



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Director
AMY CARLSON

DATE: May 27, 2025

TO: House Tax & Senate Tax Members
House Appropriation Members
Senate Finance and Claims Members

FROM: LFD Revenue Team

RE: General Fund Revenue Year-to-Date Update

GENERAL FUND REVENUE SUMMARY

This monthly revenue update analyzes revenue collections through the end of April and is designed to apprise interested members of the legislature on year-to-date general revenue collections, recent economic trends, and the corresponding outlook for FY 2025 relative to the revenue estimate contained in HJ 2.

FY 2025 ongoing general revenues (defined as general fund revenue, the state levied property taxes, and TCA interest earnings) through the end of April are \$84.5 million or 2.6% above FY 2024 revenues through the same period. This is in comparison to the estimate in HJ 2 which assumes a decline of 1.2% compared to last year.

General fund revenue collections, which exclude the state-levied 95 mills and TCA interest earnings are currently \$22.4 million or 0.8% above FY 2024 collections at this time. In HJ 2, general fund revenues are projected to decline by 1.7%.

Throughout the interim the LFD will continue to monitor year-to-date collections, and the underlying economic assumptions used to generate the estimate contained in HJ 2.

END OF YEAR EXTRAPOLATIONS

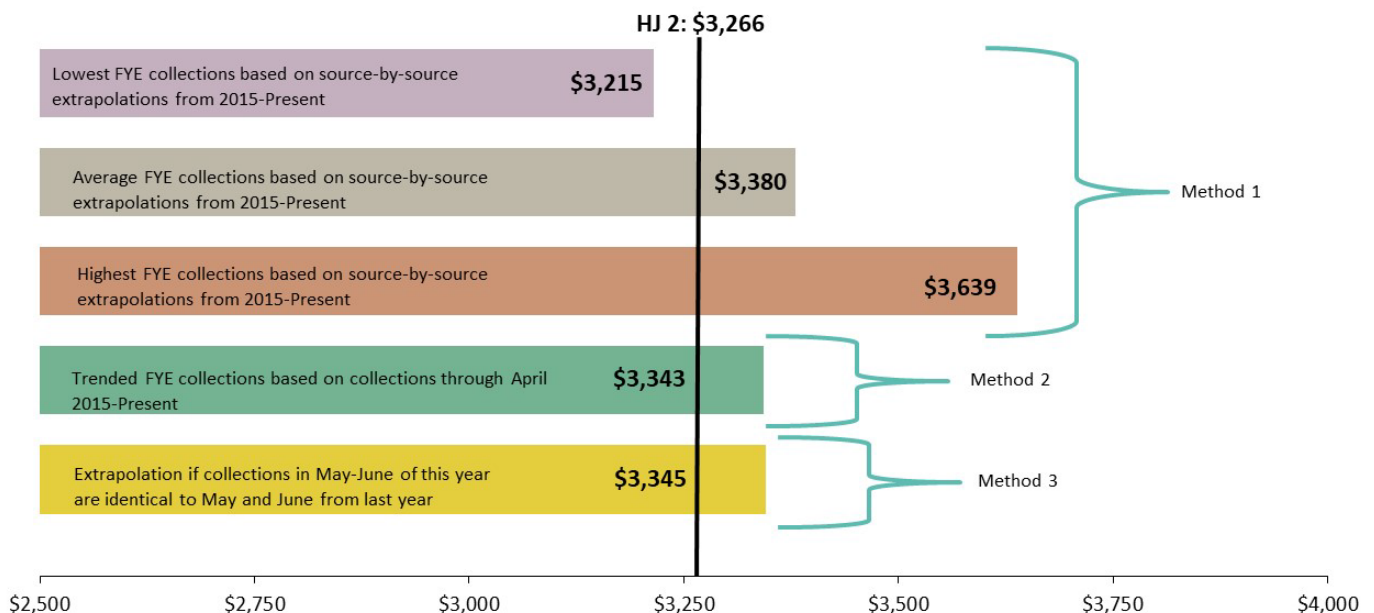
Method 1: For the top sources, and the sum of the remaining sources, the percent of total revenues collected through April was calculated dating back to FY 2015. Collections through April for each source were then divided by the average collection percentage since FY 2015. Each source's estimate was then added to create a final year-end collection estimate. Using this method, year-end general fund revenue is estimated to be \$3,380 million. The lowest and highest growth through April by revenue source was also applied to year-to-date collections to provide an upper (\$3,639 million) and lower (\$3,215 million) limit for this methodology.

