

LEGISLATIVE FISCAL DIVISION 2027 BIENNIUM REVENUE ESTIMATE AND COMPARISON TO THE EXECUTIVE

A Report Prepared for the
Revenue Interim Committee

By
LFD Revenue Team

November 18, 2024

INTRODUCTION

This report provides a summary of the Legislative Fiscal Division (LFD) revenue estimate recommendations for the upcoming 2027 biennium. Full detail on each of the general fund revenue sources and selected non-general fund revenue sources will be online in the LFD's [2027 Biennium Budget Analysis: Volume 2](#) once a recommendation is adopted. The revenue estimates for each source reflect a combination of changes in base year data, revised assumptions, modeling adjustments, and new S&P Global (formerly IHS Markit) forecasts since the production of the current official revenue estimate contained in [HJ 2 \(2025 Biennium\)](#). The body of this report is organized into the following sections:

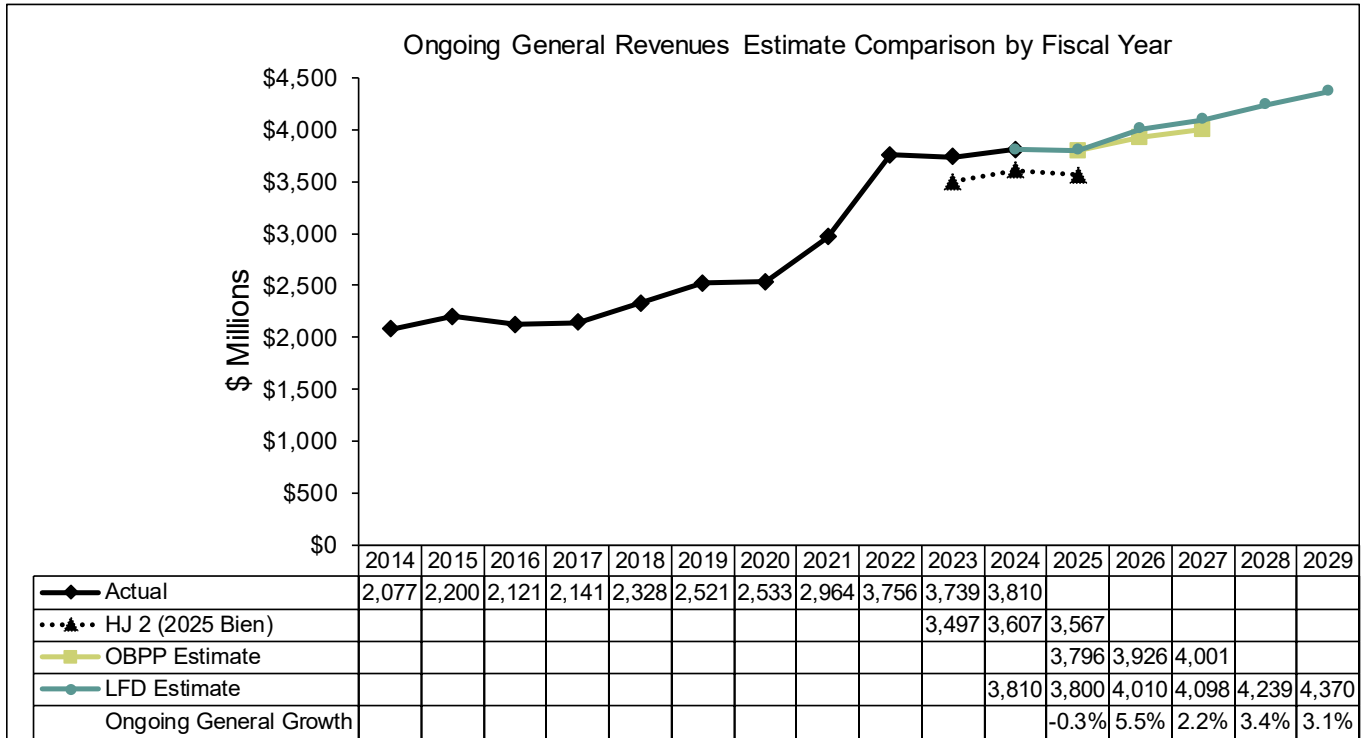
- 2027 Biennium Revenue Overview
- 2027 Biennium Comparison to the Executive
- 2027 Biennium LFD Recommendation
- Appendix (Includes year-to-date revenue collections through October and select non-general fund revenue sources)

The new data available since the adoption of [HJ 2 \(2025 Biennium\)](#) includes the following sources:

- FY 2023 and FY 2024 revenue collections
- Two additional years of individual and corporate income tax return data, and property valuation data
- Two additional years of oil and natural gas production data
- Updated S&P Global forecasts

2027 BIENNIUM REVENUE OVERVIEW

The estimate recommendation for annual ongoing growth in general revenues (general fund revenue, the state-levied 95 mills, and treasury interest earning) for FY 2025 is -0.3%, for FY 2026 is 5.5%, and for FY 2027 is 2.2%. Moving forward into the next biennium, growth is expected to be 3.4% and 3.1% in FY 2028 and FY 2029 respectively. The three-year estimate is slightly lower than what was anticipated in the [2027 Biennium Outlook](#). Comparisons of actual collections since FY 2014, estimates contained in [HJ 2 \(2025 Biennium\)](#), the LFD 2027 biennium estimate recommendation, and the executive estimate recommendation are shown in the chart below.



The 2027 biennium revenue estimates produced by the LFD and corresponding year-over-year growth rates are detailed in the following table:

General Revenue HJ 2 Estimate Recommendation (\$ Millions)						
Source of Revenue	Actual FY 2024	Estimated FY 2025	Estimated FY 2026	Estimated FY 2027	Estimated 2025 Bien	Estimated 2027 Bien
Largest Seven Sources						
Individual Income Tax	\$2,243.946	\$2,201.409	\$2,320.365	\$2,377.312	\$4,445.356	\$4,697.677
Property Tax (General Fund)	17.222	14.938	13.334	12.605	32.160	25.939
Property Tax (School Equalization)	430.813	441.624	511.558	516.397	872.437	1,027.956
Corporate Income Tax	312.276	315.242	326.217	338.396	627.518	664.612
Vehicle Taxes & Fees	124.840	125.956	127.007	128.048	250.796	255.055
Oil & Natural Gas Production Tax	64.405	65.302	69.156	70.950	129.707	140.106
Insurance Tax & License Fees	115.075	126.202	129.818	134.354	241.277	264.171
Video Gambling Tax	83.385	84.897	86.903	89.186	168.282	176.089
Other Business Taxes						
Driver's License Fee	5.772	5.772	5.826	5.880	11.544	11.706
Investment License Fee	21.042	21.696	22.309	22.849	42.738	45.158
Lodging Taxes	44.750	46.711	48.108	50.080	91.460	98.188
Public Contractors Tax	9.125	5.163	4.812	4.231	14.288	9.043
Railroad Car Tax	3.645	3.920	3.931	4.054	7.565	7.986
Rental Car Sales Tax	6.972	7.827	8.007	8.049	14.799	16.056
Telecommunications Excise Tax	8.139	7.960	7.755	7.550	16.099	15.305
Other Natural Resource Taxes						
Coal Severance Tax	18.181	15.530	14.345	13.366	33.712	27.711
Electrical Energy Tax	4.090	5.603	5.543	5.512	9.693	11.055
Metalliferous Mines Tax	6.573	7.378	6.935	6.968	13.951	13.903
US Mineral Royalty	15.655	14.832	14.133	13.446	30.487	27.579
Wholesale Energy Tax	3.545	3.320	3.292	3.317	6.866	6.609
Other Interest Earnings						
Coal Trust Interest	19.139	19.681	19.827	20.289	38.819	40.116
Treasury Cash Account Interest (SSR until FY 2026)	163.738	138.908	104.283	79.005	302.647	183.288
Other Consumption Taxes						
Beer Tax	2.971	2.980	2.851	2.709	5.951	5.559
Cigarette Tax	20.919	19.658	19.231	18.188	40.578	37.418
Liquor Excise & License Tax	35.443	35.016	36.185	37.974	70.459	74.159
Liquor Profits	7.000	20.900	21.800	23.000	27.900	44.800
Lottery Profits	19.313	20.928	20.152	20.709	40.241	40.860
Marijuana Tax	31.804	32.903	34.380	35.858	64.707	70.238
Tobacco Tax	5.114	5.665	5.390	5.187	10.779	10.577
Wine Tax	2.504	2.558	2.575	2.582	5.061	5.157
Other Sources						
All Other Revenue	54.615	45.569	67.199	46.901	100.184	114.100
Highway Patrol Fines	3.474	3.531	3.531	3.512	7.005	7.043
Nursing Facilities Fee	3.535	3.558	3.609	3.644	7.093	7.253
Public Institution Reimbursements	4.903	5.919	5.927	5.936	10.822	11.863
Tobacco Settlement	2.999	2.910	2.776	2.622	5.909	5.398
Ongoing General Revenue Subtotal	3,809.960	3,799.837	4,010.318	4,098.437	7,609.798	8,108.755
OTO & Transfers Subtotal	106.962	82.132	68.752	22.229	189.094	90.981
Total General Revenues	\$3,916.922	\$3,881.969	\$4,079.071	\$4,120.665	\$7,798.892	\$8,199.736
Ongoing General Revenue Growth		-0.3%	5.5%	2.2%		6.6%

COMPARISON TO THE EXECUTIVE

General Revenues Estimate Overview & Comparison									
(\$ Millions)									
Revenue Source	Actual FY 2024	LFD			OBPP			3-Year \$ Diff.	3-Year % Diff.
		FY 2025	FY 2026	FY 2027	FY 2025	FY 2026	FY 2027		
Largest Seven Sources									
Individual Income Tax	\$2,243.946	\$2,201.409	\$2,320.365	\$2,377.312	\$2,178.640	\$2,212.474	\$2,252.426	\$255.547	3.8%
Property Tax (General Fund)	17.222	14.938	13.334	12.605	15.890	14.734	12.649	(2.395)	-5.5%
Property Tax (School Equalization)	430.813	441.624	511.558	516.397	439.116	507.928	515.309	7.226	0.5%
Corporation Tax	312.276	315.242	326.217	338.396	327.200	341.200	344.000	(32.546)	-3.2%
Vehicle Taxes & Fees	124.840	125.956	127.007	128.048	124.895	127.705	130.669	(2.258)	-0.6%
Oil & Natural Gas Taxes	64.405	65.302	69.156	70.950	57.750	59.780	64.988	22.890	12.5%
Insurance Tax	115.075	126.202	129.818	134.354	123.229	131.382	140.071	(4.308)	-1.1%
Video Gaming Tax	83.385	84.897	86.903	89.186	85.602	86.419	86.446	2.519	1.0%
Other Business Taxes									
Drivers License Fee	5.772	5.772	5.826	5.880	5.113	5.388	5.613	1.364	8.5%
Investment Licenses	21.042	21.696	22.309	22.849	23.244	24.339	24.658	(5.387)	-7.5%
Lodging Facilities Sales Tax	44.750	46.711	48.108	50.080	45.997	48.573	51.293	(0.965)	-0.7%
Public Contractor's Tax	9.125	5.163	4.812	4.231	8.760	9.263	9.534	(13.351)	-48.4%
Railroad Car Tax	3.645	3.920	3.931	4.054	3.457	3.526	3.597	1.326	12.5%
Rental Car Sales Tax	6.972	7.827	8.007	8.049	7.970	8.426	8.864	(1.378)	-5.5%
Retail Telecom Excise Tax	8.139	7.960	7.755	7.550	7.814	7.501	7.201	0.749	3.3%
Other Natural Resource Taxes									
Coal Severance Tax	18.181	15.530	14.345	13.366	15.341	11.630	10.807	5.464	14.5%
Electrical Energy Tax	4.090	5.603	5.543	5.512	4.265	4.308	4.351	3.735	28.9%
Metal Mines Tax	6.573	7.378	6.935	6.968	6.700	6.878	6.876	0.828	4.0%
U.S. Mineral Royalties	15.655	14.832	14.133	13.446	18.356	17.817	19.212	(12.973)	-23.4%
Wholesale Energy Trans Tax	3.545	3.320	3.292	3.317	3.579	3.629	3.679	(0.957)	-8.8%
Other Interest Earnings									
Coal Trust Interest Earnings	19.139	19.681	19.827	20.289	19.890	21.235	22.432	(3.760)	-5.9%
TCA Interest Earnings	163.738	138.908	104.283	79.005	144.983	93.409	75.063	8.741	2.8%
Other Consumption Taxes									
Beer Tax	2.971	2.980	2.851	2.709	2.978	2.934	2.888	(0.261)	-3.0%
Cigarette Tax	20.919	19.658	19.231	18.188	19.182	18.772	18.369	0.754	1.3%
Liquor Excise Tax	35.443	35.016	36.185	37.974	30.641	31.553	32.449	14.532	15.4%
Liquor Profits	7.000	20.900	21.800	23.000	20.500	20.500	21.000	3.700	6.0%
Lottery Profits	19.313	20.928	20.152	20.709	21.145	22.773	24.714	(6.844)	-10.0%
Marijuana Tax	31.804	32.903	34.380	35.858	32.052	32.630	33.194	5.266	5.4%
Tobacco Tax	5.114	5.665	5.390	5.187	4.728	4.521	4.319	2.675	19.7%
Wine Tax	2.504	2.558	2.575	2.582	2.413	2.411	2.406	0.484	6.7%
Other Sources									
All Other Revenue	54.615	45.569	67.199	46.901	61.757	62.373	62.920	(27.382)	-14.6%
Highway Patrol Fines	3.474	3.531	3.531	3.512	3.631	3.758	3.785	(0.600)	-5.4%
Nursing Facilities Fee	3.535	3.558	3.609	3.644	3.422	3.437	3.468	0.484	4.7%
Public Institution Reimb.	4.903	5.919	5.927	5.936	4.924	6.216	11.338	(4.696)	-20.9%
Tobacco Settlement	2.999	2.910	2.776	2.622	2.939	2.875	2.812	(0.318)	-3.7%
Ongoing General Revenue Subtotal	3,809.960	3,799.837	4,010.318	4,098.437	3,878.104	3,962.296	4,023.402		
OTO & Transfers Subtotal	106.962	82.132	68.752	22.229					
Total General Revenues	\$3,916.922	\$3,881.969	\$4,079.071	\$4,120.665	\$3,878.104	\$3,962.296	\$4,023.402	\$217.904	1.8%
Total General Fund	\$3,322.371	\$3,301.437	\$3,567.512	\$3,604.268	\$3,294.005	\$3,454.367	\$3,508.093	\$216.753	2.1%
Guarantee Fund	64.463	57.756	59.021	59.590	55.935	56.542	60.065	3.8	2.2%

