

FYE 2025 Financial Report

THE BUDGET IN REVIEW
BY LEGISLATIVE FISCAL DIVISION STAFF

SEPTEMBER 8, 2025



OVERVIEW

GENERAL FUND ENDING BALANCE FYE 2025 \$769.0 MILLION

The FYE 2025 unaudited, unassigned, general fund ending balance was \$769.0 million. The estimated FY 2025 balance was \$491.6 million in the [2027 Biennium Fiscal Report](#). The difference of \$277.3 million is attributed to lower spending and higher general fund revenue collections that exceeded the HJ 2 revenue estimate.

The following table shows the detailed FYE 2025 balance sheet.

General Fund Balance Sheet				
Actuals and Estimates				
(\$ Millions)				
	Actual FY 2022	Actual FY 2023	Actual FY 2024	Actual FY 2025
Beginning Fund Balance	\$720.0	\$1,847.1	\$857.9	\$1,039.2
Revenues				
Actuals & HJ 2 Ongoing Forecasts Adjusted for Legislation	3,755.7	3,682.6	3,377.9	3,459.3
One-Time-Only (OTO) Actuals & Forecast				
OTO revenues	135.9	260.8	-55.5	
OTO Accounting Accrual		-187.4		
Total Funds Available	4,598.1	5,612.9	4,371.1	4,480.4
Accrual Reversal for Property Tax Rebates			187.4	
Adjustments	-13.6	9.8	3.4	-18.2
<u>Expenditures - Ongoing</u>				
Statutory Appropriations	302.9	315.2	321.1	328.3
Ongoing Transfers	23.4	22.2	20.6	13.2
HB 2 Agency Budgets (includes pay plan)	2,121.9	2,237.4	2,098.2	2,215.0
HB 1 Feed Bill	2.2	11.5	3.1	14.1
Other House and Senate Bills	10.8	3.1	111.6	42.5
Supplemental				67.3
Assumed Appropriations for BASE Aid				
Estimated Reversions				
Ongoing Expenditures	2,461.3	2,589.3	2,554.6	2,680.4
<u>Expenditures One-Time-Only (OTO)</u>				
HB 2 Agency Budgets	18.6	13.5	11.2	42.8
OTO Statutory Appropriations (property tax rebates)			144.3	151.8
OTO Transfers	270.2	2,125.7	619.7	812.0
OTO Other House & Senate Bills, Carryforward, etc.	2.6	41.5	3.2	24.4
Total Expenditures	2,752.7	4,769.9	3,333.0	3,711.4
Adjustments	-1.7	15.0	-1.1	
Ending Fund Balance	\$1,847.1	\$857.9	\$1,039.2	\$769.0
Structural Balance	\$1,294.4	\$1,093.3	\$823.2	\$778.9

GENERAL FUND EXPENDITURES \$102.2 MILLION LOWER THAN ESTIMATES

The general fund expenditures for FY 2025 were lower than anticipated by \$102.2 million. The primary differences are shown in the following table:

General Fund Expenditures, Estimated vs Actuals FY 2025 (\$ Millions)

	Estimated	Actual	Difference
Statutory Appropriationis	\$524.7	\$480.0	(\$44.7)
Transfers	827.1	825.3	(1.8)
HB2	2,296.5	2,257.8	(38.8)
Other House & Senate Bills, HB 1, Carryforward, & Other	165.2	148.3	(16.9)
Total	\$3,813.6	\$3,711.4	(\$102.2)

STATUTORY APPROPRIATIONS, \$44.7 MILLION LOWER THAN ESTIMATE

Actual FY 2025 statutory appropriations were lower than estimated in 2027 Biennium Fiscal Report, primarily the result of property tax rebates being lower than estimated. [HB 816](#) and [HB 222](#) from the 2023 Session issued property tax rebates in FY 2024 and FY 2025. The LFD had anticipated that FY 2025 rebates would total \$191.4 million. Instead, final rebates for FY 2025 totaled \$151.8 million.

When examining ongoing statutory appropriations, FY 2025 actuals totaled \$328.3 million, in comparison to an estimate of \$333.3 million. The difference was primarily driven by an overestimate of the disaster relief statutory appropriation established in [MCA 10-3-312](#).

TRANSFERS, LOWER THAN ESTIMATE BY \$1.8 MILLION

General fund transfers in FY 2025 were extremely close to the amount that was estimated. General fund transfers were estimated at \$827.1 million and finalized numbers were \$825.3 million. General fund transfers in FY 2025 were driven by the following:

- [HB 924](#), passed in the 2025 Session, created the Montana Growth and Opportunity (GO) Trust. This piece of legislation authorized general fund transfers to the trust totaling \$524.0 million in FY 2025.
- [HB 505](#), passed in the 2025 Session provided for a \$50.0 million transfer from the general fund to the Montana housing infrastructure revolving loan fund.
- A transfer of \$49.4 million from the general fund to the fire suppression fund.
- [HB 10](#), passed in the 2023 Session, authorized a general fund transfer of \$145.2 million to the Long-Range Information Technology Program (LRITP) Account to be completed by the end of the 2025 Biennium. In FY 2025 this transfer amount was \$112.8 million.

HB 2, \$38.8 MILLION LOWER THAN ESTIMATE

The net total estimate for HB 2 general fund was \$2,296.5 million which included an overall increase in appropriation authority of \$10.2 million. Actual HB 2 general fund spending was

\$2,257.8 million, which was \$38.8 million less than the estimate. The primary areas of difference were the following:

- Office of Public Instruction, \$16.0 million below estimate, primarily attributed to K-12 BASE aid
- Department of Public Health and Human Services, \$5.3 million below estimate
- Legislative Branch, \$3.9 million less
- Judiciary, \$3.7 million less
- Department of Corrections, \$3.1 million less

Additional details of the unspent general fund appropriations are included in select agency expenditure sections of this report and in the agency specific reports presented to the [interim budget committees](#).

OTHER HOUSE AND SENATE BILLS, ETC., LOWER THAN ESTIMATE BY \$16.9 MILLION

Other house and senate bills, including HB 1, carryforward, and other authority were underspent by \$16.9 million. There were offsetting expenditures but the following are the primary differences between estimates and actual expenditures:

- HB 5, long range building appropriations, assumed \$16.2 million in FY 2025, \$3.1 million was expended. The following bullets provide additional information:
 - The lead in schools program had \$3.7 million allocated to that project which has not yet occurred.
 - HB 5 includes appropriations in agency base budgets to account for the operations and maintenance of new facilities authorized as part of the state's long-range building program. The funds may not be expended until the facility is constructed and available for occupancy. To date, few expenditures have been made as the majority of projects appropriated within HB 5 are still in design or under construction
- The supplemental appropriation in HB 3 was \$3.5 million less than expected, this was primarily in the office of the public defender.

HB 2 EXPENDITURE HIGHLIGHTS

Agencies with significant budget highlights from FY 2025 are included in this section. Detailed spending by each agency is provided in reports to the Interim Budget Committees.

Department of Corrections (DOC) – Supplemental and small reversion

The Department of Corrections experienced funding shortages in FY 2025 that drove requests for supplemental authority in a few areas. HB 3 (2025 Session) provided FY 2025 supplemental general fund authority to the DOC totaling nearly \$22.2 million. Of this authority, \$13.0 million was

utilized by the DOC, and an additional \$9.2 million was transferred to the Department of Administration (DOA) Architecture and Engineering Division for a few capital improvement projects. Authority was provided for the following:

- \$12.6 million was provided to the DOC to cover out-of-state contracted capacity and high jail hold counts
 - The department obtained additional out-of-state capacity during the 2025 biennium to combat prison overcrowding but lacked sufficient funding to support all the additional capacity
 - The department had base funding in FY 2025 for 250 jail holds, but higher numbers of bed spaces were used during the 2025 biennium
- \$9.2 million was provided for a project to replace many security doors at the Montana State Prison that were experiencing failures and for a bathroom renovation project at the women's Riverside facility. This authority was transferred to the DOA
- \$380,000 was provided to the Rehabilitation and Programs Division to cover shortfalls

All general fund authority provided directly to the DOC was expended by FYE 2025.