Method 2: This method uses aggregate collections across all sources through April to predict year-end collections using historical trends. Like Method 1, it utilizes collection patterns since FY 2015. This method predicted final collections of \$3,343 million.

Method 3: This method assumes that collections in May and June of this year will be the same as May and June of last year. If this were the case, then final collections for FY 2025 would total \$3,345 million.

The estimates above range from \$372 million above HJ 2 to \$51 million below HJ 2. At this point in the fiscal year, Methods 1 (gray box below) and 2 (green box below), have historically been a sufficient extrapolation method to predict year end revenues. Currently, the midpoint of these two methods (\$3,361 million) would yield final collections that are \$95 million above HJ 2.

FY 2025 Year-End General Fund Revenue Extrapolations Based on Data Through April (\$ Millions)



YEAR-TO-DATE GENERAL REVENUES

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	April FY 2024	April FY 2025	YTD Difference	YTD % Change	YTD % Change
Largest Seven Sources								
Individual Income Tax	\$2,243.946	\$2,166.409	-3.5%	\$2,130.836	\$2,137.785	\$6.949	0.3%	
Property Tax (General Fund)	17.222	14.938	1.9%	8.644	7.894	45.137	19.4%	
Property Tax (School Equalization)	430.813	441.624		224.002	269.890			
Corporate Income Tax	312.276	315.242	0.9%	246.370	238.916	(7.454)	-3.0%	
Vehicle Taxes & Fees	124.840	125.956	0.9%	92.695	106.318	13.623	14.7%	
Oil & Natural Gas Taxes	64.405	65.302	1.4%	34.610	31.285	(3.325)	-9.6%	
Insurance Tax	115.075	126.202	9.7%	76.449	71.904	(4.545)	-5.9%	
Video Gaming Tax	83.385	84.897	1.8%	62.092	62.446	0.354	0.6%	
Other Business Taxes								
Drivers License Fee	5.772	5.772	0.0%	4.751	4.857	0.106	2.2%	
Investment Licenses	21.042	21.696	3.1%	20.038	20.465	0.428	2.1%	
Lodging Facilities Sales Tax	44.750	46.711	4.4%	29.721	33.306	3.585	12.1%	
Public Contractor's Tax	9.125	5.163	-43.4%	5.317	5.175	(0.142)	-2.7%	
Railroad Car Tax	3.645	3.920	7.6%	3.152	2.950	(0.202)	-6.4%	
Rental Car Sales Tax	6.972	7.827	12.3%	5.460	5.537	0.077	1.4%	
Retail Telecom Excise Tax	8.139	7.960	-2.2%	5.305	5.397	0.091	1.7%	
Other Natural Resource Taxes								
Coal Severance Tax	18.181	15.530	-14.6%	12.218	13.183	0.965	7.9%	
Electrical Energy Tax	4.090	5.603	37.0%	3.058	3.229	0.172	5.6%	
Metal Mines Tax	6.573	7.378	12.3%	3.444	3.237	(0.208)	-6.0%	
U.S. Mineral Leasing	15.655	14.832	-5.3%	10.945	13.308	2.363	21.6%	
Wholesale Energy Trans Tax	3.545	3.320	-6.3%	2.594	2.833	0.239	9.2%	
Other Interest Earnings								
Coal Trust Interest Earnings	19.139	19.681	2.8%	13.768	15.212	1.444	10.5%	
TCA Interest Earnings (Now SSR)	163.738	138.908	-15.2%	109.420	125.591	16.171	14.8%	
Other Consumption Taxes								
Beer Tax	2.971	2.980	0.3%	2.205	2.117	(0.088)	-4.0%	
Cigarette Tax	20.919	19.658	-6.0%	17.305	15.715	(1.590)	-9.2%	
Liquor Excise Tax	35.443	35.016	-1.2%	22.580	22.232	(0.348)	-1.5%	
Liquor Profits	7.000	20.900	198.6%	-	-	-		
Lottery Profits	19.313	20.928	8.4%	6.368	6.703	0.335	5.3%	
Marijuana Tax	31.804	32.903	3.5%	-	-	-		
Tobacco Tax	5.114	5.665	10.8%	3.740	3.617	(0.123)	-3.3%	
Wine Tax	2.504	2.558	2.2%	1.856	1.771	(0.085)	-4.6%	
Other Sources								
All Other Revenue	54.615	45.569	-16.6%	39.720	50.561	10.841	27.3%	
Highway Patrol Fines	3.474	3.531	1.6%	2.518	2.593	0.075	3.0%	
Nursing Facilities Fee	3.535	3.558	0.6%	2.154	2.294	0.140	6.5%	
Public Institution Reimbursements	4.903	5.919	20.7%	3.626	3.218	(0.407)	-11.2%	
Tobacco Settlement	2.999	2.910	-3.0%	2.999	2.903	(0.096)	-3.2%	
Ongoing GF Revenue Subtotal	3,322.371	3,266.437	-1.7%	2,876.540	2,898.961	22.422	0.8%	
Ongoing General Revenues	3,809.960	3,764.837	-1.2%	3,209.961	3,294.442	84.480	2.6%	
OTO Revenue & Transfers Subtotal	106.962	82.132						
Grand Total General Fund	\$3,322.371	\$3,266.437	-1.7%	\$2,876.540	\$2,898.961	\$22.422	0.8%	

