

Other General Fund Revenue

All Other Revenue
Highway Patrol Fines
Nursing Facilities Fee
Public Institution Reimbursements
Tobacco Settlement



LFD 
MONTANA LEGISLATIVE FISCAL DIVISION
www.leg.mt.gov/css/fiscal

Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

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

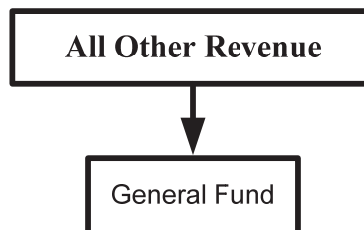
“All Other Revenue” sources are estimated in aggregate except for the following: court automation surcharge (enacted by the 2005 Legislature in House Bill 536), investment license transfers, liquor license fee transfers, civil fines, lodging facility use tax, deposits by state agencies for SWCAP/ SFCAP, district court fees, BOI reimbursement of State Street Banking fees, transfers of excess coal tax revenue in the shared account (beginning FY 2013), bentonite tax enacted in SB 276 by the 2005 Legislature, excess balances in the captive insurance and the procurement accounts, and transfer of the excess over \$2.0 million from the veterans’ cigarette tax account administered by DPHHS. In the past, general fund wildfire costs incurred on federal jurisdiction fires and reimbursed by the federal government had been included in this revenue source, but beginning in FY 2003 they are deposited to the federal special revenue fund. Due to a settlement with Federal Express, a one-time amount of \$1.457 million was added to FY 2011.

Statutory Reference: Various

Applicable Tax Rate(s): Various

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

Distribution Chart:



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

% of Total General Fund Revenue:

FY 2004 – 2.19%	FY 2007 – 1.04%	FY 2010 – 2.17%
FY 2005 – 2.27%	FY 2008 – 1.96%	FY 2011 – 2.83%
FY 2006 – 1.87%	FY 2009 – 1.77%	FY 2012 – 2.53%

Revenue Estimate Methodology:

There are numerous smaller sources of revenue deposited to the general fund that are treated as a single source termed “All Other”. Fifteen of these revenue sources are estimated individually with the remainder estimated as a group.

Data

Numerous data sources are consulted for each of the applicable 13 revenue sources that are estimated individually.

Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

Analysis

1. Largest Revenue Sources
 - a. The remainder of “All Other” revenue, after the 13 revenue sources have been estimated individually, is estimated by increasing the amount received in FY 2010 and each subsequent forecast year by 1%.
 - b. Abandoned Property – The amount collected in FY 2010 (less an unusual \$8.5 million one-time payment) is used for the estimates for FY 2011-FY 2013.
 - c. District Court Fees – The previous year’s amount is increased by the growth rate between the prior two years.
 - d. Investment License Fee Transfer – The transfer amount is the net between non-general fund investment fee revenue collected by the State Auditor and its expenses. These amounts are determined in the “Investment License Fee” revenue source.

2. Large Revenue Sources
 - a. Statewide Cost Allocation Plan – Amounts budgeted for agencies in HB 2 for the SWCAP are used for the forecast amounts from this source.
 - b. Court Surcharge – The previous year’s amount is increased by the growth rate between the prior two years.
 - c. Veteran’s Cigarette Account Transfer – Money in the account at the end of a fiscal year in excess of \$2.0 million is transferred to the general fund. To estimate the excess amounts, distributions of cigarette tax revenue to the account (as determined in the “Cigarette Tax” revenue source) is reduced by budgeted present law amounts from the account for each fiscal year obtained from MBARS. Included are expenditure estimates from long range building appropriations. The \$2.0 million limit is then subtracted from the net revenue.

3. Smaller Revenue Sources
 - a. Banking Charges – The rate the Board of Investments charges funds for its services is determined by a contract with a financial institution. Board personnel state that the current contract is \$1,550,000, but may be more if additional accounts are established. The current contract amount for FY 2010 was used for all forecast years.
 - b. Montana University System Refunding – Payments are determined by a loan repayment schedule calculated by the Department of Administration. The loan was paid off in FY 2011.
 - c. Civil Fines – The amount collected in FY 2010 is carried forward for FY 2011-FY2013.
 - d. Liquor License Fee Transfer – Money collected from liquor license fees, net of operating costs of the Department of Revenue and Department of Justice, is transferred to the general fund. License fee revenue and operating costs (obtained from MBARS budgets) are estimated and shown in the “Liquor Profits” revenue source.

4. Smallest Revenue Sources
 - a. Coal Shared Account (beginning FY 2013), Captive Insurance Account, and Procurement Account Transfers – Any excess fund balance in the accounts are transferred to the general fund. To estimate the excess amounts, distributions of coal severance tax revenue to the account (as determined in the “Coal Severance Tax” revenue source) and revenues estimated by the Governor’s budget office are reduced by budgeted present law amounts for each fiscal year from the account obtained from MBARS.
 - b. Bentonite Tax – The amount collected in FY 2010 is carried forward for FY 2011-FY2013.
 - c. State Employees Lodging Facility Use Tax – Revenue from this tax paid by state employees is returned to the funds from which they were paid, including the general fund. The general fund estimate is calculated by multiplying the estimate for non-general fund (estimated in the “Lodging Taxes” revenue source) by the ratio of the previous lodging facility use tax general fund portion to the total non-general fund portion.

Legislative Fiscal Division

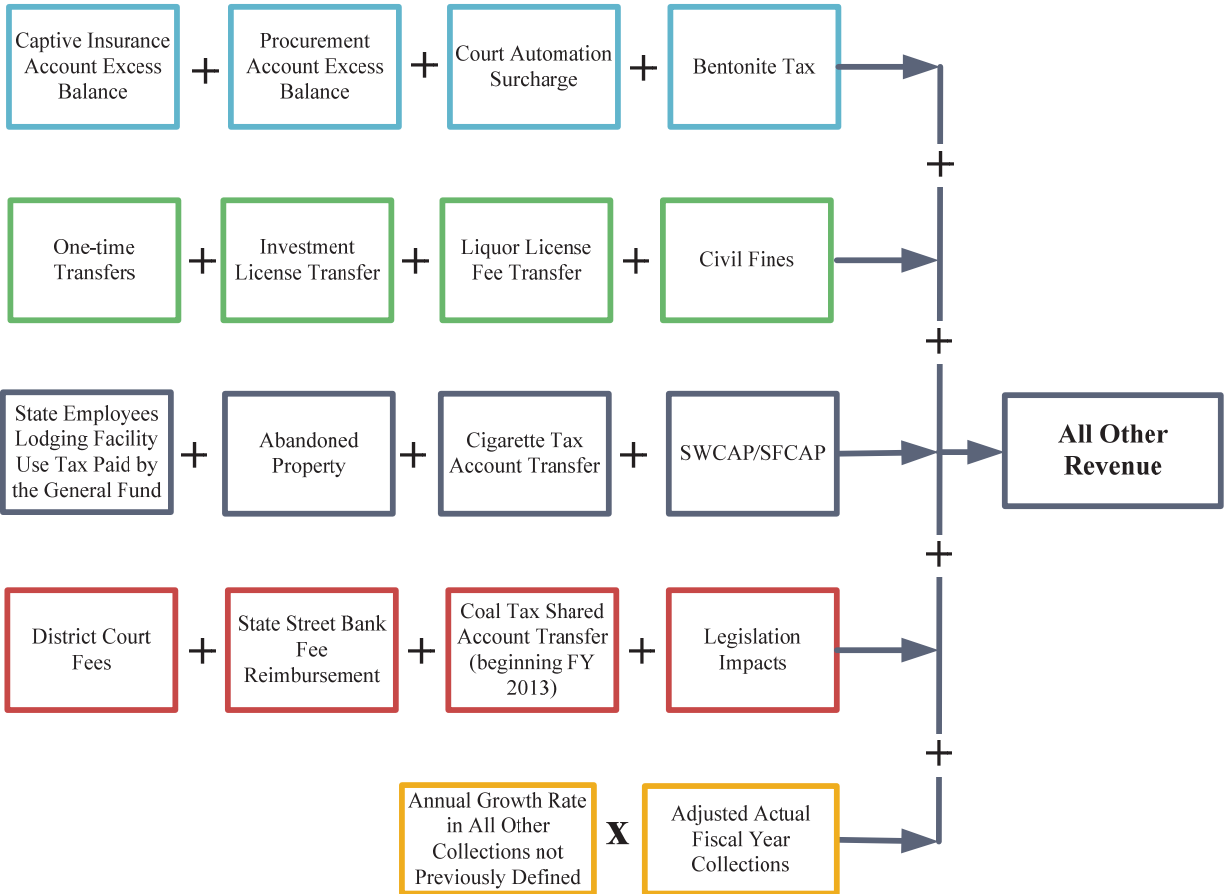
Revenue Estimate Profile

All Other Revenue

Adjustments and Distribution

Once total revenue for each fiscal year is determined 100% of the revenue is distributed to the general fund.

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

Revenue Estimate Assumptions:

	t	Total Tax	GF Tax	Base	Annual	Adjustments	Vet. Account	One-Time
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Growth</u>	<u>Millions</u>	<u>Transfer</u>	<u>Transfer</u>
							<u>Millions</u>	<u>Millions</u>
Actual	2002	43.216	43.216	6.401	-30.9%	1.162		
Actual	2003	42.440	42.440	7.120	11.2%	21.282		
Actual	2004	30.242	30.242	6.201	-12.9%	8.190	1.055	
Actual	2005	34.724	34.724	6.434	3.8%	0.000	2.893	4.767
Actual	2006	31.867	31.867	7.114	10.6%	0.000	2.653	0.781
Actual	2007	19.091	19.091	7.520	5.7%	0.000	-4.116	0.000
Actual	2008	38.434	38.434	7.494	-0.3%	0.000	2.636	7.821
Actual	2009	31.922	31.922	7.446	-0.6%	0.000	2.650	3.350
Actual	2010	35.360	35.360	5.634	-24.3%	0.000	1.590	8.509
Actual	2011	50.393	50.393	9.274	64.6%	1.315	3.905	15.973
Actual	2012	47.258	47.258	8.799	-5.1%	0.000	3.676	15.052
Forecast	2013	32.536	32.536	8.975	2.0%	0.000	2.453	0.000
Forecast	2014	32.373	32.373	9.154	2.0%	0.000	3.212	0.000
Forecast	2015	32.644	32.644	9.337	2.0%	0.000	3.029	0.000

	t	Investment	Land Grant	Civil Fines	GVW Fees	Accom. Tax	MSU&EMC	SABHRS
	<u>Fiscal</u>	<u>Transfer</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Debt</u>	<u>Debt</u>
							<u>Millions</u>	<u>Millions</u>
Actual	2002	2.179	0.000	0.749	1.045	0.039	0.840	2.469
Actual	2003	2.036	0.000	0.481	1.071	0.033	0.838	2.051
Actual	2004	2.113	0.000	0.856	1.067	0.040	0.838	0.000
Actual	2005	2.110	0.000	0.443	1.100	0.049	0.833	0.000
Actual	2006	2.234	0.000	1.238	1.304	0.061	0.832	0.000
Actual	2007	2.977	0.000	0.873	0.079	0.071	0.252	0.000
Actual	2008	3.309	0.000	0.762	-0.035	0.080	0.694	0.000
Actual	2009	2.636	0.000	1.406	0.001	0.070	0.697	0.000
Actual	2010	2.969	0.000	1.695	0.019	0.043	0.466	0.000
Actual	2011	3.278	0.000	0.982	0.000	0.045	0.000	0.000
Actual	2012	4.970	0.000	0.864	0.000	0.061	0.000	0.000
Forecast	2013	5.146	0.000	0.864	0.000	0.000	0.000	0.000
Forecast	2014	5.201	0.000	0.864	0.000	0.000	0.000	0.000
Forecast	2015	5.460	0.000	0.864	0.000	0.000	0.000	0.000

Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

t <u>Fiscal</u>	FEMA <u>Millions</u>	Coal Transfer <u>Millions</u>	SFCAP SWCAP <u>Millions</u>	Liquor License Transfer <u>Millions</u>	District Court <u>Millions</u>	Bank Charges <u>Millions</u>
Actual 2002	23.246	0.623	1.024	1.036	0.000	0.778
Actual 2003	0.000	0.000	1.179	0.558	2.665	0.771
Actual 2004	0.146	0.000	2.215	0.734	2.839	0.766
Actual 2005	5.540	0.684	2.514	0.431	3.009	0.737
Actual 2006	3.535	0.550	1.844	0.306	3.108	0.903
Actual 2007	0.302	0.536	1.723	0.436	3.135	0.867
Actual 2008	0.088	0.000	2.399	1.407	3.349	1.334
Actual 2009	0.291	0.608	1.715	0.399	3.450	1.556
Actual 2010	0.028	0.000	3.938	0.323	3.481	1.554
Actual 2011	0.000	0.000	3.931	0.363	3.596	1.538
Actual 2012	0.000	0.000	3.974	0.059	3.434	1.595
Forecast 2013	0.000	0.366	4.368	0.160	3.434	2.141
Forecast 2014	0.000	0.244	3.001	0.304	3.434	2.236
Forecast 2015	0.000	0.000	3.152	0.289	3.434	2.346

t <u>Fiscal</u>	Abandoned Property <u>Millions</u>	Court Surcharge <u>Millions</u>	Bentonite <u>Millions</u>	Captive Account <u>Millions</u>	Procurement Account <u>Millions</u>
Actual 2002					
Actual 2003					
Actual 2004					
Actual 2005					
Actual 2006	3.310	1.589	0.504		
Actual 2007	2.359	1.660	0.417		
Actual 2008	4.253	1.616	0.564	0.023	
Actual 2009	2.470	1.686	0.483	0.000	0.451
Actual 2010	2.778	1.692	0.244	0.026	0.371
Actual 2011	3.756	1.663	0.376	0.021	0.376
Actual 2012	2.234	1.585	0.456	0.051	0.450
Forecast 2013	2.234	1.585	0.456	0.020	0.334
Forecast 2014	2.234	1.585	0.456	0.000	0.448
Forecast 2015	2.234	1.585	0.456	0.000	0.458

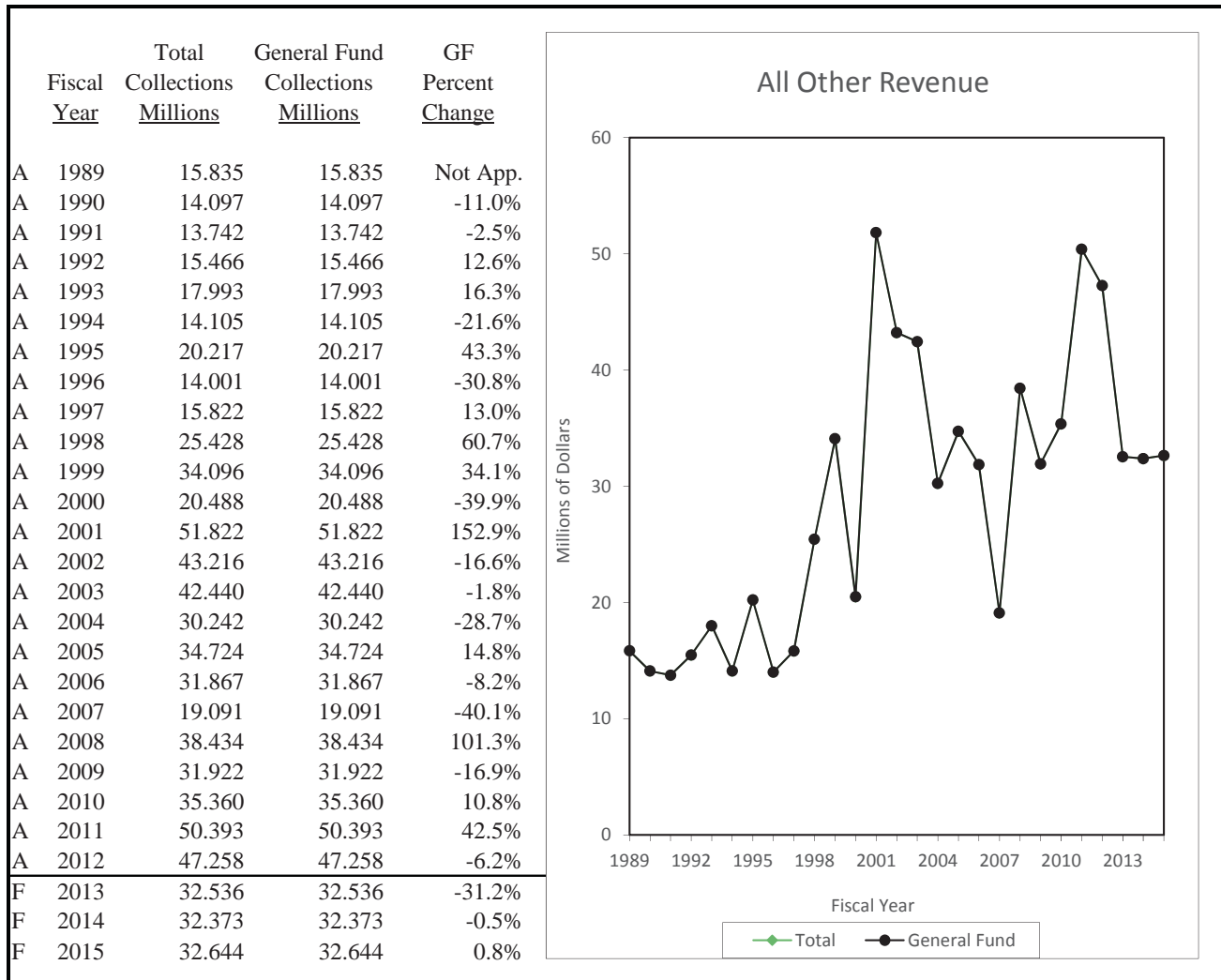
Total Rev. = Base × (1+ Annual Growth) + Vet. Account Transfer + Investment Transfer + Civil Fines +
 GVW Fees + Accom. Tax + MSU/EMC Debt + Coal Transfer + SFCAP/SWCAP +
 Liquor License Transfer + District Court + Bank Charges + Court Automation +
 Abandoned Property + Bentonite + Captive Account + Procurement Account
 Total Rev. = GF Rev.

Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

Revenue Projection:



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

Contacts: Multiple state agencies:

Legislative Fiscal Division

Revenue Estimate Profile

Highway Patrol Fines

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

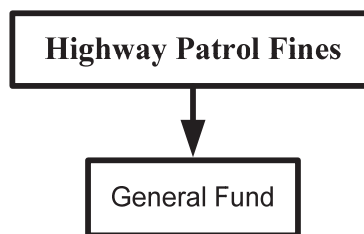
Statutory Reference:

Tax Rate (MCA) – general fines (61-3-601, 61-5-307, 61-7-118, 61-8-711, 61-9-511), multiple others
Tax Distribution (MCA) – 3-10-601 (fines collected in justice court are included in “All Other General Fund”), 61-10-148 (violations of vehicle size, weight & load), 61-12-701 (fines by Highway Patrol)
Date Due – upon conviction

Applicable Tax Rate(s): Fines for citations are variable.

Distribution: All of Highway Patrol fines and forfeitures on all offenses that result from citations issued by the Highway Patrol, except those paid to a justices’ court, and received by the state are deposited in the general fund.

Distribution Chart:



Collection Frequency: Monthly

% of Total General Fund Revenue:

FY 2004 – 0.30%	FY 2007 – 0.23%	FY 2010 – 0.29%
FY 2005 – 0.28%	FY 2008 – 0.21%	FY 2011 – 0.24%
FY 2006 – 0.25%	FY 2009 – 0.23%	FY 2012 – 0.23%

Revenue Estimate Methodology:

The estimate for the highway patrol fine revenue is derived by estimating a growth rate for each of the fiscal years for the 3-year period in question.

Data

Data from the statewide accounting system (SABHRS) provide a history of highway patrol fine revenue.

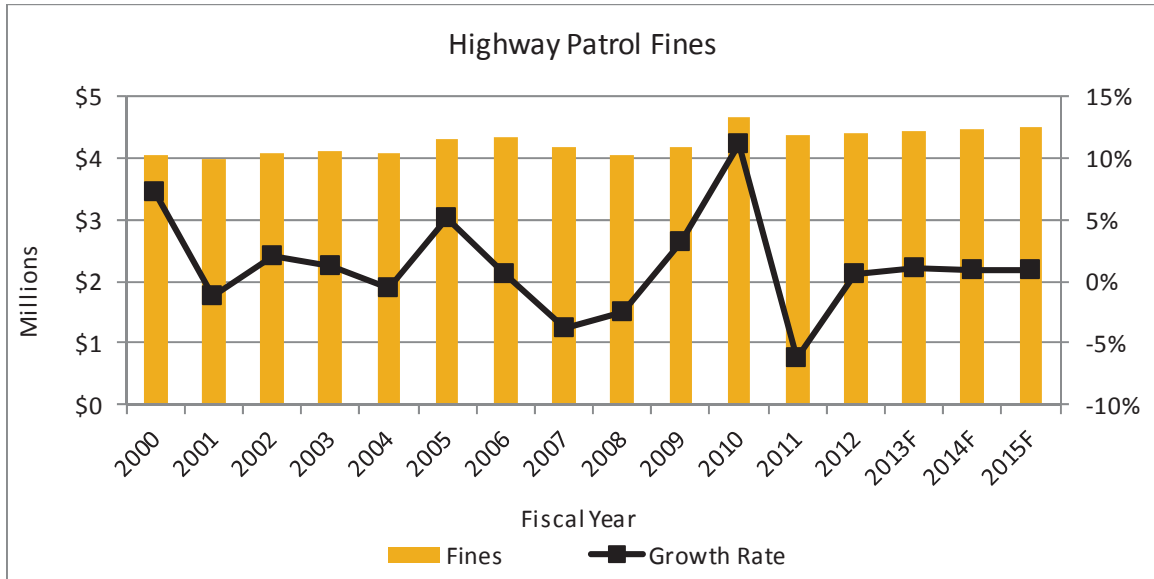
Legislative Fiscal Division

Revenue Estimate Profile

Highway Patrol Fines

Analysis

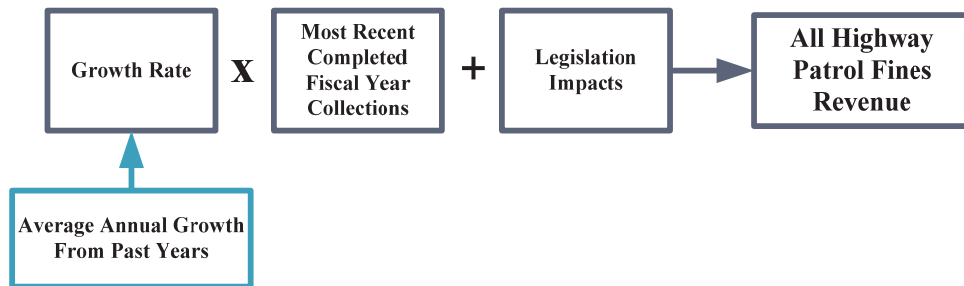
The estimate for highway patrol fines is derived by multiplying the revenue amount from the last known fiscal year by the average annual growth between FY 2000 and FY 2009. All subsequent years are held constant at this amount. Legislation impacts, if any, are added.



Adjustments and Distribution

Once total tax revenue for each fiscal year is determined, the applicable distribution percentage, 100% to the general fund, is applied.