Office of Public Defender (OPD) – Supplemental and small reversion

The Office of State Public Defender experienced shortages in funding to pay contracted attorney positions during the 2025 biennium. Through HB 3 (2025 Session), the OPD received \$12.5 million in FY 2025 supplemental general fund authority which was provided to cover \$5.3 million which was transferred from FY 2025 to FY 2024 and an additional \$7.2 million to cover the increased shortfall realized during the second year of the biennium. Of this authority, the OPD expended just over \$9.0 million or 72.2% of this supplemental authority, and remaining funds were returned to the general fund at FYE

Department of Public Health and Human Services (DPHHS) – Supplemental and small reversion

In FY 2025, DPHHS received a significant general fund supplemental in the 2025 Legislative Session to cover shortfalls in the state run facilities. The additional authority totaled \$27.2 million dollars, all of which went to operating expenses. Of that appropriation, \$21.8 million went to the Montana State Hospital; \$2.4 million went to MSH Grasslands; \$1.5 million went to the Montana Mental Health Nursing Care Center; and \$1.4 million went to the Intensive Behavioral Center. The entire supplemental appropriation was expended. Staffing shortages and contracted staff reliance continue in the Healthcare Facilities Division.

DPHHS underspent Medicaid general fund appropriation by \$3.0 million dollars. Across all funds, Medicaid spending was \$183.0 million less than what was budgeted. The primary area with underspent general fund was Senior and Long-Term Care nursing home appropriations and CFC benefits. These funds are restricted to Medicaid and cannot be moved to other areas of the budget.

Office of Public Instruction (OPI) – Small reversion

The OPI underspent \$16.0 million in HB 2 general fund authority in FY 2025. Of this amount, \$10.0 million was from general fund appropriations for K-12 BASE aid, \$3.1 million was from transportation aid, and \$1.9 million was general fund for major maintenance aid.

The unexpended amount for K-12 BASE aid is primarily due to unexpended authority from FY 2024 which was continued into FY 2025 due to the nature of biennial appropriations. The unexpended amount at the end of FY 2024 was primarily due to the following factors:

- Revenue in the guarantee account coming in higher than expected, which offset expenditures from the state general fund
- Lower than expected enrollment numbers and due to the statute changes for significant enrollment increases that did not materialize to the extent of the estimate
- School district general fund guaranteed tax base (GTB) aid and retirement GTB aid were lower than expected due to differences in non-levy revenue, fund balance reappropriated, and taxable values
- The Quality Educator Component payment was lower than expected, related to TEACH act funding decreases and overall FTE declines

Additionally, clawed back funds for four charter school districts resulted in lower-than-expected expenditures in FY 2025.

Biennial appropriations of general fund for transportation aid were also under-expended in both years of the biennium due to differences between the estimated need based on adopted school district budgets and the amounts paid out as claims. This occurrence is consistent with historical expenditures; the transportation aid appropriation has not been completely utilized for any year in the last decade, although some years have had expenditures very close to the full appropriation.

Major maintenance aid, which does not have a biennial designation, was under-expended by approximately \$1.9 million general fund for FY 2025. The total appropriation is made up of a general fund appropriation and a state special revenue appropriation. By law, state special revenue must be expended before general fund if there are funds available in the state special account to spend. Major maintenance aid is distributed based on a formula, and the appropriation is based on all schools participating in the program. As participation is typically less than 100.0% and state special revenue is expended first, the general fund appropriation for major maintenance aid is typically under-expended at fiscal year-end. OPI reports that district use of the program has increased, but did not meet the full appropriation level for FY 2025. The major maintenance aid formula was adjusted by the 2025 Legislature (HB 515) to provide increased funding to schools for the 2027 biennium.

LOOKING AHEAD TO FY 2027

GENERAL FUND ENDING BALANCE

Without considering federal action, the estimated FY 2027 ending fund balance is \$591.7 million, which is higher than what was estimated in the 2027 Biennium Fiscal Report due to higher-than-expected revenues in FY 2025 and lower-than-expected spending in FY 2025.

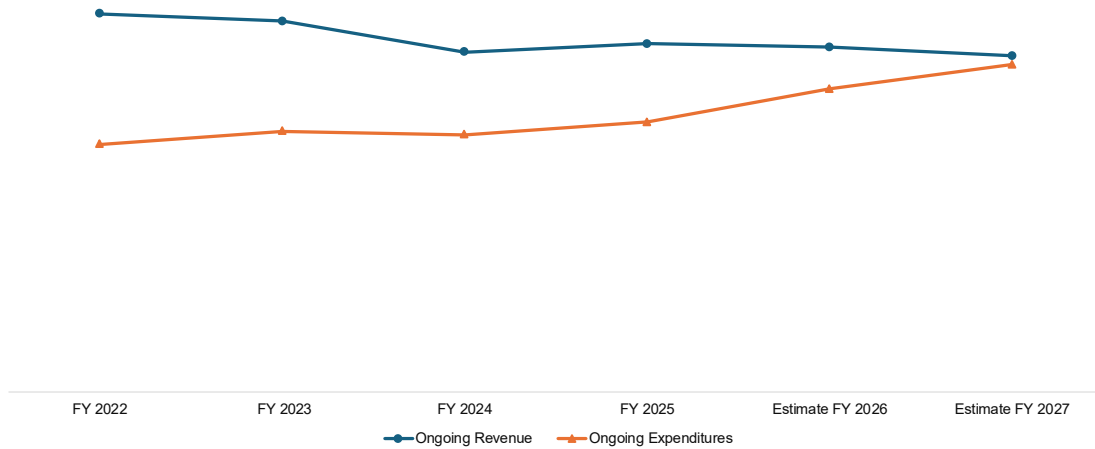
The following table shows the details of the ending fund balance which includes the HJ 2 revenue estimate for FY 2026 and FY 2027 as well as forecasts for various expenditure categories. The balance sheet does not incorporate the impacts of House Resolution (H.R.) 1, which was passed by the federal government in July, nor budget impacts that Congress is anticipated to consider this fall. Beginning in FY 2026, the tax only provisions of H.R. 1 are expected to reduce general fund revenues by approximately \$114 million per year.

As of early September 2025, little is known about the budget reduction or sequestration impacts to Montana. More information is expected in the next month as Congress acts on the budget.

General Fund Balance Sheet
Actuals and Estimates
(\$ Millions)

	Actual FY 2022	Actual FY 2023	Actual FY 2024	Actual FY 2025	Estimated FY 2026	Estimated FY 2027
Beginning Fund Balance	\$720.0	\$1,847.1	\$857.9	\$1,039.2	\$769.0	\$752.5
Revenues						
Actuals & HJ 2 Ongoing Forecasts Adjusted for Legislation	3,755.7	3,682.6	3,377.9	3,459.3	3,429.7	3,342.2
One-Time-Only (OTO) Actuals & Forecast						
OTO revenues	135.9	260.8	-55.5		68.5	22.7
OTO Accounting Accrual		-187.4				
Total Funds Available	4,598.1	5,612.9	4,371.1	4,480.4	4,267.2	4,117.4
Accrual Reversal for Property Tax Rebates			187.4			
Adjustments	-13.6	9.8	3.4	-18.2		
Expenditures - Ongoing						
Statutory Appropriations	302.9	315.2	321.1	328.3	338.4	347.2
Ongoing Transfers	23.4	22.2	20.6	13.2	131.9	217.6
HB 2 Agency Budgets (includes pay plan)	2,121.9	2,237.4	2,098.2	2,215.0	2,434.6	2,537.0
HB 1 Feed Bill	2.2	11.5	3.1	14.1	3.5	17.2
Other House and Senate Bills	10.8	3.1	111.6	42.5	48.0	85.2
Supplemental				67.3		
Assumed Appropriations for BASE Aid					65.5	60.7
Estimated Reversions					-9.0	-9.4
Ongoing Expenditures	2,461.3	2,589.3	2,554.6	2,680.4	3,012.9	3,255.4
Expenditures One-Time-Only (OTO)						
HB 2 Agency Budgets	18.6	13.5	11.2	42.8	38.4	29.9
OTO Statutory Appropriations (property tax rebates)			144.3	151.8		
OTO Transfers	270.2	2,125.7	619.7	812.0	343.0	217.6
OTO Other House & Senate Bills, Carryforward, etc.	2.6	41.5	3.2	24.4	120.5	22.8
Total Expenditures	2,752.7	4,769.9	3,333.0	3,711.4	3,514.7	3,525.7
Adjustments	-1.7	15.0	-1.1			
Ending Fund Balance	\$1,847.1	\$857.9	\$1,039.2	\$769.0	\$752.5	\$591.7
Structural Balance	\$1,294.4	\$1,093.3	\$823.2	\$778.9	\$416.8	\$86.8