MAJOR SOURCES

Individual Income Tax: Above HJ 2

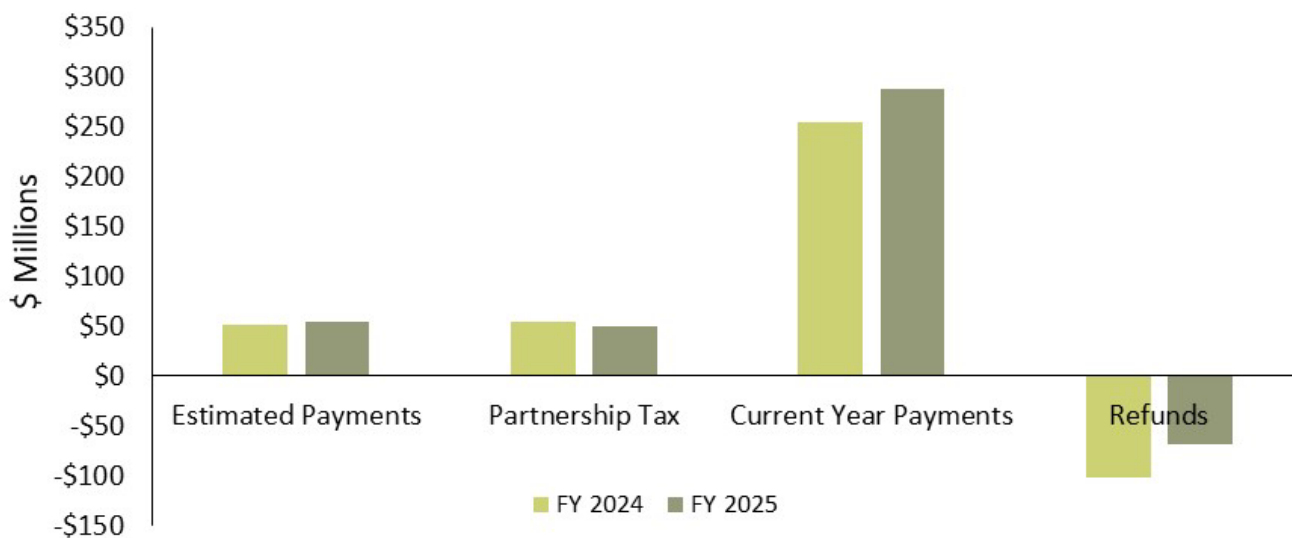
Individual income tax collections through the end of April are \$6.9 million or 0.3% above the year-to-date collections in FY 2024 and are currently above the level anticipated in HJ 2. This is an increase compared to last month when individual income tax collections were 3.8% below last year. In HJ 2 this source is expected to decline by 3.5%. The chart below shows the year-over-year individual income tax growth by account.

