



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Director
AMY CARLSON

DATE: November 13, 2025
TO: Revenue Interim Committee
FROM: LFD Revenue Team
RE: General Fund Revenue Update

GENERAL FUND REVENUE SUMMARY

This monthly revenue update analyzes revenue collections through the end of October 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 \$22.8 million or 2.1% above FY 2025 revenues through the same period. This is in comparison to projected growth of 1.6% that was adopted in HJ 2.

While revenue growth through October is consistent with what was adopted, it is extremely early in the fiscal year, and trends this early are often not indicative of where final collections ultimately end.

Furthermore, individual income tax collections are expected to decline much more than originally anticipated due to [HR 1](#).

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	October FY 2025	October FY 2026	YTD Difference	YTD % Change	YTD % Change
Largest Six Sources								
Individual Income Tax	\$2,329.580	\$2,263.262	-2.8%	\$823.300	\$838.788	\$15.488	1.9%	
Corporate Income Tax	321.208	326.235	1.6%	83.745	74.743	(9.002)	-10.7%	
Vehicle Taxes & Fees	135.877	127.009	-6.5%	47.891	39.858	(8.033)	-16.8%	
Oil & Natural Gas Taxes	58.665	69.156	17.9%	-	-	-	-	
Insurance Tax	127.928	129.850	1.5%	21.548	22.974	1.426	6.6%	
Video Gaming Tax	83.535	86.903	4.0%	42.006	20.968	(21.038)	-50.1%	
Other Business Taxes								
Drivers License Fee	6.284	5.817	-7.4%	1.949	1.975	0.026	1.3%	
Investment Licenses	21.858	22.311	2.1%	1.496	1.379	(0.117)	-7.8%	
Lodging Facilities Sales Tax	49.548	48.108	-2.9%	11.801	16.577	4.776	40.5%	
Public Contractor's Tax	9.189	4.812	-47.6%	3.420	1.327	(2.094)	-61.2%	
Railroad Car Tax	3.495	3.931	12.5%	0.271	(0.008)	(0.279)	-103.0%	
Rental Car Sales Tax	8.080	8.007	-0.9%	3.278	3.252	(0.026)	-0.8%	
Retail Telecom Excise Tax	8.054	7.755	-3.7%	1.204	1.204	0.001	0.1%	
Other Natural Resource Taxes								
Coal Severance Tax	17.346	12.134	-30.0%	5.149	3.285	(1.865)	-36.2%	
Electrical Energy Tax	4.305	5.543	28.8%	0.947	0.846	(0.101)	-10.6%	
Metal Mines Tax	6.511	6.935	6.5%	(0.000)	-	0.000	-100.0%	
U.S. Mineral Leasing	24.154	14.133	-41.5%	4.252	2.659	(1.593)	-37.5%	
Wholesale Energy Trans Tax	3.690	3.292	-10.8%	0.883	0.199	(0.684)	-77.5%	
Other Interest Earnings								
Coal Trust Interest Earnings	20.337	21.895	7.7%	4.265	4.957	0.692	16.2%	
TCA Interest Earnings ¹	164.804	104.283	-36.7%	46.790	35.544	(11.246)	-24.0%	
Other Consumption Taxes								
Beer Tax	2.905	2.851	-1.9%	0.881	0.853	(0.028)	-3.2%	
Cigarette Tax	18.488	19.231	4.0%	7.897	7.048	(0.849)	-10.8%	
Liquor Excise Tax	33.261	36.185	8.8%	8.129	7.926	(0.203)	-2.5%	
Liquor Profits	18.443	21.800	18.2%	-	-	-	-	
Lottery Profits	8.630	20.130	133.3%	-	11.353	11.353	-	
Marijuana Tax	36.729	33.640	-8.4%	-	-	-	-	
Tobacco Tax	4.828	5.390	11.6%	1.324	1.258	(0.065)	-4.9%	
Wine Tax	2.362	2.575	9.0%	0.651	0.611	(0.040)	-6.2%	
Other Sources								
All Other Revenue	63.364	69.219	9.2%	24.609	22.693	(1.916)	-7.8%	
Highway Patrol Fines	3.440	3.534	2.7%	0.923	0.772	(0.150)	-16.3%	
Nursing Facilities Fee	3.597	3.609	0.3%	0.431	0.422	(0.009)	-2.0%	
Public Institution Reimbursement	5.385	5.927	10.1%	0.307	1.877	1.570	510.7%	
Tobacco Settlement	2.903	2.776	-4.4%	-	-	-	-	
General Fund OTO & Transfers								
		68.541						
Ongoing General Fund Total	3,443.977	3,429.696	-0.4%	1,102.557	1,125.341	22.784	2.1%	
Total General Fund	3,443.977	3,498.237	1.6%	1,102.557	1,125.341	22.784	2.1%	
Property Tax (SEPTR)	410.249	462.208	12.7%	9.387	10.984	1.597	17.0%	
Total General Revenues	\$4,019.029	\$3,960.446	-1.5%	\$1,158.734	\$1,136.324	(\$22.409)	-1.9%	