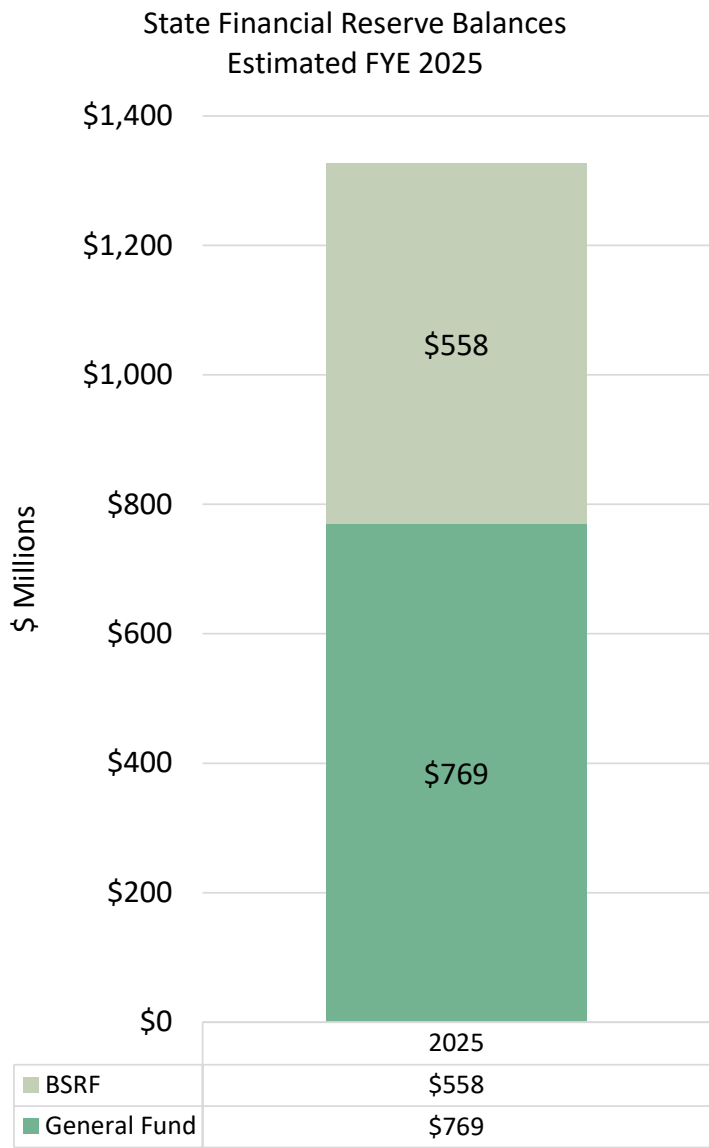
Projected Ongoing Structural Balance With Legislation
Includes Ongoing HJ2 Estimates for Revenues (\$ Millions)



The balance sheet estimates for FY 2026 and FY 2027 include assumed appropriations that would require supplementals for BASE Aid. There are also potential supplementals associated with the Office of the Public Defender and the State Hospital that are not included.

STATE RESERVE HIGHLIGHTS AND OTHER FUNDS REVIEW

Following the close of FY 2025 and including transfers that occurred by August 15th to the Budget Stabilization Reserve Fund (BSRF), the general fund ending fund balance and BSRF combined totaled \$1.327 billion.



BUDGET STABILIZATION RESERVE FUND (BSRF)

After including transfers into the budget stabilization reserve fund that occurred on August 15th, the balance is \$557.6 million. The BSRF reached 16.0% of all general revenue appropriations in the second year of the biennium and, therefore, may not receive additional income for the 2027 biennium.

OTHER FUNDS REVIEW

Capital Development Fund

The beginning *unappropriated* fund balance for FY 2026 is \$186.4 million. This excludes a transfer of \$20.9 million from the BSRF that occurred in August of FY 2026. This balance is higher than usual, primarily due to higher interest earnings on the encumbered but unspent funds from the prior biennium projects that are in process, and the transfer of \$24.8 million in ARPA interest transferred in FY 2025 from HB 4.

While the capital development fund is appropriated by the legislature for infrastructure projects, the fund remains a working rainy-day fund. This means that if state revenue collections experienced an economic downturn, the legislature may choose to appropriate the capital development fund for other uses.

Wildfire Suppression State Special Revenue Fund

The wildfire suppression fund began FY 2025 with an ending fund balance of \$103.2 million. In August, it received a transfer of \$18.6 million. Based on this transfer and anticipated expenses, the estimated ending fund balance at the end of FY 2026 is currently \$91.8 million.

While the legislature appropriates the fund as intended for wildfire suppression and mitigation, in times of economic uncertainty, the legislature may decide to appropriate for other purposes.

Debt Free and Liability State Special Revenue Fund

The Governor's Office utilized \$150.5 million in FY 2025 from the Debt Free and Liability Fund for the following:

- \$115.0 million transferred to the GO Trust as required by HB 924 (2025 Legislative Session), in section 41. The state treasurer transferred \$26.0 million to the Montana housing trust and \$89.0 million to the permanent coal trust from the debt and liability free account.
- \$20.0 million transferred to Department of Natural Resources and Conservation (DNRC) for the East Fork Dam Rehabilitation bond redemption
- \$6.2 million transferred to DNRC for the St. Mary Siphon project
- \$4.1 million transferred to the Montana State Fund for old fund liability
- \$2.7 million related to federal equity buyout of the Walt Sullivan Building
- \$1.9 million in transfers related to [HB 652](#) from the 2019 Session
- \$600,000 to DNRC for the Confederated Salish and Kootenai Tribe water compact

Anticipated Interest Earned on ARPA Funds

The United States Treasury has issued rules related to interest earned on the state and local fiscal recovery funds (SLFRF). States are not required to remit interest from the SLFRF to the Treasury. The interest earned on these funds are not subject to program restrictions and may be spent on any lawful governmental purpose. The State of Montana has earned interest on SLFRF funds and anticipates earning interest through December 31, 2026. Transfers of interest earned on ARPA funds since FY 2023 included:

- FY 2023
 - Department of Revenue for property tax rebate mailings, which totaled approximately \$124,000
- FY 2024
 - Architecture and Engineering Division for the veterinary diagnostic lab long-range building project, which totaled \$5.0 million
 - Department of Military Affairs for the National Guard recruitment incentive program and Veterans' Affairs Division, which totaled approximately \$875,000
 - Department of Revenue for property tax rebate mailings, which totaled approximately \$157,000
- FY 2025
 - Transfers included in HB 4 (2025 Legislative Session), which totaled approximately \$28.0 million. This included transfers for projects included in HB 6 and HB 7 as well as transfers of the remainder to the capital development long-range building program account. Interest earnings will be deposited into the capital development long-range building program account on a quarterly basis until December 30, 2026, the date in which the ARPA funds must be expended or returned to the federal government
 - Architecture and Engineering Division for two Montana State Hospital projects, which totaled \$13.5 million
 - Board of Investments for the purchase of the old USFG building for an investment, which totaled approximately \$11.5 million
 - Department of Corrections for medical claims, which totaled \$11.3 million
 - Architecture and Engineering Division for state building updates, which totaled approximately \$9.0 million
 - Board of Investments for the Bureau of Weights and Measures building, which totaled \$5.0 million
 - Department of Military Affairs for the National Guard recruitment incentive program and Veterans' Affairs Division, which totaled approximately \$1.7 million
 - Department of Environmental Quality for legal costs, which totaled approximately \$368,000
 - Legislative Services Division for legislative committees and training, which totaled approximately \$83,000

FYE 2025 GENERAL REVENUES

FY 2025 general fund revenues were \$193.3 million or 5.9% above the HJ 2 estimate adopted by the 2025 Legislature. In HJ 2, general fund revenues were expected to decline by 1.7%, as individual income tax reductions from the 2023 Session were anticipated to reduce individual income tax collections on a year-over-year basis. Instead, general fund revenues grew 4.1% on an annual basis.