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

Highway Patrol Fines

Revenue Estimate Assumptions:

	t	Total Tax	GF Tax	MT. Pop.	Per Capita
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>>=16</u>	<u>Fines</u>
				<u>Millions</u>	
Actual	2002	4.062	4.062	0.718	5.658
Actual	2003	4.110	4.110	0.727	5.652
Actual	2004	4.084	4.084	0.738	5.537
Actual	2005	4.293	4.293	0.749	5.732
Actual	2006	4.316	4.316	0.760	5.676
Actual	2007	4.155	4.155	0.771	5.387
Actual	2008	4.049	4.049	0.780	5.188
Actual	2009	4.180	4.180	0.788	5.306
Actual	2010	4.646	4.646	0.794	5.855
Actual	2011	4.359	4.359	0.799	5.457
Actual	2012	4.385	4.385	0.806	5.442
Forecast	2013	4.430	4.430	0.813	5.449
Forecast	2014	4.469	4.469	0.820	5.449
Forecast	2015	4.508	4.508	0.827	5.449

Total Tax = Mt. Pop. >=16 * Per Capita Fine

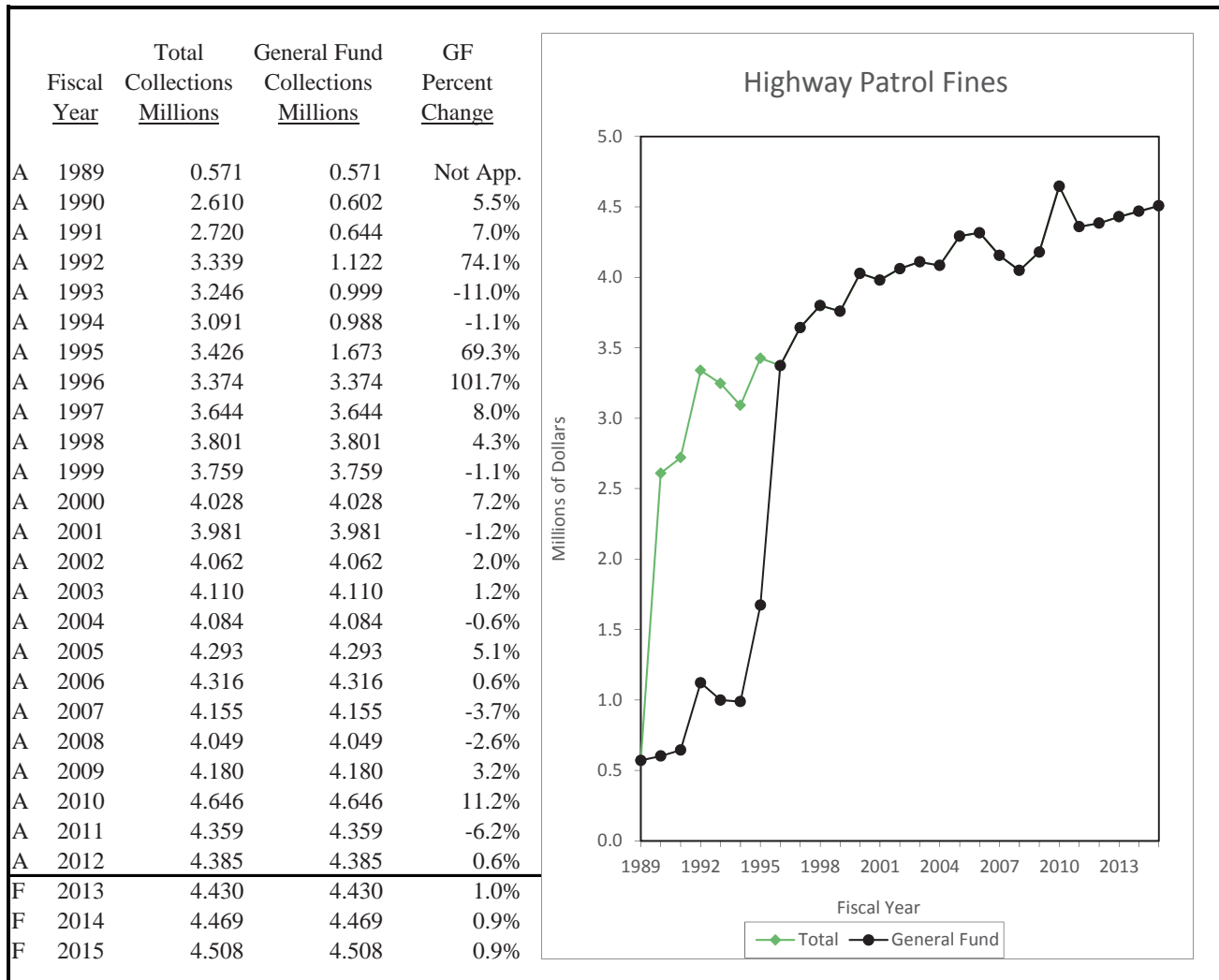
GF Tax = Total Tax

Legislative Fiscal Division

Revenue Estimate Profile

Highway Patrol Fines

Revenue Projection:



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

Contacts: Department of Justice, Highway Patrol

Legislative Fiscal Division

Revenue Estimate Profile

Nursing Facilities Fee

Revenue Description: This source consists of two similar utilization fees on nursing homes: 1) nursing facility utilization fee and 2) intermediate care facility utilization fee.

With the enactment of House Bill 749 by the 2005 Legislature, qualified nursing facilities are required to pay a nursing facility utilization fee of \$8.30 for each bed day in the facility. Nursing facilities are health care facilities licensed by the Department of Public Health and Human Services and include those operated for profit or non-profit, freestanding or part of another health facility, and publicly or privately owned. Specifically included by statute is the Montana Mental Health Nursing Care Center. According to federal definitions, nursing facilities do not include adult foster homes, retirement homes, and other alternative living arrangements. Bed days are defined as a 24-hour period in which a resident of a nursing facility is present in the facility or in which a bed is held for a resident while on temporary leave.

An intermediate care facility utilization fee is imposed on resident bed days of intermediate care facilities for the mentally disabled. The only qualifying facility is the Montana Developmental Center. With the enactment of Senate Bill 82 by the 2005 Legislature, the fee is 6% of a facility's quarterly revenue divided by the quarterly bed days.

Statutory Reference:

Tax Rate (MCA) – Nursing facility utilization fee (15-60-102), intermediate care facility utilization fee (15-67-102(2))

Tax Distribution (MCA) – Nursing facility utilization fee (15-60-102 & 15-60-210), intermediate care facility utilization fee (15-67-102(3))

Date Due – Nursing facility utilization fee due the last day of the month following the close of the calendar quarter (15-60-201), intermediate care facility utilization fee due the month following the close of the calendar quarter (15-67-201(1))

Applicable Tax Rate(s): 1) Nursing facility utilization fee – \$8.30 per bed day; 2) Intermediate care facility utilization fee - 6% of a facility's quarterly revenue divided by the quarterly bed days

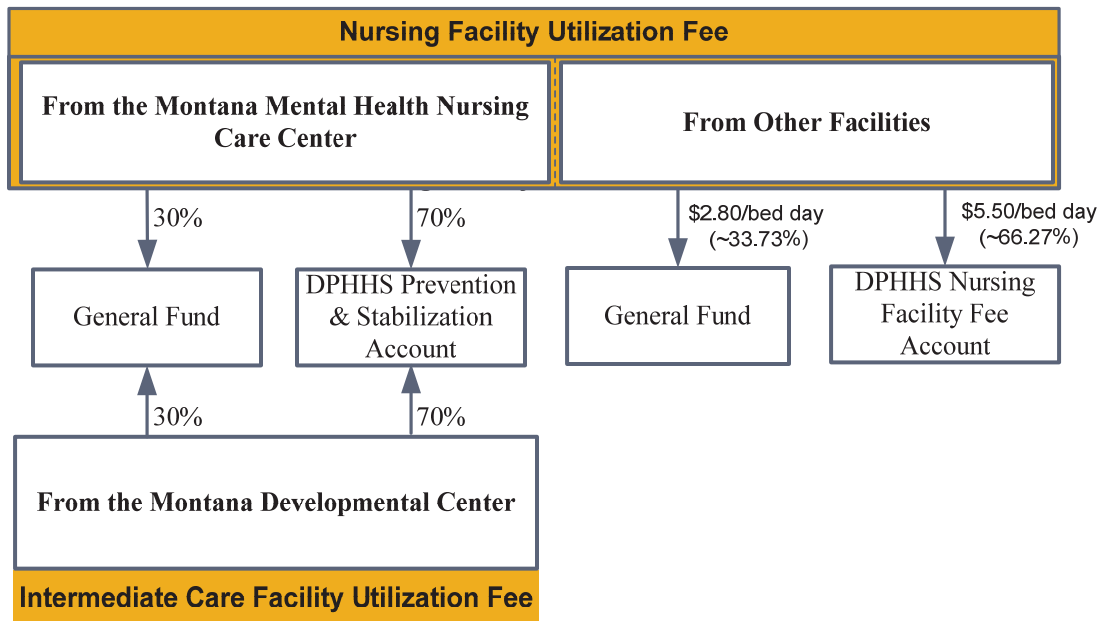
Distribution: Nursing facility utilization fee: 1) for fees paid by the Montana Mental Health Nursing Care Center – 30% to the general fund and 70% to the prevention and stabilization account (for use by the Department of Public Health and Human Services to provide health and human services); 2) for all other facilities - \$2.80/bed day to the general fund, and \$5.50/bed day to the nursing facility fee account (for use by the Department of Public Health and Human Services to increase the average price paid for Medicaid nursing home services). Intermediate care facility utilization fee: for fees paid by the Montana Developmental Center - 30% to the general fund and 70% to the prevention and stabilization account.

Legislative Fiscal Division

Revenue Estimate Profile

Nursing Facilities Fee

Distribution Chart:



Collection Frequency: Quarterly

% of Total General Fund Revenue:

FY 2004 – 0.43%	FY 2007 – 0.31%	FY 2010 – 0.33%
FY 2005 – 0.39%	FY 2008 – 0.29%	FY 2011 – 0.29%
FY 2006 – 0.33%	FY 2009 – 0.30%	FY 2012 – 0.27%

Revenue Estimate Methodology:

Data

To create the nursing facility fees projection, data are obtained from the Department of Revenue (DOR), the Department of Public Health and Human Services (DPHHS), and the state accounting system (SABHRS). DOR provides the number of taxable bed days occupied by clientele of private and state run nursing homes. DPHHS provides counts on the bed days at the Montana Developmental Center (MDC) and total revenues collected, which are used in the calculation of the intermediate care facility fee. SABHRS data provides aggregate historic collections of the nursing facility fees. No adjustments to the raw data are required in the data step for the nursing facility fee analysis.

Analysis

Nursing facility fees consist of two distinct fees, the nursing facility fee and the intermediate care facility fee. Consequently, two techniques are required to estimate the collection of these fees. The nursing facility fees are estimated using a log model to project future bed days at nursing care facilities. MDC is the only intermediate care facility in Montana and the only facility subject to the intermediate care facility fee. The intermediate facility fee is projected by applying the average growth rate of the past fiscal years (2007 to 2010) to the last year of actual revenue collections at MDC, FY 2010.

