



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Director
AMY CARLSON

DATE: February 18, 2026
FROM: LFD Revenue Team
RE: General Fund Revenue Update

GENERAL FUND REVENUE SUMMARY

This monthly revenue update analyzes revenue collections through the end of January and is designed to apprise interested members of the legislature on year-to-date general revenue collections, recent economic trends, and the outlook for FY 2026 relative to the revenue estimate contained in HJ 2.

FY 2026 general fund revenues are \$154.0 million or 8.1% above FY 2025 revenues through the same period. This is in comparison to projected growth of 1.1% that was adopted in HJ 2.

Ongoing growth, which is a better comparison at this point and excludes one-time-only (OTO) transfers into the general fund has grown 5.6%, in comparison to the projected decline of 0.9% in HJ 2. Note that this fiscal year the general fund once again includes TCA interest earnings, which were deposited into the debt and liability free state special revenue fund the last three years.

While revenue collections through January are above the HJ 2 estimate, trends before "tax season" are not always indicative of where final collections ultimately end. This can be due to changes in policy that have yet to take effect, changes in taxpayer behavior, and differences in timing from one year to the next when payments are posted to the accounting system.

Furthermore, individual income tax collections will be impacted due to the passage [HR 1](#) at the federal level. HR 1 impacts are expected to show up in the accounting system in the spring of 2026. It is anticipated that taxpayers will likely receive larger refunds than what would typically be expected.

Throughout the remainder of FY 2026 the LFD will continue to monitor year-to-date collections and update the legislature as collections are posted to the accounting system.

YEAR-TO-DATE GENERAL FUND REVENUE

General Fund and School Equalization Revenue Monitoring Report (\$ Millions)

Revenue Source	Actual FY 2025	HJ 2 FY 2026	HJ 2 Est. % Change	January FY 2025	January FY 2026	YTD Difference	YTD % Change	YTD % Change
Largest Six Sources								
Individual Income Tax	\$2,329.580	\$2,263.262	-2.8%	\$1,381.504	\$1,442.247	\$60.743	4.4%	
Corporate Income Tax	321.208	326.235	1.6%	163.568	146.334	(17.235)	-10.5%	
Vehicle Taxes & Fees	135.877	127.009	-6.5%	69.927	73.278	3.351	4.8%	
Oil & Natural Gas Taxes	58.665	69.156	17.9%	16.054	13.611	(2.443)	-15.2%	
Insurance Tax	127.928	129.850	1.5%	42.184	46.275	4.090	9.7%	
Video Gaming Tax	83.535	86.903	4.0%	42.158	42.635	0.477	1.1%	
Other Business Taxes								
Drivers License Fee	6.284	5.817	-7.4%	3.267	3.288	0.021	0.6%	
Investment Licenses	21.858	22.311	2.1%	19.720	2.576	(17.144)	-86.9%	
Lodging Facilities Sales Tax	49.548	48.108	-2.9%	24.505	25.878	1.373	5.6%	
Public Contractor's Tax	9.189	4.812	-47.6%	7.066	6.347	(0.718)	-10.2%	
Railroad Car Tax	3.495	3.931	12.5%	2.914	2.942	0.028	1.0%	
Rental Car Sales Tax	8.080	8.007	-0.9%	4.785	5.547	0.762	15.9%	
Retail Telecom Excise Tax	8.054	7.755	-3.7%	3.384	3.193	(0.191)	-5.6%	
Other Natural Resource Taxes								
Coal Severance Tax	17.346	12.134	-30.0%	8.647	6.699	(1.948)	-22.5%	
Electrical Energy Tax	4.305	5.543	28.8%	2.745	2.151	(0.594)	-21.6%	
Metal Mines Tax	6.511	6.935	6.5%	-	0.023	0.023		
U.S. Mineral Leasing	24.154	14.133	-41.5%	7.384	12.394	5.010	67.8%	
Wholesale Energy Trans Tax	3.690	3.292	-10.8%	1.414	1.469	0.056	3.9%	
Other Interest Earnings								
Coal Trust Interest Earnings	20.337	21.895	7.7%	10.181	10.676	0.495	4.9%	
TCA Interest Earnings ¹	164.804	104.283	-36.7%	86.744	66.125	(20.620)	-23.8%	
Other Consumption Taxes								
Beer Tax	2.905	2.851	-1.9%	1.582	1.522	(0.060)	-3.8%	
Cigarette Tax	18.488	19.231	4.0%	11.574	11.317	(0.257)	-2.2%	
Liquor Excise Tax	33.261	36.185	8.8%	15.957	15.696	(0.261)	-1.6%	
Liquor Profits	18.443	21.800	18.2%	-	-	-		
Lottery Profits	8.630	20.130	133.3%	3.703	12.411	8.708	235.2%	
Marijuana Tax	36.729	33.640	-8.4%	-	-	-		
Tobacco Tax	4.828	5.390	11.6%	2.622	2.384	(0.239)	-9.1%	
Wine Tax	2.362	2.575	9.0%	1.287	1.241	(0.045)	-3.5%	
Other Sources								
All Other Revenue	78.703	69.219	-12.1%	48.992	91.354	42.362	86.5%	
Highway Patrol Fines	3.440	3.534	2.7%	1.832	1.591	(0.241)	-13.1%	
Nursing Facilities Fee	3.597	3.609	0.3%	1.491	1.481	(0.010)	-0.6%	
Public Institution Reimbursement:	5.385	5.927	10.1%	2.022	3.843	1.821	90.1%	
Tobacco Settlement	2.903	2.776	-4.4%	0.072	-	(0.072)	-100.0%	
General Fund OTO & Transfers		68.541			47.277			
Ongoing General Fund Total	3,459.316	3,429.696	-0.9%	1,902.542	2,009.251	106.709	5.6%	
Total General Fund	3,459.316	3,498.237	1.1%	1,902.542	2,056.528	153.987	8.1%	
Property Tax (SEPTR)	410.249	462.208	12.7%	225.270	238.987	13.717	6.1%	
Total General Revenues	\$4,034.369	\$3,960.446	-1.8%	\$2,214.556	\$2,295.515	\$80.959	3.7%	

