based on the offering price of securities, 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. The fee for name changes to series, portfolio, or a subdivision of an investment company is \$50. More details on the fees are provided below.

Security Fees Collected by the State Auditor				
Fee	Amount	MCA Cite	ARM Cite	
<u>General Fund</u>				
Certified or uncertified copies	0.5	30-10-107		
Initial registration for the first \$100,000 issue	200	30-10-209		
Additional registration fee of 0.1% over \$100,000 max of \$1,000	1,000	30-10-209		
Registration renewal fee of 0.1%, min of \$200 & max of \$1,000	1,000	30-10-209		
Late amended registration 0.3%, min of \$600 & max of \$3,000	3,000	30-10-209		
Name change of series, portfolio or other subdivision of an issuer	50	30-10-209		
Registration for broker-dealer or investment adviser	200	30-10-209		
Registration renewal for broker-dealer or investment adviser	200	30-10-209		
Initial registration for salesperson or investment adviser representative	50	30-10-209		
Registration renewal for salesperson or investment adviser representative	50	30-10-209		
Transfer of registration for salesperson or investment adviser representative	50	30-10-209		
Initial registration for federal covered adviser	200	30-10-209		
Registration renewal for federal covered adviser	200	30-10-209		
Certified or uncertified copies	Various	30-10-209		
Request for exemption for transaction in compliance with rules-first \$100,000	200	30-10-209		6.10.120
Request for exemption for transaction in compliance with rules-0.1% over \$100,000, \$1,000 max	1,000	30-10-209		6.10.120
Request for exemption for other transactions	50	30-10-209		
Living trusts initial license application for the first \$100,000 issue	200	30-10-904		
Living trusts additional license application fee of 0.1% over \$100,000 max of \$1,000	1,000	30-10-904		
Living trusts license renewal fee of 0.1%, min of \$200 & max of \$1,000	1,000	30-10-904		
<u>State Auditor's Office</u>				
Collected examination costs	Various	30-10-115		
Portfolio notice filing - Initial registration for the first \$100,000 issue	200	30-10-209		
Portfolio notice filing - Additional registration fee of 0.1% over \$100,000 max of \$1,000	1,000	30-10-209		
Portfolio notice filing - Registration renewal fee of 0.1%, min of \$200 & max of \$1,000	1,000	30-10-209		
Portfolio notice filing - Late amended registration 0.3%, min of \$600 & max of \$3,000	3,000	30-10-209		

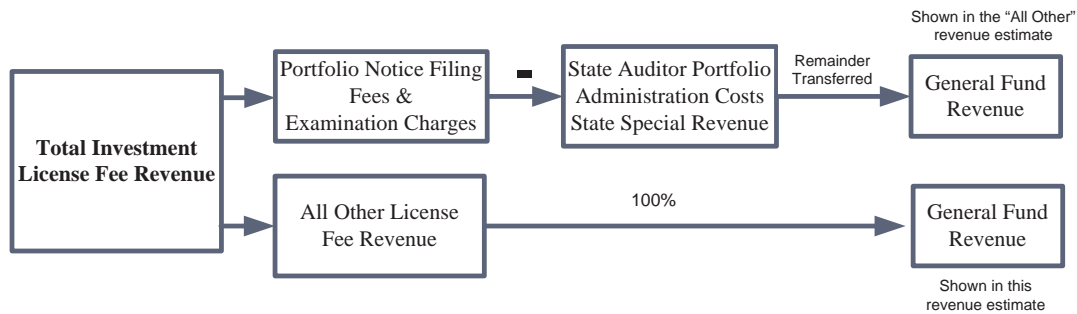
Distribution: All fees except portfolio notice filing fees and examination charges are deposited to the general fund. Portfolio notice filing fees and examination charges are deposited in a state special revenue account from which the State Auditor pays for expenses associated with the regulation of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

Legislative Fiscal Division

Revenue Estimate Profile

Investment License Fee

Distribution Chart:



Collection Frequency: Varies

% of Total General Fund Revenue:

FY 2004 – 0.35%	FY 2007 – 0.33%	FY 2010 – 0.38%
FY 2005 – 0.34%	FY 2008 – 0.33%	FY 2011 – 0.39%
FY 2006 – 0.33%	FY 2009 – 0.36%	FY 2012 – 0.37%

Revenue Estimate Methodology: Investment license fee revenue is obtained from two major sources: 1) portfolio notice filing and examination fees (state special revenue); and 2) many other varied fees (general fund). The portfolio notice filing fees, examination fees, and other permit revenue are estimated separately and then summed.

Data

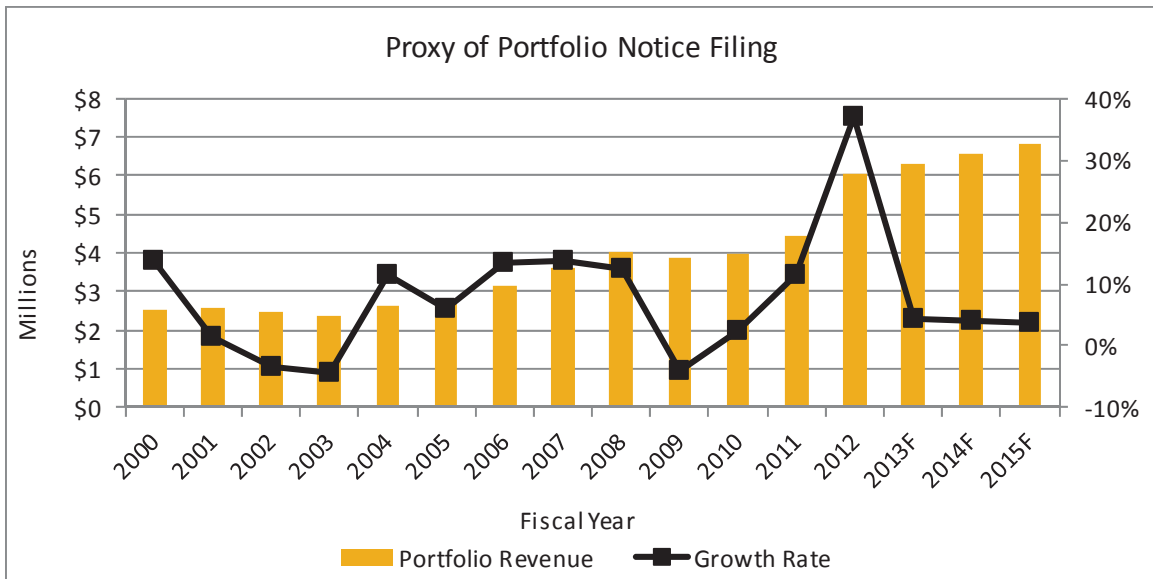
The state accounting system (SABHRS) provides historical collection data for the state special revenue portfolio notice filing fees. Revenue from examination fee and fees distributed to the general fund is also available and, depending on the analysis technique used to derive the estimate for this source, this data is also used. The State Auditor's Office provides revenue estimates of the general fund and examination fees in its biennial budget submission for the 3-year period under consideration. Also provided in the budget submission are requested appropriations for the portfolio regulatory program that are needed to determine the transfer amount of portfolio notice filing and examination fee revenue to the general fund.

Analysis

To estimate the revenue from the portfolio notice filing fee and the licenses and permits, the same technique is used. A regression analysis based on the S&P Index derives the estimate for each fiscal year (see the figure below).

Legislative Fiscal Division

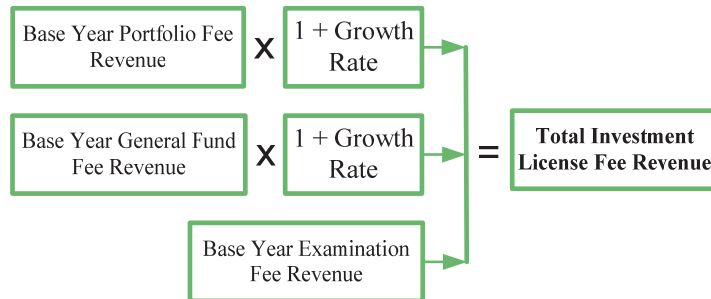
Revenue Estimate Profile Investment License Fee



Adjustments and Distribution

Once each component has been estimated, adjustments, if any, are made. Since the general fund and the state special revenue component are estimated under separate methodologies, the distribution of the revenue has already been done. However, there is a further distribution of the portfolio notice filing and examination fee revenue after it is in the state special revenue fund. Once there, the revenue is reduced by estimates of the appropriations required by the State Auditor’s Office to regulate portfolio activities. The remaining amount of the fee revenue is then transferred to the general fund. The general fund transfer amounts are not shown in this revenue source, but are shown in the “All Other” revenue source.

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

Investment License Fee

Revenue Estimate Assumptions:

	t	Total Tax	GF Tax	GF Transfer	Licenses	Portfolio	Portfolio
	Fiscal	Millions	Millions	Millions	Millions	Millions	Expenses
							Millions
Actual	2002	7.467	4.992	2.179	4.992	2.476	0.202
Actual	2003	7.520	5.142	2.036	5.142	2.378	0.321
Actual	2004	7.486	4.834	2.113	4.834	2.652	0.684
Actual	2005	8.007	5.192	2.110	5.192	2.815	0.690
Actual	2006	8.764	5.584	2.234	5.584	3.180	0.654
Actual	2007	9.692	6.095	2.977	6.095	3.597	0.630
Actual	2008	10.556	6.514	3.309	6.514	4.068	0.674
Actual	2009	10.333	6.461	3.318	6.461	3.887	0.675
Actual	2010	10.195	6.225	2.969	6.225	3.994	1.056
Actual	2011	11.342	6.922	3.278	6.922	4.426	1.152
Actual	2012	13.016	6.961	4.965	6.961	6.065	1.139
Forecast	2013	13.540	7.204	5.146	7.204	6.336	1.190
Forecast	2014	14.025	7.440	5.201	7.440	6.585	1.384
Forecast	2015	14.526	7.689	5.460	7.689	6.837	1.377

	t	Licenses	Portfolio	Expense
	Fiscal	Growth %	Growth %	Growth %
Actual	2002	-15.2%	-3.4%	49.2%
Actual	2003	3.0%	-4.2%	58.5%
Actual	2004	-6.0%	11.5%	113.1%
Actual	2005	7.4%	5.8%	0.9%
Actual	2006	7.5%	13.3%	-5.2%
Actual	2007	9.1%	13.7%	-3.6%
Actual	2008	6.9%	12.4%	6.9%
Actual	2009	-0.8%	-4.2%	0.2%
Actual	2010	-3.7%	2.5%	56.5%
Actual	2011	11.2%	11.3%	9.1%
Actual	2012	0.6%	37.0%	-1.1%
Forecast	2013	0.0%	0.0%	4.4%
Forecast	2014	0.0%	0.0%	16.3%
Forecast	2015	0.0%	0.0%	-0.5%

Total Tax = Licenses + Portfolio - Portfolio Expenses

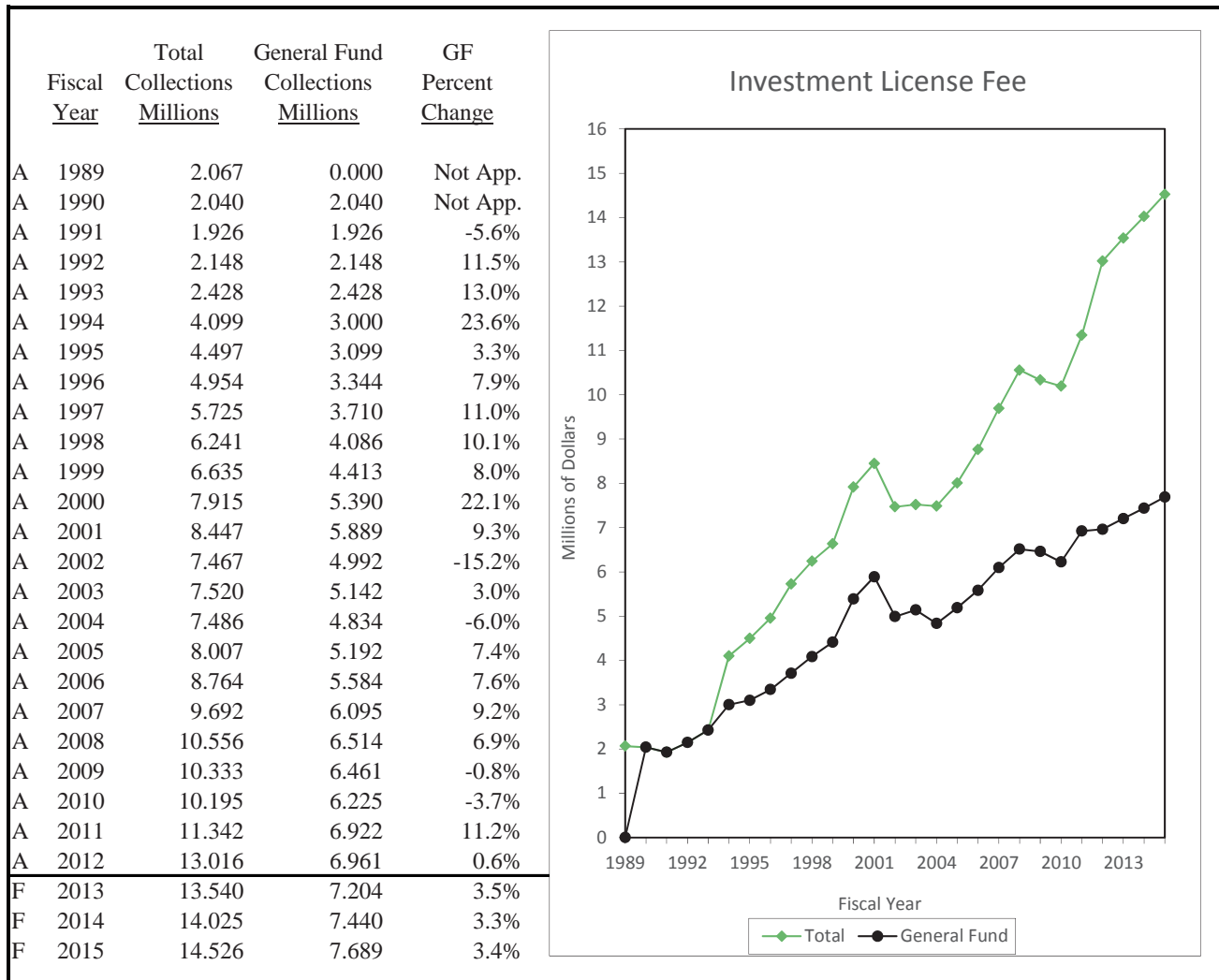
GF Tax = Licenses

GF Transfer = Portfolio - Portfolio Expenses

Legislative Fiscal Division

Revenue Estimate Profile Investment License Fee

Revenue Projection:



Data Source(s): State Auditor

Contacts: State Auditor

Legislative Fiscal Division

Revenue Estimate Profile

Lodging Taxes

Revenue Description: The state imposes two taxes on room charges collected by lodging facilities and campgrounds – a lodging sales tax and a lodging facility use tax. The taxes only apply for rooms used for lodging.