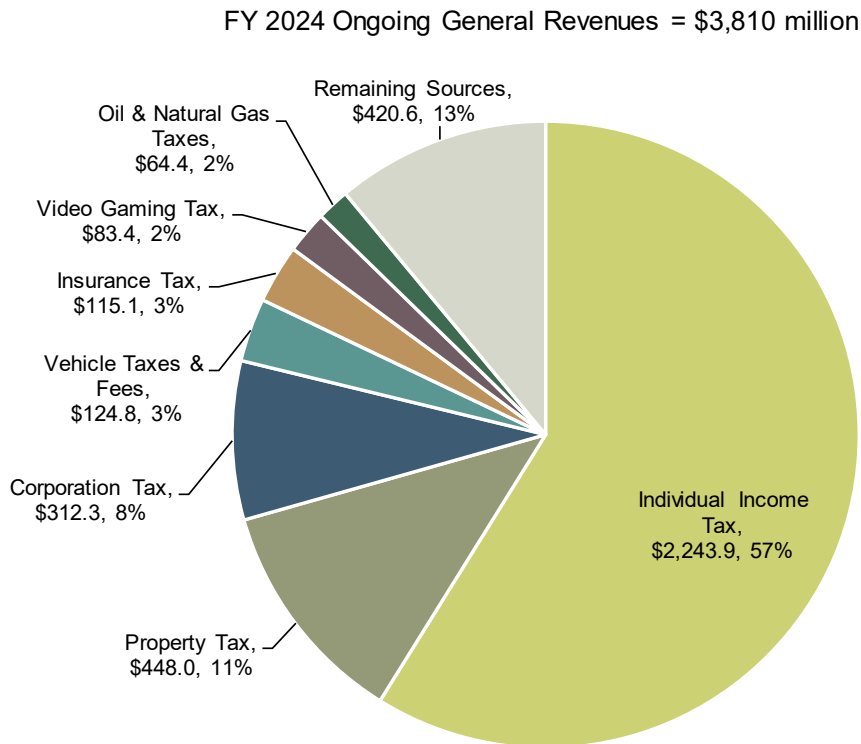
The three-year difference between the LFD and the Governor's Office of Budget and Program Planning (OBPP) for general revenues is currently \$217.9 million or 1.8%. The difference on general fund only revenues is \$216.8 million or 2.1%.

2027 BIENNIUM GENERAL FUND REVENUE ESTIMATE RECOMMENDATIONS

General Fund HJ 2 Estimate Recommendation (\$ Millions)						
Source of Revenue	Actual FY 2024	Estimated FY 2025	Estimated FY 2026	Estimated FY 2027	Estimated 2025 Bien	Estimated 2027 Bien
Largest Six Sources						
Individual Income Tax	\$2,243.946	\$2,201.409	\$2,320.365	\$2,377.312	\$4,445.356	\$4,697.677
Corporate Income Tax	312.276	315.242	326.217	338.396	627.518	664.612
Vehicle Taxes & Fees	124.840	125.956	127.007	128.048	250.796	255.055
Oil & Natural Gas Production Tax	64.405	65.302	69.156	70.950	129.707	140.106
Insurance Tax & License Fees	115.075	126.202	129.818	134.354	241.277	264.171
Video Gambling Tax	83.385	84.897	86.903	89.186	168.282	176.089
Remaining Sources	378.444	382.428	508.047	466.023	760.872	974.070
Ongoing General Fund Subtotal	3,322.371	3,301.437	3,498.760	3,582.039	6,623.808	7,080.799
OTO & Transfers Subtotal			68.752	22.229	-	90.981
Total General Fund	\$3,322.371	\$3,301.437	\$3,567.512	\$3,604.268	\$6,623.808	\$7,171.780
Ongoing General Fund Growth		-0.6%	6.0%	2.4%		6.9%

Large Revenue Sources

In FY 2024, the largest seven revenue sources accounted for approximately 87% of total ongoing general revenues. Due to the relative importance of these sources, particular attention is given to important underlying economic indicators for each source.

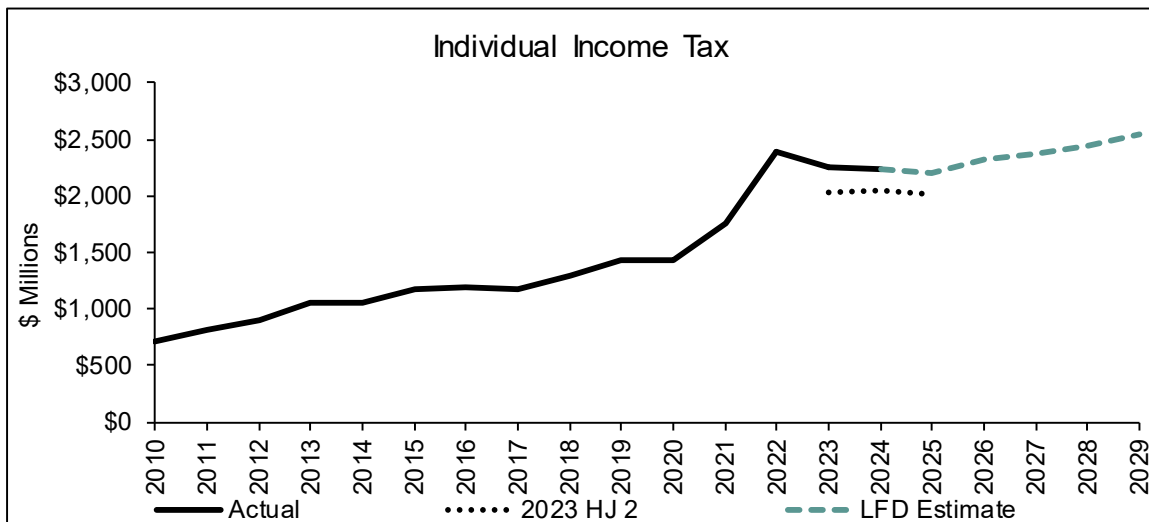


Individual Income Tax

Individual income tax experienced very strong growth in FY 2021 and FY 2022, a product of inflation, federal stimulus funds, and increased in-migration compared to prior years. In both FY 2023 and FY 2024 individual income taxes declined, though not nearly to levels seen before the federal Covid-19 public health emergency and were far above the estimated amounts in HJ 2. The decline in recent years was due to a variety of factors: namely lower capital gains realizations, slowing inflation, and income tax reductions that were passed in the 2021 and 2023 Legislative Sessions.

Moving forward, income taxes are expected to grow slowly, and below long-term growth averages. The nearly flat growth in FY 2025 is primarily due to SB 121 from the 2023 Legislative Session, which lowered the top marginal rate from a scheduled 6.5% to 5.9% and became law on January 1, 2024. S&P Global's forecasted growth in both Montana's Gross State Product (GSP) and Personal Income is expected to grow, albeit below long-term trends.

As is typically the case with this source, there is a material amount of uncertainty with this forecast. Some of this uncertainty comes from multiple recent changes to Montana's individual income tax system, and others come from scheduled changes to the federal individual income tax system. More detail on this will be provided later in this section.



An individual income tax simulation model is used to forecast Montana calendar year individual income tax liability for all full year residents (FYR). The model is updated each year by the Department of Revenue (DOR) to incorporate the changes in federal and state tax law.

The calendar year state tax liability forecast is developed by applying modeled growth rates to each FYR taxpayer's income and deduction items. 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 FYR individual income tax liability for each year. The table below shows the actual income contained on FYR 2023 tax returns and estimated growth rates through the forecast period.

CY 2023 Income Levels & Estimate Growth Rates (\$ Millions)							
	2023	2023	2024	2025	2026	2027	10-Year CAGR
Wage Income	\$24,972.5	4.7%	6.7%	4.5%	4.6%	4.2%	5.1%
Interest Income	855.7	106.4%	16.2%	4.0%	7.3%	8.5%	13.9%
Dividend Income	1,388.5	7.9%	4.5%	10.0%	1.9%	0.7%	9.0%
Taxable Refunds	17.9	30.9%	0.0%	0.0%	0.0%	0.0%	-16.9%
Alimony Received	9.6	-12.8%	0.0%	0.0%	0.0%	0.0%	-4.6%
Net Business	1,238.3	-6.9%	6.1%	3.2%	3.1%	3.4%	4.5%
Capital Gains	3,269.5	-25.6%	41.0%	4.2%	-25.2%	-9.6%	6.1%
Supplemental Gains	189.4	-35.0%	-1.8%	0.0%	0.0%	0.0%	5.6%
Partnership, Rents & Royalties	4,242.0	-16.3%	16.4%	3.4%	-1.0%	-0.6%	4.7%
IRA Income	1,434.3	-3.4%	8.4%	5.3%	1.7%	1.6%	8.7%
Taxable Pensions	3,174.7	2.9%	2.5%	4.3%	5.4%	4.5%	5.0%
Taxable Social Security	1,920.2	12.1%	5.6%	5.1%	4.3%	4.1%	9.0%
Farm Income	(325.0)	-2.0%	0.0%	0.0%	0.0%	0.0%	12.2%
Unemployment Income	79.3	12.1%	0.0%	0.0%	0.0%	0.0%	-1.8%
Other Income	(51.1)	-80.4%	500.0%	0.0%	0.0%	0.0%	-22.5%
Total	\$42,415.9	0.0%	9.5%	4.6%	1.0%	2.6%	4.5%

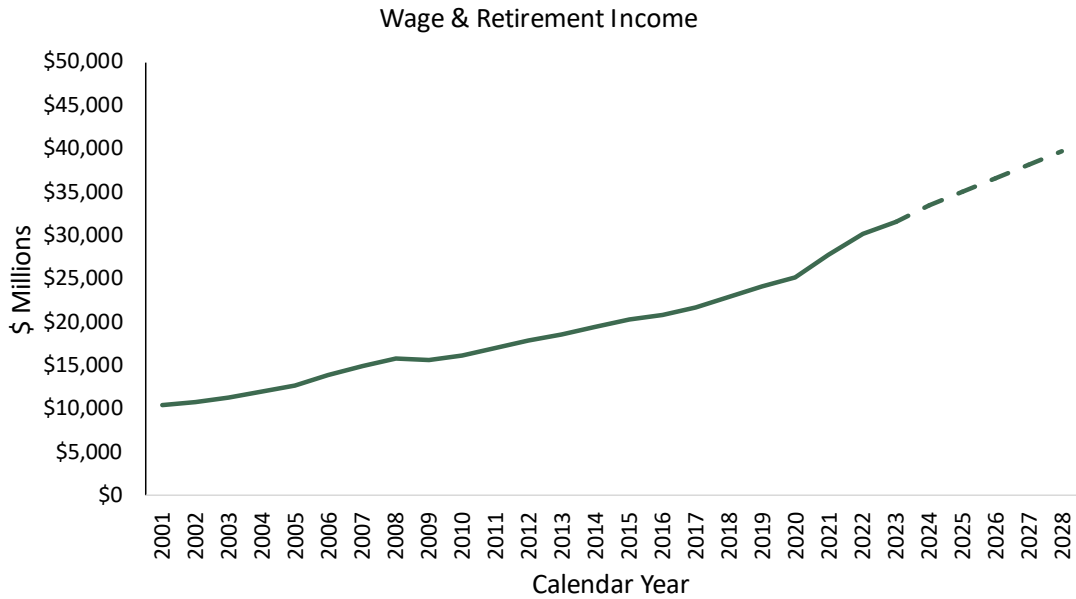
The statewide forecast of resident liability is adjusted for the growth in resident taxpayers and multiplied by an all-filers percentage to include the tax liability for nonresidents and partial-year residents. This results in a forecast of total calendar year individual income tax liability before credits.

Fiscal year collections before audit, penalty, and interest income are modeled on total calendar year liability before credits, with forecasted fiscal year collections then augmented by expected future audit, penalty and interest collections to produce the total individual income tax revenue estimate.

Reasons for Forecasting Uncertainty in Upcoming Biennium

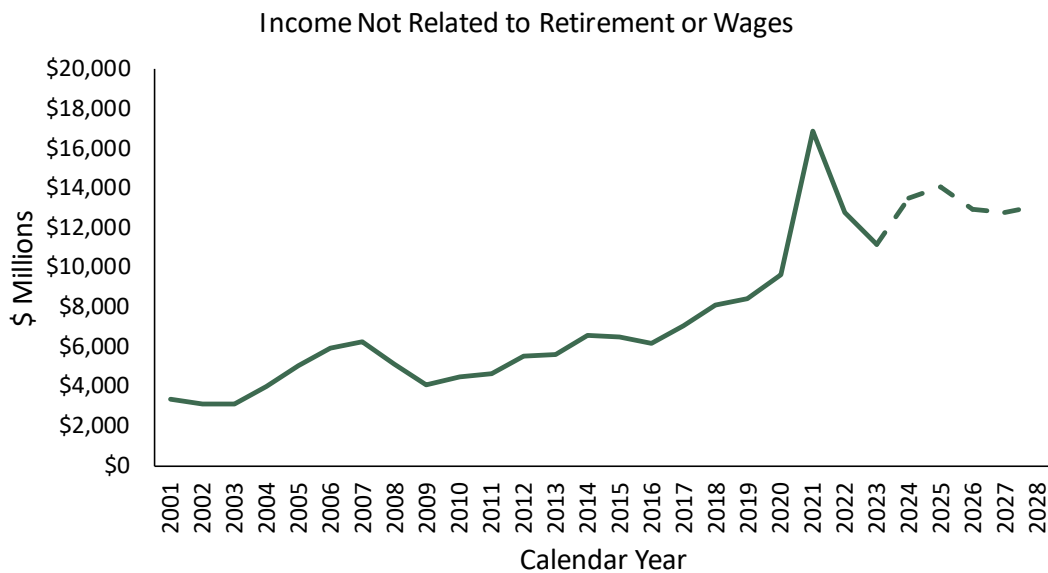
Forecasting Income Types:

The LFD uses economic forecasts from S&P Global to estimate total income in the state. The forecasts include Montana wage disbursements, the S&P 500 index, US corporate profits, and many more. **As a result, like many other revenue sources, the revenue forecast for individual income tax is really a forecast built on top of other forecasts.** Some sources of income are far more stable than others, and generally can be forecasted with high levels of certainty. These include wage and retirement income in the state. These types of income, along with their forecast are shown in the figure below.