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 October are \$15.5 million or 1.9% above the year-to-date collections in FY 2025 and is currently above the level anticipated in HJ 2. The table below shows the year-over-year individual income tax growth by account.

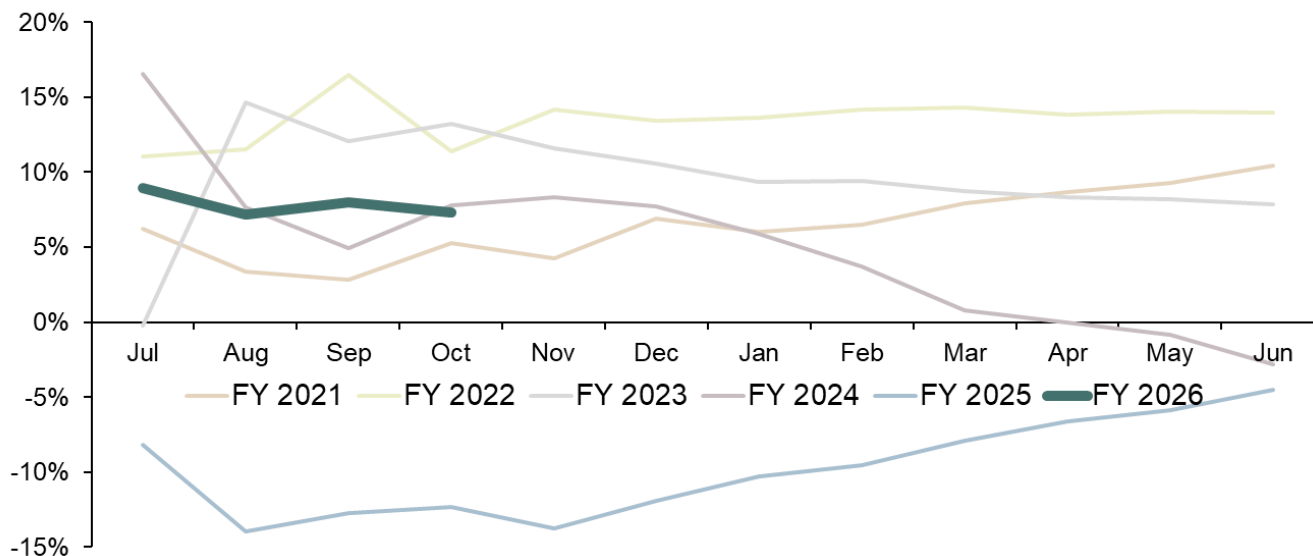
While growth has been larger than expected early in the year, individual income taxes are ultimately expected to be far below the estimate adopted in HJ 2. This is due to the anticipated impacts of [HR 1](#), which will likely result in large refunds being issued in the spring of 2026.