The 3% lodging sales tax began June 1, 2003 and applies to hotels, motels, campgrounds, resorts, dormitories, condominium inns, dude ranches, guest ranches, hostels, public lodging houses, and bed and breakfast facilities. Exempt are facilities: 1) for health care; 2) owned by non-profit corporations for use by people under 18-years of age for camping; 3) whose average daily charge is less than 60% of the amount the state of Montana reimburses for lodging; or 4) rented for 30 days or more. Sales to the U.S. government are also exempt from the sales tax. All facilities subject to the tax must obtain a seller's permit before engaging in business subject to the sales tax within Montana. The vendor must pay the tax due by the last day of the month following a calendar quarter. Vendors are allowed to claim and keep 5% of the tax as an allowance, not to exceed \$1,000 a quarter. The Department of Revenue may require a retailer to post security up to twice the average tax liability to be used to recover taxes, interest, and penalties owed.

The 4% lodging facility use tax applies to facilities containing individual sleeping rooms or suites, providing overnight lodging for periods of less than 30 days to the general public for compensation. This includes hotels, motels, campgrounds, resorts, dormitories, condominium inns, dude ranches, guest ranches, hostels, public lodging houses, or bed and breakfasts. Exempt are: 1) non-profit or religious corporation facilities used primarily by persons under 18 years of age for camping; 2) facilities whose average daily charge does not exceed 60% of the amount the state of Montana reimburses for lodging; or 4) rented for 30 days or more. All facilities must be registered with the Department of Revenue. Due to enactment of HB 111 in the 2011 session, 30% of taxes paid by state employees is deposited to the general fund. Taxes paid by federal funds are deposited to the general fund and reimbursed to the federal government from the general fund through the statutory appropriation in 17-3-106. The remainder of taxes paid by state employees is distributed under current allocations. The 30% returned to the general fund is shown in the "All Other Revenue" profile.

Statutory Reference:

Tax Rate (MCA) – 15-65-111 (lodging facility use tax), 15-68-102 (lodging sales tax)

Tax Distribution (MCA) – 15-65-121 (lodging facility use tax), 15-68-820 (lodging sales tax)

Date Due – Lodging facility use tax is due before the end of calendar quarter (15-65-112). The lodging sales tax is due the last day of the month following the calendar quarter (15-68-502(1)).

Applicable Tax Rate(s): The lodging sales tax is 3.0% of the sales price. The lodging facility use tax is 4.0% of room charges.

Distribution:

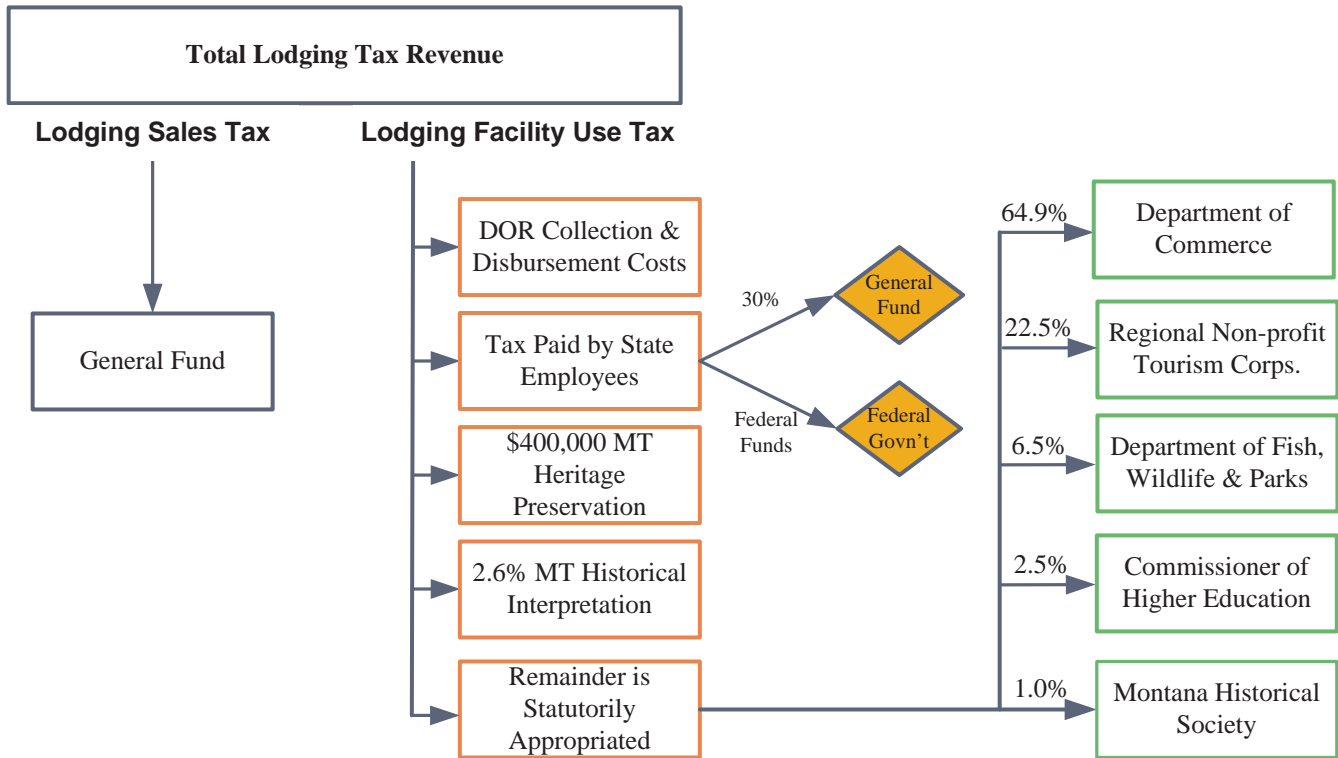
1. Sales Tax: 100% general fund
2. Lodging Facility Use Tax: The revenue is first distributed: 1) to the Department of Revenue in the amount appropriated for collection and disbursement costs; 2) 30% of the taxes paid by state employees to the general fund (taxes paid with federal funds are reimbursed to the federal government from the general fund); 3) \$400,000 to the Montana heritage preservation and development fund which is statutorily appropriated for restoring and maintaining historic properties; and 4) 2.6% to the historical interpretation account. After these distributions, the remainder is distributed and statutorily appropriated:
 - o 67.5% to the Department of Commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials.
 - o 22.5% to regional nonprofit tourism corporations.
 - o 6.5% to the Department of Fish, Wildlife and Parks for maintenance of state park facilities.
 - o 2.5% to the university system for the establishment and maintenance of a Montana travel research program.
 - o 1.0% to the Montana Historical Society to install and maintain roadside historical signs and historic sites.

Legislative Fiscal Division

Revenue Estimate Profile

Lodging Taxes

Distribution Chart:



Collection Frequency: The owner of a facility collects the tax and remits it quarterly to the Department of Revenue.

% of Total General Fund Revenue:

A small portion for reimbursement of lodging facility taxes paid by state employees is included in “All Other General Fund Revenue”

FY 2004 – 0.67%	FY 2007 – 0.70%	FY 2010 – 0.76%
FY 2005 – 0.67%	FY 2008 – 0.68%	FY 2011 – 0.80%
FY 2006 – 0.63%	FY 2009 – 0.69%	FY 2012 – 0.83%

Revenue Estimate Methodology:

Data

Data from the state accounting system (SABHRS) is used to prepare the estimate for the two lodging facility taxes. Additional data, such as the consumer price index projections, provided by the IHS, and non-residential tourism expenditures, provided by the Institute for Tourism and Recreation Research, is used to evaluate the results of the methodology.

Total lodging taxes are made up of two separate taxes, the lodging facility use tax, which is deposited into state special revenue accounts to fund state tourism activities, and the lodging sales tax, which is deposited into the general fund. The same base, in the form of a proxy for taxable room charges, is used as the starting point both sources, and both taxes are estimated using a single proxy of the taxable room charges in Montana.

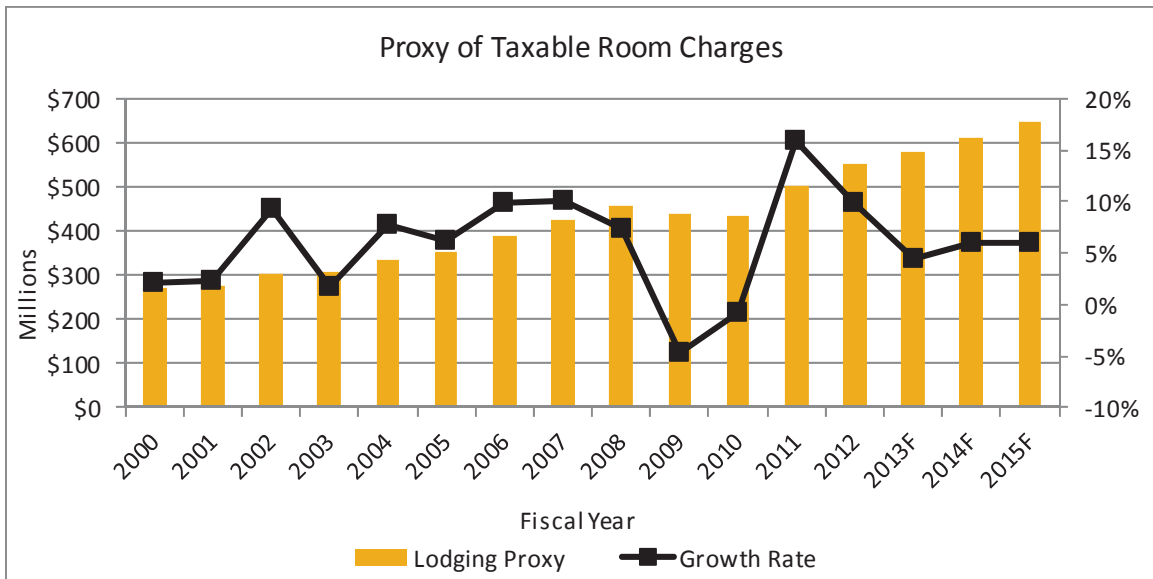
Analysis

Because the lodging taxes exhibit relatively consistent growth from year to year, the projection of the proxy for lodging receipts is estimated using a linear trend regression model. The trend is based on the proxy taxable room charges, beginning in FY 1988 when the tax was first assessed. The results of the model are depicted in the figure below.

Legislative Fiscal Division

Revenue Estimate Profile

Lodging Taxes

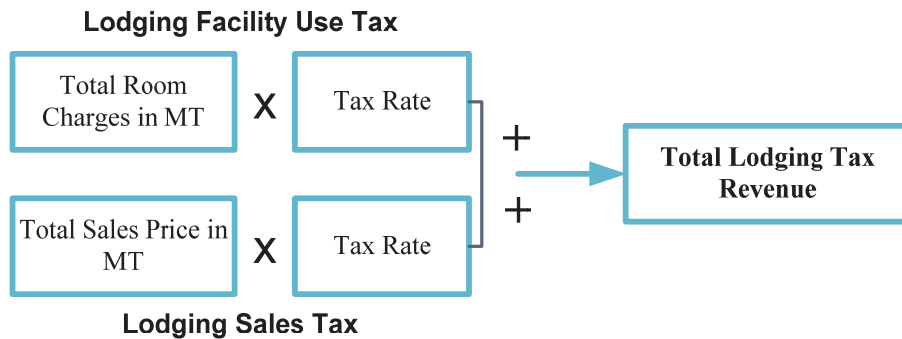


After the projections for the taxable room charges are determined, the amounts are reduced by a ratio to account for the difference apparent in the taxable room receipts of the lodging facility use tax and lodging sales tax. Finally, the estimates for each of the taxes are determined by multiplying the estimates of taxable room charges by the tax rate. Revenue from the two taxes is then added together to create the gross fiscal year estimates of the lodging facility taxes.

Adjustments

Several adjustments are required before the revenues of the lodging facility use tax are distributed. A portion of the collections is distributed to the DOR to cover the expenses associated with administration of the tax. Of the taxes paid by state employees who stay in lodging facilities in connection with their jobs, 30% is distributed to the general fund. Taxes paid by employees with federal funds are reimbursed to the federal government. After the gross lodging facility use tax estimates are adjusted, the remainder of the revenues is distributed to the statutorily designated agencies.

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

Lodging Taxes

Revenue Estimate Assumptions:

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Accom.</u>	<u>Accom.</u>	<u>Net Lodging</u>	<u>Lodging</u>	<u>DOR</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Sales</u>	<u>Tax Rate</u>	<u>Sales</u>	<u>Tax Rate</u>	<u>Admin.</u>
				<u>Millions</u>	<u>Rate</u>	<u>Millions</u>	<u>Rate</u>	<u>Millions</u>
Actual	2002	11.862	0.000	303.948	4.0%			0.126
Actual	2003	12.613	2.271	309.013	4.0%			0.103
Actual	2004	22.848	9.279	333.172	4.0%	333.172	3.0%	0.137
Actual	2005	24.636	10.201	353.689	4.0%	338.826	3.0%	0.141
Actual	2006	25.519	10.679	388.456	4.0%	371.961	3.0%	0.029
Actual	2007	30.620	12.916	427.346	4.0%	409.048	3.0%	0.150
Actual	2008	31.744	13.390	458.526	4.0%	439.406	3.0%	0.149
Actual	2009	29.581	12.477	437.313	4.0%	419.059	3.0%	0.154
Actual	2010	29.265	12.331	434.054	4.0%	416.004	3.0%	0.131
Actual	2011	33.809	14.241	503.265	4.0%	482.164	3.0%	0.132
Actual	2012	37.724	15.606	552.942	4.0%	529.700	3.0%	0.136
Forecast	2013	40.389	17.309	576.979	4.0%	576.979	3.0%	0.136
Forecast	2014	42.831	18.356	611.871	4.0%	611.871	3.0%	0.141
Forecast	2015	45.424	19.467	648.916	4.0%	648.916	3.0%	0.141

	<u>t</u>	<u>Higher Ed.</u>	<u>DOC</u>	<u>Sites &</u>	<u>Regional</u>	<u>FWP</u>	<u>MT.</u>	<u>All Other</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Signs</u>	<u>Millions</u>	<u>Millions</u>	<u>Heritage</u>	<u>Entities</u>
				<u>Millions</u>			<u>Millions</u>	<u>Millions</u>
Actual	2002	0.283	7.651	0.114	2.550	0.737	0.400	0.000
Actual	2003	0.288	6.088	0.116	2.596	0.750	0.400	0.000
Actual	2004	0.326	8.797	0.130	2.932	0.847	0.400	0.000
Actual	2005	0.347	9.378	0.139	3.126	0.903	0.400	0.000
Actual	2006	0.360	9.727	0.144	3.242	0.937	0.400	0.000
Actual	2007	0.429	11.579	0.172	3.860	1.115	0.400	0.000
Actual	2008	0.445	12.019	0.178	4.006	1.157	0.400	0.000
Actual	2009	0.414	11.171	0.165	3.724	1.076	0.400	0.000
Actual	2010	0.410	11.072	0.164	3.691	1.066	0.400	0.000
Actual	2011	0.476	12.850	0.190	4.283	1.237	0.400	0.000
Actual	2012	0.540	14.012	0.216	4.856	1.403	0.400	0.000
Forecast	2013	0.564	14.631	0.225	5.072	1.465	0.400	0.000
Forecast	2014	0.598	15.533	0.239	5.385	1.556	0.400	0.000
Forecast	2015	0.635	16.495	0.254	5.719	1.652	0.400	0.000