Individual Income Tax (\$ Millions)

Account	YTD 2025	YTD 2024	\$ Difference	% Difference
Withholding	\$1,147.0	\$1,227.9	(\$80.9)	-6.6%
Estimated Payments	335.1	350.0	(14.9)	-4.3%
Current Year Payments	394.9	356.5	38.4	10.8%
Audit, P&I, Amended	69.3	57.1	12.2	21.4%
Refunds	(146.7)	(242.8)	96.1	-39.6%
Partnership Income Tax	329.2	372.2	(43.0)	-11.6%
Mineral Royalties	8.9	9.9	(1.0)	-10.2%
Total	2,137.8	2,130.8	6.9	0.3%

The decrease in withholding relative to the first ten months of last fiscal year is expected. On January 1, 2024, the top marginal rate was reduced from 6.75% to 5.90%. As a result, the first six months of the current fiscal year's collections are in comparison to the first six months of last fiscal year's collections when the top marginal rate was higher. However, given the strong current year payments in April, coupled with fewer refunds, it is likely that taxpayers were under withholding for much of FY 2025. The figure below illustrates both what taxpayers either owed (current year payments) or were refunded in April compared to last year.

April Individual Income Taxes

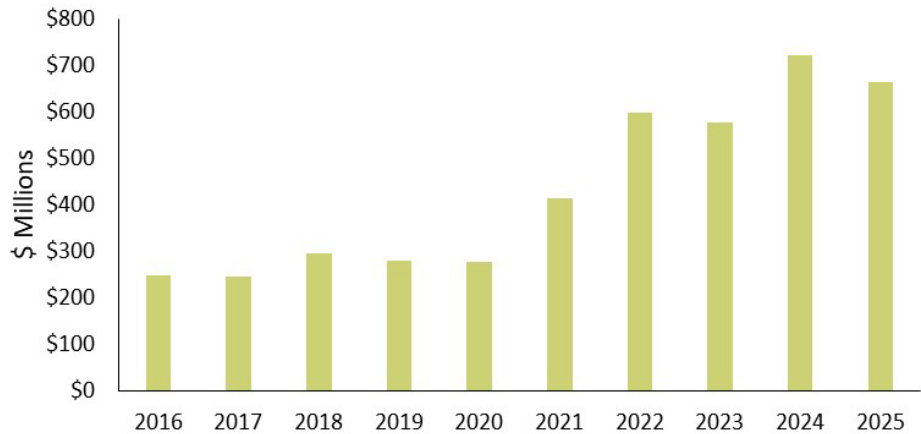


Quarterly Payments

With the passage of SB 554 from the 2023 Legislative Session, an optional pass-through entity tax was created. Taxes paid by a pass-through entity are classified as a business expense, and therefore are not included in the federal State and Local Taxes (SALT) deduction cap of \$10,000 for a household. Prior to the passage of this bill, quarterly tax payments typically showed up in the estimated payments account. Now, quarterly payments show up in

both the estimated payments and partnership income tax accounts. Ten months through the fiscal year, these payments are strong, albeit below last year's levels as the figure above shows.