After years of above-normal growth in wage and retirement income, the forecast assumes that growth will generally revert to pre-CY 2021 trends.

Unlike wage and retirement income, income such as capital gains, partnership, interest earnings, rental income, and others are much more volatile on a year-to-year basis. The figure at the top of the next page illustrates this volatility as well as the corresponding forecast for this group of select income types.



Impacts of Changes to State Tax Policy and Taxable Base:

Since the end of the 2023 Legislative Session, there have been many changes to Montana's individual income tax policy that have taken effect. [SB 399](#), from the 2021 Legislative Session, made Federal Taxable Income (FTI) the starting point for calculating Montana's taxable income, and took effect on January 1, 2024. [SB 121](#), from the 2023 Legislative Session, lowered the top marginal tax rate from a scheduled 6.5% to 5.9%. Finally, [SB 554](#) from the 2023 Legislative Session created an optional pass-through entity tax.

A pass-through entity's state income tax is categorized as an above-the-line business expense and does not count towards the Federal State and Local Tax (SALT). As a result, Montana taxpayers choosing to pay their state income tax through their pass-through can lower their federal income tax liability. When taxpayers file their individual state return, they must include their pass-through income. However, since the tax was already paid at the entity level they are offered a credit. At this point, the LFD estimates that there are approximately \$100 million credits from CY 2023 activity that are unclaimed. These credits will eventually be claimed, lowering collections, though the exact timing is difficult to estimate.

Most of the provisions of the Federal Tax Cuts and Jobs Act (TCJA) went into effect on January 1, 2018 and many of these provisions are set to expire at the end of CY 2025. As is often the case when federal tax policy changes, taxpayers may shift income across tax years. How they shift income ultimately depends on what course of action the federal government takes.

While fiscal impacts are produced for each of the changes to state provisions listed above, and are incorporated in the forecasting, these are still estimates. In fact, **these are really forecasts based upon the HJ 2 forecast which is based upon S&P Global's forecasts.** As a result, there is uncertainty in distinguishing the new ongoing taxable base moving forward, coupled with likely income shifts due to perceived upcoming changes to federal tax policy.

Key Assumption Differences with the Executive:

Individual income tax is the largest general revenue source and is also volatile. Therefore, small differences in underlying assumptions can result in large dollar amount discrepancies. The current three-year difference of 3.8%, or \$255.6 million, is well within both models' forecast interval. While most of the economic modeling is similar, there are two assumptions that account for most differences in the estimate:

Assumption 1: Missing Filers

The base year of the individual income tax forecast is CY 2023 and is based on CY 2023 tax return data that is submitted through October of this year. The LFD and OBPP receive another file, typically in January, that includes tax returns submitted in November and December. As a result, there is a portion of total statewide tax liability that is not included in the current base file and must be estimated. In a typical year, anywhere between 2% to 7% of the total tax liability is missing. Currently the LFD is assuming that 5% is missing while OBPP is assuming 3% is missing. The FY impact of using 3% compared to 5% is shown below.

Assumption 1 Impacts (\$ Millions)			
FY	LFD Baseline Forecast	Alternative Forecast (Assume 3% Missing)	Difference
2025	\$2,201	\$2,154	(\$48)
2026	\$2,320	\$2,271	(\$50)
2027	\$2,377	\$2,327	(\$50)
3-Year Total	\$6,899	\$6,752	(\$148)

Assumption 2: Full-Year Resident Tax Return Growth Rate

The LFD and OBPP must estimate the cumulative growth rate in filed returns relative to the base year (CY 2023). The current cumulative growth rate forecasts are shown below.

CY	2023	2024	2025	2026	2027
LFD	100.0%	102.3%	103.6%	104.0%	104.3%
OBPP	100.0%	101.6%	102.6%	103.2%	103.8%

If the LFD used the growth rate assumptions of OBPP the fiscal impacts would be as follows:

Assumption 2 Impacts (\$ Millions)

FY	LFD Baseline Forecast	Alternative Forecast (Slower Growth)	Difference
2025	\$2,201	\$2,185	(\$17)
2026	\$2,320	\$2,299	(\$22)
2027	\$2,377	\$2,360	(\$17)
3-Year Total	\$6,899	\$6,844	(\$56)

If the OBPP assumptions are used for both Assumption 1 and Assumption 2 the total impact is shown in the table below.

Assumption 1 & 2 Combined Impacts (\$ Millions)

FY	LFD Baseline Forecast	Alternative Forecast (Assumptions 1 & 2)	Difference
2025	\$2,201	\$2,137	(\$64)
2026	\$2,320	\$2,249	(\$71)
2027	\$2,377	\$2,311	(\$67)
3-Year Total	\$6,899	\$6,697	(\$202)

After accounting for these two reasonable assumptions, the three-year difference between the LFD and OBPP individual income tax estimate is \$53.6 million or 0.8%.

Property Tax

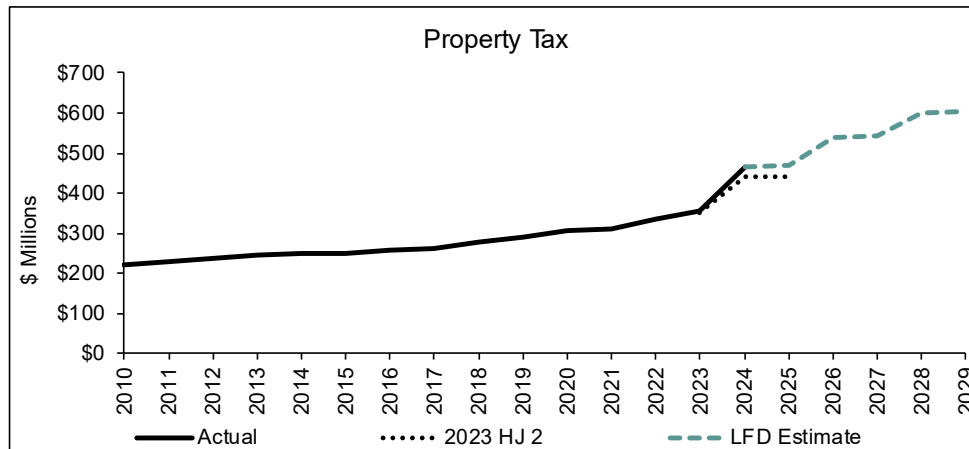
Property tax collections were nearly identical to HJ 2 in FY 2023 and above the estimate in FY 2024 due to higher-than-expected reappraisal values. Actual collections influence the updated forecast for FY 2025 but have less of an impact than the additional data for the two-year reappraisal impacts on class 4 residential and commercial property. The updated forecast for FY 2025 is above the current HJ 2 estimate.

The forecast for FY 2026 shows another sharp increase in property tax collections, estimated to be about \$69.9 million dollars between FY 2025 and FY 2026. Much of this spike is driven by initial data suggesting that residential property values have increased between the 2022 and 2024 reappraisal dates. Residential property remains the most valuable and fastest-appreciating class of property, but value increases are also forecast for commercial, business equipment, and electrical utility property

classes as well. The taxable value of many other classes of property are forecast to remain relatively stable, or to decline slightly.

The portion of property tax that is still distributed to the general fund, which is primarily non-levy revenue, is expected to change as follows:

Coal gross proceeds are expected to decline in FY 2026 and beyond. Federal forest receipts are forecasted to decline substantially. These declines are due to the expiration of the federal authorization for the Secure Rural Schools program at the end of 2024.



Initial data from the Department of Revenue suggests that the taxable value of current residential property will increase by approximately 21.5% for the FY 2026 tax cycle. The Department of Revenue estimated commercial taxable value to increase by approximately 8.3% and agricultural taxable value to increase by 5.4% between FY 2025 and FY 2026. The Legislative Fiscal Division forecasts all remaining tax classes to increase by approximately 4.2% in aggregate. This value change has three substantial effects.

First, tax revenue from the 95 mills is projected to increase in proportion to total value increase. Second, the larger increase in residential value relative to other classes may cause a tax shift to residential property. If the overall share of residential taxable value within a district increases, then owners of residential property may bear a greater portion of the overall property tax burden of local levies within their respective taxing jurisdictions.

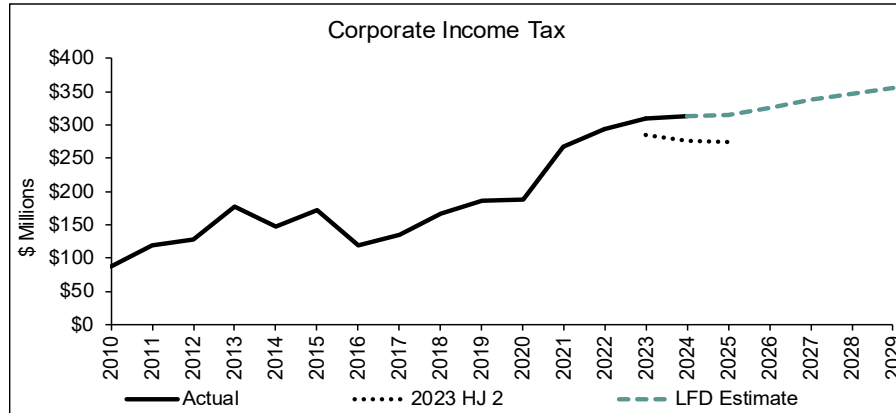
Thirdly, due to HB 587 from the 2023 Legislative Session, the increased revenue from the 95 mills will trigger a subsequent distribution of funds from the state to local school districts the following year.

In the 2023 Legislative Session the legislature passed HB 587, which created a state special revenue account for the 95 mills. This account receives all ad-valorem revenue from the state 95 mills tax and is designated to only distribute these funds to school districts and for school-related purposes. Part of the bill creating the account specified that 55% of the increased revenue to the account over prior years triggers a reduction in local property taxes through equalization mechanisms. State funds are directed to countywide school retirement, major maintenance aid, and debt service assistance accounts, which in turn lowers countywide and school-district mills at a local level.

More detail on the impact of HB 587 can be found in the Appendix.

Corporate Income Tax

Corporate income tax collections exceeded the amounts in HJ 2 over the past two years and was driven by a continuation of strong estimated payments, as well as payments that were included with filed returns. Moving forward, this source is expected to grow slowly and gradually through the upcoming biennium.



The LFD estimate recommendation for corporate income tax is produced using the LFD sector-based modeling approach. In addition, audit, penalty & interest revenue, as well as refunds are anticipated to reflect historical levels. The sector-based approach uses the CY 2022 liability as the base year in the modeling process.

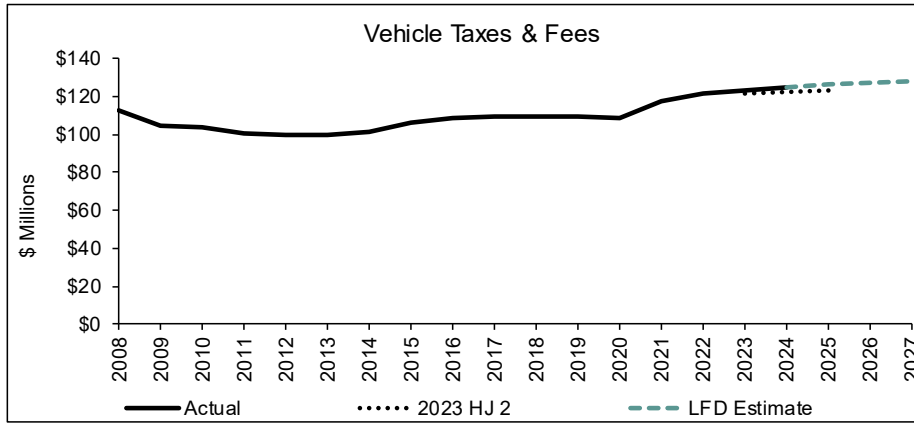
The CY 2022 tax liability by sector is shown in the table below. This is the most readily available detailed tax liability data and is used as the base year of the current forecast. Calendar year data is forecasted for each industry sector shown in the table below, then is converted to a fiscal year estimate using historical trends. As the table shows, the actual CY 2022 liability was 25.7% higher than the estimated liability contained in HJ 2. The growth above the estimate was primarily driven by the manufacturing, trade, transportation, and information sectors.

CY 2022 Tax Liability (\$ Millions)				
Sector	Actual	HJ 2	\$ Diff	% Diff
Agriculture	\$6.8	\$5.2	\$1.6	30.4%
Mining	3.7	2.3	1.4	60.3%
Utilities	4.3	2.0	2.3	116.1%
Construction	5.4	5.2	0.2	3.6%
Manufacturing	65.8	40.8	24.9	61.0%
Wholesale & Retail Trade	59.7	37.3	22.3	59.8%
Transportation	37.7	25.7	12.0	46.9%
Information	21.6	11.1	10.5	94.7%
Professional	37.4	42.7	(5.3)	-12.4%
Large Banks & Holding Companies	70.4	79.4	(9.0)	-11.4%
Social	2.5	4.8	(2.3)	-48.4%
Other	9.2	1.6	7.7	492.9%
Total	\$324.5	\$258.2	\$66.3	25.7%

Moving forward, the manufacturing, trade, and transportation sectors are expected to experience declines while the remaining sectors experience flat or slow growth.

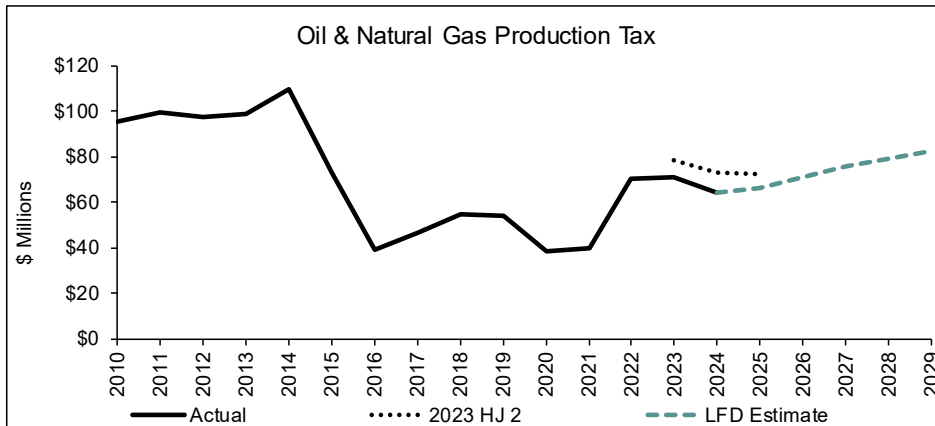
Vehicle Taxes & Fees

Vehicle taxes and fees collections were higher than expected in HJ 2 in FY 2023 by \$1.5 million, and \$2.6 million in FY 2024. Revenue from this source is forecast to experience slow growth through the 2025 biennium. The forecast for vehicle taxes and fees is based on calculated vehicle stock growth rates using S&P Global projections for total used vehicle stock in the US, S&P Global Montana specific projections for new vehicle sales, as well as S&P Global projections for Montana’s population.