Total Tax = Accom. Sales × Accom. Tax Rate + Net Lodging Sales × Lodging Tax Rate

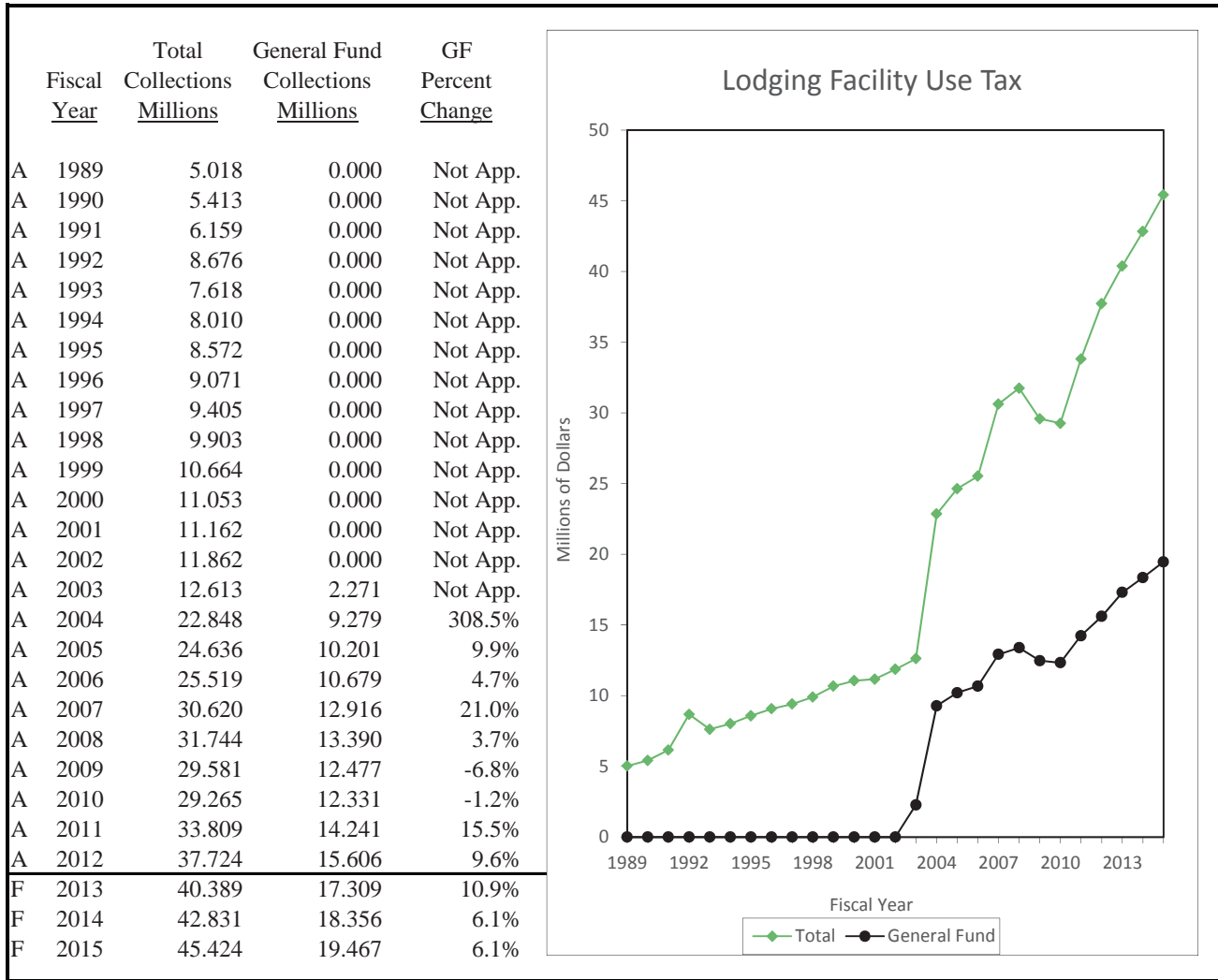
GF Tax = Lodging Sales × Lodging Tax Rate

Legislative Fiscal Division

Revenue Estimate Profile

Lodging Taxes

Revenue Projection:



Data Source(s): UM Institute for Tourism and Recreation Research, SABHRS, IHS

Contacts: Department of Revenue

Legislative Fiscal Division

Revenue Estimate Profile

Motor Vehicle Fee

Revenue Description: The state assesses a variety of motor vehicle fees, such as fees for the filing of motor vehicle liens, fees for new license plates, title fees, and annual and permanent registration fees. The fees vary according to the type of vehicle (i.e., motor vehicle, snowmobile, etc.) and the type of license plate (regular, personal, military, etc.). There are also Gross Vehicle Weight (GVW) fees on trucks and pickups, as well as special fees for senior citizen transportation, veteran services, the highway patrol pension fund, salaries for the highway patrol, motorcycle safety, electronic commerce applications, and an optional \$4 registration fee on light vehicles for state parks and fishing access sites.

Effective January 1, 2004, all fees on motorcycles and quadricycles, trailers, travel trailers, snowmobiles, off-highway vehicles, and watercraft are one-time only and permanent, except upon change of ownership. Fees on other vehicles are annual. Light vehicles older than ten years old may be licensed permanently, at the option of the owner. New license plate fees increased from \$2 to \$5. The registration fees on campers and pontoons and rubber rafts are eliminated. Beginning January 1, 2005, the registration fees on all light vehicles increased, as did permanent fees on recreational trailers, off-highway vehicles, snowmobiles, recreational vehicles, and motorcycles. Beginning January 2006, motor homes 11 years or older may be permanently registered and the registration fee for certain vehicles increased \$5 to fund Highway Patrol salaries.

Due to changes enacted by HB 671 and SB 285 by the 2005 Legislature, registration fee revenue reported by counties on the county collection report are now being recorded as vehicle taxes. Therefore, revenue shown for this source shows a large decline in FY 2006 from FY 2005, but revenue increases by a like amount in the "Vehicle Tax" revenue source. Due to enactment of HB 90 by the 2007 Legislature, lien filing fee increases are extended through June 2016 and certificate of title fee increases are extended through June 2018. SB 508 enacted by the 2009 Legislature created an online vehicle insurance verification system funded by new fees, increased existing fees, and earmarking of existing fees.

Statutory Reference:

Tax Fee rate – multiple, but generally in Title 61, chapter 3. Permanent registration 61-3-562

Tax Distribution (MCA) – all fees in Title 61 are distributed to the general fund unless stated otherwise (61-3-108)

Applicable Tax Rate(s): Various

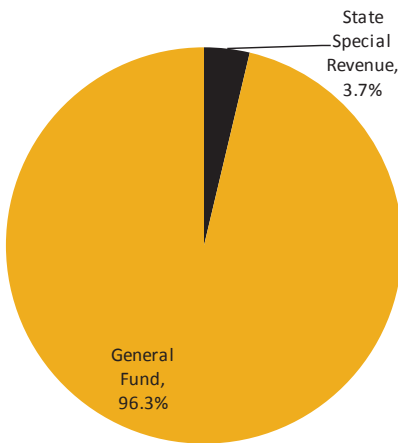
Distribution: Most motor vehicle fees are allocated to the general fund. The following fees are distributed to the Motor Vehicle Information Technology Systems state special revenue account: 1) \$4 of the \$8 recording lien fee (including boats, snowmobiles, and off highway vehicles); 2) \$5.00 of the \$10.00 certificate of ownership fees for watercraft, snowmobiles, off-highway vehicles and all other vehicles; 3) \$5.00 of the \$10.00 duplicate certificate of ownership fee; and 4) all of the \$10.00 fee for the issuance of a new certificate of title following the release of a lien. Other distributions to other state special revenue accounts (and county general fund) are: 1) \$10 of the \$30 donation fee for collegiate license plates to the student academic scholarship fund or foundation of the named institution; 2) the annual donation fee of \$20 for motorcycle or quadricycles specialty license plates for grants to chronically or critically ill children; 3) \$5 of the \$15 administrative fee for generic specialty license plates to the county general fund; 4) all of the \$15 surcharge for sponsoring a generic patriotic license plate for the construction, maintenance, operation, and administration of state veterans' cemeteries; and 5) with the enactment of SB 285 by the 2005 Legislature, the optional \$4 fee for parks is deposited in a state special account rather than the general fund. With the enactment of HB 671 by the 2005 Legislature, revenue from the newly enacted temporary registration fees of \$3 and \$8 are deposited in a non-budgeted enterprise fund. SB 508 enacted by the 2009 Legislature created an online vehicle insurance verification system funded by new fees, increased existing fees, and earmarking of existing fees.

Legislative Fiscal Division

Revenue Estimate Profile

Motor Vehicle Fee

Distribution Chart:



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

% of Total General Fund Revenue:

FY 2004 – 2.22%	FY 2007 – 1.03%	FY 2010 – 0.88%
FY 2005 – 2.00%	FY 2008 – 1.07%	FY 2011 – 0.83%
FY 2006 – 1.24%	FY 2009 – 0.85%	FY 2012 – 0.86%

Revenue Estimate Methodology:

Data

The data used to estimate the motor vehicle (MV) fees are obtained from the state accounting system (SABHRS) and IHS. No adjustments are required on the raw data in preparation for analysis.

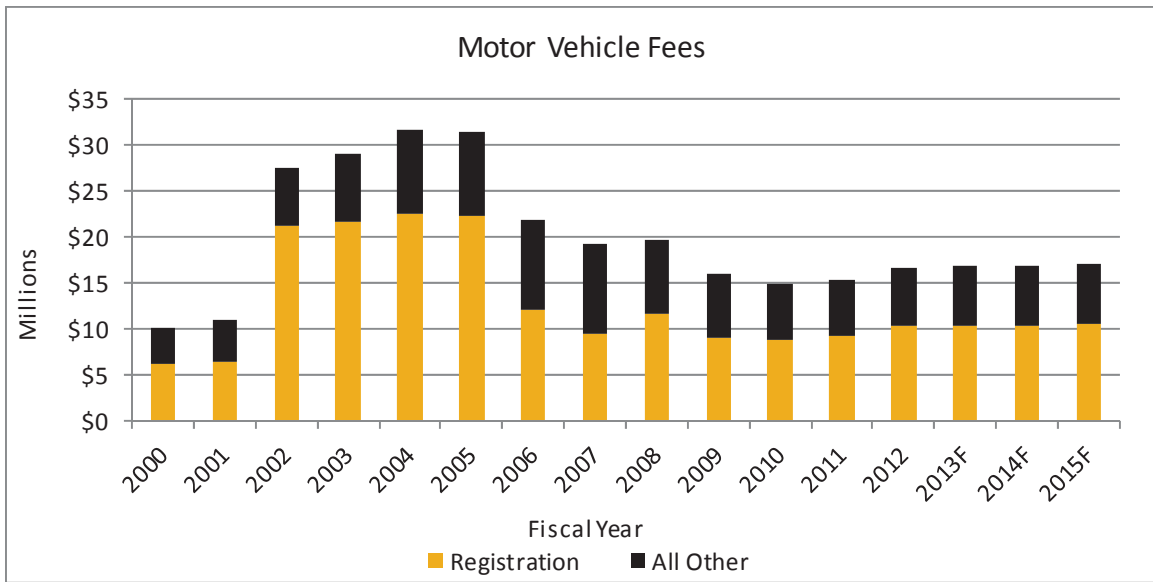
Analysis

MV fees are currently imposed at different rates on eight major categories. Included in the fees assessed on motor vehicles in Montana are registration fees, two types of record liens, title fees, personal and new plate fees, senior transit fees, and veteran's administration fees. The ninth category is made up of other miscellaneous fees assessed on motor vehicles. As shown in the figure below, the collection of motor vehicle fees has been highly variable since FY 2000. The figure below also shows the impact of the reduction and subsequent change in classifying vehicle registration fee revenue as vehicle tax revenue in FY 2006 and FY 2007. This change in the vehicle registration fees is the combined impact of SB 285 and HB 671, both implemented in the 2005 session. However, since registration fee revenues are now recorded as vehicle taxes, the net change to total revenues is zero.

Legislative Fiscal Division

Revenue Estimate Profile

Motor Vehicle Fee

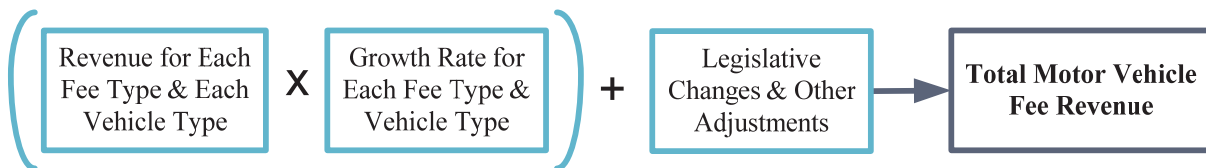


With constant fees, the future change in MV fees results from change in the vehicle stock in Montana. Because fee payments are directly connected to the number of vehicles in the state, estimates for the MV fees are made by applying estimated growth rates to the previous year revenue. Growth rates for the stock of Montana vehicles are derived by first obtaining IHS estimates for the national vehicle stock, new car sales nationwide, and for Montana. A ratio is then developed to project the stock of Montana vehicles. An average of the Montana stock in the current and previous years is used in this estimate from which growth between two years is calculated. The growth rate is applied to the base year (FY 2010) revenues of each fee category and projected forward at the same rate for all estimated fiscal years. The estimated tax collections of each category are then combined to create the total estimates for the MV fees.

Adjustments

In past years, adjustments to MV fees have been required as a result of legislative actions. For example: House Bill 737 enacted by the 2007 Legislature required that new license plates be issued every four years beginning January 1, 2010. The legislation also required that new license plates be issued every four years beginning January 1, 2008. For the current estimates, no adjustments are required.