Individual Income Tax (\$ Millions)

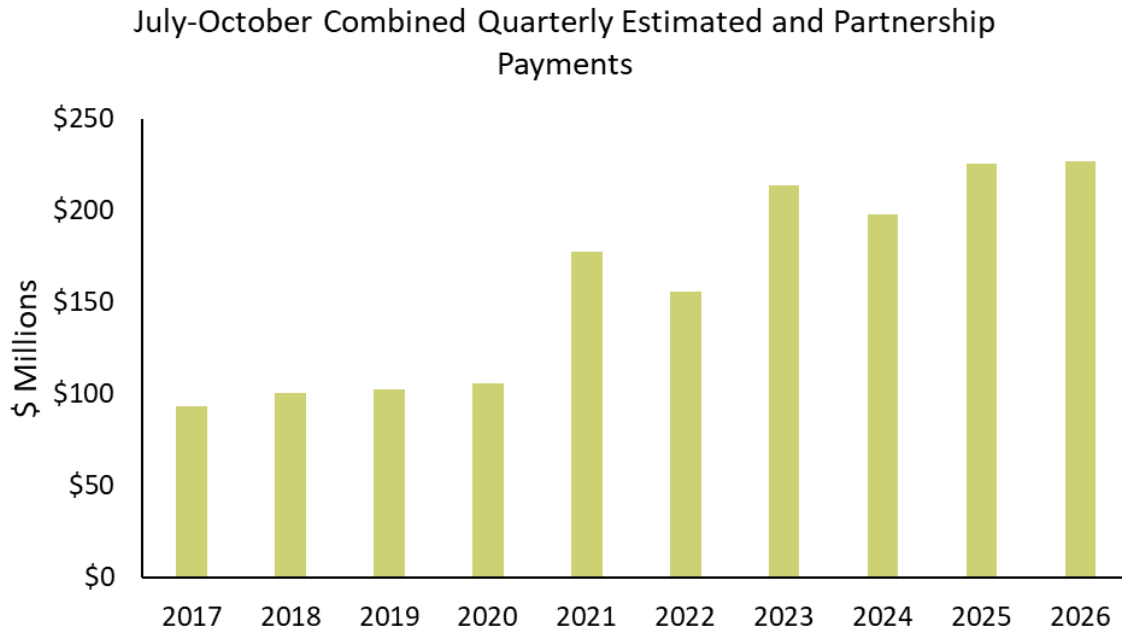
Account	YTD 2026	YTD 2025	\$ Difference	% Difference
Withholding	\$446.6	\$416.2	\$30.4	7.3%
Estimated Payments	157.5	146.6	10.9	7.4%
Current Year Payments	46.9	42.4	4.5	10.6%
Audit, P&I, Amended	18.1	16.5	1.6	9.5%
Refunds	98.8	120.7	(21.9)	-18.1%
Partnership Income Tax	69.4	78.8	(9.4)	-12.0%
Mineral Royalties	1.6	2.1	(0.5)	-24.0%
Total	838.8	823.3	15.5	1.9%

Withholding typically accounts for over 60% of individual income tax and over one-third of total general revenues. As shown in the following chart, withholding growth tends to be relatively variable in the first half of the year, but often stabilizes by February, absent changes in policy. Through four months withholding has been strong, with year-over-year growth of 7.3%. 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.

Cumulative Year-over-Year Withholding



While it is early in the fiscal year, quarterly estimated and partnership payments are nearly identical to the first quarter last year as seen in the figure below.