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Revenue Estimate Profile

Nursing Facilities Fee

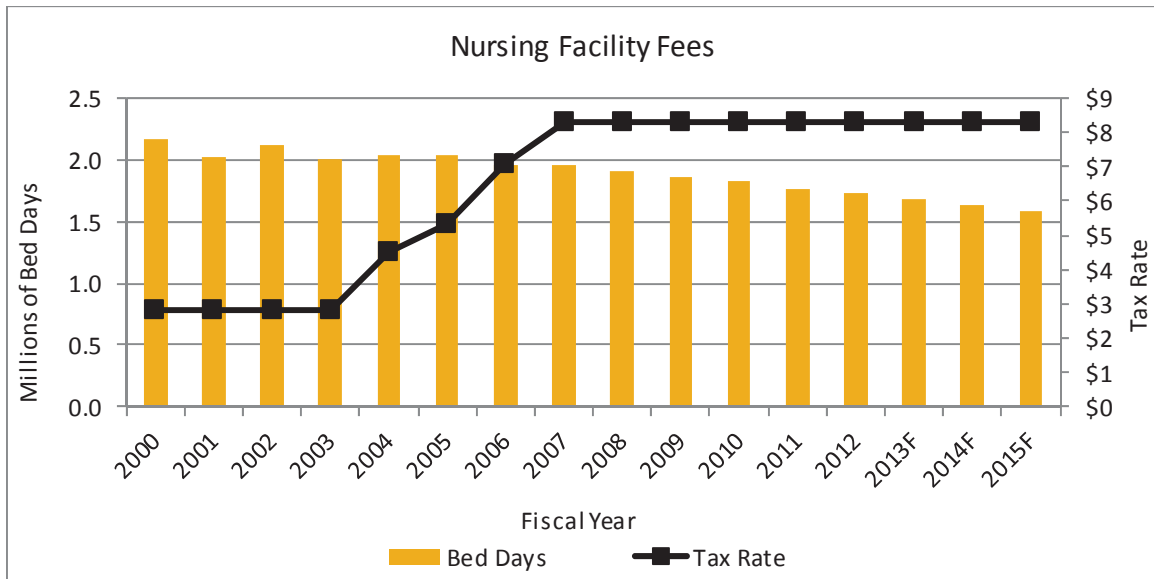
Total nursing fee revenue has increased since FY 2003, as a result of fee increases and new fees, but as seen in the figure below the number of taxable bed days at nursing care facilities has declined at the same time. Generally, taxable bed days have been in decline since the fee was imposed in the mid 1990's. Consequently, taxable nursing facility bed days are projected with a log model which smoothes the excessive variability in the data for the purpose of measurement. To obtain the projection for nursing facility fees, the following equation is employed:

$$\text{Projected Nursing Facility Fees} = \text{TBD}_{\text{NCF}} * \text{NFFR}$$

Where:

TBD_{NCF} = Taxable Bed Days, Nursing Care Facilities

NFFR = Nursing Facility Fee Rate



The statistics of fit show that a logarithmic curve accurately measures the rate of growth in the number of taxable nursing facility bed days in Montana. The model has an R² rating of 0.962. This means that the linear trend explains 96.2% of the variability of the number of taxable nursing facility bed days in Montana, when all other impacts are held constant.* The model projects average compound growth of negative 3.2% per fiscal year resulting in bed day projections of 1.71 million, 1.67 million, and 1.63 million in FY 2011 through 2013, respectively. Next, the current fee of \$8.30 is applied to the projected taxable bed days to obtain the estimate for nursing facility fees.

In addition to private nursing homes, the Montana Mental Health Nursing Care Center (MMHNCC) is also required to pay the nursing facility fee. The MMHNCC component of the tax is calculated separately, making use of the bed days that are calculated in the estimate for "Institutional Reimbursements". The bed days are multiplied by the fee of \$8.30 to obtain the estimate for the MMHNCC nursing fee.

The intermediate care facility fee is assessed against the per-bed day receipts of the facility. The fee is projected by applying the rate of growth in the revenues previous year of actual collection. The rate of revenue growth at MDC between FY 2007 and FY 2010 was 1.4%. In applying that rate of growth to the FY 2010 base, projections equal \$15.4 million in FY 2011, \$15.7 million in FY 2012, and \$15.9 million in FY 2013. Next, the tax is applied to the estimate of total intermediate care facility bed day receipts.

Finally, the fiscal year projections then are summed to provide the total nursing facility fees estimates.

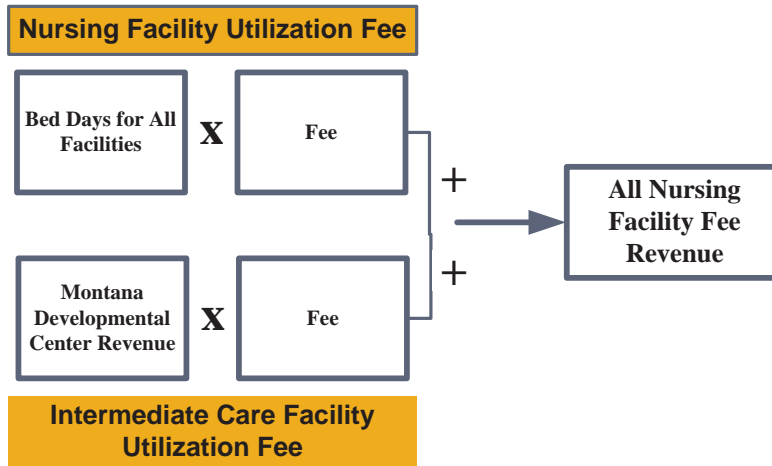
*For additional information concerning the statistics of fit for the model used for this projection, contact the Legislative Fiscal Division.

Legislative Fiscal Division

Revenue Estimate Profile

Nursing Facilities Fee

Forecast Methodology:



Revenue Estimate Assumptions:

	t	Total Tax	GF Tax	Nursing	Bed	Intermediate	Intermediate	MMHNCC
	Fiscal	Millions	Millions	Facilities	Days	Care	Care	Tax
				Fee	Millions	Rate	Revenue	Millions
Actual	2002	5.918	5.918	2.80	2.114			
Actual	2003	6.178	5.860	2.80	2.008	5.0%	11.131	
Actual	2004	10.022	5.916	4.50	2.035	5.0%	17.261	
Actual	2005	11.602	5.912	5.30	2.034	5.0%	16.438	
Actual	2006	14.650	5.712	7.05	1.951	6.0%	14.954	
Actual	2007	17.074	5.717	8.30	1.951	6.0%	14.625	
Actual	2008	16.759	5.610	8.30	1.912	6.0%	14.845	0.122
Actual	2009	16.348	5.469	8.30	1.860	6.0%	15.129	0.095
Actual	2010	16.019	5.300	8.30	1.820	6.0%	15.233	0.095
Actual	2011	15.541	5.197	8.30	1.760	6.0%	15.526	0.091
Actual	2012	15.176	5.077	8.30	1.722	6.0%	14.700	0.088
Forecast	2013	14.748	4.876	8.30	1.674	6.0%	14.304	0.092
Forecast	2014	14.435	4.740	8.30	1.627	6.0%	13.919	0.099
Forecast	2015	14.028	4.603	8.30	1.580	6.0%	13.544	0.103

Total Tax = Nursing Facilities × Bed + Intermediate Care Rate × Intermediate Care Revenue + MMHNCC

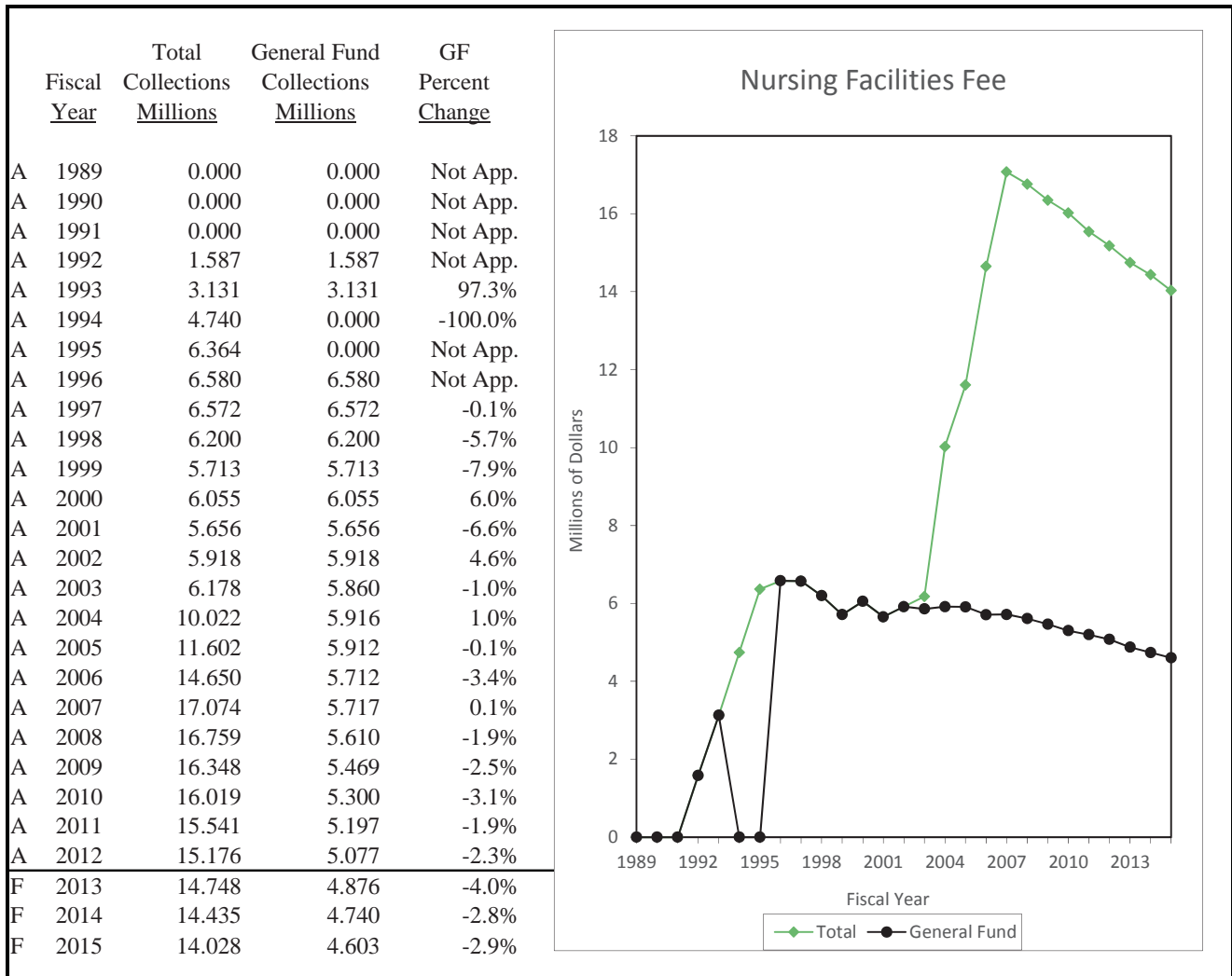
GF Tax = MMHNCC × 30% + (Nursing Fee × Bed Days - MMHNCC) × \$2.80/\$8.30 +

Care Revenue × Care Rate × 30%

Legislative Fiscal Division

Revenue Estimate Profile Nursing Facilities Fee

Revenue Projection:



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

Contacts: Department of Public Health and Human Services

Legislative Fiscal Division

Revenue Estimate Profile

Public Institution Reimbursements

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

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

Statutory Reference:

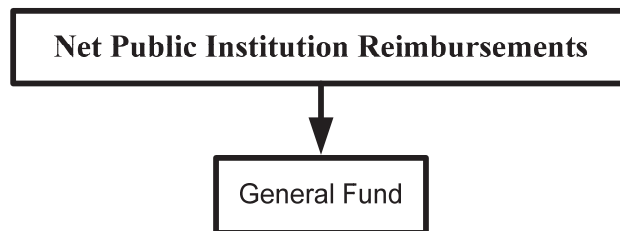
Tax Rate (MCA) – 53-1-402 (requirement to pay)
Tax Distribution (MCA) – 53-1-413
Date Due – monthly (53-1-405(3))

Applicable Tax Rate(s): N/A

Distribution: Revenue collected from the above sources is deposited in the general fund with the following exceptions:

1. Reimbursements from MDC and MSH are first used to pay debt service on bonds issued to fund construction at these facilities. The remainder is deposited into the general fund.
2. Reimbursements received for the Veterans' Home and Montana Chemical Dependency Treatment Center are deposited into a state special revenue account and appropriated to the institutions.