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

Motor Vehicle Fee

Revenue Estimate Assumptions:

	t	Total Tax	GF Tax	GF Fee	GF Fee	GF Fee	GF Fee	GF Fee
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Registration</u>	<u>Record</u>	<u>Titles</u>	<u>Personal</u>	<u>VA Cemetery</u>
				<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2002	27.457	27.271	21.180	0.728	2.353	1.270	
Actual	2003	28.906	28.352	21.712	0.696	2.442	1.354	
Actual	2004	31.602	30.724	22.577	0.737	2.660	1.492	
Actual	2005	31.362	30.640	22.231	0.717	2.608	1.508	
Actual	2006	21.903	21.195	12.085	0.688	2.369	1.418	0.233
Actual	2007	19.141	18.401	9.452	0.699	2.495	1.364	0.231
Actual	2008	19.616	18.995	11.677	0.719	2.464	1.336	0.193
Actual	2009	15.905	15.345	9.114	0.526	2.126	1.219	0.183
Actual	2010	14.917	14.377	8.826	0.545	2.156	1.233	0.185
Actual	2011	15.353	14.814	9.283	0.538	2.286	1.230	0.189
Actual	2012	16.643	16.084	10.242	0.559	2.387	1.246	0.195
Forecast	2013	16.767	16.204	10.319	0.563	2.405	1.255	0.197
Forecast	2014	16.882	16.315	10.390	0.567	2.422	1.264	0.198
Forecast	2015	16.999	16.428	10.461	0.571	2.438	1.273	0.200

	t	GF Fee	GF Fee	GF Fee	GF Fee	GF Fee	Non GF Fee	Adjustments
	<u>Fiscal</u>	<u>New Plate</u>	<u>Computer</u>	<u>\$.25</u>	<u>Other</u>	<u>Transit</u>	<u>Lien</u>	<u>Millions</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	
Actual	2002	0.525	-0.001	0.024	1.084	0.109	0.186	
Actual	2003	0.492	0.000	0.000	1.221	0.435	0.554	
Actual	2004	0.910	0.000	0.000	1.559	0.394	0.878	
Actual	2005	1.192	0.000	0.000	1.468	0.373	0.722	0.000
Actual	2006	2.865	0.000	0.000	1.335	0.203	0.708	0.000
Actual	2007	3.102	0.000	0.000	1.057	0.000	0.740	0.000
Actual	2008	1.493	0.000	0.000	1.113	0.000	0.621	0.000
Actual	2009	1.278	0.000	0.000	0.899	0.000	0.560	0.000
Actual	2010	0.660	0.000	0.000	0.772	0.000	0.540	0.000
Actual	2011	0.529	0.000	0.000	0.759	0.000	0.538	0.000
Actual	2012	0.554	0.000	0.000	0.900	0.000	0.559	0.000
Forecast	2013	0.558	0.000	0.000	0.907	0.000	0.563	0.000
Forecast	2014	0.562	0.000	0.000	0.913	0.000	0.567	0.000
Forecast	2015	0.566	0.000	0.000	0.919	0.000	0.571	0.000

Legislative Fiscal Division

Revenue Estimate Profile

Motor Vehicle Fee

	t	GF Fee Registration	GF Fee Record	GF Fee Titles	GF Fee Personal	GF Fee New Plate	GF Fee Other	GF Fee VA Cemetery
	<u>Fiscal</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>
Actual	2002	232.6%	14.5%	82.4%	78.1%	-65.9%	196.8%	
Actual	2003	2.5%	-4.3%	3.8%	6.6%	-6.3%	12.7%	
Actual	2004	4.0%	5.9%	9.0%	10.2%	85.1%	27.6%	
Actual	2005	-1.5%	-2.8%	-2.0%	1.1%	30.9%	-5.8%	37.9%
Actual	2006	-45.6%	-4.0%	-9.2%	-6.0%	140.5%	-9.1%	-57.2%
Actual	2007	-21.8%	1.5%	5.3%	-3.8%	8.3%	-20.8%	-0.8%
Actual	2008	23.5%	2.9%	-1.3%	-2.1%	-51.9%	5.3%	-16.5%
Actual	2009	-22.0%	-26.9%	-13.7%	-8.7%	-14.4%	-19.3%	-4.9%
Actual	2010	-3.2%	3.7%	1.4%	1.1%	-48.3%	-14.2%	1.0%
Actual	2011	5.2%	-1.3%	6.0%	-0.2%	-19.9%	-1.6%	2.2%
Actual	2012	10.3%	3.9%	4.4%	1.3%	4.7%	18.6%	3.2%
Forecast	2013	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Forecast	2014	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Forecast	2015	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%

	t	GF Fee New Plate	GF Fee Computer	GF Fee \$0.25	GF Fee Other	GF Fee Transit	Non GF Fee Lien
	<u>Fiscal</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>
Actual	2002	-65.9%	-100.1%	-92.1%	196.8%		
Actual	2003	-6.3%	-100.0%	-100.0%	12.7%	300.4%	-4.3%
Actual	2004	85.1%			27.6%	-9.4%	5.9%
Actual	2005	30.9%			-5.8%	-5.5%	-2.8%
Actual	2006	140.5%			-9.1%	-45.6%	-4.0%
Actual	2007	8.3%			-20.8%	-100.0%	1.5%
Actual	2008	-51.9%			5.3%		2.9%
Actual	2009	-14.4%			-19.3%		-26.9%
Actual	2010	-48.3%			-14.2%		3.7%
Actual	2011	-19.9%			-1.6%		-1.3%
Actual	2012	4.7%			18.6%		3.9%
Forecast	2013	0.7%			0.7%		0.7%
Forecast	2014	0.7%			0.7%		0.7%
Forecast	2015	0.7%			0.7%		0.7%

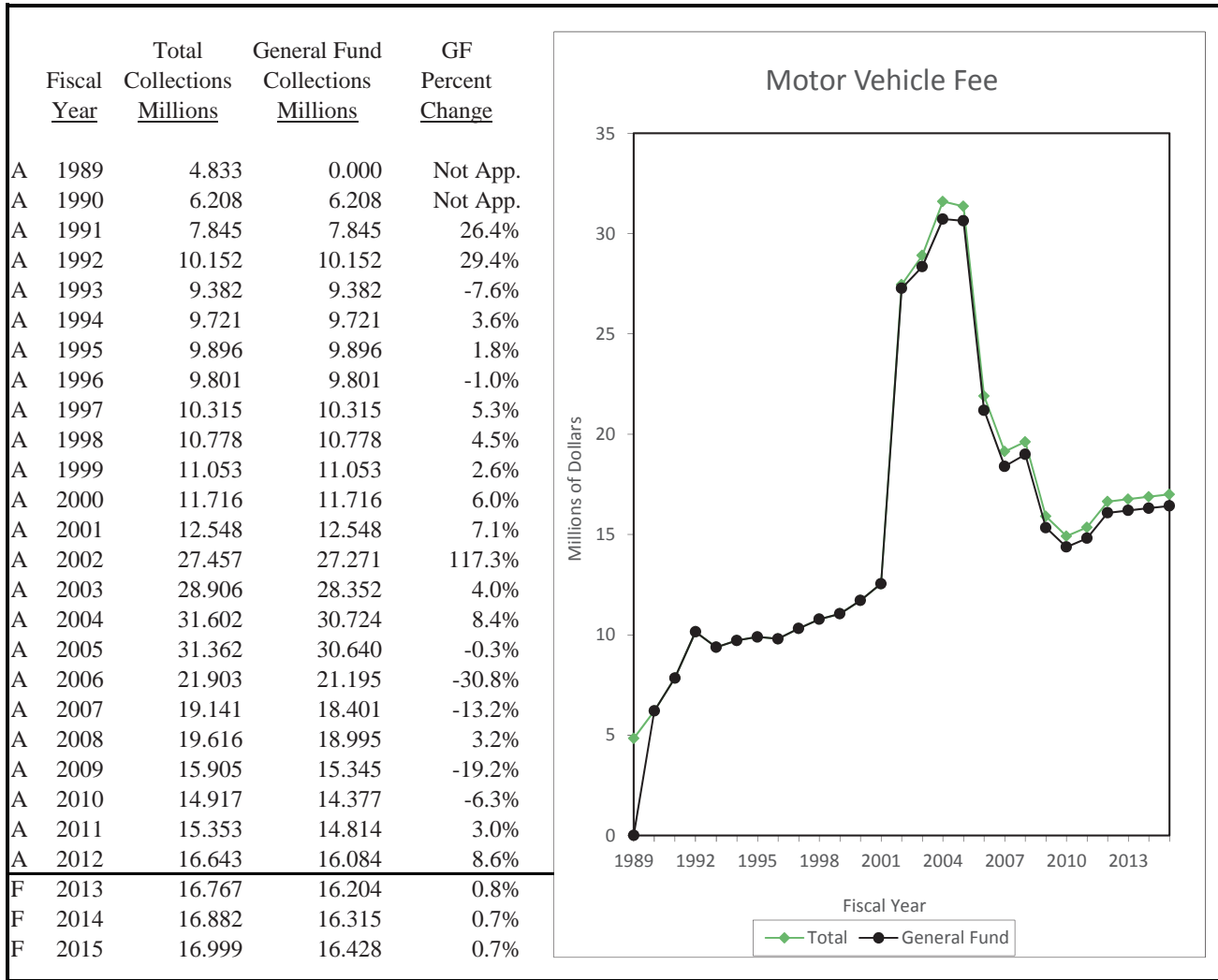
Total Tax = Registration + Record + Titles + Personal + New Plate + VA Cemetery + Other + Transit + Lien
 GF Tax = Total Tax - Lien

Legislative Fiscal Division

Revenue Estimate Profile

Motor Vehicle Fee

Revenue Projection:



Data Source(s): SABHRS, Department of Justice

Contacts: Department of Justice

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.

Statutory Reference:

Tax Rate (MCA) – 15-50-205

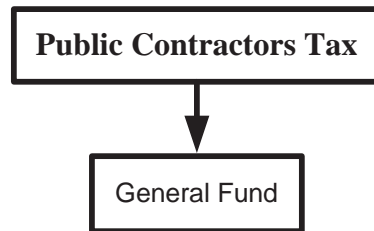
Tax Distribution (MCA) – 15-50-311

Date Due – within 30 days after payment to the contractor (15-50-309)

Applicable Tax Rate(s): A 1.0% 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.

Distribution Chart:



Collection Frequency: Monthly

% of Total General Fund Revenue:

FY 2004 – 0.15%

FY 2007 – 0.30%

FY 2010 – 0.43%

FY 2005 – 0.09%

FY 2008 – 0.26%

FY 2011 – 0.38%

FY 2006 – 0.25%

FY 2009 – 0.33%

FY 2012 – -0.16%

Revenue Estimate Methodology:

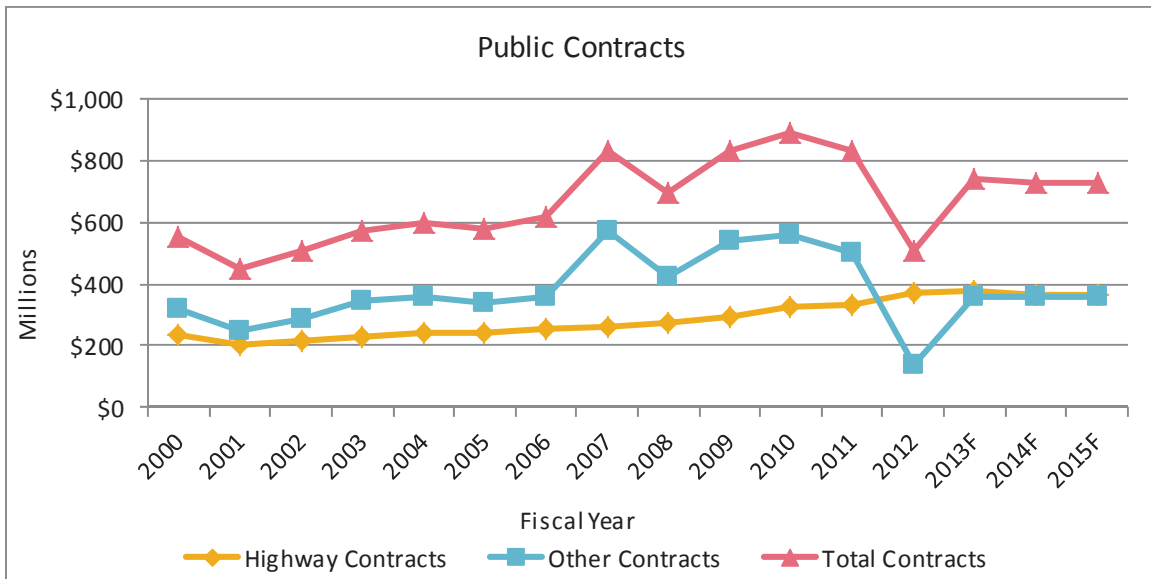
Data

Data for the public contractor's tax are obtained from the state accounting system (SABHRS), the Department of Transportation (DOT), and the Department of Revenue (DOR) and are used to make the public contractors gross receipts tax (PCGRT) estimate. SABHRS data are utilized for total fiscal year tax collections. The DOT provides estimates of highway contracts for future biennia. The DOR provides information on the amounts of credits and refunds paid in each fiscal year.

Several steps are involved in preparing the data for analysis. After collecting the SABHRS total collection data, net tax collections are increased to account for the reductions of refunds and credits, creating a proxy for gross tax collections. From there, the gross tax data must be disaggregated into two contract classifications, highway and all other contracts. This is done by reducing the gross tax by the total amount of highway/road contracts, also obtained through SABHRS. Historically, highway contracts have been responsible for almost 38% of the gross tax collections.

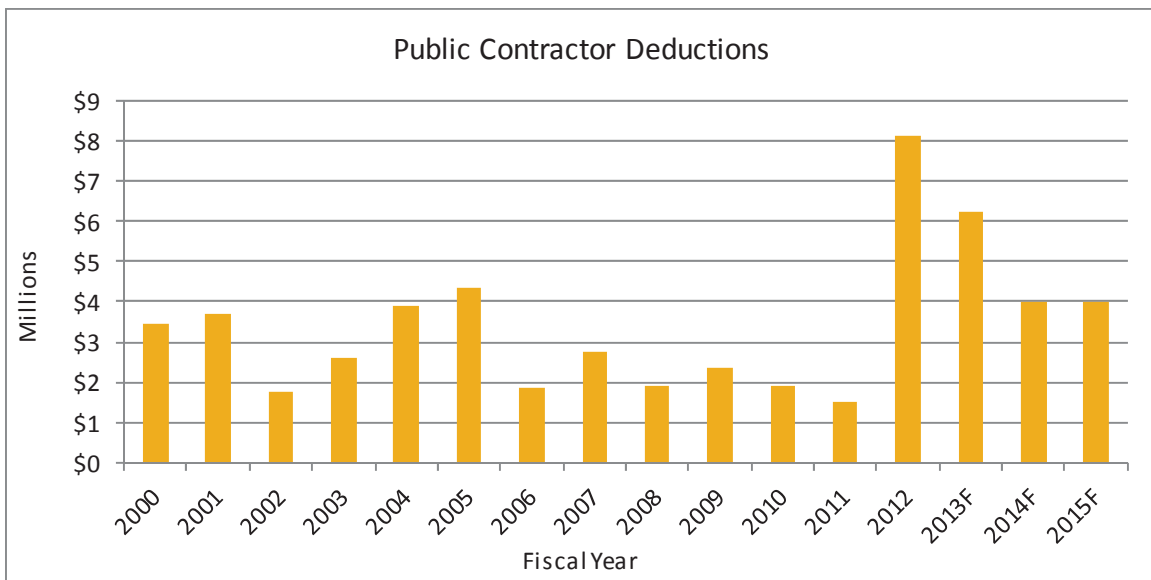
Legislative Fiscal Division

Revenue Estimate Profile Public Contractors Tax



The remainder of the gross collections can be credited to other types of contracts. These contracts include forestry, bridge construction, and public building projects. The figure above shows both the aggregated and disaggregated Montana public contract values and a trend line illustrating the moderate rate of growth inherent in the aggregated public contracts, approximately 4.6% annually.