¹ In FY 2025 TCA Interest Earnings were deposited into a state special revenue fund. They returned to the general fund in FY 2026.

MAJOR SOURCES

Individual Income Tax: Currently above estimate, but anticipated to end below estimate due to HR 1

Individual income tax collections through the end of January are \$60.7 million or 4.4% above the year-to-date collections in FY 2025 and are currently above the projected decline of 2.8% anticipated in HJ 2. The table below shows the year-over-year individual income tax growth by account.

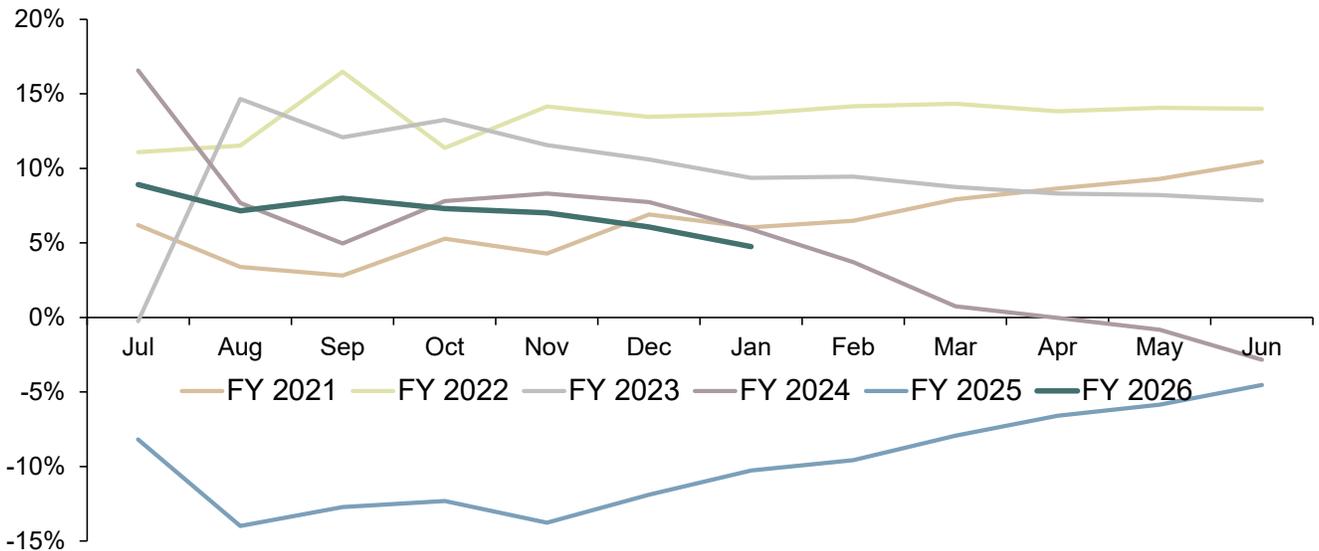
While growth has been larger than expected throughout the year, individual income taxes are ultimately expected to be below the estimate adopted in HJ 2. This is due to the anticipated impacts of [HR 1](#), which will likely result in large refunds being issued in the spring of 2026.