Distribution Chart:



Collection Frequency: Monthly

% of Total General Fund Revenue:

FY 2004 – 1.31%	FY 2007 – 0.58%	FY 2010 – 1.35%
FY 2005 – 0.82%	FY 2008 – 0.78%	FY 2011 – 1.13%
FY 2006 – 0.75%	FY 2009 – 0.78%	FY 2012 – 0.78%

Revenue Estimate Methodology:

Data

Data are collected from the Department of Public Health and Human Services (DPHHS) and the state accounting system (SABHRS) to develop the estimate for the public institution reimbursements. In addition to residency data, DPHHS provides the data used to develop relationships of payment patterns of individuals and insurance companies to the federal government reimbursements (Medicaid and Medicare). SABHRS provides historical data used to assess the accuracy of the estimates.

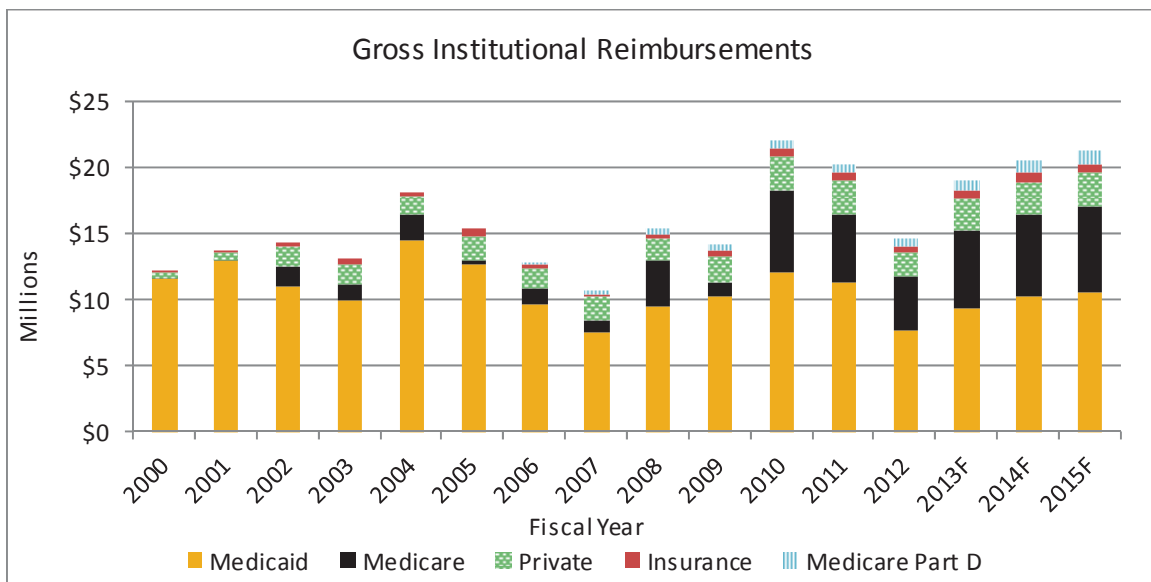
Legislative Fiscal Division

Revenue Estimate Profile

Public Institution Reimbursements

Analysis

The largest component of Montana's institutional reimbursements is Medicaid, as seen in the figure below. Medicaid and Medicare payments are responsible for most of the variability in reimbursement collections. Consequently, the variability can in large part be attributed to the changes in the FMAP rates for the state. The FMAP rates are set annually based on the state's relative per capita income. States like Montana, with a relatively low per capita income and a higher FMAP rate, receive more federal assistance than states with a higher per capita income. If the state per capita income rises in relation to other states, the FMAP rate and federal reimbursements will decline. The American Recovery and Reinvestment Act of 2009 temporarily increased and enhanced the FMAP rate for the 2011 biennium, and the enhanced rate will continue through FY 2011. In FY 2012, the enhanced rate will no longer be in effect and the FMAP is expected to decline from approximately 71.5% in FY 2011 to 65.5% in FY 2013. Most of the Medicare payments result from billings at Montana State Hospital (MSH), while most Medicaid payments are generated through care at the Montana Mental Health Care Center (MMHCC).



Estimates for institutional reimbursements are derived using average daily population (ADP) estimates and reimbursement rates provided by DPHHS for three state hospitals: the Montana Dependency Center (MDC), MMHCC, and MSH. Both the ADP and the facility rates are estimated with expected growth percentages. The ADP is adjusted by Medicare and Medicaid eligibility rates. The FMAP rate, is adjusted for the state fiscal year. The equation for calculating the reimbursements for each facility follows:

$$\text{Reimbursements} = (\text{ADP}_I * \text{Rate}_I) + (\text{ADP}_P * \text{Rate}_P) + (\text{ADP}_{MR} * \text{Elig}_{MR} * \text{Rate}_{MR} * \text{FMAP}) + (\text{ADP}_{MD} * \text{Elig}_{MD} * \text{Rate}_{MD} * \text{FMAP}_M)$$

Where:

ADP = Average Daily Population

I = Insurance

P = Private

MR = Medicare

MD = Medicaid

ELIG = Eligibility Rate

FMAP = Federal Medical Percentage

Legislative Fiscal Division

Revenue Estimate Profile

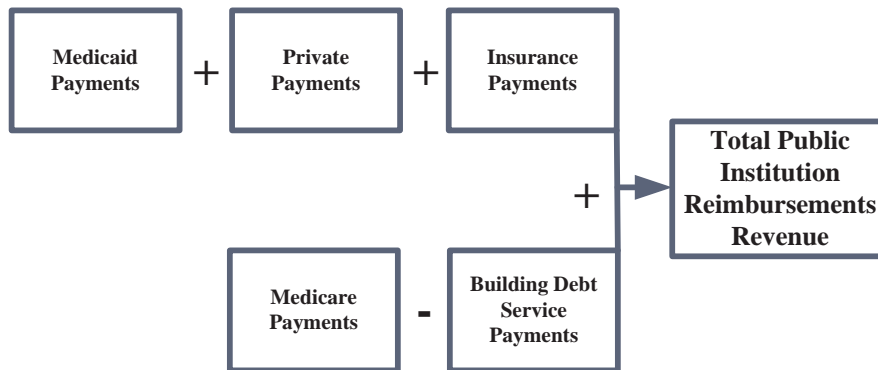
Public Institution Reimbursements

According to DPHHS, bed days are expected to remain relatively constant at all three facilities. The state fiscal year FMAP rates are expected to be 71.5%, 66.2%, and 65.5% in FY 2011 through 2013, respectively. Private rates and insurance rates are expected to grow slowly over the biennium at all three facilities. The estimates for total private payments are estimated to be \$2.7 million and the estimates for insurance payments are expected to average 607,000 through the biennium. Medicaid payments are expected to be \$11.6 million, \$11.1 million, and \$11.2 million through the three years of this analysis. Medicare payments are estimated to average \$4.8 million per year over the three-year period. New since FY 2006 are Medicare Part D reimbursements to MMHCC. Medicare Part D is expected to grow at a rate determined by the Congressional Budget Office and reimbursements from the source are expected to account for \$2.6 million in the 2013 biennium. The final step in creating the reimbursement estimate is to combine the estimates by payment type estimates.

Adjustment and Distribution

Two adjustments are required to complete the estimates for institutional reimbursements. Gross reimbursements must be reduced by two debt service payments in each fiscal year. The debt service is the result of bonds issued for the purpose of facility upgrades. After subtracting the debt service reimbursement collections are \$17.6 million in FY 2011, \$17.2 million in FY 2012, and \$17.4 million in FY 2013.

Forecast Methodology:



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Revenue Estimate Profile

Public Institution Reimbursements

Revenue Estimate Assumptions:

	t	Total Rev.	GF Rev.	Private	Insurance	Medicaid	Medicare
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2002	14.283	14.283	1.483	0.317	10.995	1.488
Actual	2003	13.043	13.043	1.564	0.452	9.900	1.126
Actual	2004	18.110	18.110	1.424	0.311	14.337	2.038
Actual	2005	12.509	12.509	1.888	0.557	12.631	0.211
Actual	2006	12.728	12.728	1.535	0.284	9.531	1.274
Actual	2007	10.669	10.669	1.850	0.187	7.473	0.867
Actual	2008	15.335	15.335	1.647	0.346	9.392	3.456
Actual	2009	14.101	14.101	1.894	0.440	10.109	1.145
Actual	2010	22.000	22.000	2.525	0.661	12.030	6.177
Actual	2011	20.158	20.158	2.477	0.687	11.176	5.256
Actual	2012	14.562	14.562	1.840	0.462	7.645	3.996
Forecast	2013	16.232	16.232	2.415	0.663	9.203	5.918
Forecast	2014	17.641	17.641	2.470	0.659	10.143	6.225
Forecast	2015	18.403	18.403	2.499	0.653	10.470	6.539

	t	MDC Debt	MSH Debt	Adjustments	Medicare
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Part D</u> <u>Millions</u>
Actual	2002	1.075	1.911	0.000	
Actual	2003	1.046	1.776	-1.573	
Actual	2004	0.869	1.752	-3.180	
Actual	2005	1.006	1.785	0.013	
Actual	2006	0.951	1.775	0.000	0.104
Actual	2007	0.959	1.793	0.000	0.291
Actual	2008	0.982	1.797	0.000	0.495
Actual	2009	0.959	1.746	0.000	0.513
Actual	2010	0.989	1.691	0.000	0.608
Actual	2011	0.980	1.760	0.000	0.561
Actual	2012	0.984	1.834	0.000	0.619
Forecast	2013	0.988	1.794	0.000	0.814
Forecast	2014	0.988	1.794	0.000	0.926
Forecast	2015	0.988	1.794	0.000	1.024