The DOR provides historical data of refund and credit activity for the analysis. The PCGRT revenue has been highly variable over time. However, the variability is not caused by volatility in the number of contracts but instead by inconsistencies in processing payment of refunds and credits. As apparent in the figure below, the DOR deferred some of the refund and credit processing in FY 2002 and FY 2003, creating a processing backlog. Consequently, processing for those years was postponed to FY 2004 and FY 2005, exaggerating the credit and refund amounts.



PCGRT refunds are made up primarily of refund claims against the class 8-business property tax. Changes in the property tax rate, such as in FY 2000 when the rate was reduced from 6% to 3%, affect the amount of refunds. Credits are authorized for both individual income tax and the corporation license tax. The credit series as observed in the figure above is a combination of both individual and corporation credits.

Legislative Fiscal Division

Revenue Estimate Profile

Public Contractors Tax

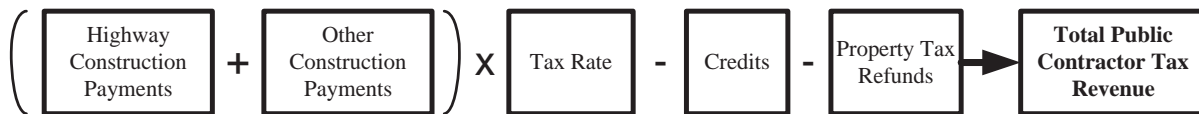
Analysis

Analysis of the PCGRT shows a growth of Montana highway contracts at 3.4% annually. However, highway contract growth is highly reliant on federal appropriations for highway construction in the state. In the 2011 biennium, highway projects funded with American Recovery and Reinvestment Act of 2009 is assumed to have increased total tax revenues. Each biennium, the DOT legislative budget shows the amount of contracts that are expected in the upcoming biennium. Highway contracts through the DOT are expected to be \$327.7 million, \$297.0 million, and \$295.6 million in FY 2011 through FY 2013, respectively. While annual growth for “other” contracts has been approximately 3.4% historically, growth in other public contracts is expected to decline, -3.6% annually, for the estimated period and is expected to average \$448.1 million through the three year period. Next, the annual contract amounts are summed. Finally, the tax rate is applied to the amount of total contracts to determine the gross collections of the PCGRT.

Adjustments

The final step in estimating the PCGRT is to reduce the gross collections by two adjustments, income tax credits and property tax refunds. According to the DOR, the backlog in processing has been eliminated, and net collections should appear more consistent in the future. Consequently, growth of the refund and credit activity should become more stable. Total credits and refunds are expected to average \$1.6 million each year from FY 2011 through FY 2013.

Forecast Methodology:



Revenue Estimate Assumptions:

	t	Total Tax	GF Tax	Gross Tax	Credits	Tax	DOT	Other
	Fiscal	Millions	Millions	Millions	& Refunds	Rate	Contracts	Contracts
					Millions		Millions	Millions
Actual	2002	3.267	3.267	5.053	1.788	1.0%	217.749	287.595
Actual	2003	3.082	3.082	5.706	2.625	1.0%	226.114	344.530
Actual	2004	2.120	2.120	6.004	3.884	1.0%	241.630	358.780
Actual	2005	1.411	1.411	5.752	4.341	1.0%	239.291	335.919
Actual	2006	4.275	4.275	6.158	1.883	1.0%	254.388	361.377
Actual	2007	5.567	5.567	8.336	2.769	1.0%	263.661	569.907
Actual	2008	5.063	5.063	6.964	1.902	1.0%	271.911	424.512
Actual	2009	5.930	5.930	8.287	2.357	1.0%	290.543	538.191
Actual	2010	6.969	6.969	8.882	1.913	1.0%	327.699	560.550
Actual	2011	6.803	6.803	8.329	1.525	1.0%	330.290	502.570
Actual	2012	-3.042	-3.042	5.068	8.110	1.0%	369.168	137.636
Forecast	2013	1.140	1.140	7.394	6.254	1.0%	379.194	360.186
Forecast	2014	3.259	3.259	7.241	3.983	1.0%	363.947	360.186
Forecast	2015	3.259	3.259	7.241	3.983	1.0%	363.947	360.186

Total Tax = (DOT Contracts + Other Contracts) × Tax Rate - Credits & Refunds

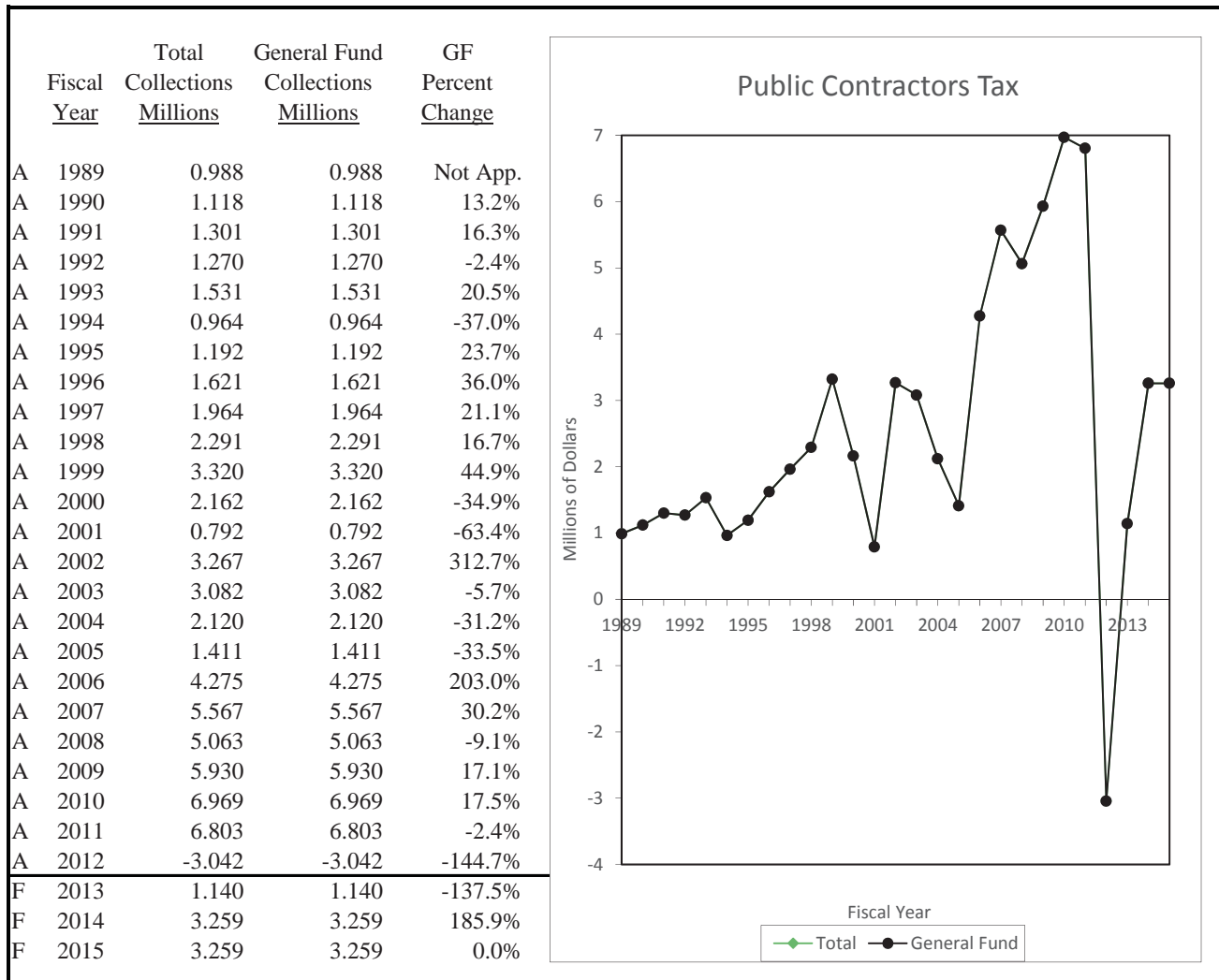
GF Tax = Total Tax

Legislative Fiscal Division

Revenue Estimate Profile

Public Contractors Tax

Revenue Projection:



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

Contacts: Department of Revenue, Department of Transportation

Legislative Fiscal Division

Revenue Estimate Profile

Railroad Car Tax

Revenue Description: All railroad property is subject to taxation as defined in the federal Railroad Revitalization and Regulatory Reform Act of 1976. The Railroad car tax applies to the rolling stock owned by railroad companies. The railroad car tax rate the average property tax rate for commercial and industrial property. Railroad car companies, which operate in several states, pay taxes on the portion of the property value allocated to Montana, based on the ratio of the car miles traveled within Montana to the total number of car miles traveled in all states, as well as time spent in the state relative to time spent in other states.

Statutory Reference:

Tax Rate (MCA) - 15-23-214(1)

Tax Distribution (MCA) – 15-23-215

Date Due – Report due to the Department of Revenue April 15th of each year for the previous calendar year (15-23-103(2), 15-23-212). The department calculates the tax due by the third Monday in October (15-23-214(1)).

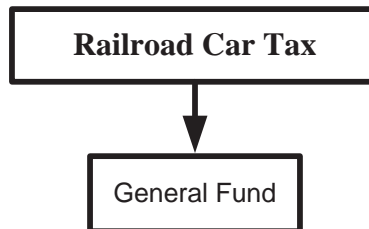
One-half of the tax is due by November 30th and one-half is due by May 31st (15-23-214(3), 15-16-102(1)).

Applicable Tax Rate(s): The tax rate is equal to the previous year's average statewide tax rate for commercial and industrial property. This is multiplied by the statewide average mill levy for commercial and industrial property. The most current tax year rates are:

FY 2004 – 3.88%	FY 2007 – 3.55%	FY 2010 – 3.40%
FY 2005 – 3.81%	FY 2008 – 3.52%	FY 2011 – 3.40%
FY 2006 – 3.74%	FY 2009 – 3.44%	FY 2012 – 3.50%

Distribution: All revenue from this tax is deposited into the general fund.

Distribution Chart:



Collection Frequency: Semi-annually

% of Total General Fund Revenue:

FY 2004 – 0.11%	FY 2007 – 0.09%	FY 2010 – 0.16%
FY 2005 – 0.10%	FY 2008 – 0.11%	FY 2011 – 0.12%
FY 2006 – 0.10%	FY 2009 – 0.12%	FY 2012 – 0.12%

Revenue Estimate Methodology:

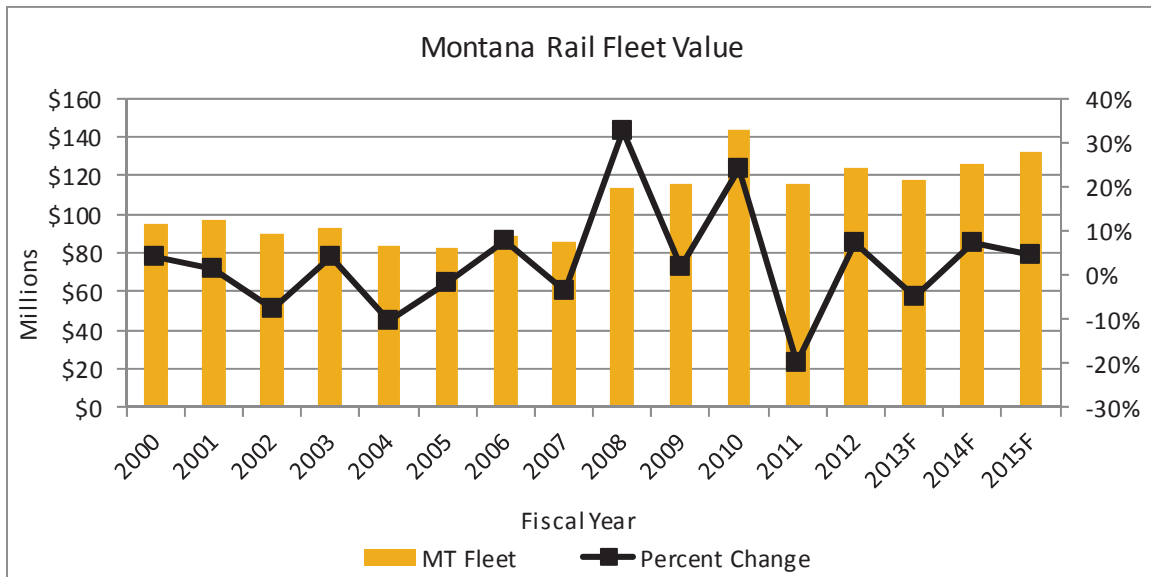
Data

Data from the Department of Revenue (DOR) are used to estimate railcar tax collections. Additionally, SABHRS data are used to check the estimates against the historic values. DOR provides data on the value of national railroad car fleet, Montana's rolling stock, and railroad car tax assessed by company. DOR also provides the historic observations of the average mill levy and applicable tax rate.

Legislative Fiscal Division

Revenue Estimate Profile

Railroad Car Tax



Analysis

Although the railcar tax appears quite volatile, most of the volatility is caused by shifts in average mill levies and tax rates, both of which are controlled in large part by factors outside of the growth in rail shipments. Furthermore, a large part of the volatility can be traced to litigation brought by rail companies and settled in federal legislation. In 1993, some rail companies protested tax rates. Tax payments were reduced for four years. Then, in 1997, the litigation was settled and the companies were required to make both past and current payments. Railroad properties are taxed as class 12 properties. To calculate total railroad car tax collections (class 12 property), the market value of the Montana fleet is multiplied by the average mill levy and tax rate.

The estimate of the railroad car tax is based on the market value of the rail fleet in Montana. Before the market value can be ascertained, some preliminary estimates must be developed. As illustrated in the figure below, the market value of Montana's fleet is based on a relationship with market value of the U.S. fleet. Consequently, an estimate for the value of the national fleet is developed using the average rate of growth in the U.S. fleet value, based on a four-year pattern of growth. That rate is then applied to the last year of actual fleet value available. Next, a measure of the apportionment of Montana fleet value is developed in percent terms. The apportionment is then applied to the estimate for the national fleet market value to determine the Montana railroad fleet market value. Since 2004, the market value of Montana's rail fleet has been ranged between 0.44% and 0.51% of the nation's fleet. The growth in Montana allocated value is expected to grow with the national fleet at 7.4 percent in FY 2014 and by 4.5 percent in FY 2015.