Property Tax (SEPTR): Above Estimate but Expected to end up Near HJ 2

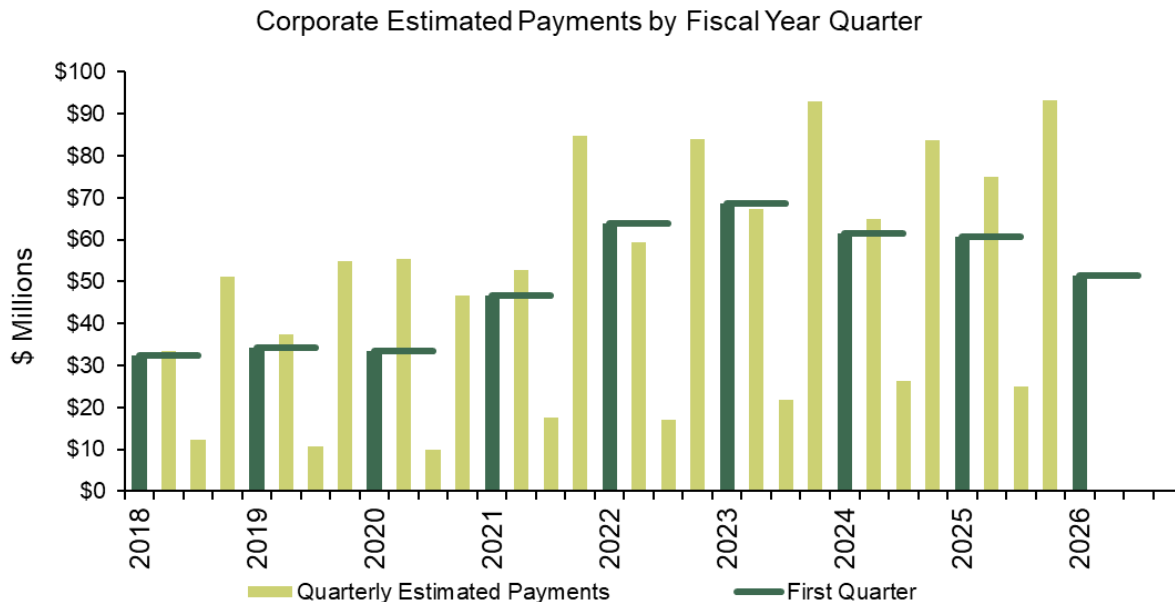
Property tax collections to the School Equalization and Property Tax Reduction (SEPTR) account have increased 17.0% or \$1.6 million compared to collections through the same period last year. In HJ 2 this source was expected to grow by 12.7%. Property taxes are made in two payment periods: one in November, and one in May. Few of the November payments are likely to have been booked at this point in the fiscal year, so more information will come with the December and January updates. Property tax is anticipated to come in close to the estimate, as it is a source that can be estimated with far more accuracy than other sources.

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

Corporate income tax collections through the end of October are 10.7% or \$9.0 million below this time in FY 2025. This is below the HJ 2 estimate which projected an increase of 1.6%. The table below shows the year-over-year corporate income tax growth by account. As the table shows, most of the decline is in the first quarter's estimated payments.

Corporate Income Tax (\$ Millions)				
Account	YTD 2026	YTD 2025	\$ Difference	% Difference
Corporation Tax	\$13.2	\$11.6	\$1.6	13.7%
Estimated Payments	\$55.2	\$70.1	(14.9)	-21.3%
Refunds	3.8	(1.5)	5.3	-347.1%
Audit, P&I, Amended	2.5	3.5	(1.0)	-27.7%
Total	74.7	\$83.7	(\$9.0)	-10.7%

The figure below shows that estimated payments in the first quarter of FY 2026 are lower than the previous four years' first quarter payments. While estimated payments are the primary driver of total corporate income tax collections, it can be difficult to ascertain final collections this early in the year based on one quarter of estimated payments. For instance, both FY 2024 and FY 2025 final collections saw growth, even though the first quarter was lower than prior years.



Vehicle Fees & Taxes: Below estimate due to timing, anticipated to end up near HJ 2

Through October, vehicle taxes & fees have declined 16.8% or \$8.0 million compared to FY 2025. This is below the estimated decrease of 6.5% that was adopted in HJ 2. This is likely a timing situation as there can be fluctuation on when vehicle registrations are posted to the statewide accounting system.