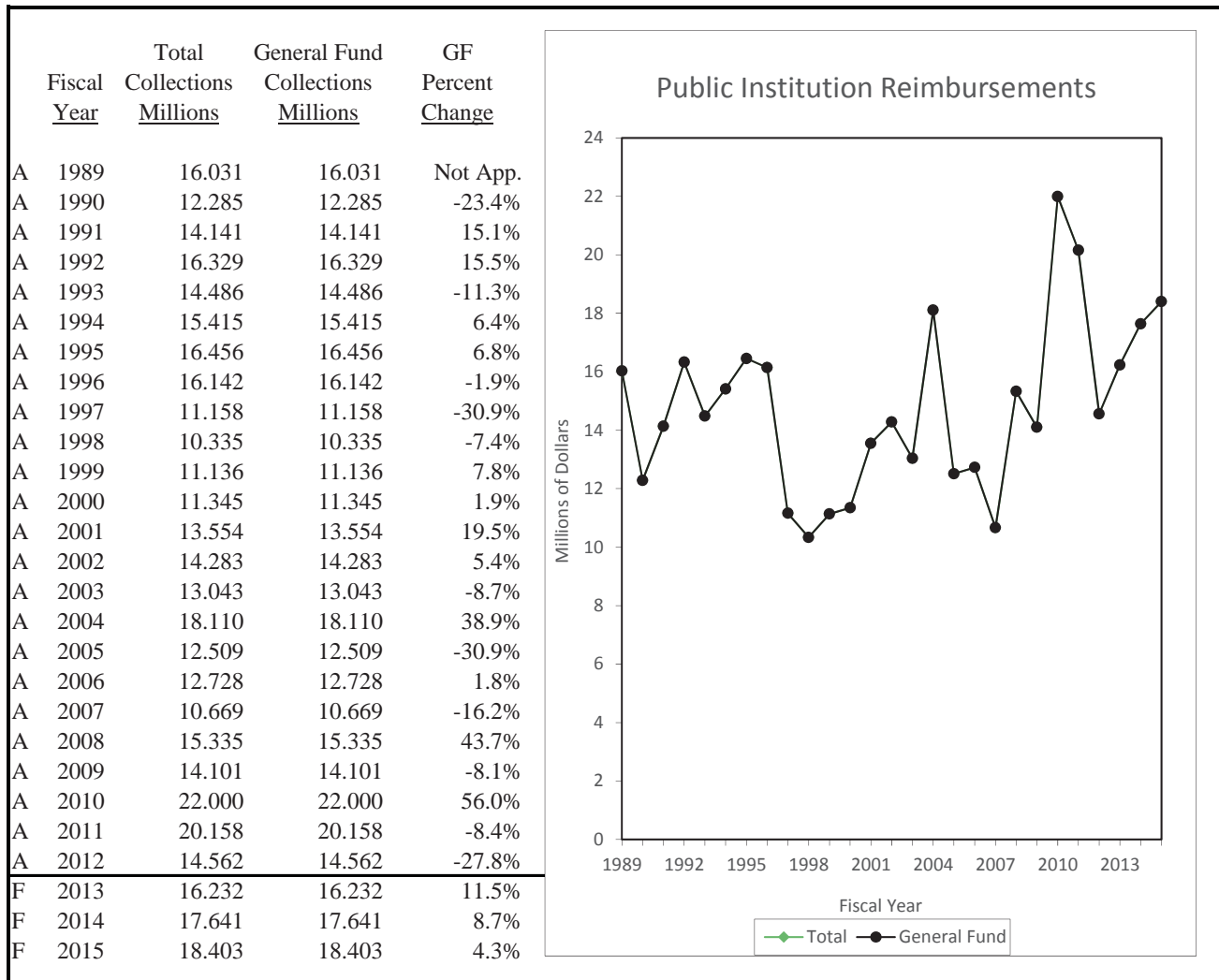
Total Rev. = Private + Insurance + Medicaid + Medicare - MDC Debt - MSH Debt + Adjustments + Medicare Part D
 GF Rev. = Total Rev.

Legislative Fiscal Division

Revenue Estimate Profile

Public Institution Reimbursements

Revenue Projection:



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

Contacts: Department of Public Health and Human Services

Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Settlement

Revenue Description: Montana receives revenue as a settling party to a Master Settlement Agreement (MSA) with four original tobacco companies and 56 subsequent companies to end a four-year legal battle with 46 states, Puerto Rico, American Samoa, the U.S. Virgin Islands, the North Mariana Island, Guam and the District of Columbia (52 total settling entities).

Montana is eligible for four types of payments: 1) reimbursement for legal costs (received December 1999); 2) five initial payments (Two were received in FY 2000 and one each year was received in FY 2001, 2002, and 2003); 3) on-going, perpetual annual payments; and 4) strategic contribution payments (from FY 2008 through 2017). The MSA places no restrictions on how the settling parties spend the money.

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

The reduction for the NPM adjustment was first included in the revenue estimates beginning FY 2006. Amounts paid by manufacturers who participate in the MSA may decrease if they have lost market shares and it is proven that a significant portion of the loss (to companies not participating in the MSA) is due to the disadvantages caused by the MSA. An economics firm must determine if this is the case. The adjustment does not apply if a state has enacted "model statutes" and enforced them. Although it has not yet been determined if all these conditions have been met, it is expected that participating manufactures will withhold a portion of their payments in disputed escrow accounts until the matter is resolved, thus reducing payments to the settling entities.

Statutory Reference:

Tax Rate – NA

Tax Distribution (MCA) – Montana Constitution, Article X11, Section 4; 17-6-606; 53-4-1011

Date Due – annual payments from settling entities due April 15th (Master Settlement Agreement, Chapter IX(c)),
General Tobacco annual payments through calendar 2016 due August 30th (General Tobacco Adherence Agreement)

Applicable Tax Rate(s): NA

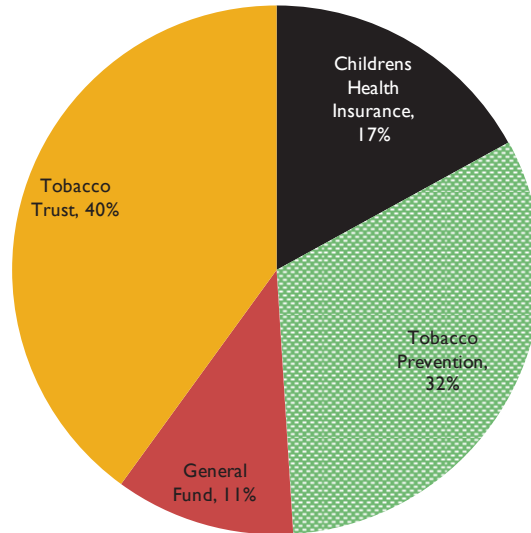
Distribution: Due to passage of Constitutional Amendment 35 by the electorate in November 2000, the legislature is required to dedicate no less than 40% of tobacco settlement money to a permanent trust fund. Since the legislature has not yet determined the exact percentage to be deposited to the trust fund, the revenue estimate assumes 40%. For FY 2003, the remaining 60% of the money was deposited to the general fund. Due to passage of Initiative 146 by the electorate in November 2002, beginning FY 2004, 32% of the tobacco settlement money funds tobacco prevention programs and 17% of the funds is used for the Children's Health Insurance Program (except in the 2011 biennium [due the enactment of HB 676] when the allocation was used to fund the healthy Montana kids plan). In HB 743, the 2007 Legislature added chronic disease programs to the allowable uses of the 32% distribution. The remaining 11% of the money is deposited to the general fund.

Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Settlement

Distribution Chart:



Collection Frequency: For FY 2003: The last initial payment is expected January 10, 2003 and the annual payment is expected April 15th 2003. Beginning FY 2004, annual payments are expected each April 15th into perpetuity. General Tobacco, a subsequent participating manufacturer, is required to make annual payments every August 30th through calendar 2016 for obligations incurred from 2000 to 2003.

% of Total General Fund Revenue:

FY 2004 – 0.21%	FY 2007 – 0.16%	FY 2010 – 0.21%
FY 2005 – 0.19%	FY 2008 – 0.19%	FY 2011 – 0.18%
FY 2006 – 0.16%	FY 2009 – 0.23%	FY 2012 – 0.18%

Revenue Estimate Methodology:

The derivation of the tobacco settlement revenue estimate involves many factors. The Master Settlement Agreement specifies base amounts to be paid by all participating manufacturers, but also allows various adjustments to be made to these payments.

Data

The Master Settlement Agreement, signed by the settling entities and participating tobacco manufacturers (PM), is the driving document for the procedure to use in determining how much the original participating manufacturers (OPM) to the agreement and the subsequent participating manufacturers (SPM) have to pay to the settling entities. PriceWaterhouseCoopers, the independent auditor to the agreement, gathers all the data and makes all the calculations required by the Master Settlement Agreement for determining what the PM owe. Documents produced by PriceWaterhouseCoopers provide the historic data needed to project future payments. Staff at the Montana Attorney General's Office and the National Association of Attorneys General may also be consulted. Since an adjustment for a change in volume of cigarettes shipped is necessary, various knowledgeable sources are consulted as to expected changes in smoking or the sale of cigarettes.

Payments

Currently, there are two types of payments from OPM:

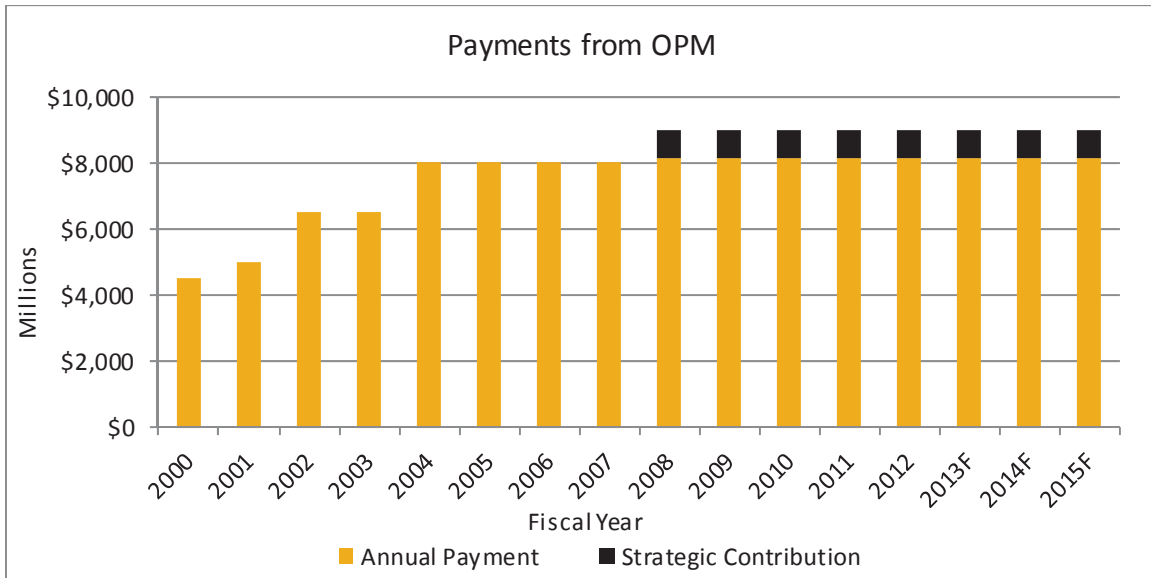
1. On-going annual payments to be received April 15th each year of which Montana receives 0.4247591%. These payments are to be made in perpetuity and increased in FY 2008 and will increase again in FY 2018; and
2. Strategic contribution payments are to be made from FY 2008 through FY 2017 of which Montana receives 1.0447501%.

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Revenue Estimate Profile

Tobacco Settlement

The table below shows the total of these payments available to all settling entities before any adjustments.

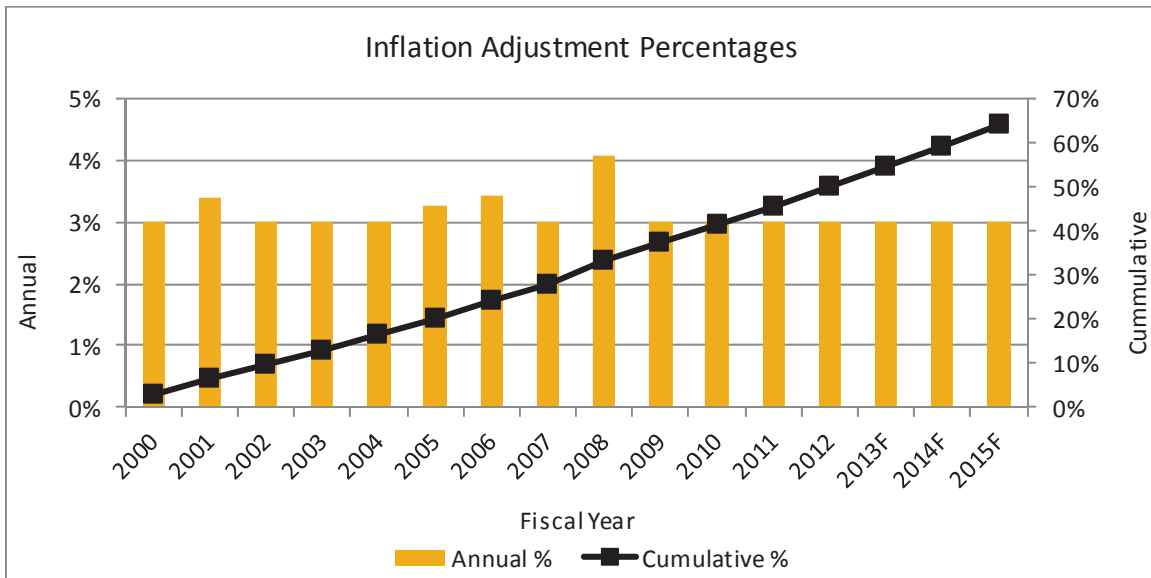


Manufacturers who subsequently participate in the agreement also make payments based on the total annual and strategic contribution payments required by the OPM. The amount of these payments is also subject to various adjustments.