In FY 2010, the value of Montana fleet compared to the value of the national fleet was high at 0.51 percent. This was likely due to an economic slowdown in which many railroad cars were parked in the state. These cars paid the Montana railcar tax at a higher rate and as a result Montana Railcar revenues were temporarily high.

After the Montana market fleet value is determined, the average commercial and industrial mill levy and tax rate must be calculated. The rate of the mill levy is calculated from the average of statewide commercial and industrial mill levies. The average mill levy is expected to increase because counties are able to raise levies at a rate equal to half of the annual rate of inflation. Furthermore, the increasing costs of school budgets will further force the average mill levy to increase. The calculated mill levy growth estimates are less than 1 percent throughout the forecast period.

The tax rate for the railroad property is created from a weighted average of five property classes containing commercial and industrial property: class 4, 7, 8, 9, 13 and 14. Class 4 property tax, which contains commercial real estate is weighted more heavily than the other classes. The estimated tax rate will be 3.45% in FY 2012, FY 2013 and FY 2015.

Finally, the rail car tax estimates are completed by multiplying the Montana market value by the average mills and the tax rate.

Legislative Fiscal Division

Revenue Estimate Profile

Railroad Car Tax

Forecast Methodology:



Revenue Estimate Assumptions:

	t	Total Tax	GF Tax	Total MV	MT	MT MV	Tax	
	Fiscal	Millions	Millions	of Fleet	Allocation	of Fleet	Rate	Mills
				Millions	Percent	Millions		
Actual	2002	1.490	1.490	20,065.084	0.4%	89.657	4.2%	0.401
Actual	2003	1.484	1.484	19,527.800	0.5%	93.549	4.0%	0.419
Actual	2004	1.568	1.568	19,231.928	0.4%	84.020	3.9%	0.474
Actual	2005	1.604	1.604	18,767.655	0.4%	82.646	3.8%	0.487
Actual	2006	1.667	1.667	20,014.412	0.4%	89.056	3.7%	0.510
Actual	2007	1.615	1.615	21,120.423	0.4%	85.817	3.6%	0.516
Actual	2008	2.064	2.064	22,553.070	0.5%	113.859	3.5%	0.520
Actual	2009	2.099	2.099	25,133.266	0.5%	116.184	3.4%	0.525
Actual	2010	2.579	2.579	28,120.571	0.5%	144.031	3.5%	0.525
Actual	2011	2.130	2.130	27,258.969	0.4%	115.455	3.4%	0.517
Actual	2012	2.273	2.273	26,010.981	0.5%	123.766	3.5%	0.533
Forecast	2013	2.157	2.157	26,722.252	0.4%	117.899	3.5%	0.530
Forecast	2014	2.322	2.322	28,712.047	0.4%	126.678	3.5%	0.532
Forecast	2015	2.452	2.452	30,005.708	0.4%	132.385	3.5%	0.537

Total Tax = Total MV of Fleet × MT Allocation × Tax Rate × Mills

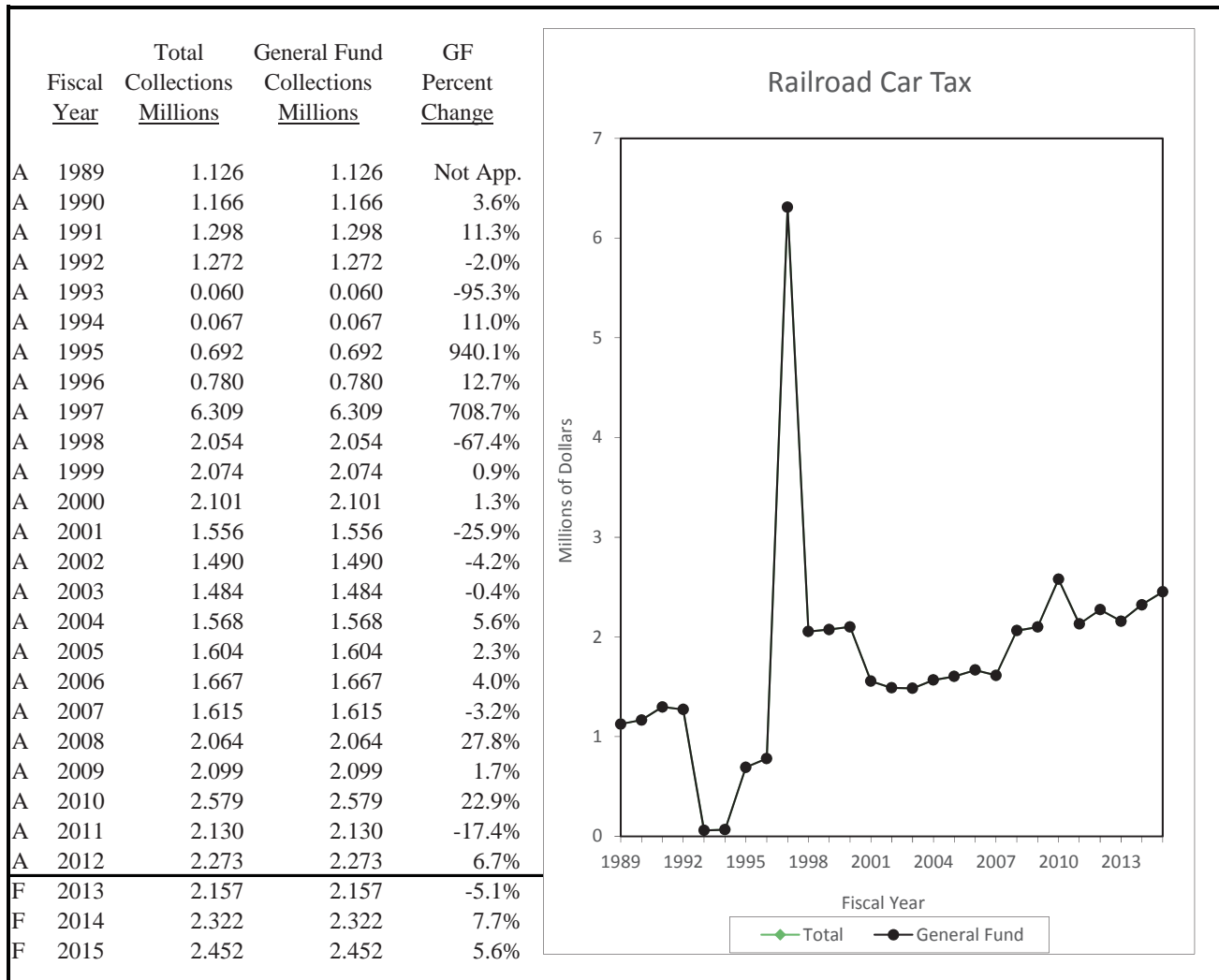
GF Tax = Total Tax

Legislative Fiscal Division

Revenue Estimate Profile

Railroad Car Tax

Revenue Projection:



Data Source(s): SABHRS, Department of Revenue

Contacts: Railroad Car Companies, Department of Revenue

Legislative Fiscal Division

Revenue Estimate Profile

Rental Car Sales Tax

Revenue Description: Beginning July 1, 2003, a new 4% sales tax was imposed on the base rental charge for rental vehicles. The base rental charge includes use charges for time and mileage, insurance, accessory equipment, and charges for additional or underage drivers. It does not include price discounts, charges for operating an airport concession, motor fuel, intercity drop charges, and government taxes. A rental vehicle is one that is used by a person other than the owner by arrangement and for consideration. Included are light vehicles, motorcycles, motor-driven cycles, quadricycles, motorboats and sailboats, and off-highway vehicles. Sales to the U.S. government are exempt from the sales tax. All facilities subject to the tax must obtain a seller's permit before engaging in business subject to the sales tax within Montana. The Department of Revenue may require a retailer to post security up to twice the average tax liability to be used to recover taxes, interest, and penalties owed. Vendors are allowed to claim and keep 5% of the tax as an allowance, not to exceed \$1,000 a quarter.

Statutory Reference:

Tax Rate (MCA) - 15-68-102(1b)

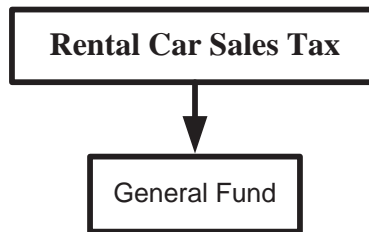
Tax Distribution MCA) - 15-68-820

Date Due - before the last day of the month following the calendar quarter (15-68-502(1))

Applicable Tax Rate(s): A 4% sales tax is imposed on the base rental charge for rental vehicles.

Distribution: All revenue from this tax is deposited into the general fund.

Distribution Chart:



Collection Frequency: The vendor must pay the tax due by the last day of the month following a calendar quarter.

% of Total General Fund Revenue:

FY 2004 – 0.18%

FY 2007 – 0.16%

FY 2010 – 0.17%

FY 2005 – 0.17%

FY 2008 – 0.16%

FY 2011 – 0.18%

FY 2006 – 0.16%

FY 2009 – 0.16%

FY 2012 – 0.18%

Revenue Estimate Methodology:

Data

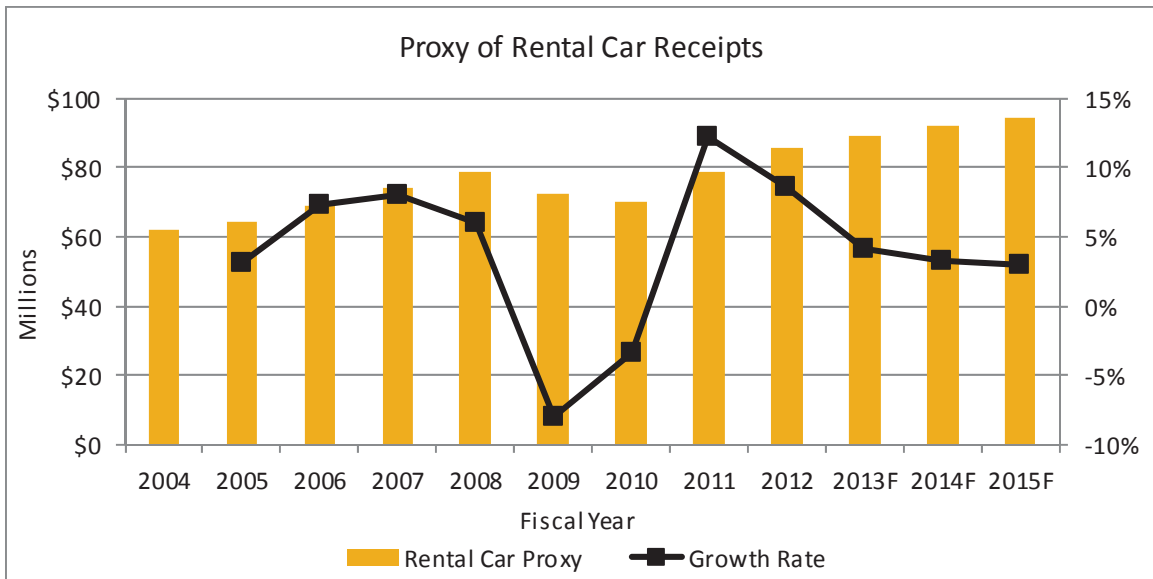
The estimate of the rental car sales tax requires data from two sources, the state accounting system (SABHRS) and the Institute for Tourism and Recreation Research (ITRR). The SABHRS data includes the historic tax collection observations and the ITRR data is used as an indicator for the historic growth associated with the tourism industry.

Before analysis can begin on the rental car tax, a proxy value for rental car expenditures must be developed. This calculation is made by dividing historic tax receipts, provided through SABHRS, by the current tax rate.

Legislative Fiscal Division

Revenue Estimate Profile

Rental Car Sales Tax



Analysis

Because the relatively new rental car sales tax now has seven collection observations, a regression model provides acceptable results for estimating future tax collections. Because there is strong connection between the use of rental cars and Montana retail sales, the LFD uses the growth rate of retail sales to project future rental car receipts.

The rental car tax is projected with a regression model of the proxy of Montana retail sales. The statistics show that the regression proxy of retail sales in Montana accurately measures the rate of growth in the value of the taxable rental car receipts. The model produces an R^2 rating of 0.92. This means that the trend explains 92% of the variability of the taxable rental car receipts, when all other impacts are held constant.* The growth rate is then applied to the most recent base (FY 2010) of the proxy of rental car receipts.

Adjustment and Distribution

The final step in development of the rental car sales tax projection is to reduce the projection by credits and audits. Credits may be requested by vendors for tax payments on dollars that are later recognized as bad debt. Additionally, a credit is allowed if a similar tax has been levied and paid in another state on property that was leased outside this state but used in the state. Additionally, the DOR may audit the accounts of vendors who pay the rental car sales tax, and both positive and negative adjustments may be made to the total collections. To date, no credits or audits have occurred.