General revenues, which include the general fund, state property taxes that are deposited into the School Equalization and Property Tax Reduction (SEPTR) account, and interest earned on treasury cash were 4.9% above the estimate adopted in HJ 2.

The underlying economic data from S&P Global used in the revenue estimating process and the adopted HJ 2 assumed that the United States would experience slow, below-average economic growth throughout the 2027 biennium. HJ 2 was adopted in November of 2024 and remained unchanged throughout the 2025 Session.

While risks from changes in economic conditions compared to HJ 2 assumptions are always present, recent federal changes to individual income tax laws in [House Resolution \(H.R.\) 1](#) will decrease Montana's individual income tax collections. They are estimated to reduce individual income tax collections by approximately \$114 million per year through FY 2029.

The following table shows actual FY 2024 revenues in the first numerical column, followed by estimated and actual FY 2025 revenues. The next two columns show the estimated and actual growth in FY 2025 from FY 2024. The last two columns compare the actual FY 2025 revenue to the estimate in HJ 2, showing the difference as an amount and as a percentage.

Finally, at the bottom, a separate row is included for the SEPTR account revenues as well as all general revenues.

Further detail on each revenue source and the difference from the estimate are provided in the following pages, organized in the same order as the revenue is listed on the table.

General Revenue--FY 2025 Actuals Compared to HJ 2 Estimate (\$ Millions)								
Revenue Source	Actual FY 2024	HJ 2 FY 2025	Actual FY 2025	HJ 2 % Change	Actual % Change	Act.-HJ 2 \$ Diff.	Act./HJ 2 % Diff.	Act./HJ 2 % Diff.
Largest Seven Sources								
Individual Income Tax	\$2,243.946	\$2,165.948	\$2,329.580	-3.5%	3.8%	\$163.632	7.6%	
Property Tax (See SEPTR Below)	17.222	14.938	15.339	-13.3%	-10.9%	0.401	2.7%	
Corporation Tax	312.276	315.242	321.208	0.9%	2.9%	5.966	1.9%	
Vehicle Taxes & Fees	124.840	125.956	135.877	0.9%	8.8%	9.920	7.9%	
Oil & Natural Gas Taxes	64.405	65.302	58.665	1.4%	-8.9%	(6.637)	-10.2%	
Insurance Tax	115.075	126.202	127.928	9.7%	11.2%	1.725	1.4%	
Video Gaming Tax	83.385	84.897	83.535	1.8%	0.2%	(1.362)	-1.6%	
Other Business Taxes								
Drivers License Fee	5.772	5.772	6.284	0.0%	8.9%	0.513	8.9%	
Investment Licenses	21.042	21.696	21.858	3.1%	3.9%	0.162	0.7%	
Lodging Facilities Sales Tax	44.750	46.711	49.548	4.4%	10.7%	2.838	6.1%	
Public Contractor's Tax	9.125	5.163	9.189	-43.4%	0.7%	4.025	78.0%	
Railroad Car Tax	3.645	3.920	3.495	7.6%	-4.1%	(0.426)	-10.9%	
Rental Car Sales Tax	6.972	7.827	8.080	12.3%	15.9%	0.253	3.2%	
Retail Telecom Excise Tax	8.139	7.960	8.054	-2.2%	-1.0%	0.094	1.2%	
Other Natural Resource Taxes								
Coal Severance Tax	18.181	15.530	17.346	-14.6%	-4.6%	1.816	11.7%	
Electrical Energy Tax	4.090	5.603	4.305	37.0%	5.3%	(1.298)	-23.2%	
Metal Mines Tax	6.573	7.378	6.511	12.3%	-0.9%	(0.867)	-11.8%	
U.S. Mineral Royalties	15.655	14.832	24.154	-5.3%	54.3%	9.321	62.8%	
Wholesale Energy Trans Tax	3.545	3.320	3.690	-6.3%	4.1%	0.370	11.1%	
Other Interest Earnings								
Coal Trust Interest Earnings	19.139	19.681	20.337	2.8%	6.3%	0.656	3.3%	
TCA Interest Earnings	163.738	138.908	164.804	-15.2%	0.7%	25.895	18.6%	
Other Consumption Taxes								
Beer Tax	2.971	2.980	2.905	0.3%	-2.2%	(0.075)	-2.5%	
Cigarette Tax	20.919	19.658	18.488	-6.0%	-11.6%	(1.171)	-6.0%	
Liquor Excise Tax	35.443	35.016	33.261	-1.2%	-6.2%	(1.756)	-5.0%	
Liquor Profits	7.000	20.900	18.443	198.6%	163.5%	(2.457)	-11.8%	
Lottery Profits	19.313	20.928	8.630	8.4%	-55.3%	(12.298)	-58.8%	
Marijuana Tax	31.804	32.903	36.729	3.5%	15.5%	3.826	11.6%	
Tobacco Tax	5.114	5.665	4.828	10.8%	-5.6%	(0.837)	-14.8%	
Wine Tax	2.504	2.558	2.362	2.2%	-5.7%	(0.195)	-7.6%	
Other Sources								
All Other Revenue	54.615	45.569	63.364	-16.6%	16.0%	17.795	39.0%	
Highway Patrol Fines	3.474	3.531	3.440	1.6%	-1.0%	(0.091)	-2.6%	
Nursing Facilities Fee	3.535	3.558	3.597	0.6%	1.8%	0.039	1.1%	
Public Institution Reimb.	4.903	5.919	5.385	20.7%	9.8%	(0.534)	-9.0%	
Tobacco Settlement	2.999	2.910	2.903	-3.0%	-3.2%	(0.007)	-0.2%	
General Fund OTO and Transfers						-		
Ongoing General Fund Total	3,322.371	3,265.976	3,459.316	-1.7%	4.1%	193.340	5.9%	
Total General Fund	3,322.371	3,265.976	3,459.316	-1.7%	4.1%	193.340	5.9%	
Property Tax (SEPTR)	\$430.813	\$441.624	\$410.249	2.5%	-4.8%	(\$31.375)	-7.1%	
Total General Revenues (GF, TCA, & SEPTR)	\$3,916.922	\$3,846.508	\$4,034.369	-1.8%	3.0%	\$187.860	4.9%	

Individual Income Tax: \$163.6 million above HJ 2

Individual income tax collections were \$163.6 million or 7.6% above the estimate contained in HJ 2. Compared to FY 2024 individual income tax collections, revenues

FY 2025 individual income tax increased 3.8% from FY 2024 (\$ millions)

	FY 2025	FY 2024	\$ Difference	% Difference
Withholding	\$1,419.3	\$1,476.6	(\$57.3)	-3.9%
Estimated Payments	409.0	421.3	(12.3)	-2.9%
Current Year Payments	439.8	403.8	36.0	8.9%
Audit, P&I, Amended	97.9	81.5	16.5	20.2%
Refunds	(429.3)	(579.3)	150.0	-25.9%
Partnership Income Tax	379.5	424.6	(45.1)	-10.6%
Mineral Royalties	13.4	15.4	(2.0)	-13.3%
Total	\$2,329.6	\$2,243.9	\$85.6	3.8%

increased by \$85.6 million or 3.8%, but in HJ 2 were expected to decline by 3.5%. The anticipated decline was due to the top marginal rate decreasing from 6.75% to 5.90% at the beginning of TY 2024.