Adjustments

There are five potential adjustments to the payments.

1. Inflation – This adjustment increases the amount owed by PM. The set amounts of the annual and the strategic contribution payments are increased by the greater of 3% or the amount of the Consumer Price Index for Urban Consumers. The effect is cumulative so that the previous year’s inflation percentage is increased by the current year’s amount plus the amount of the current year’s percentage. The chart shows the annual and cumulative inflation factors.



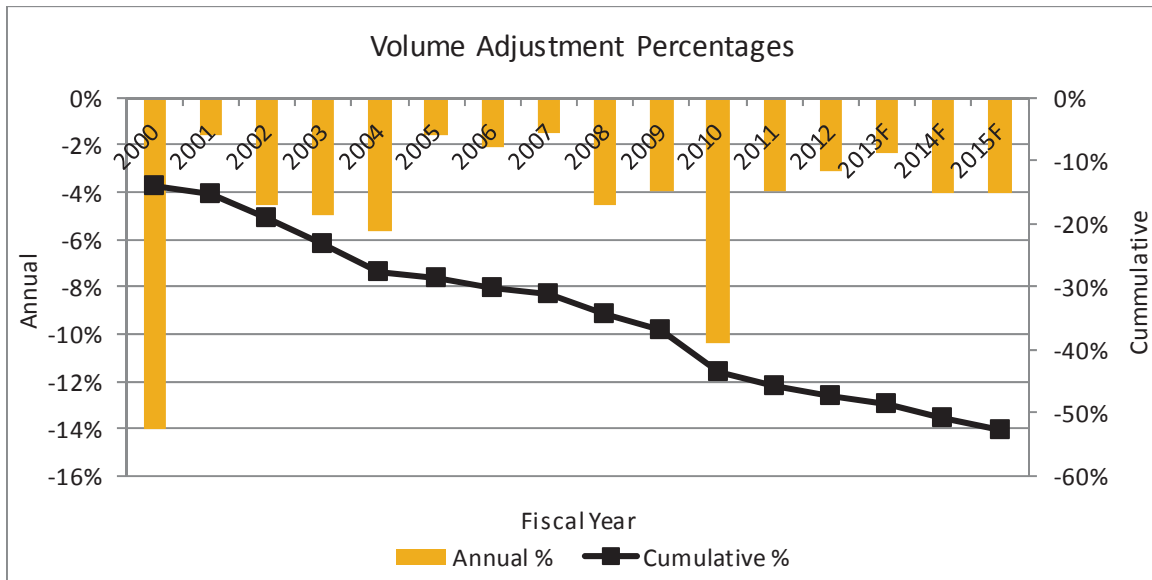
2. Volume – As the number of cigarettes shipped nationally decreases, payments by PM are reduced. The current number of cigarettes is compared to the 1997 base number of 475.656 billion cigarettes. A proxy for the estimated annual change in the number of cigarettes shipped is determined by developing an estimate for the percentage change in cigarette consumption. For this analysis, the trend (downward) of the number of cigarette shipped from FY 2000 to FY

Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Settlement

2012 was applied to estimate each subsequent fiscal years. Like the inflation adjustment, the effect is cumulative so that the previous year's percentage adjustment is increased by the current year's amount plus the amount of the current year's percentage. According to the settlement agreement, the cumulative percentage is then reduced by 2%. The chart shows the annual and adjusted cumulative volume factors.



3. Operating income – If the aggregate operating income from the OPM sales of cigarettes exceeds the 1996 base amount of \$7,060.840 million, as adjusted for inflation (see above) and by the percentage of states who have finalized acceptance of the agreement (100% since calendar 2001), then the dollar amount of the volume reduction is reduced and the amount of OPM payments increases. This adjustment has not been applied since calendar 2000.
4. Previous settling states – Previous to the Master Settlement Agreement, four states had settled lawsuits with certain cigarette manufacturers. The agreement recognized this by allowing reductions to the OPM annual payments (as adjusted for inflation and volume) of 12.45% through the FY 2007 payment, 12.24% through the FY 2017 payment, and 11.07% thereafter.
5. Non-participating manufacturers (NPM) – If tobacco manufacturers who participate in the Master Settlement Agreement lose market share to those manufacturers who do not, their payments may be reduced. It must be shown that there was a loss of market share to NPM and that the disadvantages caused by the agreement were a significant factor contributing to the loss. However, the NPM adjustment does not apply to a state that had a “qualifying statute” in effect for the full year in question and had diligently enforced it. The “qualifying statute” requires a manufacturer who is not a PM to pay into a state-specific escrow account \$0.0167539 per cigarette sold in that state in CY 2006 and \$0.0188482 thereafter. Money in the account may be used to pay a judgment or settlement against the manufacturer. The Montana legislature enacted SB 359 (1999 session) and HB 663 (2003 session) in response to the agreement (see Title 15, Chapter 11, Parts 4 and 5). Although the agreement’s independent auditor calculates the NPM adjustment, it has never applied it to required payments.

The NPM adjustment is three times the market share loss of PM. Market share loss is determined by subtracting the current year market share of PM from the 1997 base market share of 99.5835% less 2.0 percentage points or 97.5835%. This percentage difference is multiplied by the annual payment amount adjusted for inflation, volume, and previous settling states. If the computed market share loss exceeds 16-2/3%, the formula changes to reduce the percentage adjustment. For this to occur, the change in market share for all PM would have to fall to 80%. It is unlikely that this will occur. Based on this formula, the NPM adjustment could reduce Montana’s payments by a maximum of \$4.0 million in FY 2013, \$3.9 million in FY 2014 and \$3.9 million in FY 2015, if all the conditions were met. The estimates include a portion of these reductions; not because all the conditions have been met, but because the PM may dispute a portion of a payment. Many PM feel the adjustment should be applied and have subsequently deposited disputed amounts into special escrow accounts until the issue is resolved. However, not all companies dispute the full amount, so the revenue estimate reduces the maximum amount that could be disputed by a percentage adjustment. The end result for the settling entities is that some portion of the money is unavailable even though the

Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Settlement

adjustment was not applied to the payments. This unavailability of money has occurred in Montana: FY 2006-\$3.5 million, FY 2007- \$3.0 million, FY 2008-\$2.3 million, FY 2009-\$2.3 million, FY 2010-\$3.2 million, FY 2011-\$4.6, and FY 2012-\$3.9 million. It is anticipated that PM will continue to dispute a portion of future payments.

Analysis

Once adjustments amounts have been calculated, the applicable adjustments to the OPM and SMP payments can be applied and other revenue components calculated.

OPM Annual Payment - The estimate for tobacco settlement revenue from OPM is derived by first multiplying the payment amount by 1 plus the cumulative percentages for the inflation and volume adjustments and the previous settled states' percentage then adding the dollar amount of the operating income adjustment (zero) and the NPM adjustment. To this total amount, Montana's allocation of 0.4247591% is applied.

SPM Annual Payment - The estimate for tobacco settlement revenue from SPM is derived by a five-step process:

1. The volume adjustment (a reduction) is calculated by multiplying the annual OPM amount by the cumulative volume percentage.
2. A market share adjustment (a reduction to the amount owed) is calculated by: a) subtracting the volume adjustment, derived above, from the OPM amount; b) multiplying the result by a market share proxy to derive the base amount owed; c) the inflation adjustment is applied by multiplying the annual OPM amount by the cumulative inflation percentage; and d) the inflation adjustment is added to the base amount owed.
3. The proxy is calculated in the last completed year by dividing the SPM adjusted base payment (adjust for volume) by the total known amount due after adjustments for market share changes. The proxy from the last known fiscal year is used in all subsequent years.
4. The NPM maximum adjustment (a possible reduction), as determined above, is calculated. Since not all companies will dispute the entire amount, a percentage is applied to reduce the reduction. For FY 2008, this percentage was 61.6% and is used in all subsequent years.
5. The total SPM amount is adjusted by the above three adjustments and multiplied by 0.4247591% to obtain Montana's share.

OPM Strategic Contribution Payment – From FY 2008 through FY 2017, the OPM owe yearly strategic contribution payments to the settling entities in the amount of \$861,000,000. This amount is increased by the inflation adjustment and decreased by the volume adjustment, both described above. The result is multiplied by Montana's share of 1.0447501%.

SPM Strategic Contribution Payment – From FY 2008 through FY 2017, the SPM owe yearly strategic contribution payments to the settling entities based on the OPM amount of \$861,000,000. This amount is increased by the inflation adjustment, decreased by the market share adjustment, and decreased by the volume adjustment, all described above. The result is multiplied by Montana's share of 1.0447501%.

General Tobacco – The General Tobacco Company joined the Master Settlement Agreement in August 2004 and will make future payments the same as the other SPM. However, the company entered into a separate agreement with the settling entities for making the required payments owed retroactively from the date of its joining to the date the Master Settlement Agreement was signed. These obligations total \$272.3 million. This "principal" amount will be paid yearly over a 12-year period based on a percentage schedule based on the year.

For FY 2014 and 2015, the percentage of the "principal" to be paid is 12% and 13%, respectively. Interest on unpaid balances at 5% is then added to the "principal" payment. Once the total annual payment is calculated, it is multiplied by 0.4247591% to obtain Montana's share.

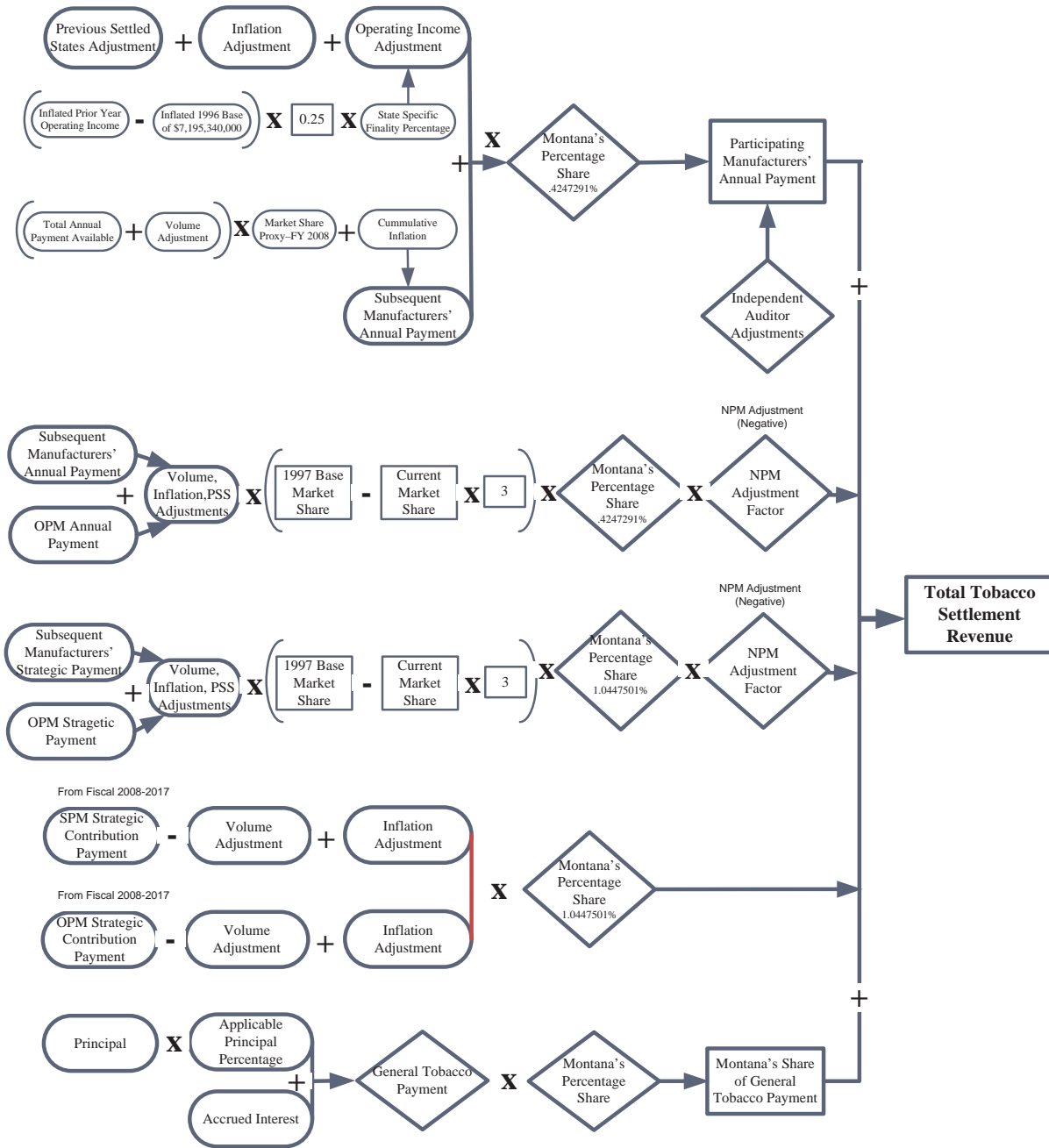
Adjustments and Distribution

Once total tax revenue for each fiscal year is determined, the applicable distribution percentages are applied.