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

Rental Car Sales Tax

Revenue Estimate Assumptions:

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Taxable</u>	<u>Tax</u>	<u>Credits</u>	<u>Audits</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Sales</u>	<u>Rate</u>	<u>Millions</u>	<u>Millions</u>
				<u>Millions</u>	<u>Percent</u>		
Actual	2002	0.000	0.000	0.000	0.0%	0.000	0.000
Actual	2003	0.000	0.000	0.000	0.0%	0.000	0.000
Actual	2004	2.486	2.486	62.150	4.0%	0.000	0.000
Actual	2005	2.566	2.566	64.139	4.0%	0.000	0.000
Actual	2006	2.755	2.755	68.877	4.0%	0.000	0.000
Actual	2007	2.976	2.976	74.406	4.0%	0.000	0.000
Actual	2008	3.157	3.157	78.931	4.0%	0.000	0.000
Actual	2009	2.904	2.904	72.609	4.0%	0.000	0.000
Actual	2010	2.807	2.807	70.185	4.0%	0.000	0.000
Actual	2011	3.149	3.149	78.730	4.0%	0.000	0.000
Actual	2012	3.420	3.420	85.494	4.0%	0.000	0.000
Forecast	2013	3.563	3.563	89.062	4.0%	0.000	0.000
Forecast	2014	3.679	3.679	91.951	4.0%	0.000	0.000
Forecast	2015	3.788	3.788	94.684	4.0%	0.000	0.000

Total Tax = Taxable Sales × Tax Rate - Credits + Audits

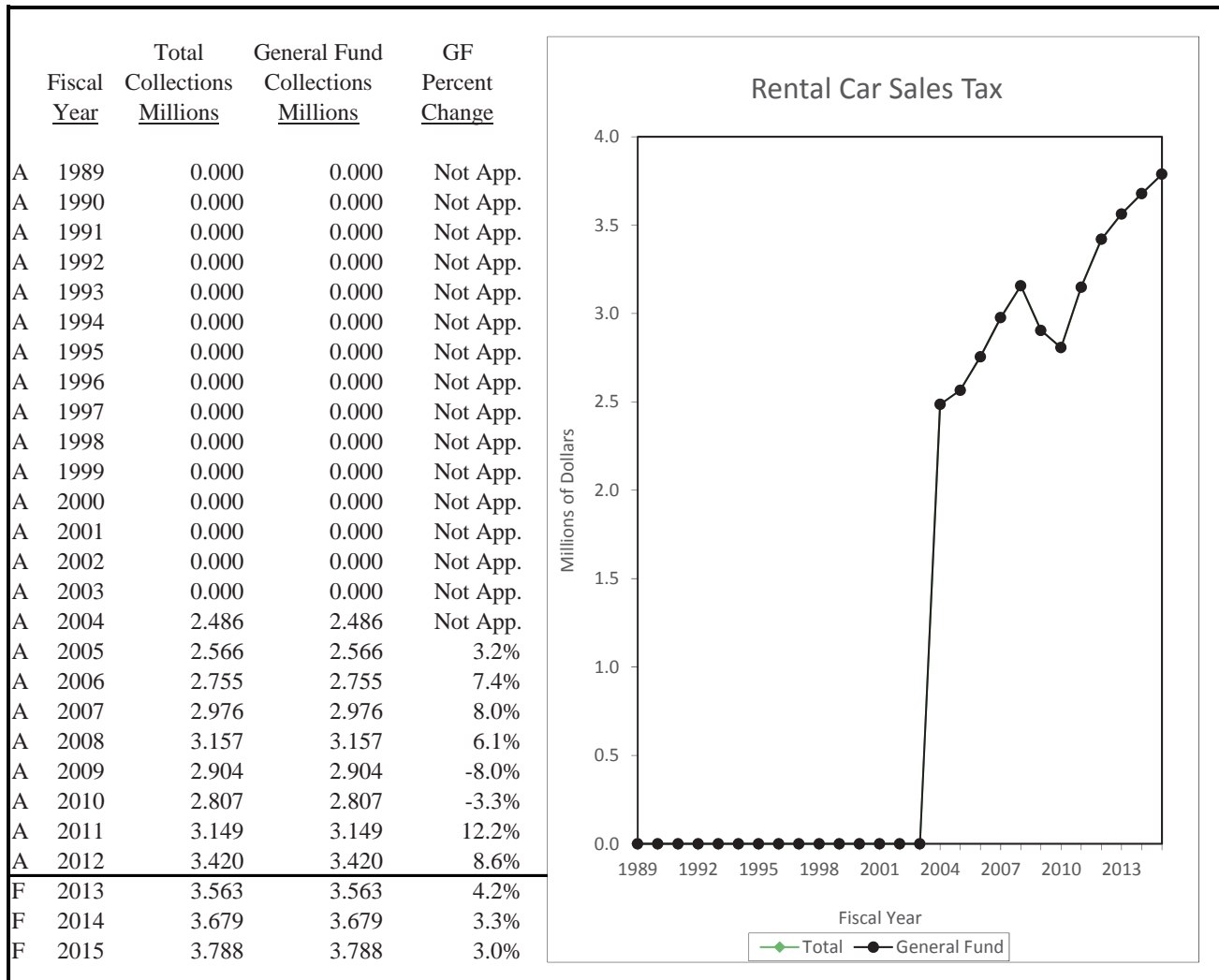
GF Tax = Total Tax

Legislative Fiscal Division

Revenue Estimate Profile

Rental Car Sales Tax

Revenue Projection:



Data Source(s): SABHRS, Department of Revenue

Contacts: Rental Car Companies

Legislative Fiscal Division

Revenue Estimate Profile

Telecommunications Excise Tax

Revenue Description: The retail telecommunications excise tax is levied on the sales price of retail telecommunications services originating or terminating in the state. It is paid by the retail purchaser and collected by the provider.

Statutory Reference:

Tax Rate (MCA) – 15-53-130

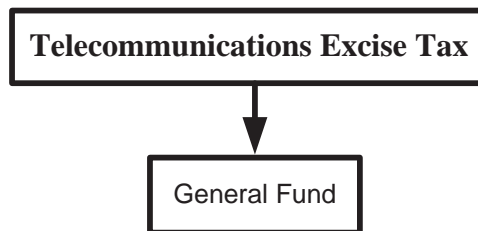
Tax Distribution (MCA) – 15-53-156

Date Due – 60 days after the end of the calendar quarter (15-53-139)

Applicable Tax Rate(s): The current tax rate of 3.75% is applied to the sales price of retail telecommunications services. Sales price includes payment for services such as distribution, supply, transmission, and delivery, but excludes federal taxes, relocation of service, equipment repair, prepaid calling cards, and other items. Gross receipts from the provision of internet services are also exempt. Credits previously allowed for costs of advanced telecommunications infrastructure improvements were repealed in House Bill 96 by the 2003 legislature.

Distribution: After retaining an allowance for refunds, all proceeds are deposited into the general fund.

Distribution Chart:



Collection Frequency: Quarterly

% of Total General Fund Revenue:

FY 2004 – 1.51%	FY 2007 – 1.14%	FY 2010 – 1.45%
FY 2005 – 1.38%	FY 2008 – 1.15%	FY 2011 – 1.24%
FY 2006 – 1.24%	FY 2009 – 1.23%	FY 2012 – 1.15%

Revenue Estimate Methodology:

Data

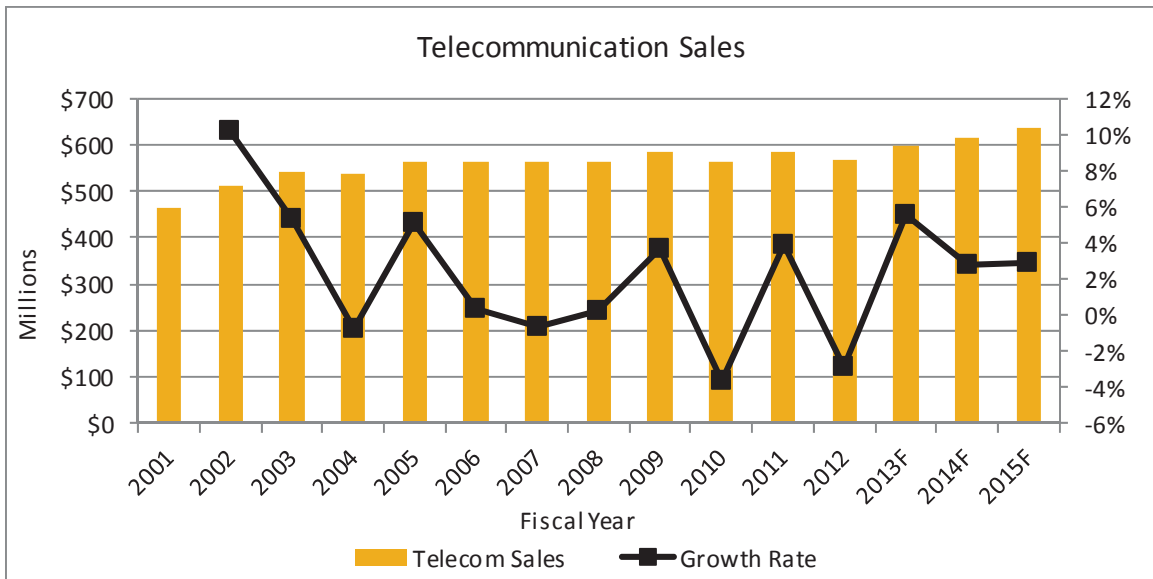
Data from quarterly reports produced by DOR provide a history of retail telecommunications sales for each individual company. CPI data is obtained from IHS.

Analysis

The total retail telecommunication sales are reported by the DOR. The estimate for gross sales for each fiscal year is determined by an eight-year moving average of actual and estimated gross sales beginning in FY 2003. Yearly estimated taxable sales are multiplied by the tax rate to derive gross tax revenue from this source.

Legislative Fiscal Division

Revenue Estimate Profile Telecommunications Excise Tax



Adjustments and Distribution

Once gross tax revenue for each fiscal year is determined, the value is adjusted by audits. Audits are projected based on a ten-year moving average of actual audits beginning in FY 2001. Next, the applicable distribution percentage, 100% to the general fund, is applied.

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

Telecommunications Excise Tax

Revenue Estimate Assumptions:

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Taxable</u>	<u>Tax</u>	<u>Credits</u>	<u>Audits</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Sales</u>	<u>Rate</u>	<u>Millions</u>	<u>Millions</u>
				<u>Millions</u>	<u>Percent</u>		
Actual	2002	19.594	19.594	512.754	3.75%	0.252	0.617
Actual	2003	20.805	20.805	540.397	3.75%	0.004	0.544
Actual	2004	20.890	20.890	536.139	3.75%	0.053	0.838
Actual	2005	21.144	21.144	563.780	3.75%	0.000	0.003
Actual	2006	21.209	21.209	565.572	3.75%	0.000	0.000
Actual	2007	21.066	21.066	561.756	3.75%	0.000	0.000
Actual	2008	22.350	22.350	563.408	3.75%	0.000	1.223
Actual	2009	22.250	22.250	584.146	3.75%	0.000	0.345
Actual	2010	23.523	23.523	563.234	3.75%	0.000	2.402
Actual	2011	22.050	22.050	585.333	3.75%	0.000	0.100
Actual	2012	21.459	21.459	568.306	3.75%	0.000	0.148
Forecast	2013	22.601	22.601	600.021	3.75%	0.000	0.100
Forecast	2014	23.238	23.238	617.004	3.75%	0.000	0.100
Forecast	2015	23.902	23.902	634.710	3.75%	0.000	0.100

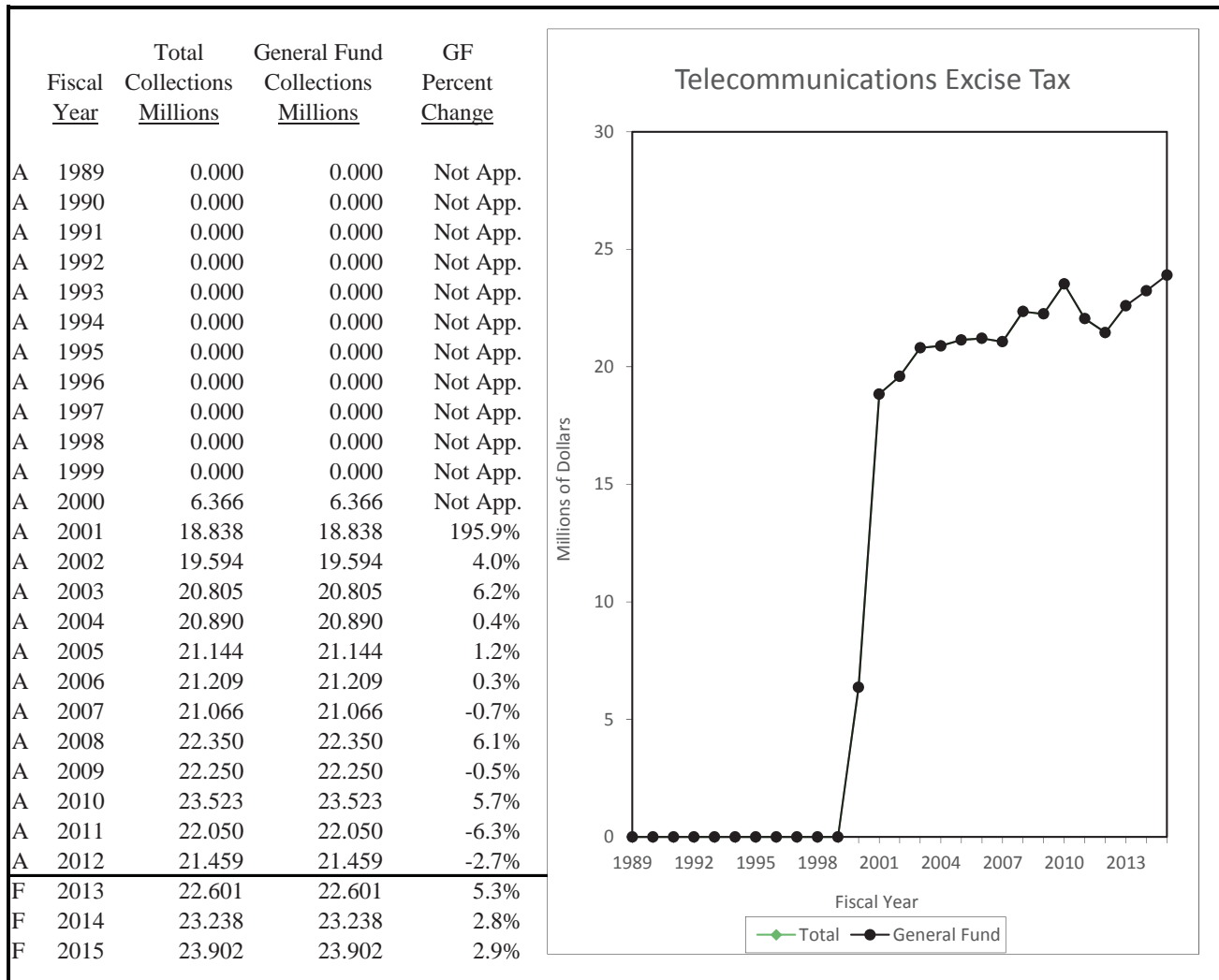
Total Tax = Taxable Sales × Tax Rate - Credits + Audits
 GF Tax = Total Tax

Legislative Fiscal Division

Revenue Estimate Profile

Telecommunications Excise Tax

Revenue Projection:



Data Source(s): SABHRS, Department of Revenue

Contacts: Major Telecommunications Companies

Legislative Fiscal Division

Revenue Estimate Profile

Vehicle Tax

Revenue Description: Light vehicles, motorcycles and quadricycles, snowmobiles, buses, trucks, truck tractors having a manufacturer's rated capacity of more than 1 ton, motor homes, and certain trailers and travel trailers are taxed under a fee schedule that varies by age and weight.

Before January 1, 2001, light vehicles were taxed on an ad valorem basis. As a result of Referendum (LR) 115 (HB540), passed by the electorate in November 2000, light vehicles pay a fee-in-lieu of tax (FILT). The fee is \$195 for light vehicles of age between zero and four years, \$65 for vehicles between five and ten years of age, and \$6 for vehicles over ten years old. Owners of vehicles greater than ten years old may pay \$87.50 (plus other applicable fees) for a permanent registration.

Effective January 1, 2003, the fee schedule on heavy trucks is reduced by 1/6th for calendar 2003, by 1/3rd for calendar 2004 and by 1/2 for calendar 2005. These changes were enacted by HB 247 in the 2003 legislative session. The fee schedule for truck varies by age and weight capacity.

Effective January 1, 2004, the fees-in-lieu-of-tax on motorcycles and quadricycles, trailers and travel trailers, snowmobiles, watercraft, off-highway vehicles are one-time payments, except upon change of ownership. These one-time fees in calendar 2004 doubled in calendar 2005 and thereafter.