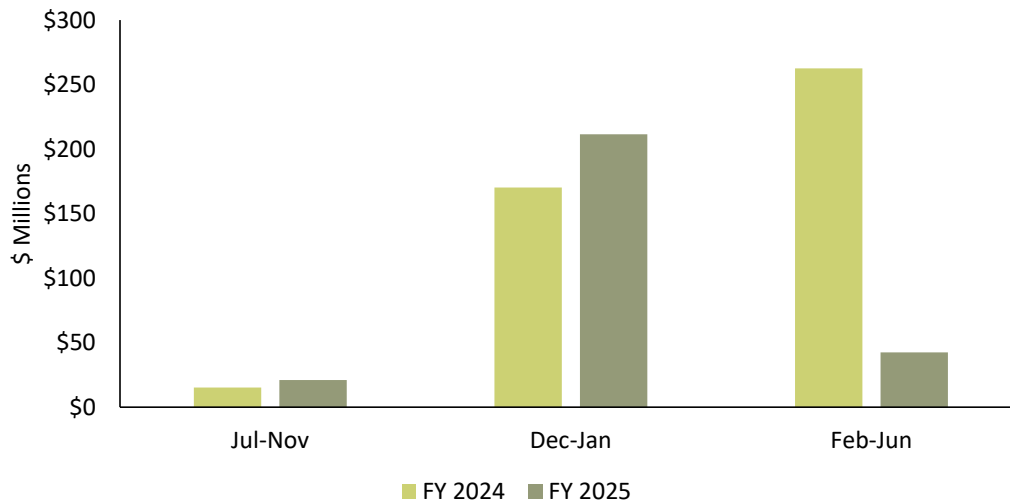
July-April Combined Quarterly Estimated and Partnership Payments



Property Tax: Above HJ 2 Estimate due to Timing, but Expected to End up Near HJ 2

Property tax collections have grown 19.4% or \$45.1 million compared to collections through the same period last year. In HJ 2 this source was expected to grow by 1.9%. The growth above HJ 2 through April this year is artificial, as last year saw relatively low collections from the November property tax payments. This was due to the dispute over the number of mills owed to the state. Most counties levied 77.9 mills instead of 95. Ultimately, 95 mills were levied, and the spring payment made up for the underpayments in November. The figure below shows the periodic collection pattern of property taxes. As of now, only February through April collections are shown for FY 2025 in the February-June period.

State-Levied Property Tax Collections by Period

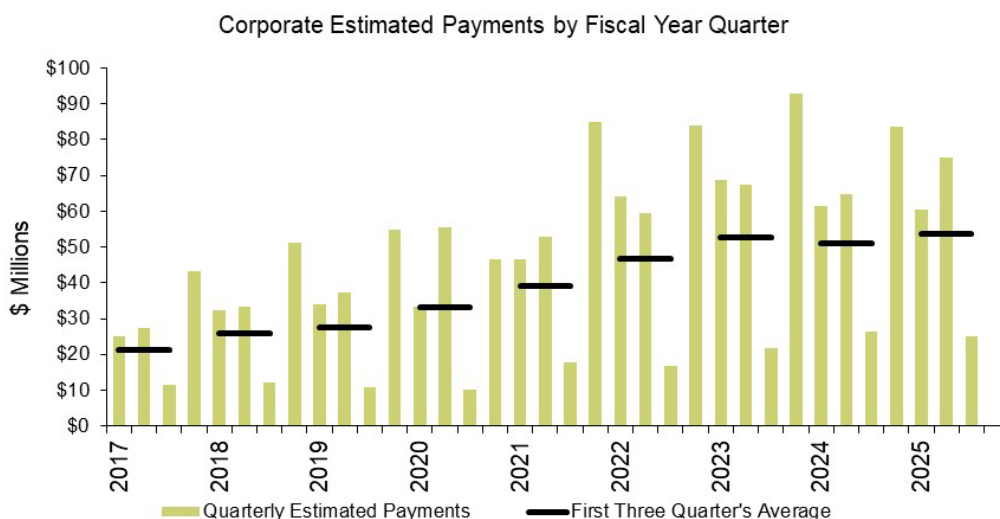


Corporate Income Tax: Below HJ 2 Estimate

Corporate income tax collections through the end of April are 3.0% or \$7.5 million below this time in FY 2024. This is below the HJ 2 estimate which projected slight growth of 0.9%. The chart below shows the year-over-year corporate income tax growth by account. As the table shows, there has been growth in the largest account, which is estimated payments. However, declines in payments that come in with filed returns as well as increased refunds this year have caused overall growth to be negative.