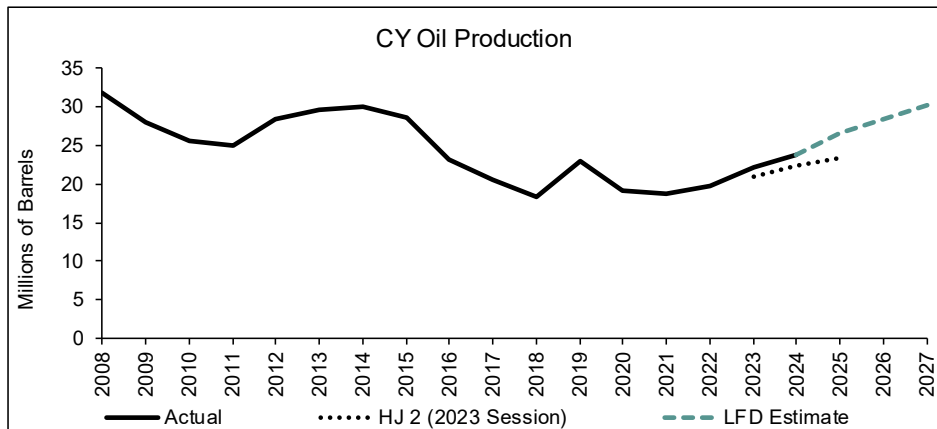
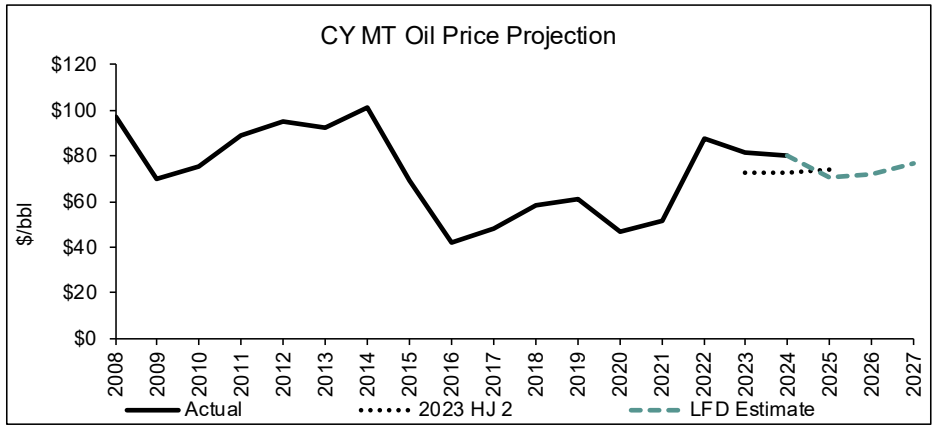
Oil & Natural Gas Production Tax

Oil and natural gas production tax collections were lower than the HJ 2 estimate by about \$7.7 million in FY 2023 and by \$8.8 million in FY 2024. The forecast for this source is based on the S&P Global projection of West Texas Intermediate oil prices and future oil production which is modeled by the LFD.



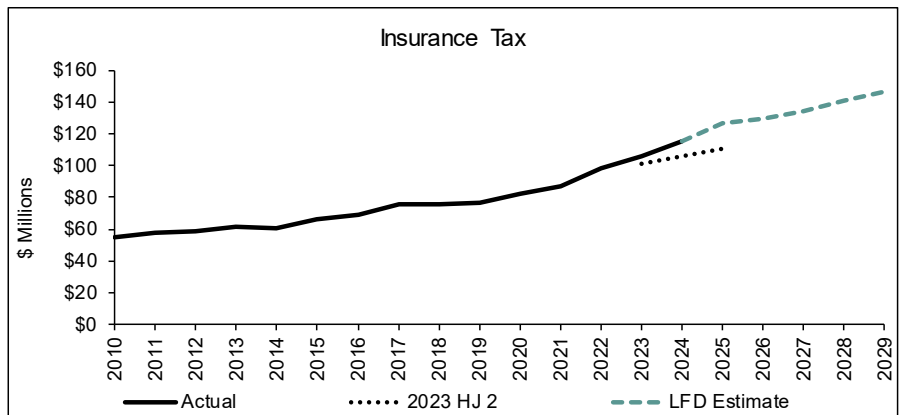
In recent years, the number of active drilling rigs in the state has remained lower than a decade ago. In FY 2023, Montana averaged 1.8 active rigs each month and in FY 2024, there was an average of 1.6 active rigs each month. There has been slow growth in oil production since FY 2021. Graphs illustrating these trends can be found in the Appendix.

Overall, revenue for this source is expected to remain relatively flat throughout the upcoming biennium as slight increases in production offset small declines in the price.



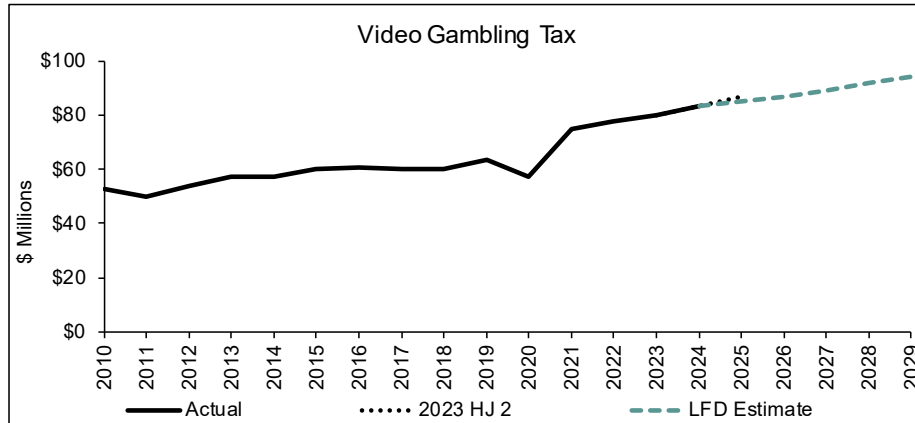
Insurance Tax

Insurance tax collections were 8.7% or \$9.2 million above the HJ 2 estimate for FY 2024. Roughly one-third of the difference is attributable to the increase in surplus lines premium tax which was expected to bring in \$7.5 million in FY 2024 but brought in \$10.5 million. Surplus lines policies are often policies of last resort on risks that traditional insurers refuse to cover, such as homes with high wildfire risk. The fire marshal tax brought in \$1.0 million more than expected. The remainder of the difference is from strong collections of premium insurance tax which came in more than \$5.0 million above the estimate, likely due to increased property values, increases in policy rates and population. This source is modeled based on the Montana personal consumption expenditure (PCE) series for finance and insurance from S&P Global.



Video Gambling Tax

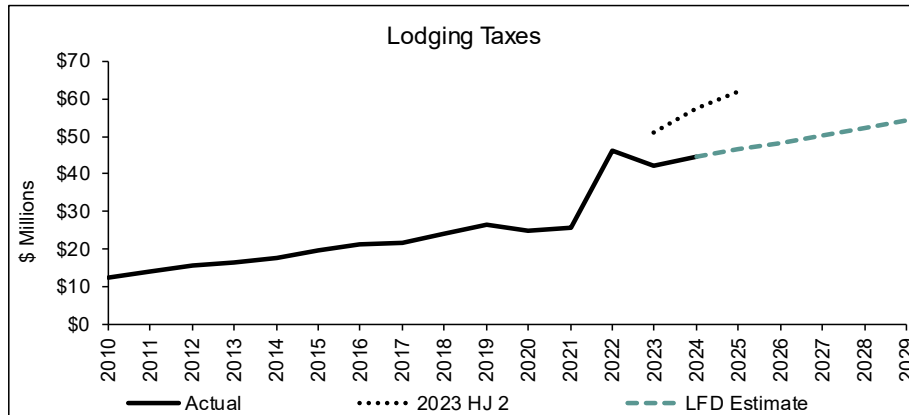
Combined video gambling revenue in FY 2024 was \$0.1 million or 0.1% above the HJ 2 estimate. Federal stimulus and increased population were likely factors in the strong growth of this source during the pandemic. However, video gambling revenues have fallen back to traditional levels of growth in recent years.



SOURCES THAT HAVE RECENTLY CHANGED FROM LONG TERM TRENDS

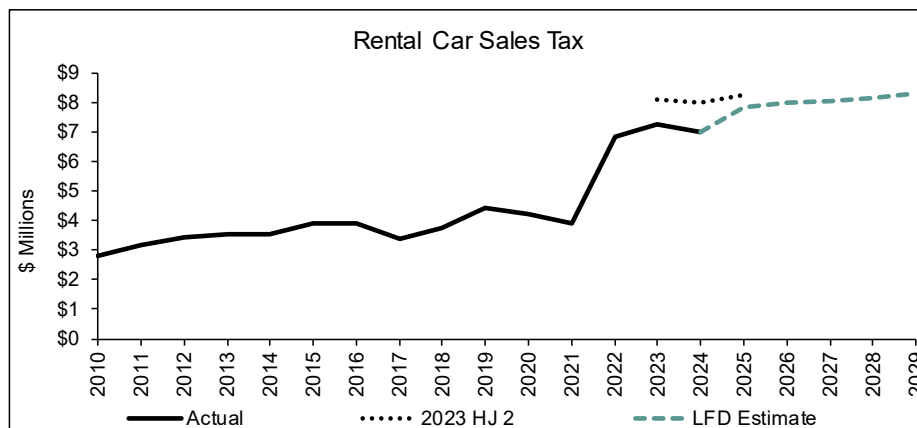
Lodging Facilities Sales Tax

Over the last biennium, Lodging facilities sales tax collections have leveled off after large post-covid increases. Dropping slightly from its peak in FY 2023 and then returning to slow growth in FY 2024, the LFD is forecasting slow growth from a new baseline over the next biennium. This source is forecasted based off Montana accommodations and tourism spending metrics from S&P Global.



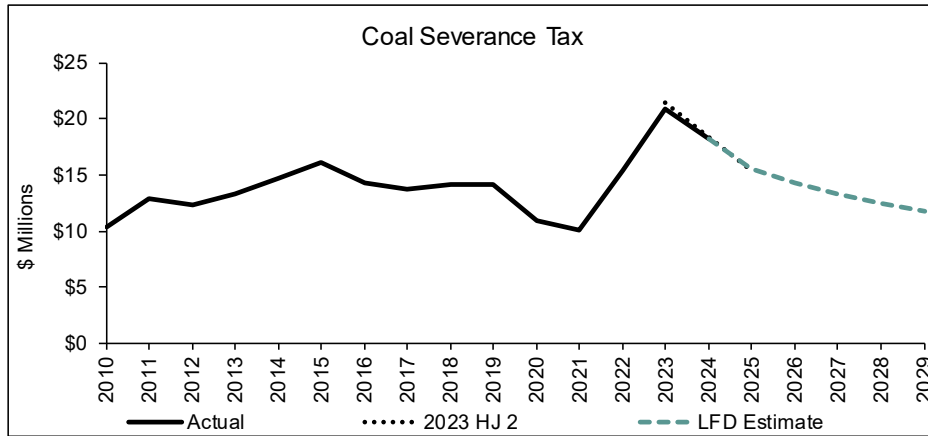
Rental Car Sales Tax

Rental car sales tax collections were slightly below the HJ 2 estimate in both FY 2023 and FY 2024. Revenue is expected to increase throughout the upcoming biennium. Rental car sales tax forecasts are based on the S&P Global projection of Montana personal consumption expenditure series for transportation.



Coal Severance Tax

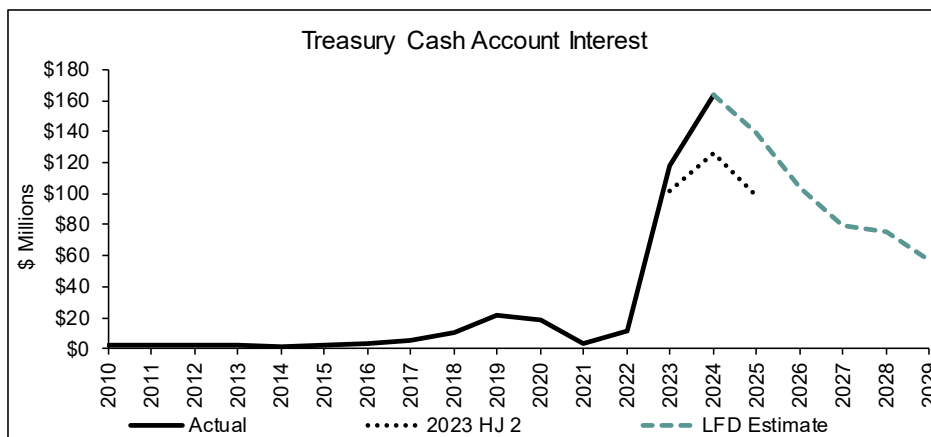
Coal severance tax collections were close to the HJ 2 forecast in both FY 2023 and FY 2024. Production has remained relatively stable in recent years; however, prices are currently much higher than experienced as recently as three years ago. Production is expected to decline slightly in the upcoming biennium, but relatively strong prices will help offset some of the production decline.