Due to changes enacted by HB 671 and SB 285 by the 2005 Legislature, registration fee revenue reported by counties on the county collection report are now being recorded as vehicle taxes. Therefore, revenue shown for this source shows a large increase in FY 2006 from FY 2005, but revenue decreases by a like amount in the "Motor Vehicle Fee" revenue source.

Statutory Reference:

Tax Rate (MCA) – watercraft one-time (23-2-516), snowmobiles one-time (23-2-626), OHV one-time (23-2-803), vehicle registrations (61-3-321), vehicles greater than 1 ton (61-3-529)

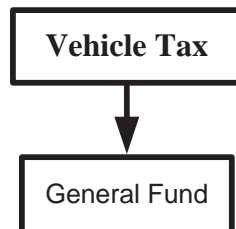
Tax Distribution (MCA) – watercraft (23-2-518), snowmobiles (23-2-619(7)), OHV (23-2-803), vehicle registrations (61-3-321(16)), motorcycles and quadricycles registrations (61-3-509), motor homes registrations (61-3-509), vehicles greater than 1 ton registrations (61-3-509)

Date Due – County treasurers remit the revenue to the Department of Revenue every 30 days (15-1-504 & 61-3-509).

Applicable Tax Rate(s): Varies

Distribution: All fees-in-lieu-of-tax are deposited in the general fund.

Distribution Chart:



Collection Frequency: Monthly

% of Total General Fund Revenue:

FY 2004 – 6.05%	FY 2007 – 5.51%	FY 2010 – 5.50%
FY 2005 – 5.23%	FY 2008 – 5.26%	FY 2011 – 5.64%
FY 2006 – 5.39%	FY 2009 – 4.94%	FY 2012 – 5.34%

Legislative Fiscal Division

Revenue Estimate Profile

Vehicle Tax

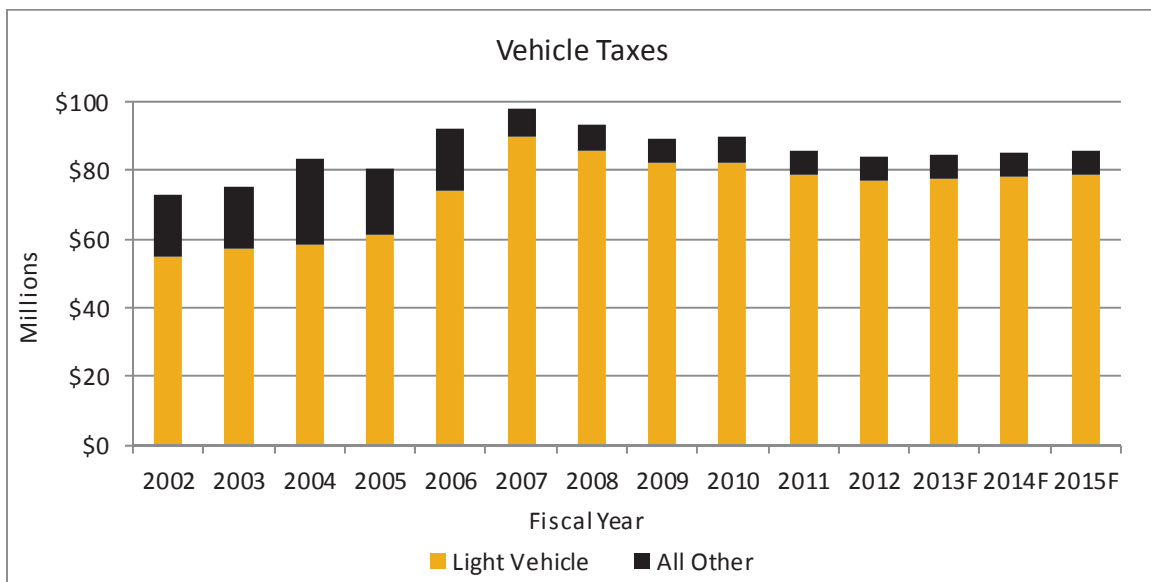
Revenue Estimate Methodology:

Data

The data used to estimate the motor vehicle tax are obtained from the state accounting system (SABHRS) and IHS (both national and state projections). No adjustments are required on the raw data in preparation for analysis.

Analysis

Vehicle taxes are currently imposed at different rates on five categories of vehicles (tax schedule varies by age and weight) including light vehicles, large trucks, motor homes, motor cycles (including tri-cycles), and boats and snowmobiles. As shown in the figure below, the taxes have increased at a slow rate since FY 2002. The figure below also shows greater rate of growth for light vehicle taxes in FY 2006 and FY 2007. This growth results from the legislative impacts of SB 285 and HB 671, both implemented in the 2005 session. In FY 2012 vehicle taxes began to show a decline, but recovers in FY 2013.



With constant tax rates, the future change in vehicle tax revenue results from change in the vehicle stock in Montana. Because tax payments are directly connected to the number of vehicles in the state, estimates for the revenues are made by applying estimated growth rates to the previous year revenue. Growth rates for the stock of Montana vehicles are derived by first obtaining IHS estimates for the national vehicle stock and new car sales nationwide and for Montana. A ratio is then developed to project the stock of Montana vehicles. An average of the Montana stock in the current and previous years is used in this estimate from which growth between two years is calculated. The growth rate is applied to the base year (FY 2010) revenues of each tax category and projected forward at the same rate for all forecast fiscal years. The estimated tax collections of each category are then combined to create the total estimates for vehicle tax revenue.

Adjustments

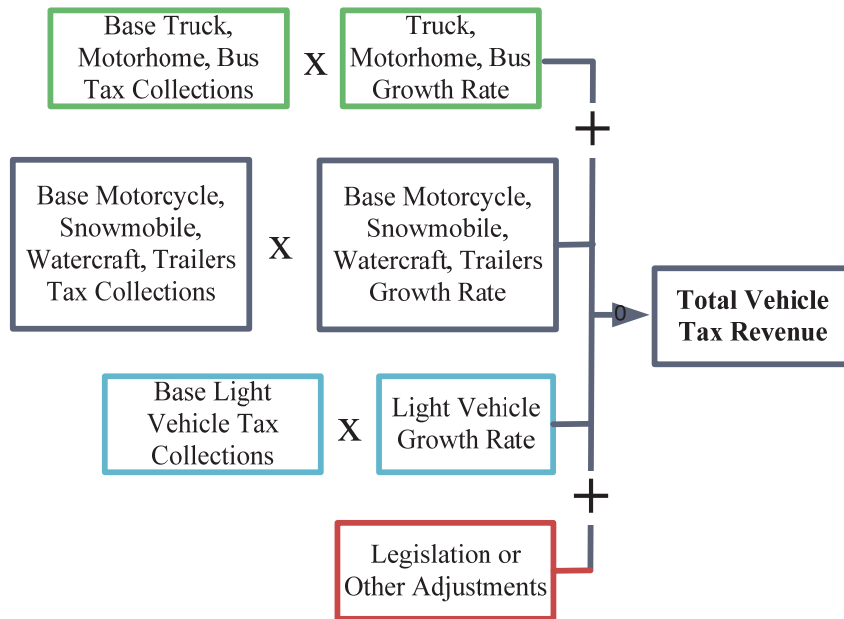
In past years, adjustments to vehicle taxes have been required as a result of legislative actions. For these estimates, no adjustments are required.

Legislative Fiscal Division

Revenue Estimate Profile

Vehicle Tax

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

Vehicle Tax

Revenue Estimate Assumptions:

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Non-GF Tax</u>	<u>Legislation</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2002	73.092	73.127	-0.036	0.000
Actual	2003	75.186	75.185	0.001	0.000
Actual	2004	83.607	83.607	0.000	0.000
Actual	2005	80.132	80.132	0.000	0.000
Actual	2006	92.097	92.097	0.000	0.000
Actual	2007	98.070	98.070	0.000	0.000
Actual	2008	93.493	93.493	0.000	0.000
Actual	2009	89.335	89.335	0.000	0.000
Actual	2010	89.485	89.485	0.000	0.000
Actual	2011	85.762	85.762	0.000	0.000
Actual	2012	83.871	83.871	0.000	0.000
Forecast	2013	84.497	84.497	0.000	0.000
Forecast	2014	85.078	85.078	0.000	0.000
Forecast	2015	85.668	85.668	0.000	0.000

	<u>t</u>	<u>Large</u>	<u>Motor</u>	<u>Light</u>	<u>Boats/</u>	<u>MCO</u>	<u>District</u>
	<u>Fiscal</u>	<u>Truck</u>	<u>Home</u>	<u>Vehicle</u>	<u>Snow</u>	<u>Registration</u>	<u>Courts</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2002	5.384	3.607	54.602	2.076	7.459	-0.036
Actual	2003	5.117	3.342	56.961	2.196	7.569	0.000
Actual	2004	8.562	4.485	58.457	3.980	8.122	0.000
Actual	2005	4.433	3.835	60.940	2.369	8.555	0.000
Actual	2006	5.577	5.236	73.980	2.325	4.980	0.000
Actual	2007	3.024	4.000	89.575	1.470	0.001	0.000
Actual	2008	2.779	3.743	85.624	1.347	0.000	0.000
Actual	2009	2.668	3.216	82.259	1.191	0.000	0.000
Actual	2010	2.584	3.489	82.212	1.199	0.000	0.000
Actual	2011	2.726	3.460	78.443	1.133	0.000	0.000
Actual	2012	2.745	3.035	76.880	1.211	0.000	0.000
Forecast	2013	2.765	3.058	77.454	1.220	0.000	0.000
Forecast	2014	2.784	3.079	77.986	1.228	0.000	0.000
Forecast	2015	2.804	3.100	78.527	1.237	0.000	0.000

Legislative Fiscal Division

Revenue Estimate Profile

Vehicle Tax

	<u>Fiscal</u>	<u>Large Truck Growth</u>	<u>Motor Home Growth</u>	<u>Light Vehicle Growth</u>	<u>Boats/ Snow Growth</u>	<u>MCO Registration Growth</u>
Actual	2002					
Actual	2003	-5.0%	-7.3%	4.3%	5.8%	1.5%
Actual	2004	67.3%	34.2%	2.6%	81.2%	7.3%
Actual	2005	-48.2%	-14.5%	4.2%	-40.5%	5.3%
Actual	2006	25.8%	36.5%	21.4%	-1.8%	-41.8%
Actual	2007	-45.8%	-23.6%	21.1%	-36.8%	-100.0%
Actual	2008	-8.1%	-6.4%	-4.4%	-8.4%	-100.0%
Actual	2009	-4.0%	-14.1%	-3.9%	-11.6%	
Actual	2010	-3.1%	8.5%	-0.1%	0.7%	
Actual	2011	5.5%	-0.8%	-4.6%	-5.5%	
Actual	2012	0.7%	-12.3%	-2.0%	6.9%	
Forecast	2013	0.7%	0.7%	0.7%	0.7%	
Forecast	2014	0.7%	0.7%	0.7%	0.7%	
Forecast	2015	0.7%	0.7%	0.7%	0.7%	

Total Tax = Large Trucks + Motor Home + Light Vehicle + Boats/Snow + MCO Registration

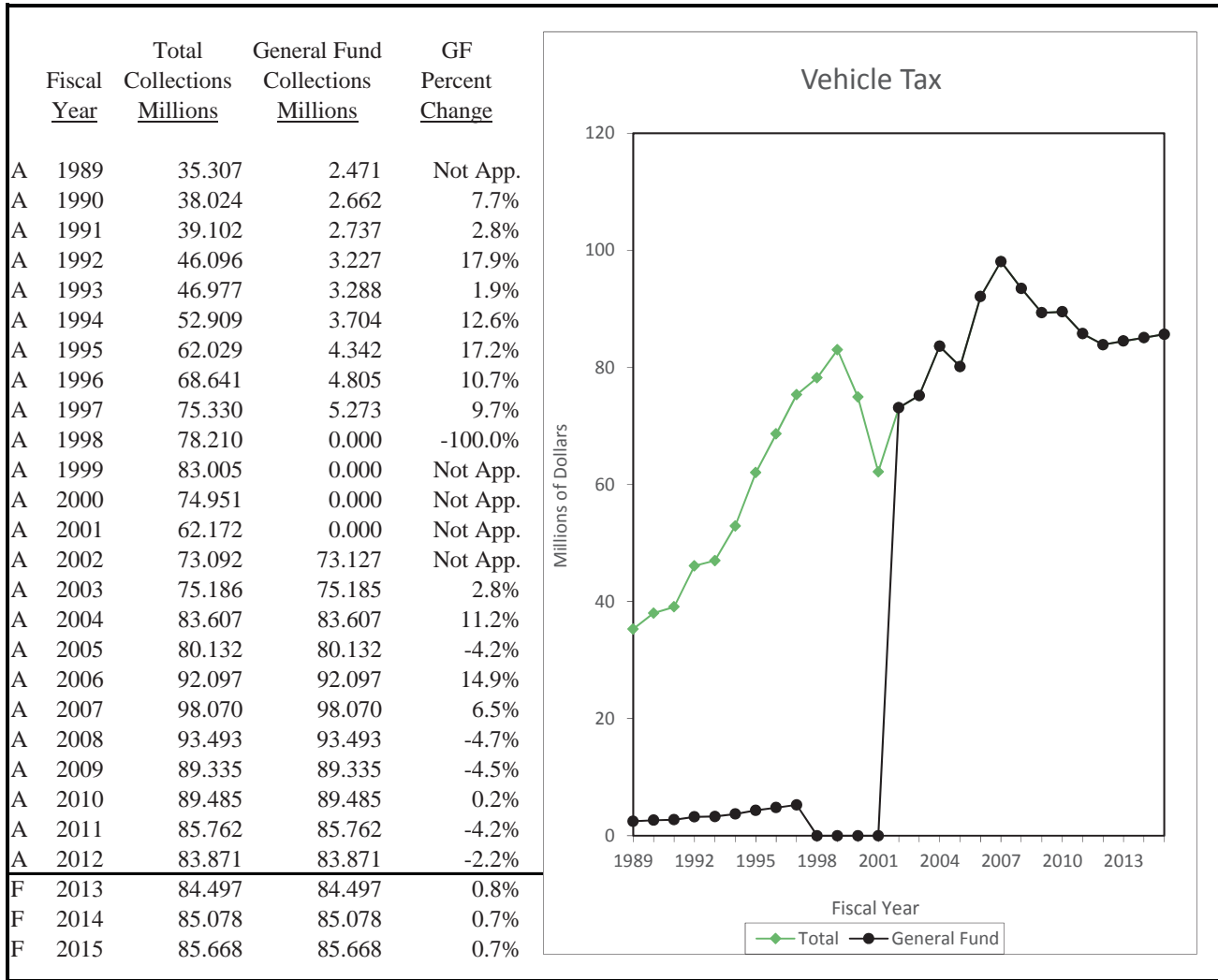
GF Tax = Total Tax

Legislative Fiscal Division

Revenue Estimate Profile

Vehicle Tax

Revenue Projection:



Data Source(s): Department of Justice, SABHRS

Contacts: Department of Justice