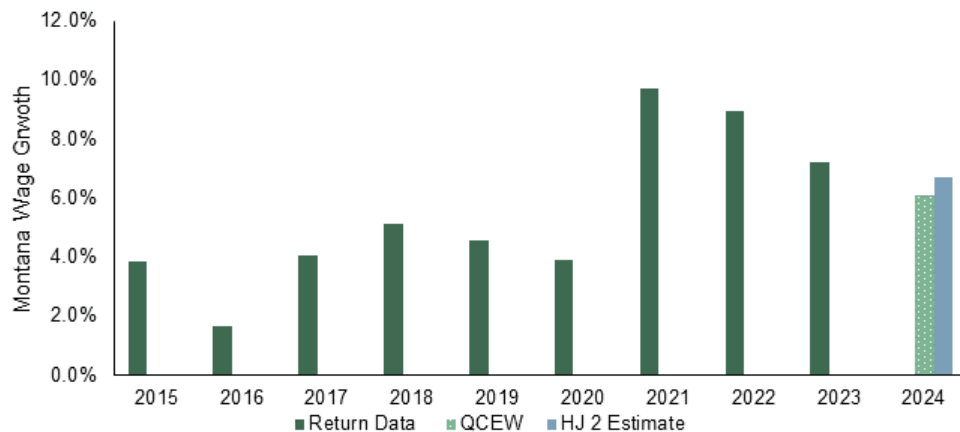
While detailed summary statistics are not yet available from TY 2024 tax return data, preliminary return data through July indicates that Federal Adjusted Gross Income (FAGI) in TY 2024 grew by 10.2% compared to the same period in TY 2023. Underlying HJ 2 assumptions assumed total income claimed on returns would grow by 9.5%. Note that many filers with comparatively large tax liabilities typically file on extension and are not included in the preliminary return data.

Wage Income

In TY 2023, the last known year with complete return data, wages accounted for 57.0% of income claimed on returns. Given its relative size, slight differences between assumed growth rates and actual growth rates can cause income tax collections to differ from HJ 2 materially. In HJ 2, wage growth in TY 2024 was at an assumed rate of 6.7%. While tax return data is not yet available for TY 2024, figures from the Quarterly Census of Employment and Wages (QCEW) indicate that Montana wages grew 6.1%.

Wage growth figures from the QCEW data are likely indicative of wage growth claimed on TY 2024 tax returns. If this is the case, the growth above HJ 2 likely came from non-wage sources of income.

Historical wage growth is available through TY 2023. QCEW TY 2024 growth figures are slightly below the estimate contained in HJ 2.



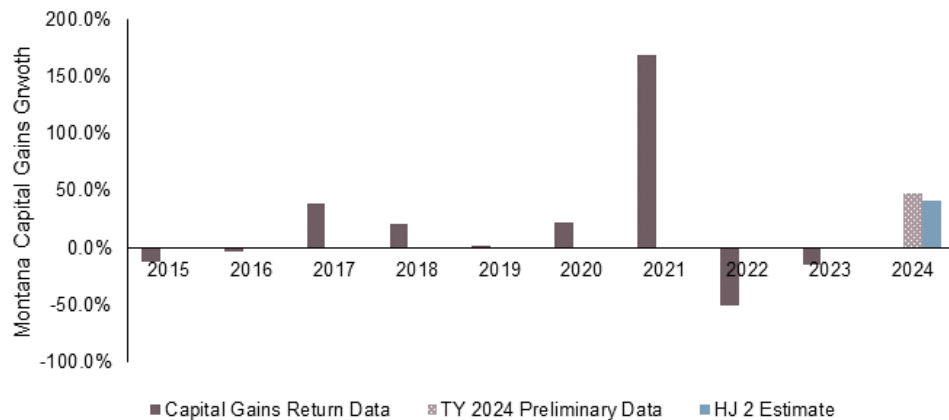
Non-Wage Income

Typically, comparisons of annual growth from estimated and partnership income can give some insight into non-wage growth. However, given the differing tax rates between FY 2024 and FY 2025, it is currently difficult to ascertain. Comparisons are further confounded by the significant decrease in refunds issued compared to FY 2024, along with growth in current year payments which represents taxes that are owed when taxes are filed. This implies that many taxpayers were under-withholding or underpaying on quarterly payments.

The main piece of available data that can offer some insight into non-wage income is capital gains income reported on Montana's Form 2. Once again, this is preliminary data through August, and many filers with comparatively

large capital gains are not typically included in the data at this point. Given these nuances, amounts that have currently been reported for TY 2024 total \$2.468 billion, in comparison to \$1.674 billion that was reported through the same period for TY 2023, growth of 47.4%.

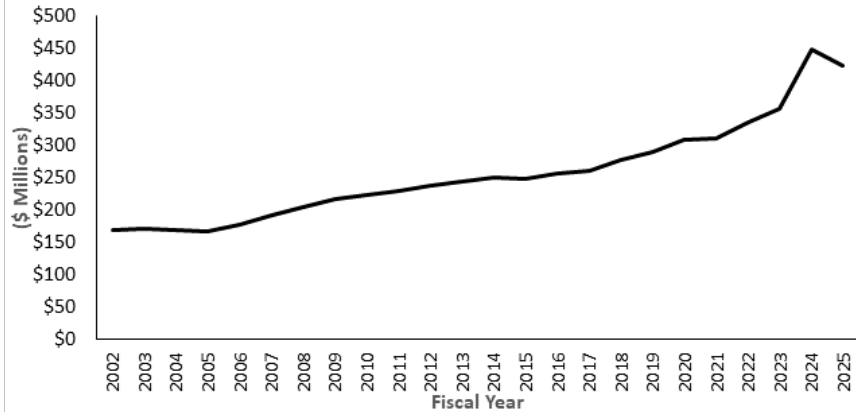
Historical capital gains growth is available through TY 2023. Preliminary capital gains growth rates are slightly above the estimate contained in HJ 2.



Property Tax: \$48.1 million below HJ 2 due to collection timing

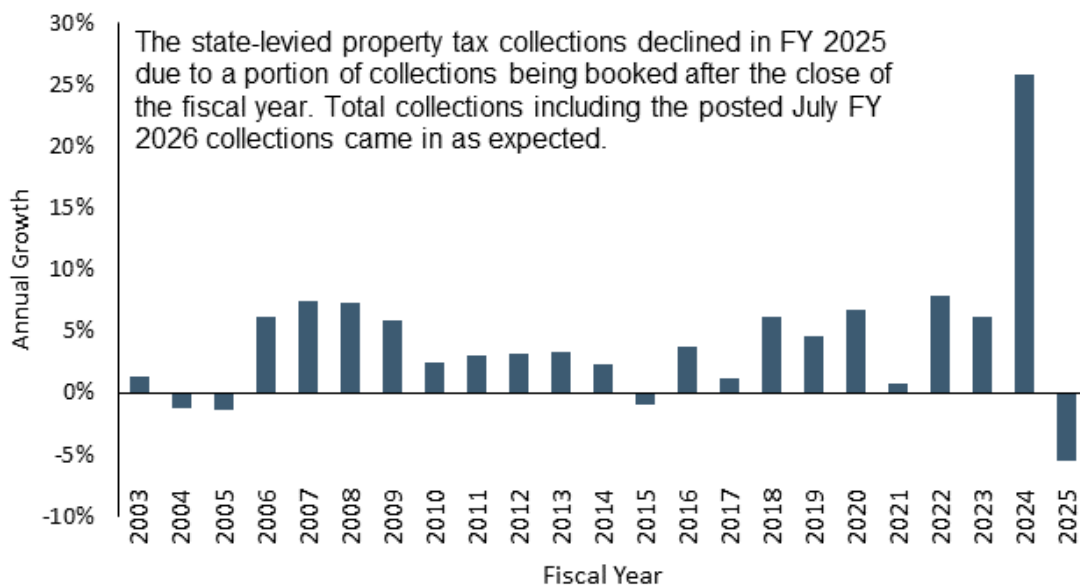
Property tax revenue was 11.2% or \$48.1 million below the HJ 2 estimate, mostly due to a portion of revenues being recorded after the fiscal year ended. Property taxes were estimated to total \$471.5 million in HJ 2. Collections in FY 2025 amounted to \$423.4 million, however an additional \$42.4 million has also been recorded in July of FY 2026, much of

The state-levied property tax collections decreased in FY 2025 due to the timing of the collections. A portion of the FY 2025 collections were booked in July of FY 2026, after books closed. Approximately \$42.4 million was also recorded in July of FY 2026



which would normally have been recorded in FY 2025. Total collections including July's records would have totaled \$465.9 million, or 1.2% below the HJ 2 estimate.