Treasury Cash Account Interest

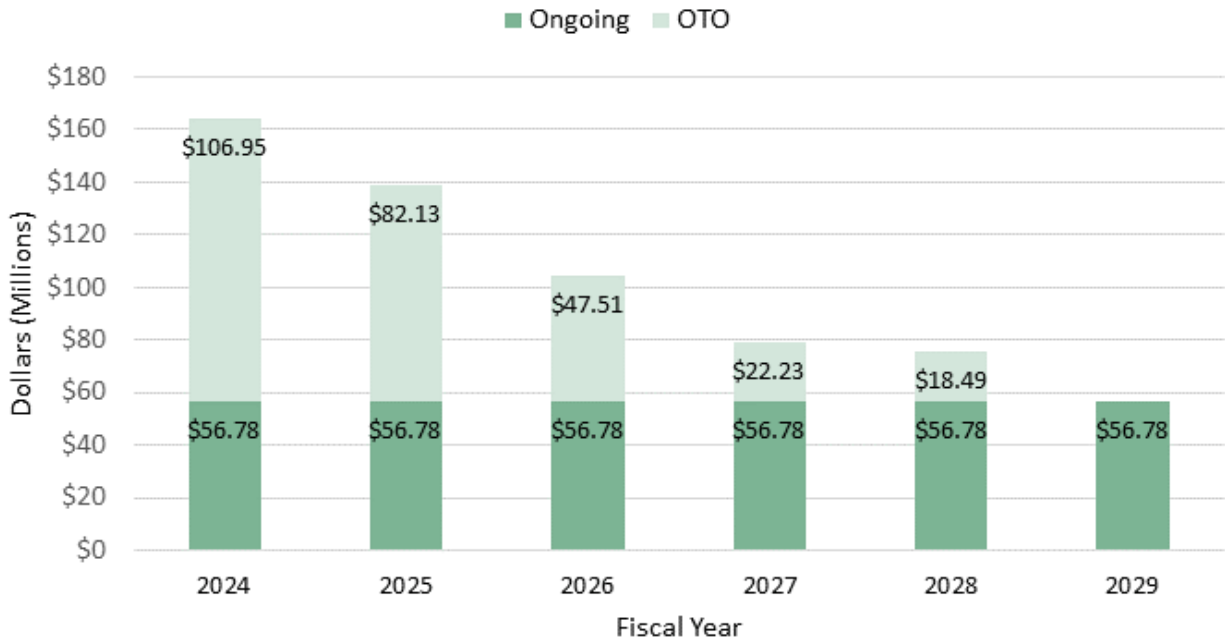
Under present law, all interest on treasury cash goes to the Debt and Liability Free state special revenue account until the end of FY 2027. **Before June 30th, 2027, any remaining balance in this account will be transferred 50/50 to the Capitol Development fund and the General Fund.** Currently the LFD is forecasting slow decreases in interest rates and interest earning funds over the next biennium. Since TCA interest earnings are impacted considerably by both short-term interest rates and cash in the general fund ending fund balance this source could be directly impacted by legislative action that changes fund balances.

This estimate assumes fund balances will return to historical levels, adjusted for recent legislation. The estimate is due to long term forecasts of the invested balance and interest rates. This source is forecast using Board of Investments' estimates of short-term investment rates, and estimated TCA cash balances.



Due to the steep decline in expected interest earnings, the LFD has categorized interest revenues that are above the projected FY 2029 level to be one-time-only revenues. The FY 2029 projection levels are categorized as the ongoing base.

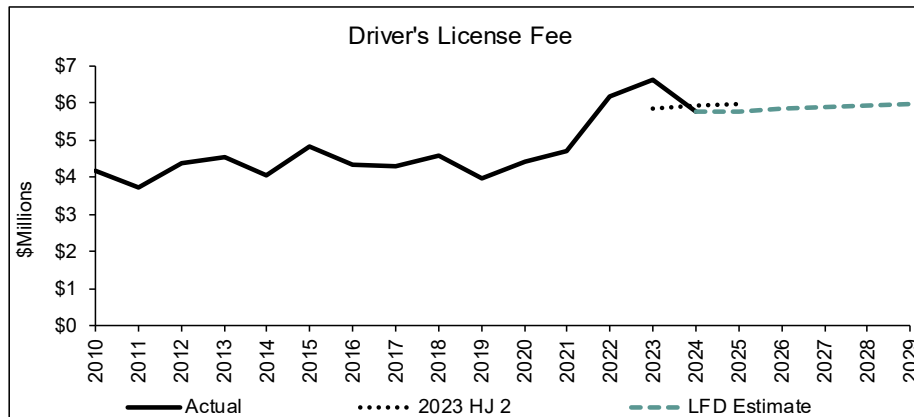
One-Time-Only vs Ongoing Treasury Cash Interest Earnings



OTHER BUSINESS TAXES

Driver's License Fee

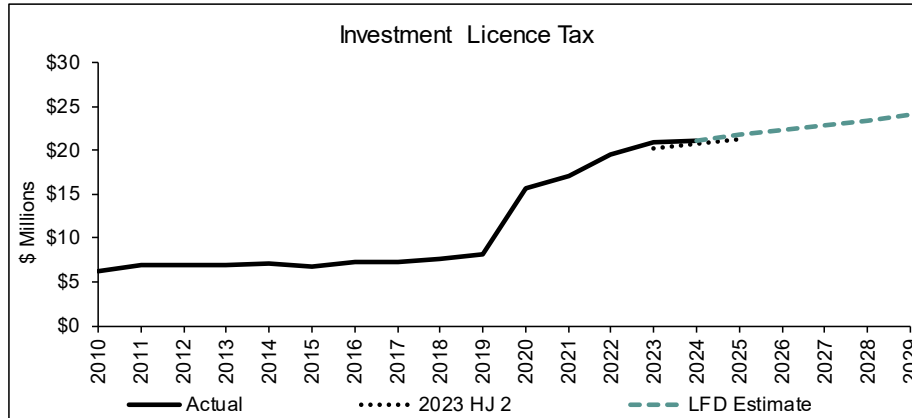
Total driver's license revenue was above HJ 2 in FY 2023 and slightly below HJ 2 in FY 2024. This source is forecasted to have slow steady growth over the biennium. This source is forecast using ratios of recent revenue collections and the license-eligible Montana population projection from S&P Global.



Investment License Fee

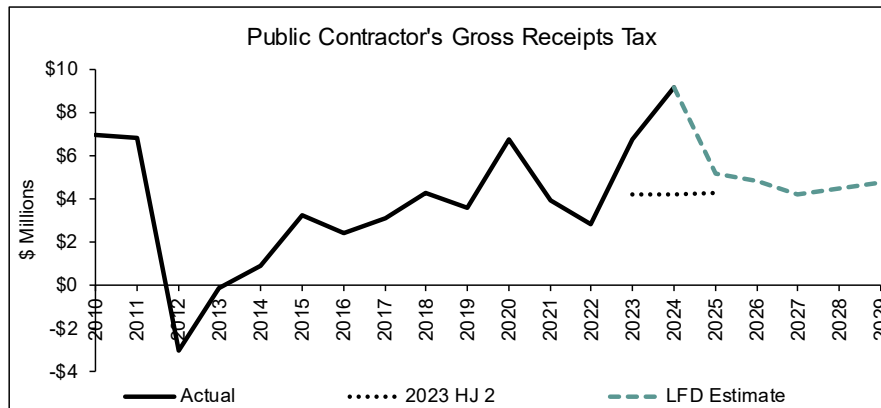
Investment license fee collections came in slightly above the HJ 2 estimate in FY 2023 and FY 2024. This source is modeled on the S&P Global personal consumption expenditure series for finance & insurance and a forecast of investment firm licenses based on historical license data from the State

Auditor's Office, with modeled growth rates applied to the last known collections. This source is expected to see slow growth through the biennium.



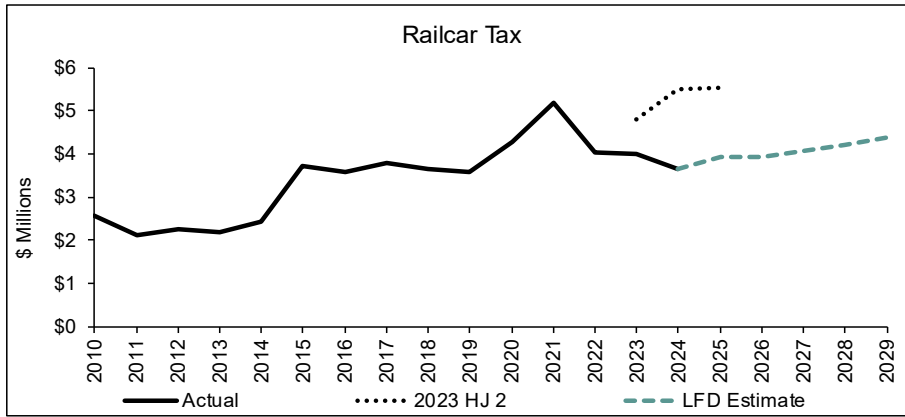
Public Contractor's Tax

Public contractors' gross receipts tax collections were above HJ 2 estimates in FY 2023 and FY 2024. This is a highly volatile source that is difficult to forecast. The HJ 2 forecast is based on a time trend of highway spending and an average level of all other construction. This source is expected to return to historical average collections over the biennium.



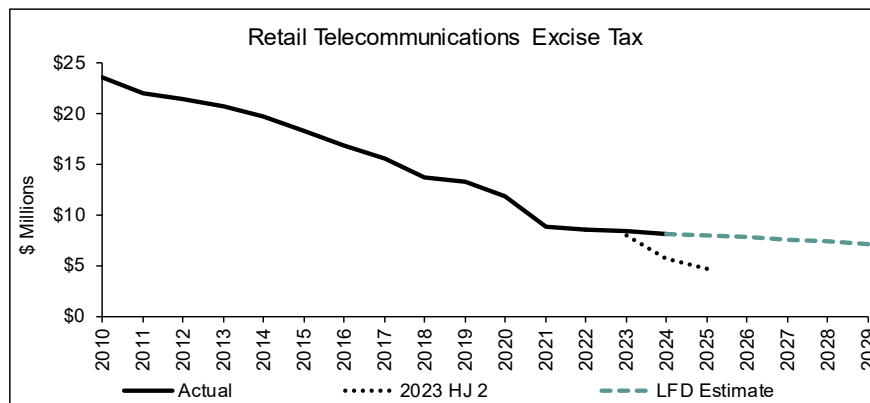
Railroad Car Tax

Railroad car tax revenue was below the HJ 2 forecast in FY 2023 and in FY 2024. Given known tax assessment data for FY 2024, it is expected that FY 2025 collections will come in below the HJ 2 estimate, after which railcar tax is expected to level off slightly in FY 2026 before slowly increasing in FY 2027 and beyond.



Retail Telecommunications Excise Tax

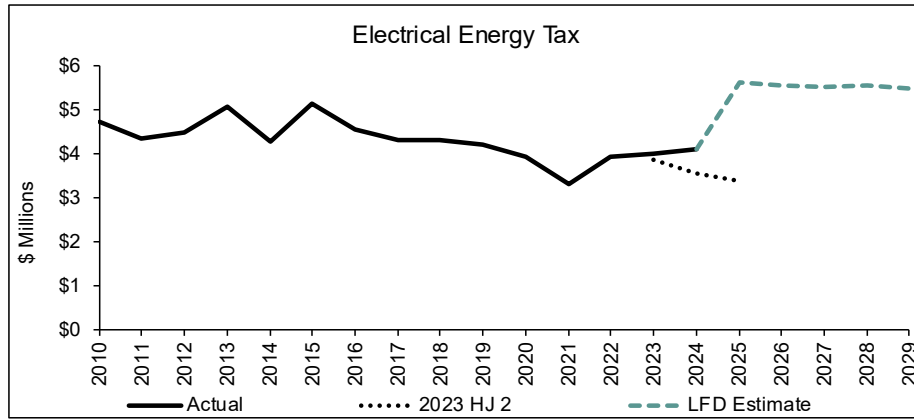
Retail telecommunications excise tax collections were above the estimate contained in HJ 2 in FY 2023 and FY 2024. The estimate was based on U.S. Census Bureau data for landline and cell phone use, other sources of cell phone statistics, and the S&P Global forecast of Montana population. Modeling for the LFD estimate assumes a continuing decline in the use of landlines, which leads to a downward trend in revenue collections through the next biennium.



OTHER NATURAL RESOURCE TAXES

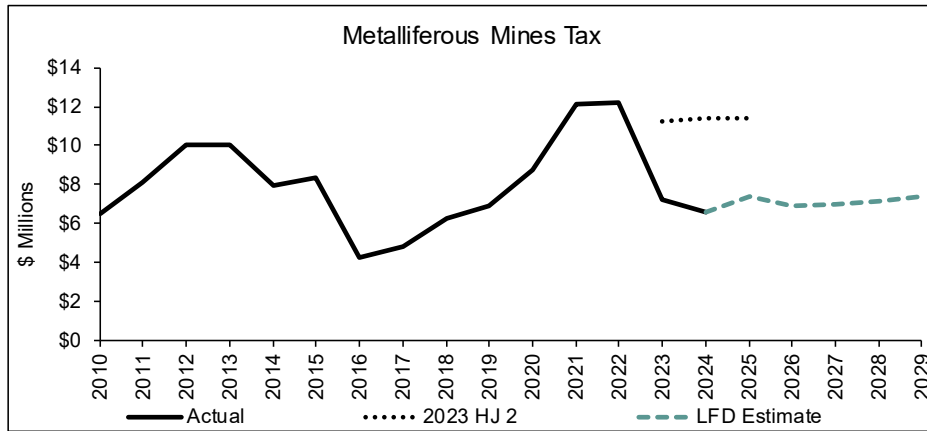
Electrical Energy Tax

Electrical energy tax collections were above the HJ 2 estimate in FY 2023 and FY 2024. This source is modeled using historic data of kilowatt hours produced, and the forecast moving forward has short term growth to account for new generating sources that have come online over the last biennium.



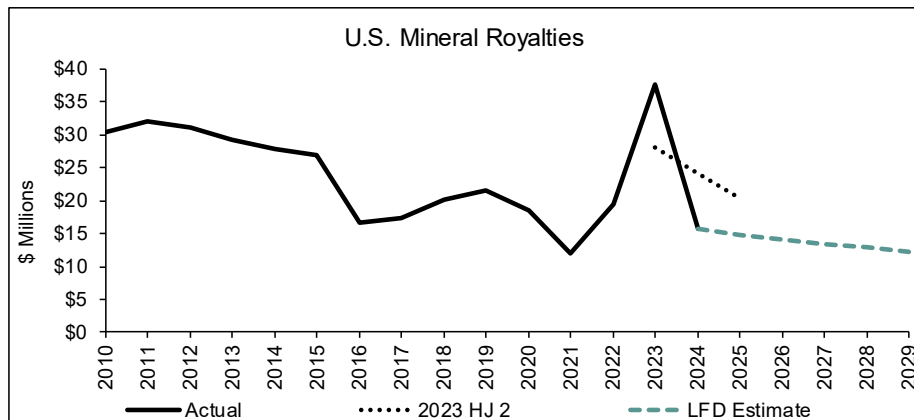
Metalliferous Mines Tax

Metal mines tax collections were below the HJ 2 estimate in both FY 2023 and 2024. The decrease is primarily attributable to a drop in palladium prices, which also impacts production. The LFD estimate includes price forecasts based on historical averages, as well as including speculative price forecasts from select sources.