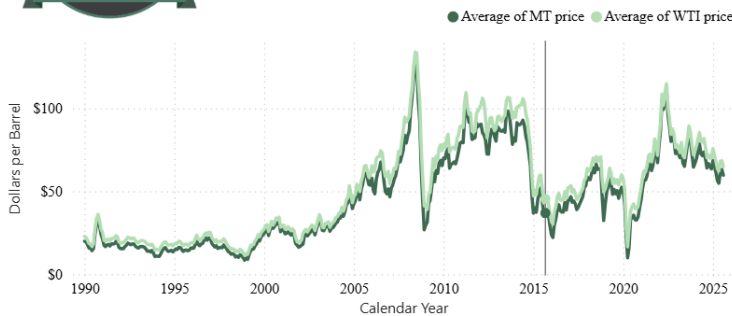
Oil & Natural Gas Production Tax: No Data Yet

While oil and natural gas production taxes have been collected since the start of the fiscal year, they have not yet been deposited into the general fund. This is expected due to the statutory requirement of when taxes are due, and the time allowed for the Department of Revenue (DOR) to determine the distribution of taxes to local governments. Prices have continued to decline slowly over the past few years, while production has been on the rise. This source can be very volatile and dependent on global oil prices. As of the last available data published in August, there are 2.0 oil rigs operating in the state, and oil prices are slightly below the average for the calendar year. The following [link](#) has more information on production and price history in Montana.

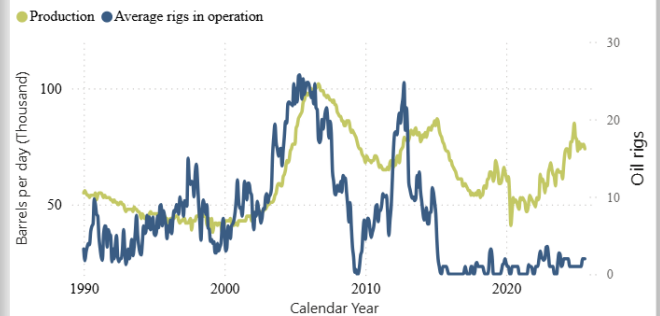


Price, Rigs, & Production

Average of Oil Price per Barrel



Average Oil Production & Rigs in Montana



Year	Average of MT price	Average of Brent price	Average of WTI price	Average of Retail gas price
2025	\$61.38	\$71.30	\$67.83	\$3.13
2024	\$69.64	\$80.53	\$76.55	\$3.31
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

Year	Average of Rigs	Production (Thou. Barrels per day)
2025	1.38	75.38
2024	1.44	74.08
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

Calendar Year
1990 2050

Last available data
August
\$59.67
MT price per barrel
74
Production (Thou. Barrels per...
2.00
Rigs

Insurance Tax: Anticipated to end above HJ 2

Current insurance tax collections through October are 6.6% or \$1.4 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 year, which have been between 5.0%-12.0% for the last five years.

Video Gaming Tax: Below estimate due to timing, but anticipated to end up near HJ 2

Revenue from video gambling is currently \$21.0 million or 50.1% below collections from this time last year. This is a timing issue due a negative accrual and should resolve itself later in the fiscal year.

Other Sources

Lodging Facilities Sales Tax: Anticipated to finalize above HJ 2

Though October, lodging facilities sales tax collections are 40.5% or \$4.8 million above FY 2025. This is above the small decrease of 2.9% estimated in HJ 2. Lodging taxes are collected quarterly based on the previous three months of sales, so this increase represents a large bump in lodging sales over the summer compared to last year.

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

Current TCA interest earnings through October are 24.0% or \$11.2 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

Revenue from lottery profits is currently \$11.4 million. Typically, at this time of the year, the lottery has yet to make a transfer to the general fund. Due to accounting anomalies in FY 2025, the general fund transfer was

\$12.3 million lower than expected last fiscal year. This amount represents the revenue that would have otherwise been transferred prior to fiscal year end in FY 2025.