Individual Income Tax (\$ Millions)

Account	YTD 2026	YTD 2025	\$ Difference	% Difference
Withholding	\$844.4	\$806.1	\$38.2	4.7%
Estimated Payments	285.2	266.7	18.5	6.9%
Current Year Payments	49.9	50.0	(0.1)	-0.3%
Audit, P&I, Amended	50.8	43.4	7.5	17.2%
Refunds	17.9	20.8	(2.8)	-13.7%
Partnership Income Tax	182.9	189.0	(6.1)	-3.2%
Mineral Royalties	11.2	5.5	5.6	101.2%
Total	1,442.2	1,381.5	60.7	4.4%

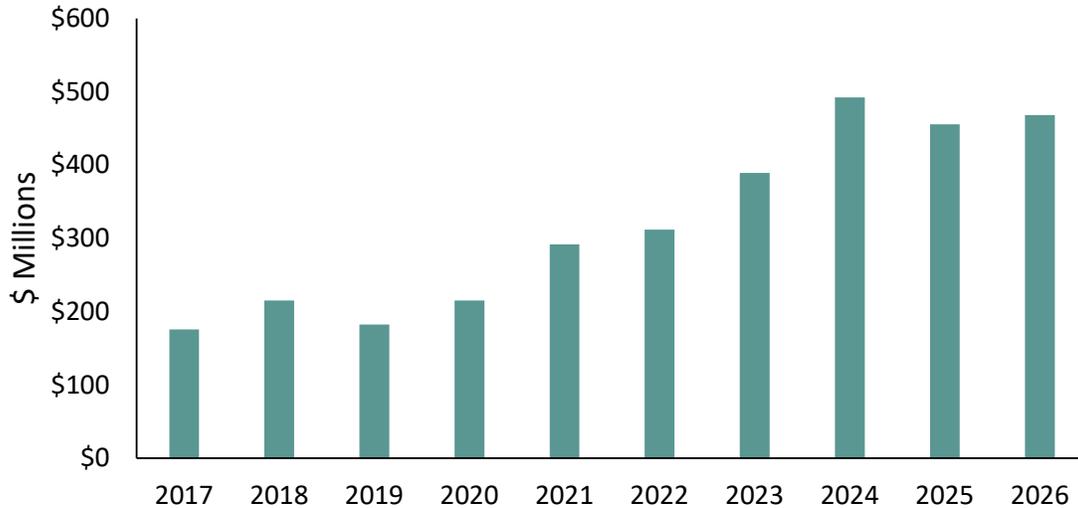
Withholding typically accounts for over 60% of individual income tax and over one-third of total general revenues. As the figure below shows, withholding growth tends to be relatively variable in the first half of the year, but often stabilizes by February, absent changes in policy. Withholding is often a good proxy for growth in wage income but can be misleading if a sizeable portion of taxpayers are either over or under withholding, the latter of which happened last fiscal year. **While the first half of the fiscal year saw strong withholding, growth rates are expected to decrease throughout the remainder of the fiscal year due to [HB 337](#), which was implemented on January 1, 2026.**

Cumulative Year-over-Year Withholding



Through January, quarterly estimated and partnership payments are slightly above last year as seen in the figure below.

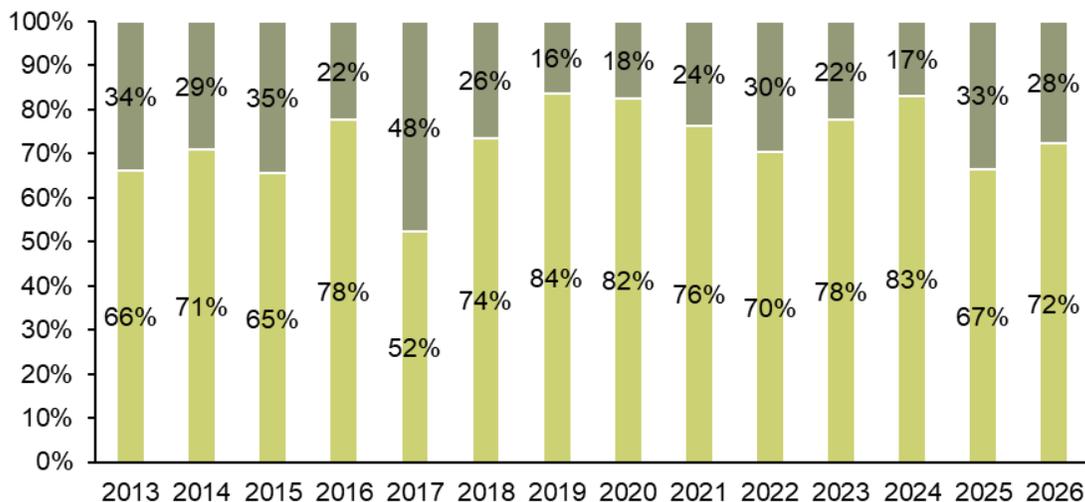
July-January Combined Quarterly Estimated and Partnership Payments