Legislative Fiscal Division

Revenue Estimate Profile Tobacco Settlement

Forecast Methodology:



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Revenue Estimate Profile

Tobacco Settlement

Revenue Estimate Assumptions: .

	t	Total Settle	GF Settle	Initial	Annual	Annual	PSS	GF Allocation
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Payment</u>	<u>Payment</u>	<u>Share</u>	<u>Reduction</u>	<u>Percent</u>
				<u>Millions</u>	<u>Millions</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Actual	2002	31.079	18.647	2622.545	6500.000	0.4%	-12.5%	60.0%
Actual	2003	31.166	18.700	2701.221	6500.000	0.4%	-12.5%	60.0%
Actual	2004	26.672	2.934	0.000	8000.000	0.4%	-12.5%	11.0%
Actual	2005	27.071	2.978	0.000	8000.000	0.4%	-12.5%	11.0%
Actual	2006	24.851	2.734	0.000	8000.000	0.4%	-12.5%	11.0%
Actual	2007	25.931	2.861	0.000	8000.000	0.4%	-12.5%	11.0%
Actual	2008	34.614	3.808	0.000	8139.000	0.4%	-12.2%	11.0%
Actual	2009	37.524	4.128	0.000	8139.000	0.4%	-12.2%	11.0%
Actual	2010	31.533	3.469	0.000	8139.000	0.4%	-12.2%	11.0%
Actual	2011	29.625	3.259	0.000	8139.000	0.4%	-12.2%	11.0%
Actual	2012	30.203	3.322	0.000	8139.000	0.4%	-12.2%	11.0%
Forecast	2013	32.291	3.552	0.000	8139.000	0.4%	-12.2%	11.0%
Forecast	2014	31.993	3.519	0.000	8139.000	0.4%	-12.2%	11.0%
Forecast	2015	31.688	3.486	0.000	8139.000	0.4%	-12.2%	11.0%

	t	Annual	Cummulative	Adjustment	Adjusted	Annual	Cummulative	NPM Adj.
	<u>Fiscal</u>	<u>Vol. Change</u>	<u>Vol. Change</u>	<u>Factor</u>	<u>Vol. Change</u>	<u>CPI Change</u>	<u>CPI Change</u>	<u>Factor</u>
		<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Actual	2002	-4.6%	-19.2%	98.0%	-18.8%	3.0%	9.7%	
Actual	2003	-4.9%	-23.2%	98.0%	-22.7%	3.0%	13.0%	
Actual	2004	-5.6%	-27.5%	98.0%	-27.0%	3.0%	16.4%	
Actual	2005	-1.6%	-28.7%	98.0%	-28.1%	3.3%	20.2%	
Actual	2006	-2.1%	-30.2%	98.0%	-29.6%	3.4%	24.3%	
Actual	2007	-1.5%	-31.2%	98.0%	-30.6%	3.0%	28.0%	
Actual	2008	-4.5%	-34.3%	98.0%	-33.6%	4.1%	33.2%	61.6%
Actual	2009	-3.9%	-36.9%	98.0%	-36.2%	3.0%	37.2%	61.6%
Actual	2010	-10.3%	-43.4%	98.0%	-42.6%	3.0%	41.3%	61.6%
Actual	2011	-4.0%	-45.7%	98.0%	-44.8%	3.0%	45.6%	61.6%
Actual	2012	-3.1%	-47.3%	98.0%	-46.4%	3.0%	49.9%	61.6%
Forecast	2013	-2.4%	-48.6%	98.0%	-47.6%	3.0%	54.4%	61.6%
Forecast	2014	-4.0%	-50.7%	98.0%	-49.6%	3.0%	59.1%	61.6%
Forecast	2015	-4.0%	-52.6%	98.0%	-51.6%	3.0%	63.8%	61.6%

Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Settlement

	t	Op. Income Adjustment	SPM Payment	General Tobacco	NPM Adjustment	Strategic Payment	Strategic Share	SPM Strat. Pay.
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Percent</u>	<u>Millions</u>
Actual	2002	0.000	144.418			0.000	0.0%	
Actual	2003	0.000	240.733			0.000	0.0%	
Actual	2004	0.000	293.807			0.000	0.0%	
Actual	2005	0.000	433.300			0.000	0.0%	
Actual	2006	0.000	441.940	0.072	-2.906	0.000	0.0%	
Actual	2007	0.000	531.993	0.080	-2.477	0.000	0.0%	34.166
Actual	2008	0.000	430.211	0.091	-2.669	861.000	1.0%	45.511
Actual	2009	0.000	512.377	0.112	-3.210	861.000	1.0%	54.203
Actual	2010	0.000	516.812	0.132	-3.038	861.000	1.0%	54.672
Actual	2011	0.000	511.973	0.140	-3.168	861.000	1.0%	54.160
Actual	2012	0.000	511.641	0.147	-3.166	861.000	1.0%	54.125
Forecast	2013	0.000	514.960	0.153	-3.186	861.000	1.0%	54.476
Forecast	2014	0.000	509.915	0.171	-3.155	861.000	1.0%	53.942
Forecast	2015	0.000	504.952	0.175	-3.125	861.000	1.0%	53.417

	t	Strategic NPM Adj.	NPM Adj. Factor	Montana Share
	<u>Fiscal</u>	<u>Millions</u>	<u>Percent</u>	<u>Millions</u>
Actual	2000			
Actual	2001			
Actual	2002			
Actual	2003			
Actual	2004			
Actual	2005			
Actual	2006			
Actual	2007			
Actual	2008	-0.823	61.6%	-0.507
Actual	2009	-0.825	61.6%	-0.508
Actual	2010	-0.769	61.6%	-0.474
Actual	2011	-0.762	61.6%	-0.470
Actual	2012	-0.761	61.6%	-0.469
Forecast	2013	-0.766	61.6%	-0.472
Forecast	2014	-0.759	61.6%	-0.468
Forecast	2015	-0.752	61.6%	-0.463

+ Op. Income Adjustment) × Annual Share + General Tobacco + (SPM Payment × Annual Share)

+ (NPM Adjustment × NPM Adjustment Factor)

+ Strategic Payment × ((1+ Cumulative CPI Change) × (1+ Adjusted Vol. Change) + SPM Strategic Payn
× Strategic Share

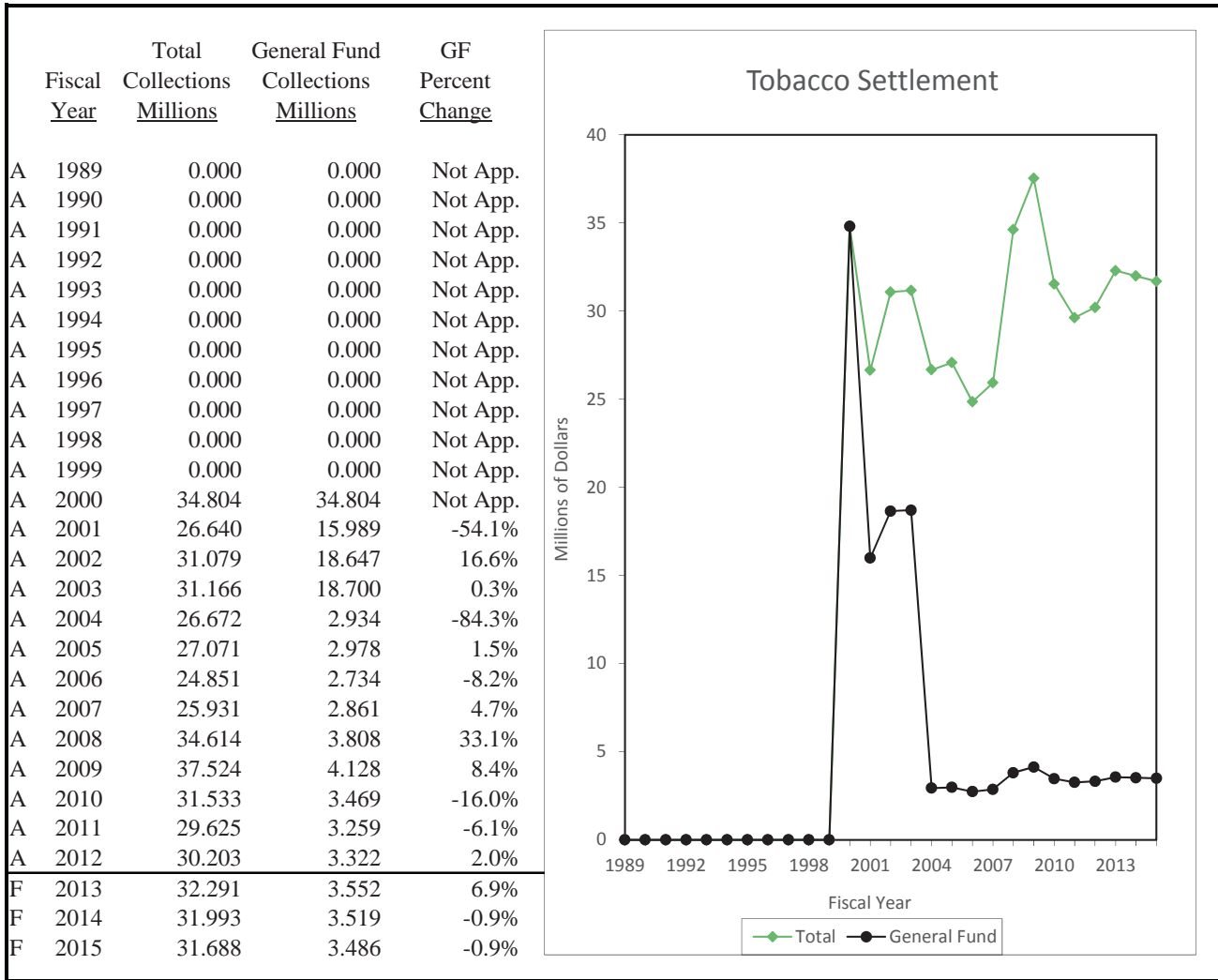
GF Settle = Total Settle × GF Allocation

Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Settlement

Revenue Projection:



Data Source(s):

Master Settlement Agreement (as amended), Center for Disease Control and Prevention, National Council of State Legislatures, National Association of Attorneys General, Tobacco companies' 10Q report

Contacts: Department of Justice