Year-over-year statewide property tax growth has generally varied between -1.3% and 7.9% over the last two decades. Recent years have deviated from this trend, as high real estate value increases during the 2020 – 2022 period led to high appraisal values during the Tax Year 2023 reappraisal cycle. Since FY 2002, property tax revenues have had a compound annual growth rate of 4.1%. As of FY 2025, all state property tax revenues from the 22 mill, 33 mill, and 40 mill levies are deposited into a state special revenue accounts that supports local school funding.



Corporate Income Tax: \$6.0 million above HJ 2

FY 2025 corporate tax collections were \$6.0 million or 1.9% above the estimate contained in HJ 2. The table to the right shows that tax liabilities were

FY 2025 corporate income tax came in \$6.0 million above HJ 2 (\$ millions)

	HJ 2	Actual	\$ Difference
Tax Liability & Adjustments	\$325.1	\$353.0	\$28.0
Refunds	(26.6)	(52.8)	(26.2)
Audit, Penalty & Interest	16.8	21.0	4.2
Total	\$315.2	\$321.2	\$6.0

underestimated by approximately \$28.0 million but were mostly offset by refunds.

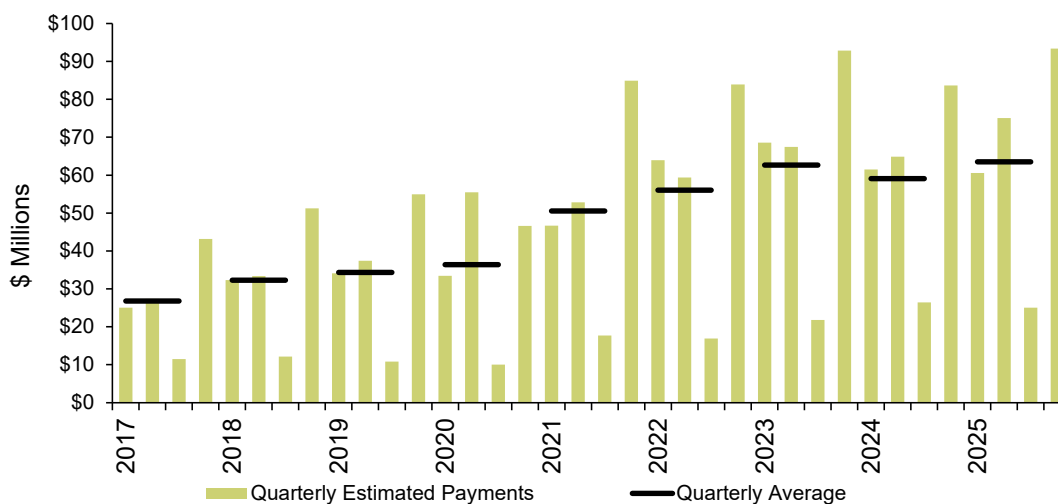
Compared to last year, FY 2025 collections grew 2.9% or \$8.9 million. Accounting level detail for FY 2025 compared to FY 2024 is shown in the table below

FY 2025 corporate income tax grew \$8.9 million from FY 2024 (\$ millions)

	FY 2025	FY 2024	\$ Difference	% Difference
Corporation Tax	99.0	\$97.2	\$1.8	1.9%
Estimated Payments	254.0	236.4	\$17.5	7.4%
Refunds	(52.8)	(36.1)	(\$16.7)	46.3%
Audit, P&I, Amended	21.0	14.7	\$6.3	42.4%
Total	\$321.2	\$312.3	\$8.9	2.9%

Compared to FY 2024, estimated payments experienced strong growth of 7.4%. Estimated payments, which often account for 80% of total corporate tax revenues, remained strong throughout FY 2025. The figure below shows the quarter-by-quarter estimated payments collections over the past nine years.

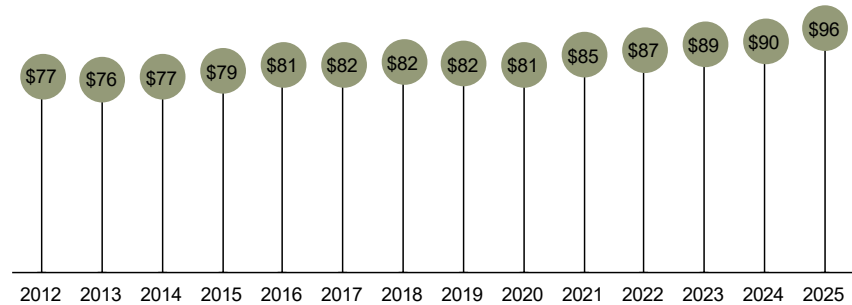
Corporate Estimated Payments by Fiscal Year Quarter



Vehicle Taxes & Fees: \$9.9 million above HJ 2

Revenue collections from vehicle taxes and fees were \$9.9 million or 7.9% higher than anticipated in HJ 2. This growth was driven by light vehicle registrations, which has been growing consistently since FY 2020. A significant amount of this growth is likely attributable to new residents and their vehicle registrations.

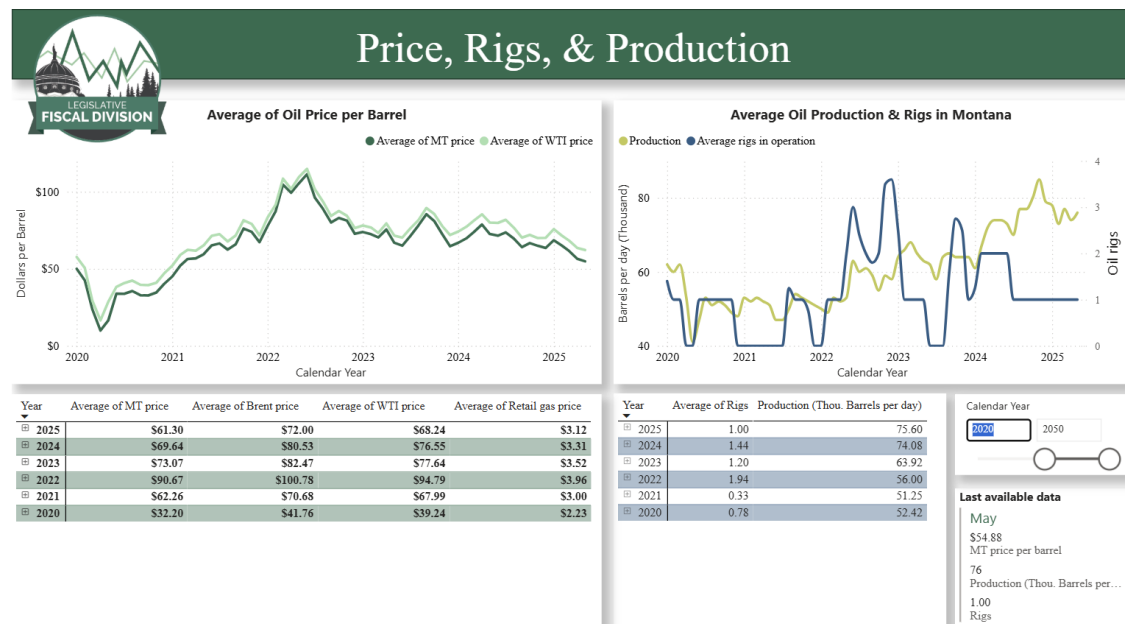
Light vehicle registration revenue had remained flat historically, but has seen steady growth since FY 2020.