Property Tax (SEPTR): Expected to end up slightly above HJ 2

Property tax collections that are deposited in the School Equalization and Property Tax Reduction (SEPTR) account are expected to end slightly above HJ 2. In HJ 2 this source was expected to grow by 12.7% and total \$462.2 million. More recent tax assessment data from the Department of Revenue (DOR) places the total estimate near \$469.5 million. Property taxes are made in two payment periods: one in November, and one in May. At this point in the fiscal year many of the November payments show up in the accounting system in December and January. The chart below shows the historical split between December and January payments. Collections for the SEPTR account so far total \$239.0 million, or 13.2% more than this point in the previous fiscal year. Property tax is typically anticipated to come in close to the estimate, as it is a source that can be estimated with far more accuracy than most other sources.

The November property tax payment is split unevenly between December & January

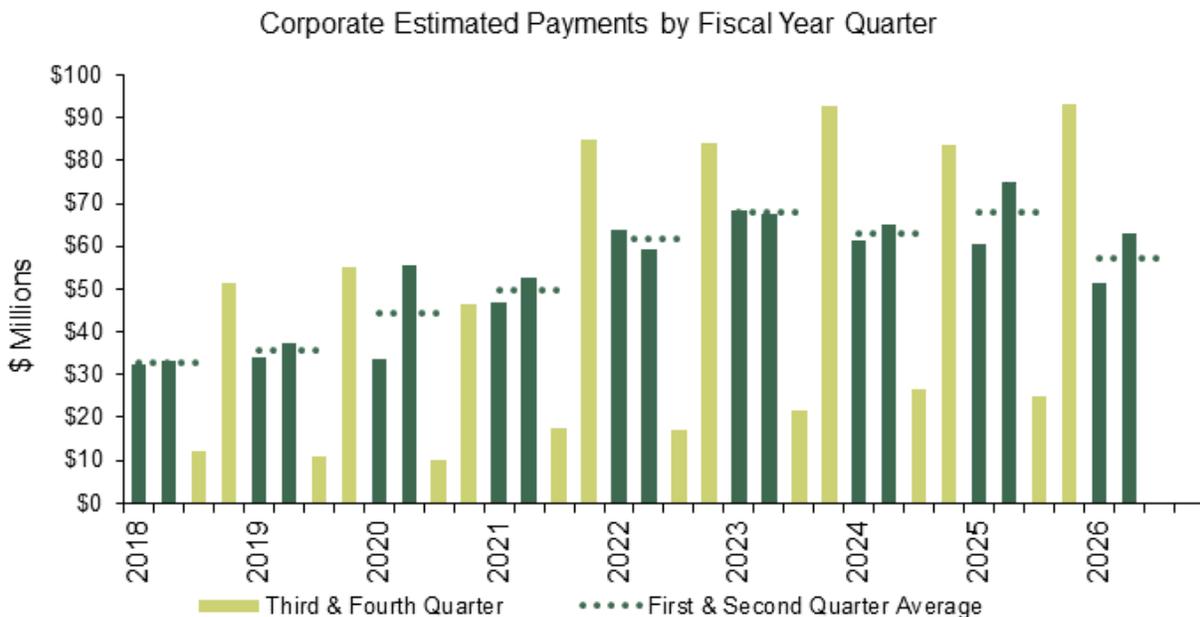


Corporate Income Tax: Below estimate and currently projected to end up below HJ 2

Corporate income tax collections through the end of January are 10.5% or \$17.2 million below this time in FY 2026. This is below the HJ 2 estimate which projected an increase of 1.6% but is a slight improvement from December when collections were 13.5% below last year's levels. The table below shows the year-over-year corporate income tax growth by account. As the table shows, nearly all the decline is in estimated payments.

Account	YTD 2026	YTD 2025	\$ Difference	% Difference
Corporation Tax	\$28.1	\$29.8	(\$1.8)	-6.0%
Estimated Payments	\$118.9	\$145.0	(26.1)	-18.0%
Refunds	(7.3)	(16.6)	9.3	-55.9%
Audit, P&I, Amended	6.7	5.3	1.4	25.3%
Total	146.3	\$163.6	(\$17.2)	-10.5%

The figure below shows that estimated payments in the first two quarters of FY 2026 are lower than the preceding four years' payments. While estimated payments are the primary driver of total corporate income tax collections, it can be difficult to ascertain final collections based on two quarters of collections. Nonetheless, the decline in the first two quarters this year is fairly pronounced, meaning much stronger growth will be required in the upcoming quarters to reach HJ 2.