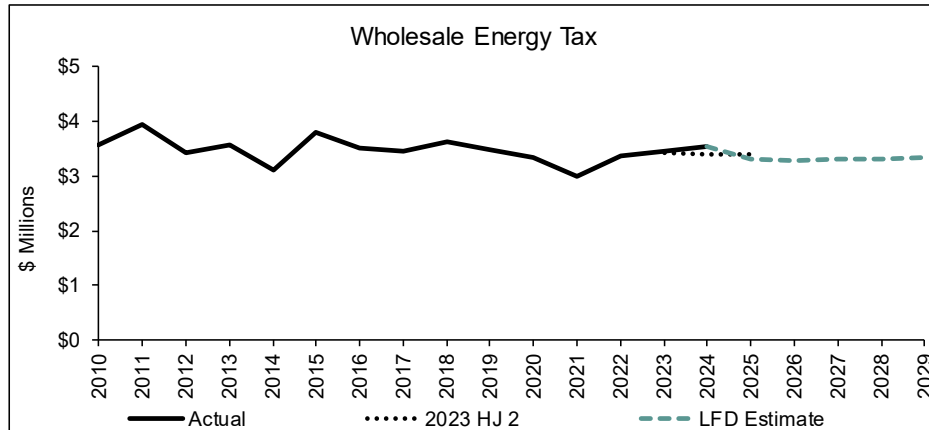
U.S. Mineral Royalties

U.S. mineral royalties were well above the HJ 2 estimate in FY 2023 and below the estimate in FY 2024. The change in collections is primarily due to volatile energy prices and production through the biennium. Royalty collections are expected to continue decreasing under the assumption that coal prices will decline.



Wholesale Energy Transaction Tax

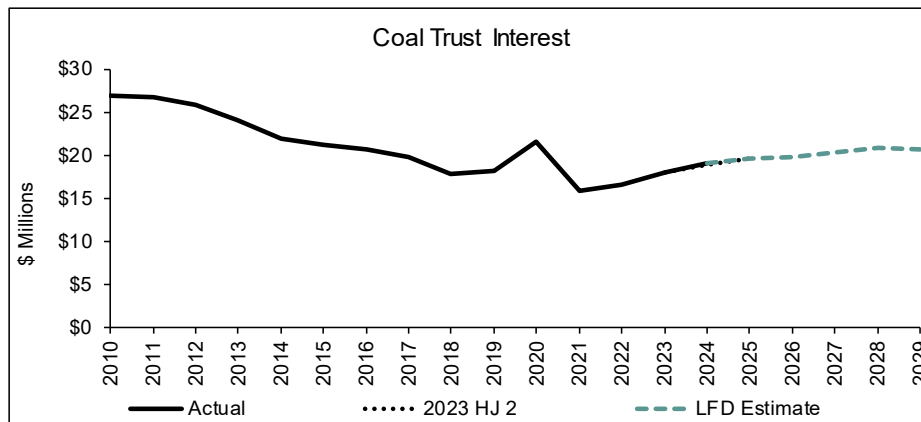
Wholesale energy transaction tax, imposed on transmission services providers, was close to the HJ 2 estimate in FY 2023 and in FY 2024. This source is estimated in HJ 2 based on historical trends of energy transmission.



Other Interest Earnings

Coal Trust Interest Earnings

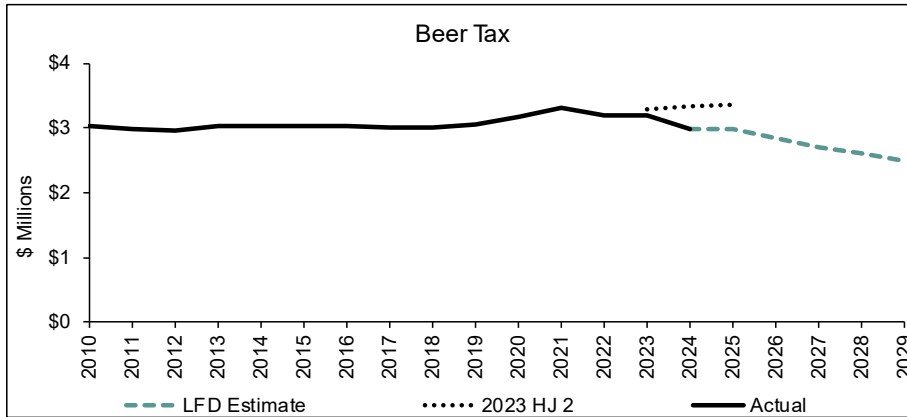
Coal trust earnings were extremely close to the estimate contained in HJ 2 in both FY 2023 and FY 2024. Revenue from this source is estimated using projected trust balance amounts and forecast interest rates based on suggestions from the Board of Investments (BOI). Return rates in the Trust Funds Bond Pool (TFBP) are expected to remain stronger in the coming biennium than recent years, due to comparatively high interest rates. These increased interest rates are responsible for the increase in interest earnings in the past two years as well as the upcoming biennium.



Other Consumption Taxes

Beer Tax

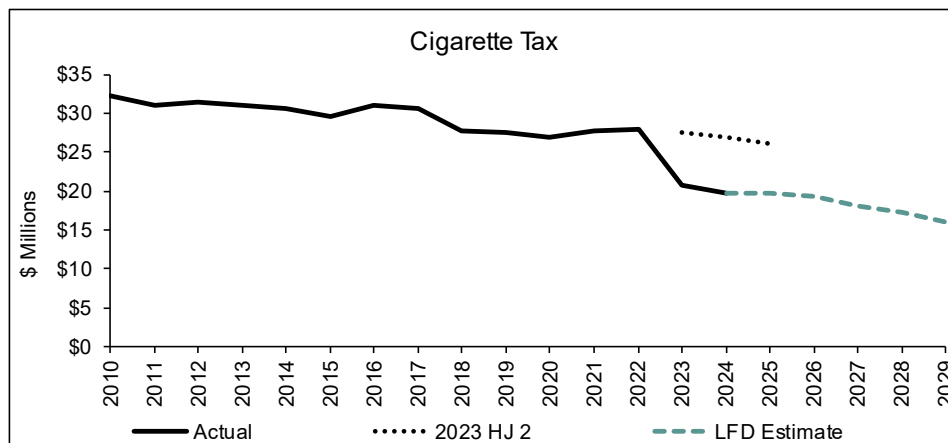
Beer tax revenue came in \$0.4 million or 10.7% below the HJ 2 estimate for FY 2024. This is a result of a decline in total volume sold as well as a decline in the effective tax rate. Proxy barrels sold last year were down by 6.3%. The effective tax rate declined from a high of \$4.21 per barrel in FY 2007 to the current rate of \$3.94 per barrel. The HJ 2 estimate was based on two Montana-specific indicators from S&P Global: the personal consumption expenditure series for food and population over age 21.



This model also forecasts an effective tax rate based on growth trends for the various distributor sizes, which is applied to the total forecast consumption. The tax rate for distributors moving less than 5000 barrels per year is \$1.30 per barrel, and for those distributing between 5,001 and 10,000 the rate is \$2.30, much less than the nominal \$4.30 for larger distributors.

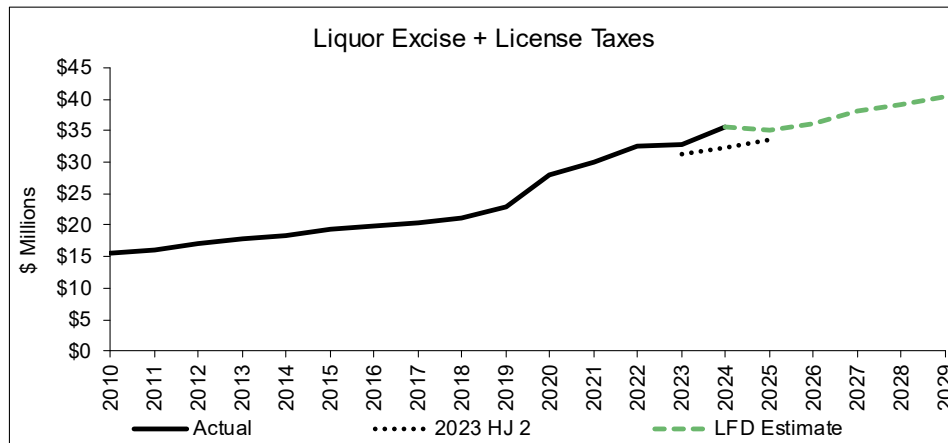
Cigarette Tax

Cigarette tax collections were \$6.0 million or 22.2% below the HJ 2 revenue estimate for FY 2024. The HJ 2 forecast for this source was based on the S&P Global series for consumer price index for tobacco, consumer spending on tobacco products, and Montana population over age 18. During the pandemic this source had a small increase following several years of single digit declines. Revenue fell sharply in FY 2023 and remained flat in FY 2024. This source is expected to resume its slow decline.



Liquor Excise & License Tax

Liquor excise tax revenue came in \$3.1 million or 9.7% above the official HJ 2 projection for FY 2024. The S&P Global forecast of Montana personal consumption expenditure series for food was used as an input for this source in HJ 2. This source experienced growth during the pandemic but growth has slowed as inflation has increased prices.



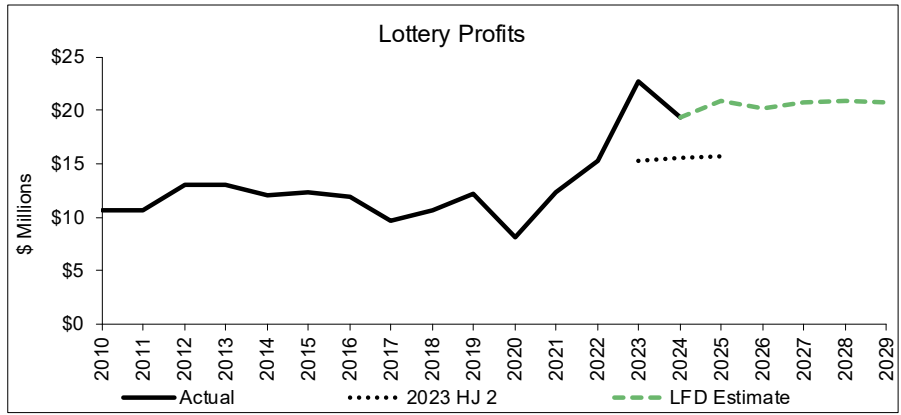
Liquor Profits

Liquor profits came in \$16.7 million or 70.5% below the estimate contained in HJ 2 for FY 2024. This is due to the use of at least \$12.0 million in profits for the expansion of the liquor warehouse. Actual revenues were nearly identical to the previous year, when \$19.0 million was transferred to the general fund. This total is \$4.7 million below HB 2. Gross sales for FY 2024 were up approximately 2.0% over the previous year, however growth in this source is lower than expected, likely due to consumer reactions to inflation.



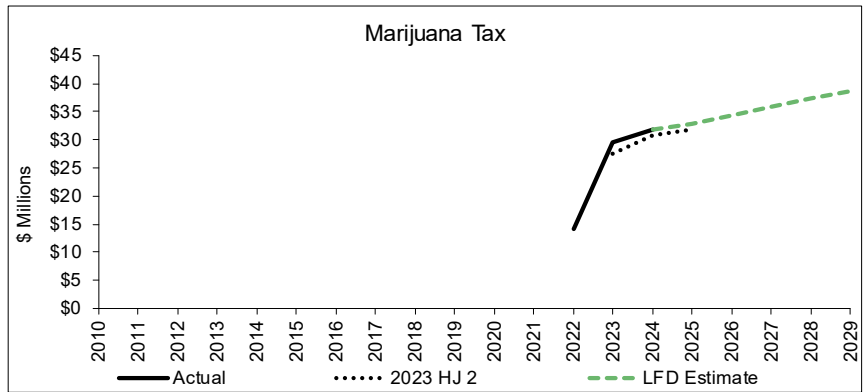
Lottery Profits

Lottery profits were \$3.8 million or 24.5% above HJ 2 in FY 2024. When HJ 2 was estimated for the 2025 biennium there had been a record jackpot that drove ticket sales, an increase of 27.4% over the previous year. In past years following record jackpots sales have often dipped as a result of “jackpot fatigue.” However, FY 2023 also saw record ticket sales. The advent of sports betting in the 2021 session also drove revenue increases, but not to the extent of the increases in ticket sales.



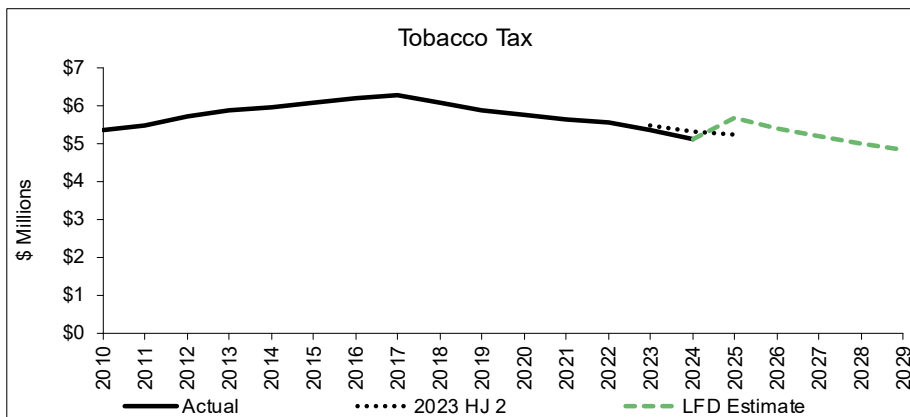
Marijuana Tax

Marijuana tax collections in FY 2023 and FY 2024 were higher than estimated in HJ 2. This was due to higher-than- expected adult use collections. Medical tax collections slightly fell. Adult use, medical, and license fee future collections are estimated using Montana population growth and CPI projections from S&P Global. All marijuana sources are expected to continue to grow steadily through the biennium.