Oil & Natural Gas Taxes: \$6.6 million below HJ 2

Oil and natural gas collections were \$6.6 million or 10.2% below the estimate in HJ 2. This difference was mostly driven by a difference between the actual and assumed price per barrel in HJ 2. While prices were expected to decline in HJ 2, the average price per barrel for FY 2025 consistently stayed under the prices assumed in HJ 2.

Shown in the graphs below, production from existing wells continued to increase slightly in FY 2025 following a peak in prices in late FY 2022. The number of oil rigs operating in Montana averaged 1.0 during FY 2025.



Insurance Tax: \$1.7 million above HJ 2

FY 2025 insurance tax collections were \$1.7 million or 1.4% above the HJ 2 estimate. This source is forecast using the S&P Global Montana Personal Consumption Expenditure (PCE) for financial and insurance products and a trended proxy premium. The increase may be due in part to increasing property values and population.

Video Gaming Tax: \$1.4 million below HJ 2

Video gaming revenue collections in FY 2025 were \$1.4 million or 1.6% below what was anticipated in HJ 2. For the three fiscal years between FY 2022 and 2024 this source averaged growth of 3.5% per year, however in FY 2025 growth slowed to 0.1%.

Other Business Taxes***Driver's License Fee: \$0.5 million above HJ 2***

Total driver's license revenue was \$0.5 million or 8.9% above the estimate in HJ 2. The estimate was based on forecast population data and historical ratios between licenses and actual populations.

Investment License Fee: \$0.2 million above HJ 2

Investment license fee collections were \$0.2 million or 0.7% higher than the estimate in HJ 2. The estimate was modeled on the Montana personal consumption expenditure series for finance & insurance from S&P Global, with modeled growth rates applied to the last known collections.

Lodging Facilities Sales Tax: \$2.8 million above HJ 2

Lodging facilities sales tax collections were \$2.8 million or 6.1% above the estimate in HJ 2. This revenue source was forecast based on Montana-specific data of tourism related activity.

Public Contractors' Gross Receipts Tax: \$4.0 million above HJ 2

Public contractors' gross receipts tax collections were \$4.0 million or 78% above the estimate contained in HJ 2. This source was estimated in HJ 2 based on a time trend of highway spending and all other construction in recent years. This source is volatile and difficult to estimate due to the unpredictability of income tax credits and property tax refunds that can be claimed by contractors.

Railroad Car Tax: \$0.4 below HJ 2

Railroad car tax revenue was \$0.4 million or 10.9% below the HJ 2 estimate. The HJ 2 estimate was based on total United States railcar valuation, estimates on Montana apportionment, and the S&P Global forecast for Montana retail sales. This source can be difficult to forecast, and FY 2025 saw a small decrease in revenue from FY 2024.

Rental Car Sales Tax: \$0.3 million above HJ 2

Rental car sales tax collections were \$0.3 million or 3.2% above the estimate contained in HJ 2. Rental car sales taxes were forecast in HJ 2 based on the Montana personal consumption expenditure series for transportation.

Retail Telecommunications Excise Tax: \$0.1 million above HJ 2

Retail telecommunications excise tax collections were \$0.1 million or 1.2% above the estimate in HJ 2. The estimate was based on U.S. Census Bureau data for landline use decline and cell phone use growth, IDC Mobile Phone Tracker statistics, Google smartphone statistics, and the S&P Global forecast of Montana population growth. While this source has continued to decline every year for over a decade, recently this decline has started to plateau.

Other Natural Resource Taxes

Coal Severance Tax: \$1.8 million above HJ 2

Coal severance tax collections that are deposited into the general fund were above the HJ 2 estimate by \$1.8 million or 11.7%. This source is forecasted based on production and price assumptions. Price assumptions in HJ 2 were very close to final values, but actual production exceeded estimates. Compared to last year, FY 2025 collections decreased by 4.6%, a result of lower prices.

Electrical Energy Tax: \$1.3 million below HJ 2

Taxable energy production was below the HJ 2 forecast by \$1.3 million, or 23.2%. Tax collections are a flat rate imposed against production. This source is forecast by using an Olympic moving average (excludes the maximum and minimum) of the six most recent years.

Metalliferous Mines Tax: \$0.8 million below HJ 2

Metal mines tax collections were \$0.8 million or 11.8% below the estimate contained in HJ 2. Based on volatile mineral commodities, this source is affected by changing mineral prices.

U.S. Mineral Royalties: \$9.3 million above HJ 2

Revenue from U.S. mineral leases in the state was \$9.3 million or 62.8% above the HJ 2 estimate. Once federal fiscal-year-end data becomes available from the US Department of the Interior, the LFD will be able to determine what caused the growth above HJ 2.

Wholesale Energy Transaction Tax: \$0.3 million above HJ 2

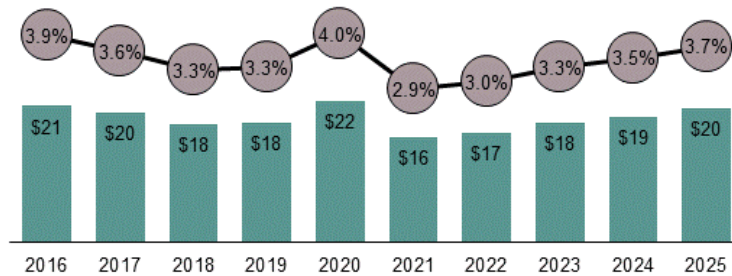
Wholesale energy transaction tax was \$0.3 million or 11.1% above the estimate contained in HJ 2. Like electrical energy, wholesale energy transaction tax collections fluctuate around an average. The estimate was based on an average of recent years.

Other Interest Earnings

Coal Trust Interest Earnings: **\$0.7 million above HJ 2**

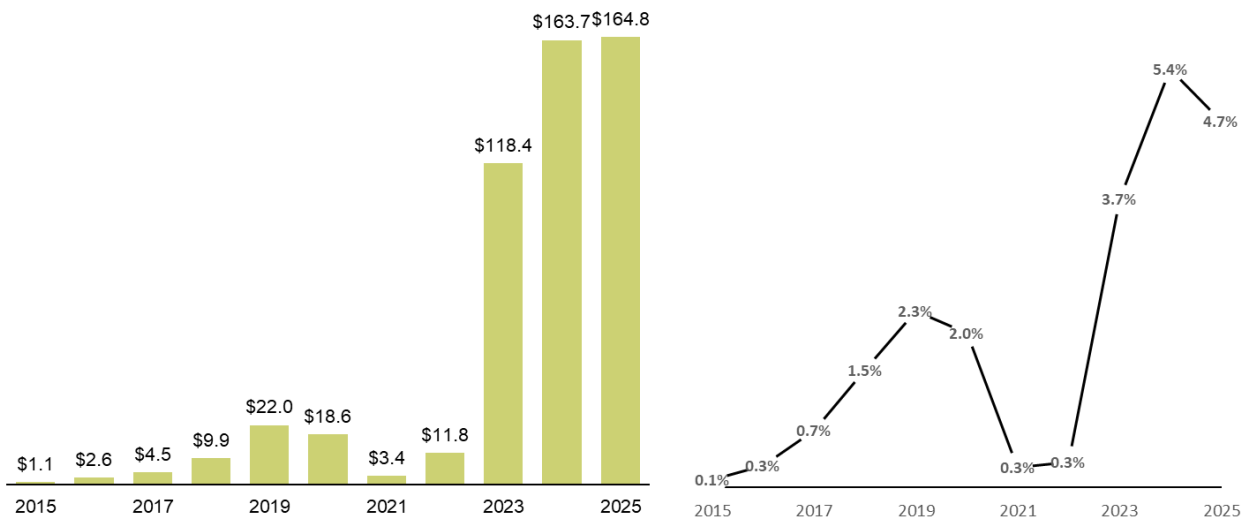
Coal trust interest earnings that are deposited into the general fund were above the revenue estimate in HJ 2 by 3.3% or \$0.7 million. The coal trust is invested in the Trust Funds Bond Pool, Short-Term Investment Pool, and in-state investments. Annual return rates on the permanent trust came in higher-than-expected, resulting in an estimate above HJ 2.