Vehicle Fees & Taxes: Above estimate and anticipated to end up above HJ 2

Through January, vehicle taxes & fees have increased 4.8% or \$3.3 million compared to FY 2025. This is above the estimated decrease of 6.5% that was adopted in HJ 2. There can be fluctuation on when vehicle registrations are posted to the statewide accounting system, but given last year's above-estimate collections, it is expected that this year will end above HJ 2 as well.

Oil & Natural Gas Production Tax: Currently below estimate but difficult to predict year-end collections

January was the first month when oil and natural gas tax collections were posted to the accounting system. Collections are 15.2% or \$2.4 million below collections through the same period last year. This source can be very volatile and is dependent on global oil prices. As of the last available data published in October, there were 2.0 oil rigs operating in the state, oil prices Montana producers faced were slightly below the average for the calendar year, and production in Montana had continued to rise. Since the beginning of the calendar year, West Texas Intermediate (WTI) prices have risen sharply, from about \$57 a barrel at the end of 2025 to about \$65 a barrel at the beginning of February. If Montana prices rise in a similar way, we would expect collections to rise as well before the end of the fiscal year. The following [link](#) has more information on production and price history in Montana.

Insurance Tax: Anticipated to end above HJ 2

Current insurance tax collections through January are 9.7% or \$4.1 million above FY 2025 collections through the same period. This is due to an increase in insurance premium tax collections that is consistent with annual increases at this time of the year, which have been between 5.0% and 12.0% for the last five years.

Video Gaming Tax: Anticipated to end up near HJ 2

Revenue from video gambling is currently \$0.5 million or 1.1% above collections from this time last year. This is on track to end up near HJ 2.

Other Sources

Investment Licenses: Year-to-date discrepancy due to timing, anticipated to end near HJ 2 estimate

Due to the timing of when the license fees are due at the end of the calendar year, there is normally a large transfer to the general fund in January. That transfer is currently in a clearing account and should transfer to the general fund early in February. Without the timing differences, overall collections are expected to end near the estimate in HJ 2

Coal Severance Tax: Anticipated to be near HJ 2

Coal severance tax collections through January are 22.5% or \$1.9 million below last year's collections. In HJ 2 this source was expected to decline by 30.0%. The anticipated decreases were due to forecasted prices that were projected to continue to decline from the very high levels seen in FY 2023 and FY 2024. The first half of FY 2025 saw prices average \$29/ton, whereas during this fiscal year they have averaged \$23/ton. However, these prices are still comparatively high when compared to years preceding FY 2023.

U.S. Mineral Leasing: Anticipated to surpass HJ 2 estimate due to bonus lease payments

Royalty payments from U.S. mineral leases are 67.8% or \$5.0 million above collections through January of last fiscal year. This is above the 41.5% decrease estimated in HJ 2. This large increase in collections is due to bonus payments made on new oil and gas leases in Montana on federal land. These new wells should not be seeing any new production payments yet.

TCA Interest Earnings: Currently above estimate, difficult to predict FYE

Current TCA interest earnings through January are 23.8% or \$20.6 million below FY 2025 collections through the same period. This is above the 36.7% decrease estimated in HJ 2. This source is impacted by interest rates and the Treasury Cash Account's current cash balance.

Lottery Profits: Above estimate due to FY 2025 transfer occurring in FY 2026, anticipated to end above estimate

Revenue from lottery profits is currently \$8.7 million above the same time last fiscal year. Due to accounting anomalies in FY 2025, the general fund transfer was \$12.3 million lower than expected last fiscal year. The transfer was instead made in the first half of this fiscal year, inflating FY 2026 totals.

All Other Revenue: Above estimate, temporarily holding funds

Revenue from all other miscellaneous sources is \$42.4 million or 86.5% above collections from the same period last fiscal year. \$26.5 million of these collections are funds that are temporarily being stored in the general fund and will be removed before FYE. These are the funds that will be used to execute HB 5, section 17. Additionally, \$21.7 million of the collections are unused funds from the 2023 Session individual income tax rebates. When the rebate bills were passed, there was a general fund transfer to a state special revenue account, and any unused funds would return to the general fund this fiscal year. Other than those transfers, this source can be very volatile, and there have been fewer abandoned property transfers this fiscal year.