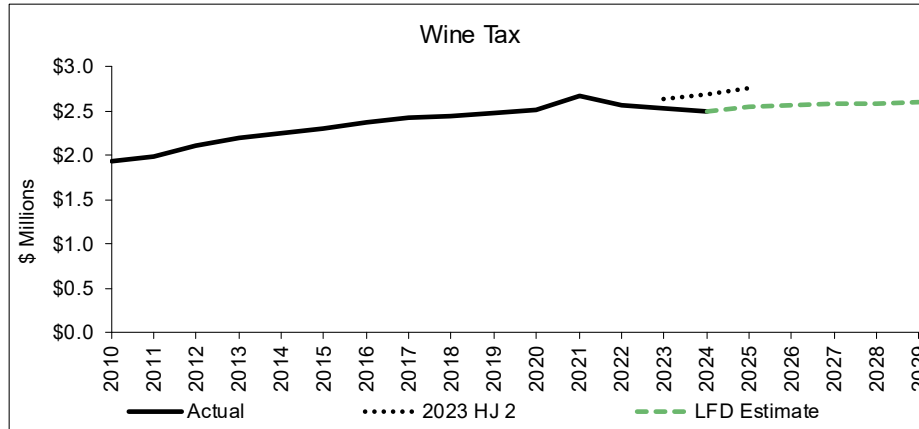
Tobacco Tax

Tobacco tax revenues were 3.9% or \$0.2 million below the HJ 2 estimate for FY 2024. During the 2023 Session SB 122 changed the tax rate for cigars and was expected to reduce general fund revenue by \$46,000 in FY 2024. This change combined with lower demand for tobacco products and the availability of tax-free substitutes likely contributed to the decrease. The HJ 2 estimate was based on S&P Global forecasts of Montana personal consumption expenditures and population over age 18.



Wine Tax

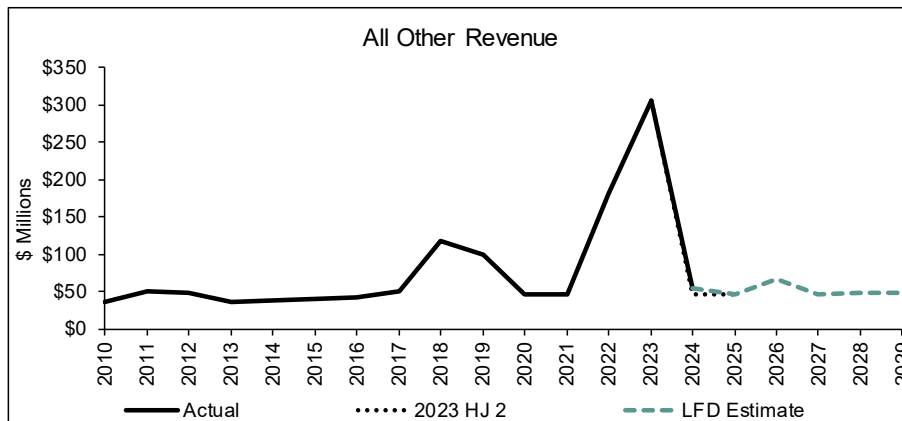
Wine tax revenue came in at 7.1% or \$0.2 million below HJ 2. After 3 years of decline, collections for this source grew modestly from the previous year. Wine collections peaked in FY 2021 and have followed a similar pattern of decline to many other consumption taxes that peaked during the pandemic. This source is based on the S&P Global forecast of Montana population over age 21; modeling for this source has not changed but incorporates the most recent collections.



Other Sources

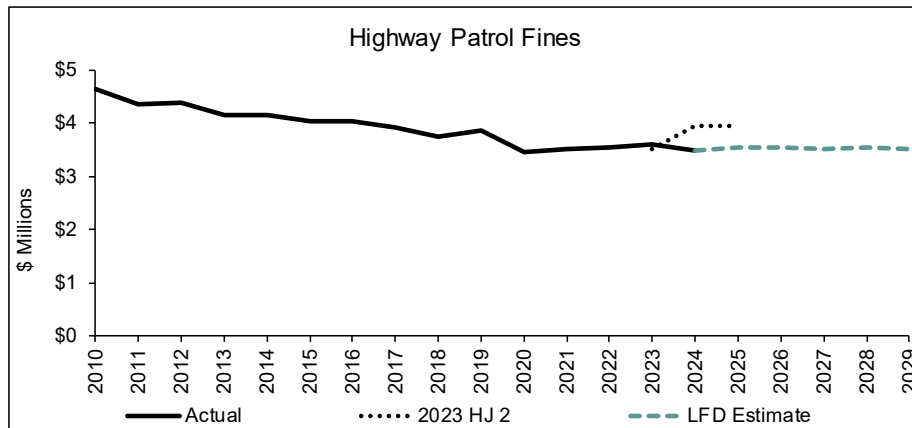
All Other Revenue

Pursuant to HB 192 and HB 816, after June 20th 2025, there will be a transfer from the Montana Surplus Rebate SSR account, to the general fund. This transfer will be for the remaining balance of about \$21.2 Million. Other than that transfer, this source is expected to remain relatively flat through the next biennium. There is the potential for a large transfer from the Debt and Liability Free state special revenue account to the general fund this biennium. Anything left in that account by the end of FY 2027 will be transferred 50/50 to the general fund and the Capitol Development fund. The fiscal note for HB 251 assumes everything in that account will be spent.



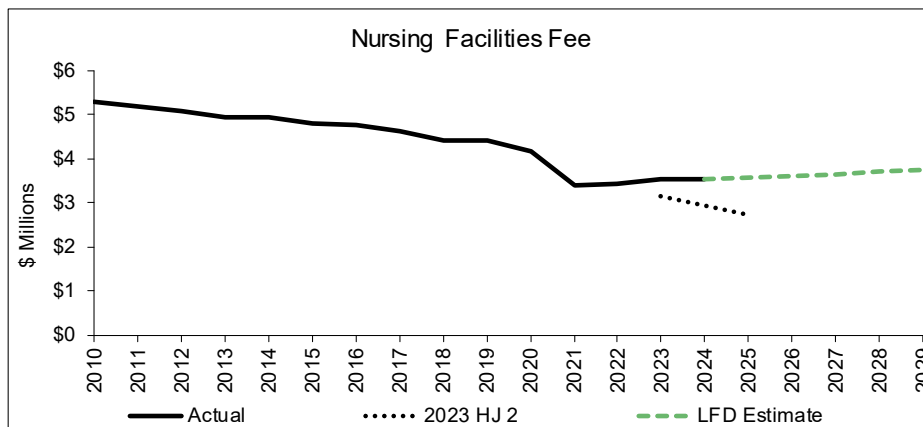
Highway Patrol Fines

Highway patrol fines were close to the official HJ 2 estimate in FY 2023 and below the estimate in FY 2024. This source is expected to remain flat in the upcoming biennium.



Nursing Facilities Fee

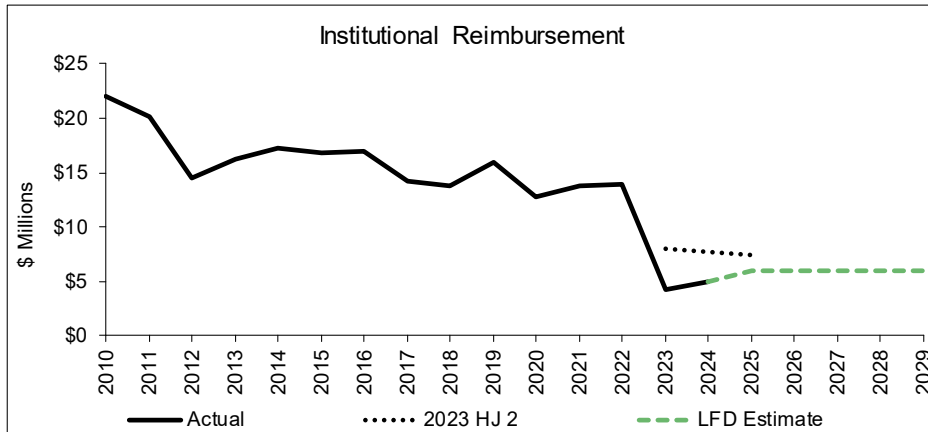
Nursing facilities fees came in 20.2% or \$0.6 million above the HJ 2 revenue estimate. It is forecasted primarily based on a time series of proxy bed days. This source has declined most years since inception; however, it has had annual growth in the low single digits for the past 3 years.



Public Institution Reimbursements

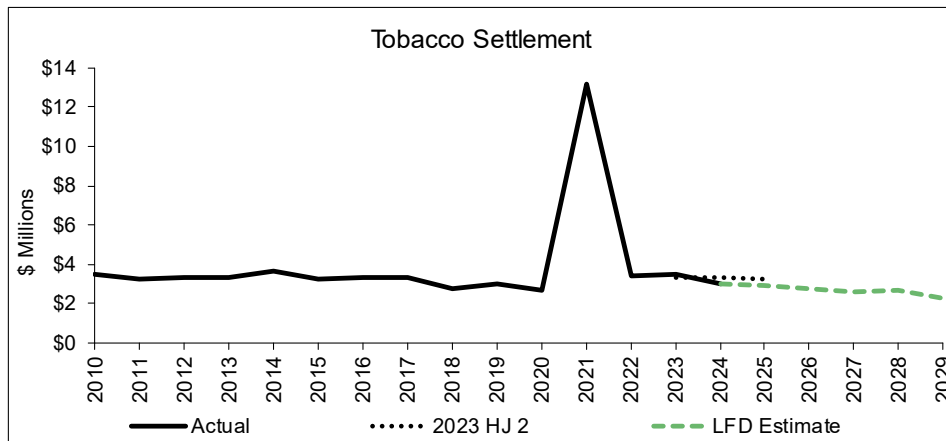
Public institution reimbursements were \$2.9 million or 37.2% below the HJ 2 estimate. This source has a history of fluctuating collections primarily due to timing of federal payments. Modeling for this source relies primarily on a time trend of nursing facility residents.

In the spring of 2022, the Montana State Hospital (MSH) lost its Medicaid certification and cannot receive federal reimbursement until it is recertified. The Department of Public Health and Human Services has a recertification plan. However, it could be recertified no sooner than halfway through FY 2026. As recertification is uncertain it is not assumed. This will cause a decline to this source. Medicare and Medicaid reimbursement make up 70.0-90.0% of MSH revenue. In the last 3 years the MSH received reimbursement from Medicaid, this amount averaged around \$7.0 million in general fund reimbursement. This certification issue only affects MSH. All other state-owned facilities are still eligible for reimbursement.



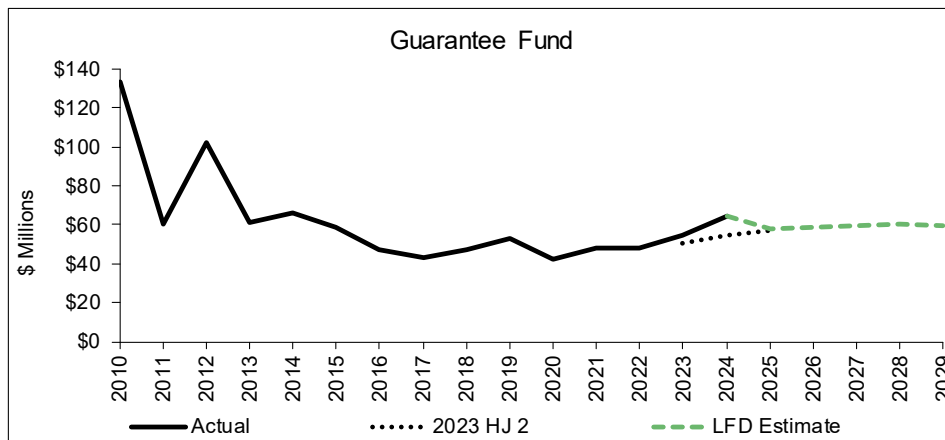
Tobacco Settlement

Tobacco settlement revenue was \$0.3 million or 9.9% below the HJ 2 estimate in FY 2024. The reduction in total volume of cigarette sales decreased more rapidly than expected during the biennium. The general fund receives 11.0% of settlement proceeds.



2027 BIENNIUM GUARANTEE FUND REVENUE ESTIMATE

The guarantee fund is a state special revenue fund dedicated as the first source of school funding. Since the available funds from the guarantee fund directly offset general fund spending, the LFD revenue estimate recommendation is included for informational purposes. The guarantee fund primarily receives revenue generated from common school state land and the subsequent interest on the common school trust fund. Revenue in this fund can be sporadic year to year, as much of the revenues on common school lands are tied to commodity prices. The trend on common school interest and income moving forward is slow with modest growth, driven by higher interest rates. However, statute dictates that any interest and income in excess of \$56 million be diverted to the school major maintenance account. As a result, the forecast below is relatively flat, as the \$56 million cap is expected to be reached in FY 2026 and FY 2027.



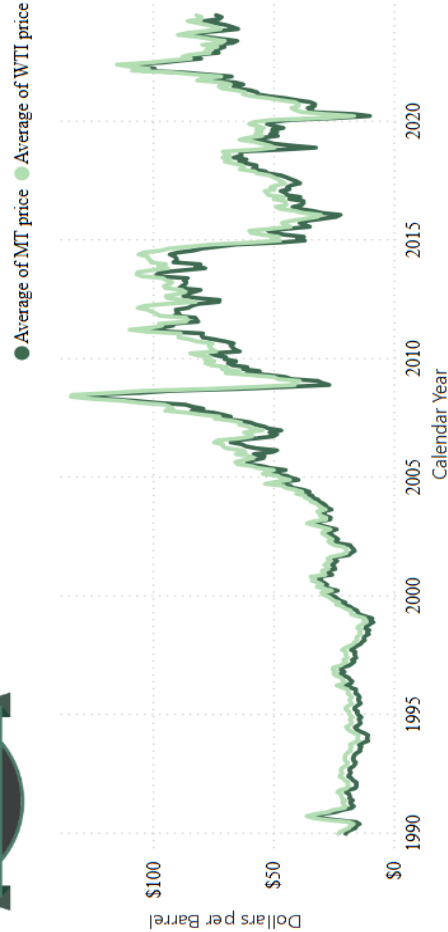
APPENDIX

Selected Non-General Revenue Estimates Summary (\$ Millions)						
Source of Revenue	Actual FY 2024	Estimated FY 2025	Estimated FY 2026	Estimated FY 2027	Estimated 2025 Bien	Estimated 2027 Bien
Property Tax: 6 Mill	\$29.643	\$29.925	\$34.087	\$34.336	\$59.568	\$68.423
Natural Resource Taxes						
Federal Forest Receipts	13.397	4.682	4.802	4.958	18.079	9.760
Resource Indemnity Tax	5.198	4.425	3.562	3.132	9.623	6.694
Interest Earnings						
Capital Land Grant Interest and Income	4.343	1.649	1.507	1.446	5.992	2.953
Common School Interest and Income	59.473	55.032	57.702	60.635	114.505	118.337
Conservation Districts Trust	0.303	1.262	2.055	2.899	1.566	4.954
Cultural Trust Interest	0.648	0.652	0.682	0.717	1.300	1.399
Deaf & Blind Interest and Income	0.327	0.363	0.387	0.424	0.690	0.811
Economic Development Trust	6.176	6.460	6.775	7.156	12.636	13.930
Montana Coal Endowment Trust	12.036	11.550	11.854	12.223	23.586	24.077
Montana Coal Regional Water Trust	4.018	3.628	3.801	3.990	7.646	7.791
Parks Trust Interest	1.206	1.203	1.248	1.304	2.409	2.553
Pine Hills Interest and Income	0.455	0.442	0.464	0.475	0.897	0.939
Regional Water Trust Interest	4.018	3.628	3.801	3.990	7.646	7.791
RIT Trust Interest	4.096	3.811	4.011	4.221	7.908	8.232
School Facilities Trust	8.066	8.733	9.076	9.598	16.799	18.674
Tobacco Trust Interest	12.445	12.585	13.721	14.970	25.031	28.690
Consumption Taxes						
Diesel Tax	91.432	93.908	94.980	96.675	185.340	191.655
Gasoline Tax	195.654	195.796	199.208	202.815	391.450	402.023
GVW and Other Fees	41.604	41.599	42.794	43.968	83.203	86.762
Total Selected Non-General Fund	\$494.538	\$481.334	\$496.516	\$509.931	\$975.872	\$1,006.447