Coal trust interest earnings (\$ millions) coincide with the rate of return on investments.



Treasury Cash Account Interest Earnings (Returning to the general fund in FY 2026)

Short-term interest pool earnings are closely tied to short-term interest rates. (\$ millions)



After FY 2025 all TCA earnings will no longer be deposited into the “debt and liability free” account and earnings will return to the general fund. Earnings are dependent on the amount of cash in the short-term investment pool (STIP) and short-term interest rates. The assumptions used in HJ 2 had interest rates and fund balances declining. Instead, interest rates fell to a similar level as forecasted and the STIP balance grew, resulting in collections that were 18.6% or \$25.9 million above the estimate in HJ 2.

Other Consumption Taxes

Beer Tax: \$0.1 million below HJ 2

Beer tax revenue came in 2.5% or \$0.1 million below the official projection in FY 2025. Overall alcohol sales declined in FY 2025.

Cigarette Tax: \$1.2 million below HJ 2

Cigarette tax collections came in \$1.2 million or 6.0% below the HJ 2 revenue estimate. Collections for this source have been declining since the pandemic.

Liquor Excise & License Tax: \$1.8 million below HJ 2

Liquor excise tax actuals came in 5.0% or \$1.8 million below HJ 2. Year-over-year sales declined for the first time since FY 2009.

Liquor Profits: \$2.5 million below HJ 2

Liquor profits came in \$2.5 million or 11.8% below the estimate contained in HJ 2 for FY 2025. This is due to the decline in year-over-year sales.

Lottery Profits: \$12.3 million below HJ 2

Lottery profits in FY 2025 were 58.8% or \$12.3 million below the HJ 2 revenue estimate. Typically, this source comes in close to the estimate, and at this time the LFD believes it is an accounting anomaly that will eventually be resolved.

Marijuana Tax: \$3.8 million above HJ 2

Marijuana collections were 11.6% or \$3.8 million above the HJ 2 estimate. This source is forecasted using CPI and population growth trend estimates from S&P Global.

Tobacco Tax: \$0.8 million below HJ 2

Tobacco tax revenue came in at 14.8% or \$0.8 million below HJ 2. The HJ 2 estimate was based on the S&P Global forecast of Montana population over age 18 and personal consumption expenditure series.

Wine Tax: \$0.2 million below HJ 2

Wine tax revenue came at 7.6% or \$0.2 million below HJ 2. The HJ 2 estimate was based on the S&P Global forecast of Montana population over age 21. Wine sales peaked in FY 2021 and have been declining slowly since then.

Other Sources

All Other Revenue: \$17.8 million above HJ 2

All other revenue collections were \$17.8 million or 39.0% above the estimate in HJ 2. This source experienced higher-than-expected collections from abandoned property which drove the increase above the HJ 2 estimate.

Highway Patrol Fines: \$0.1 million below HJ 2

Total collections from highway patrol fines were 2.6% or \$0.1 million below the HJ 2 estimate. This revenue source is modeled using a three-year moving average.

Nursing Facilities Fees: \$0.0 million above HJ 2

Nursing facilities fees came in 1.1% or \$0.04 million above the HJ 2 revenue estimate. It is forecast primarily based on a time series of proxy bed days.

Public Institution Reimbursements: \$0.5 million below HJ 2

Public institution reimbursements were 9.0% or \$0.5 million lower than the HJ 2 revenue estimate. This source has a history of fluctuating collections primarily due to timing of federal payments.

Tobacco Settlement: \$0.0 million below HJ 2

Tobacco settlement revenue was 0.2% or \$0.0 million below the HJ 2 estimate. The calculation of the annual settlement amount by PricewaterhouseCoopers is based in part on national sales volume.

STATUTORILY REQUIRED REPORTS

BUDGET AMENDMENTS

As of September 1, 2025, the Legislative Finance Division received notification of 148 budget amendments impacting FY 2025 and FY 2026 certified by the Governor since June 1, 2025.

These amendments increased state special revenue authority by \$3.6 million and federal special revenue authority by \$194.1 million in FY 2025. For FY 2026, federal special revenue was increased by \$14.8 million, and state special revenue authority was increased by \$10,000. An additional 28.21 PB in FY 2026, and 9.40 PB in FY 2027 in modified positions have also been added. Modified PB are valid for the fiscal year but do not become permanent PB in agency base budgets. The figure below summarizes the budget amendments certified by the Governor from the period June 1, 2025, through September 1, 2025.

Budget Amendment Summary (Since last LFC meeting)			
Component	FY 2025	FY 2026	FY 2027
Number of Amendments	102	46	6
FTE Added	0.00	28.21	9.40
General Fund	-	-	-
State Special Revenue	3,580,011	10,000	-
Federal Special Revenue	194,106,206	14,768,210	-
Proprietary Fund	-	-	-
Total Revenue	\$197,686,217	\$14,778,210	\$0

Each amendment, along with a brief explanation, is summarized in the Budget Amendment Report available on the [LFC website](#). Staff have reviewed the amendments and did not identify any concerns.

The table below summarizes the budget amendments that were certified during the last LFC reporting periods. The only amendments from the above figure that appear in the table below are the 148 amendments, shown below as those pertaining to September 18, 2025. The various approving authorities have added a total of \$1,535.1 million for the 2023, 2025 and start of the 2027 biennia.

Budget Amendment Cumulative Summary						
LFC Meeting	Number of Amendments	FY 2023	FY 2024	FY 2025	FY 2026	Total
September 14, 2023	91	59,328,536	11,769,811	-	-	71,098,347
December 14, 2023	125	-	143,255,563	484,715	-	143,740,278
March 14, 2024	82	-	31,232,011	-	-	31,232,011
June 21, 2024	51	-	20,686,572	-	-	20,686,572
September 19, 2024	123	-	120,466,606	36,294,257	-	156,760,863
June 10, 2025	114	-	-	899,099,180	-	899,099,180
September 18, 2025	148	-	-	197,686,217	14,778,210	212,464,427
Total	734	\$59,328,536	\$ 327,410,563	\$ 1,133,564,369	\$ 14,778,210	\$ 1,535,081,678

The below table reflects the additional budget authority provided to each agency through the budget amendment process in FY 2025 compared to the modified HB 2 budget approved by the 2023 Legislature.

Budget Amendment Authority Comparison with HB 2 Total Funds By State Agency			
State Agency	FY 2025 Modified HB 2	FY 2025 Budget Amendment	% of Modified Budget
Section A - General Government			
Department of Labor and Industry	97,433,101	2,320,403	2.4%
Department of Commerce	36,358,524	54,459,092	149.8%
Department of Military Affairs	58,850,766	3,715,508	6.3%
Total Section A	192,642,391	60,495,003	31.4%
Section B - Public Health & Human Services			
Department of Public Health and Human Services	3,634,458,918	8,651,793	0.2%
Total Section B	3,634,458,918	8,651,793	0.2%
Section C - Natural Resources & Transportation			
Department of Fish, Wildlife, and Parks	133,429,026	1,797,741	1.3%
Department of Environmental Quality	70,045,662	5,114,180	7.3%
Department of Transportation	1,014,225,338	76,877,649	7.6%
Department of Livestock	16,716,971	53,184	0.3%
Department of Natural Resources and Conservation	99,520,163	414,408	0.4%
Department of Agriculture	22,090,851	38,243	0.2%
Total Section C	1,356,028,011	84,295,405	6.2%
Section D - Judicial, Law Enforcement, and Justice			
Department of Corrections	263,910,023	20,644	0.0%
Department of Justice	161,645,759	4,970,095	3.1%
Judicial Branch	64,515,372	321,310	0.5%
Total Section D	490,071,154	5,312,049	1.1%
Section E - Education			
Historical Society	9,362,381	957,312	10.2%
Office of Public Instruction	1,252,226,820	37,639,260	3.0%
State Library	8,792,803	335,394	3.8%
Total Section E	1,270,382,004	38,931,966	3.1%
Total	\$ 6,943,582,478	\$ 197,686,216	2.8%

A summary of the changes from OBPP can be found on the Budget Amendment memo available on the [LFC website](#).