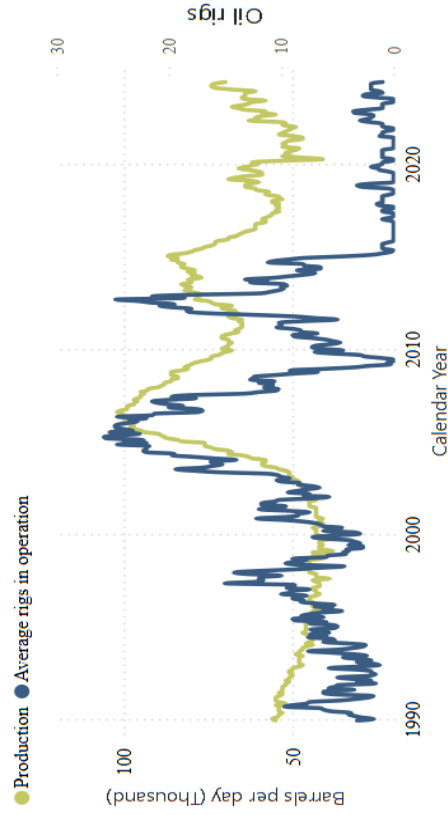
Price, Rigs, & Production

Average of Oil Price per Barrel



Year	Average of MT price	Average of Brent price	Average of WTI price	Average of Retail gas price
2024	\$72.41	\$84.01	\$79.95	\$3.41
2023	\$73.07	\$82.47	\$77.64	\$3.52
2022	\$90.67	\$100.78	\$94.79	\$3.96
2021	\$62.26	\$70.68	\$67.99	\$3.00
2020	\$32.20	\$41.76	\$39.24	\$2.23
2019	\$50.28	\$64.36	\$56.98	\$2.60
2018	\$57.83	\$71.06	\$64.94	\$2.72
2017	\$45.03	\$54.25	\$50.88	\$2.41
2016	\$35.80	\$43.55	\$43.15	\$2.15
2015	\$40.21	\$52.35	\$48.69	\$2.42
2014	\$81.13	\$99.02	\$93.26	\$3.36
2013	\$88.54	\$108.64	\$97.91	\$3.51
2012	\$82.92	\$111.65	\$94.11	\$3.63

Average Oil Production & Rigs in Montana



Year	Average of Rigs	Production (Thou. Barrels per day)
2024	1.75	70.14
2023	1.20	63.92
2022	1.94	56.00
2021	0.33	51.25
2020	0.78	52.42
2019	0.62	63.00
2018	1.00	58.00
2017	0.53	55.83
2016	0.00	63.67
2015	1.65	78.58
2014	8.37	81.67
2013	11.53	80.08
2012	20.01	72.42

Calendar Year:

Last available data

July

\$73.63
MT price per barrel

70
Production (Thou. Barrels per day)

1.00
Rigs

GENERAL FUND REVENUE COLLECTIONS THROUGH OCTOBER

General Fund, School Equalization, Debt & Liability Free Account Revenue Monitoring Report
(\$ Millions)

Revenue Source	Actual FY 2024	HJ 2 FY 2025	HJ 2 Est. % Change	October FY 2024	October FY 2025	YTD Difference	YTD % Change	YTD % Change
Largest Seven Sources								
Individual Income Tax	\$2,243.946	\$2,007.896	-10.5%	\$831.623	\$823.300	(\$8.323)	-1.0%	
Property Tax (General Fund)	17.222	9.928	-42.4%	9.026	0.475	(9.961)	-110.4%	
Property Tax (School Equalization)				10.797	9.387			
Corporate Income Tax	312.276	274.873	-12.0%	82.864	83.745	0.881	1.1%	
Vehicle Taxes & Fees	124.840	123.191	-1.3%	33.761	47.891	14.130	41.9%	
Oil & Natural Gas Taxes	64.405	71.980	11.8%	-	-	-	-	
Insurance Tax	115.075	110.608	-3.9%	19.185	21.548	2.363	12.3%	
Video Gaming Tax	83.385	86.493	3.7%	20.812	42.006	21.194	101.8%	
Other Business Taxes								
Drivers License Fee	5.772	5.972	3.5%	1.722	1.949	0.227	13.2%	
Investment Licenses	21.042	21.314	1.3%	1.105	1.496	0.391	35.3%	
Lodging Facilities Sales Tax	44.750	61.792	38.1%	11.337	11.801	0.464	4.1%	
Public Contractor's Tax	9.125	4.297	-52.9%	3.326	3.420	0.094	2.8%	
Railroad Car Tax	3.645	5.534	51.8%	0.276	0.271	(0.006)	-2.0%	
Rental Car Sales Tax	6.972	8.250	18.3%	2.650	3.278	0.628	23.7%	
Retail Telecom Excise Tax	8.139	4.634	-43.1%	1.266	1.204	(0.062)	-4.9%	
Other Natural Resource Taxes								
Coal Severance Tax	18.181	15.383	-15.4%	4.790	5.149	0.359	7.5%	
Electrical Energy Tax	4.090	3.383	-17.3%	0.940	0.947	0.006	0.7%	
Metal Mines Tax	6.573	11.369	73.0%	-	(0.000)	(0.000)	-	
U.S. Mineral Leasing	15.655	20.291	29.6%	0.984	4.252	3.268	332.2%	
Wholesale Energy Trans Tax	3.545	3.398	-4.1%	0.879	0.883	0.004	0.5%	
Other Interest Earnings								
Coal Trust Interest Earnings	19.139	19.657	2.7%	4.243	4.265	0.022	0.5%	
TCA Interest Earnings (Now SSR)	163.738	98.569	-39.8%	38.237	46.790	8.553	22.4%	
Other Consumption Taxes								
Beer Tax	2.971	3.362	13.2%	0.903	0.881	(0.022)	-2.4%	
Cigarette Tax	20.919	26.069	24.6%	7.351	7.897	0.546	7.4%	
Liquor Excise Tax	35.443	33.423	-5.7%	8.149	8.129	(0.019)	-0.2%	
Liquor Profits	7.000	24.300	247.1%	-	-	-	-	
Lottery Profits	19.313	15.743	-18.5%	-	-	-	-	
Marijuana Tax	31.804	31.815	0.0%	-	-	-	-	
Tobacco Tax	5.114	5.208	1.8%	1.396	1.324	(0.072)	-5.1%	
Wine Tax	2.504	2.757	10.1%	0.676	0.651	(0.025)	-3.8%	
Other Sources								
All Other Revenue	54.615	46.662	-14.6%	18.205	24.134	5.929	32.6%	
Highway Patrol Fines	3.474	3.953	13.8%	0.870	0.923	0.053	6.1%	
Nursing Facilities Fee	3.535	2.731	-22.7%	0.552	0.431	(0.121)	-21.9%	
Public Institution Reimbursements	4.903	7.446	51.9%	1.434	0.307	(1.126)	-78.6%	
Tobacco Settlement	2.999	3.312	10.4%	-	-	-	-	
Ongoing GF Revenue Subtotal	3,377.874	3,131.725	-7.3%	1,070.323	1,102.557	32.234	3.0%	
Ongoing General Revenues	3,486.110	3,175.594	-8.9%	1,119.357	1,158.734	39.376	3.5%	
OTO Revenue & Transfers Subtotal	(55.503)	(54.700)		-	-	-	-	
Grand Total General Fund	\$3,322.371	\$3,077.025	-7.4%	\$1,070.323	\$1,102.557	\$32.234	3.0%	

Individual Income Collections by Account

Individual Income Tax (\$ Millions)

Account	YTD 2025	YTD 2024	\$ Difference	% Difference
Withholding	\$416.2	\$474.7	(\$58.5)	-12.3%
Estimated Payments	146.6	170.0	(23.4)	-13.8%
Current Year Payments	42.4	57.2	(14.8)	-25.9%
Audit, P&I, Amended	16.5	10.9	5.6	51.0%
Refunds	120.7	87.9	32.8	37.3%
Partnership Income Tax	78.8	28.1	50.7	180.0%
Mineral Royalties	2.1	2.8	(0.7)	-24.0%
Total	823.3	831.6	(8.3)	-1.0%

Corporation Income Collections by Account

Corporate Income Tax (\$ Millions)

Account	YTD 2025	YTD 2024	\$ Difference	% Difference
Corporation Tax	\$11.6	\$12.3	(\$0.7)	-5.5%
Estimated Payments	\$70.1	\$67.8	2.4	3.5%
Refunds	(1.5)	(0.2)	(1.4)	851.9%
Audit, P&I, Amended	3.5	3.0	0.5	17.9%
Total	83.7	\$82.9	\$0.9	1.1%



Retirement GTB Payments for the 2027 Biennium

Property taxes in Montana support K-12 schools through the state 95 mill equalization levy, county-wide education levies for retirement and transportation, and local school district levies. The state portion of property taxes is distributed to local school districts and counties by the Office of Public Instruction (OPI), based on a variety of parameters such as enrollment.

The Guaranteed Tax Base (GTB) aid payment is only a portion of the funding school districts receive from the state. GTB aid is a mechanism to equalize school districts' revenue-generating capacity by providing a per-mill subsidy for districts with less property tax wealth to bring their revenue-generating capacity to a guaranteed amount. A district's revenue-generating capacity is measured as a ratio of the district's taxable value to its local funding needs and costs. Districts that have more students supported by lower local taxable valuations receive proportionally larger amounts of GTB aid.

HB 587 (2023 Session) directed revenue from the state 95 mills into a newly established state special revenue account dedicated specifically to school funding. Previously, the 95-mill revenue was deposited into the state general fund. The bill also mandates that 55.0% of any increase in collections from the 95 mills go to a GTB area to offset local mills, which will be used to reduce future school property taxes. For FY 2025, there will be an estimated \$33.3 million reduction to local property taxes for countywide school retirement due to this increase the multiplier for retirement GTB aid.

Based on the LFD's November 2024 revenue estimate for the 95 mills, there will be an approximately \$6.2 million reduction to local school property taxes in FY 2026 and an approximately \$38.5 million reduction to local school property taxes in FY 2027. The chart to the right shows the estimated retirement GTB payments to counties for FY 2025 - 2027.

County	FY 2024	FY 2025	FY 2026	FY 2027
Beaverhead	243,133	444,266	316,181	400,634
Big Horn	775,888	1,924,148	1,587,291	2,247,660
Blaine	1,146,029	1,418,476	1,200,563	1,743,795
Broadwater	350,136	463,168	58,560	84,703
Carbon	-	471,443	283,563	401,269
Carter	-	-	-	-
Cascade	5,421,697	7,281,183	9,717,440	14,096,602
Chouteau	-	331,765	98,034	132,725
Custer	768,568	958,783	1,370,181	1,987,183
Daniels	63,211	181,046	149,351	211,486
Dawson	397,335	915,188	821,850	1,190,490
Deer Lodge	337,125	553,139	394,944	577,919
Fallon	-	-	-	-
Fergus	8,930	774,760	875,258	1,266,502
Flathead	2,506,741	6,573,969	8,551,917	12,287,168
Gallatin	-	1,808,040	3,324,746	4,797,260
Garfield	-	35,078	83,256	120,324
Glacier	2,291,668	2,706,372	2,912,981	4,096,724
Golden Valley	-	-	-	-
Granite	-	45,216	35,265	50,925
Hill	1,649,945	2,639,265	2,947,476	4,276,665
Jefferson	625,601	987,928	1,211,844	1,756,431
Judith Basin	-	-	-	-
Lake	1,884,930	2,661,737	3,437,210	4,979,944
Lewis & Clark	4,937,169	6,326,206	7,724,227	11,208,808
Liberty	6,978	99,817	102,506	148,664
Lincoln	840,879	1,292,562	125,269	66,953
Madison	-	-	-	-
McCone	-	98,648	114,835	166,056
Meagher	-	44,913	37,050	52,464
Mineral	436,132	625,970	516,382	731,215
Missoula	4,924,530	9,300,839	10,155,105	14,719,069
Musselshell	40,524	-	356,178	517,191
Park	-	114,820	168,776	242,995
Petroleum	26,436	93,978	77,525	109,779
Phillips	361,007	603,830	49,364	71,625
Pondera	486,688	743,607	464,686	673,454
Powder River	-	-	9,598	17,138
Powell	1,339	270,876	339,651	495,218
Prairie	-	26,511	21,870	30,969
Ravalli	2,532,465	3,837,497	867,198	1,257,075
Richland	-	-	-	-
Roosevelt	1,103,547	2,096,431	1,900,552	2,689,875
Rosebud	-	399,573	334,889	490,810
Sanders	20,978	632,008	416,914	604,374
Sheridan	215,666	561,655	463,327	656,087
Silver Bow	1,427,445	2,529,018	3,231,967	4,681,137
Stillwater	-	181,532	344,154	497,019
Sweet Grass	-	-	46,893	67,722
Teton	326,038	651,563	723,619	1,049,611
Toole	-	339,316	89,057	114,673
Treasure	-	-	-	-
Valley	383,957	1,035,145	177,104	257,659
Wheatland	-	-	-	-
Wibaux	-	-	-	-
Yellowstone	10,566,516	15,327,945	18,422,393	26,798,995
TOTAL	\$47,109,230	\$80,409,230	\$86,659,001	\$125,123,040