Account	YTD 2025	YTD 2024	\$ Difference	% Difference
Corporation Tax	\$72.0	\$78.2	(\$6.2)	-7.9%
Estimated Payments	\$196.2	\$184.8	11.4	6.2%
Refunds	(40.3)	(27.9)	(12.4)	44.4%
Audit, P&I, Amended	11.0	11.3	(0.3)	-2.7%
Total	238.9	\$246.4	(\$7.5)	-3.0%

The adjacent figure shows that estimated payments in the first three quarters of FY 2025 have been strong and have outpaced the first three quarters of any other fiscal year. Estimated payments typically make up 80% of total corporate income tax collections, so they're generally the ultimate driver of where final collections end up. Note that large swings in audits and refunds can cause total collections to be lower than prior years, even if quarterly estimated payments are larger.



Vehicle Fees & Taxes: Above estimate

Vehicle taxes & fees are up 14.7% or \$13.6 million compared to FY 2024 collections. This is above the estimated growth of 0.9% in HJ 2. The timing of when vehicle revenue is posted to the accounting system can be sporadic from month to month. Ultimately this source is expected to end up near the HJ 2 estimate.

Oil & Natural Gas Production Tax: Below estimate

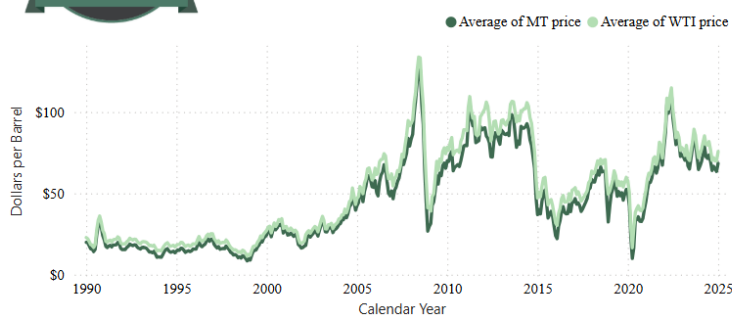
Oil and natural gas production taxes have been collected since the start of the fiscal year, and the second payment was posted in April to the state accounting system. Oil and natural gas collections are 9.6% or \$3.3 million below this time last year. In HJ 2 this source assumed slight growth of 1.4%.

Although oil prices are volatile from year to year, there has been a slight increase in the average number of oil rigs operating in Montana. Furthermore, production had been on an upward trend since 2021 peaking at about 85 thousand barrels produced per day in November 2024. The last available productions numbers are 78 thousand barrels produced per day in January. The chart below shows the last available price per barrel in Montana and is from an interactive tool published on the [LFD's website here](#).



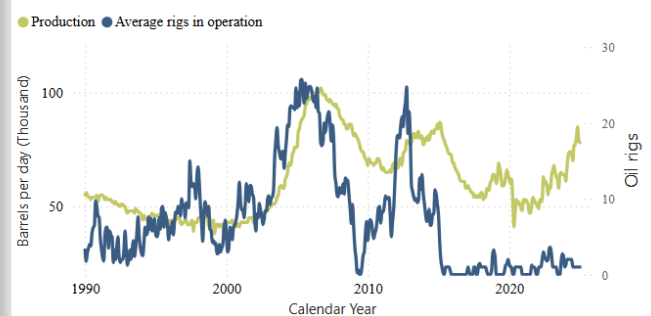
Price, Rigs, & Production

Average of Oil Price per Barrel



Year	Average of MT price	Average of Brent price	Average of WTI price	Average of Retail gas price
2025	\$68.52	\$79.27	\$75.74	\$3.08
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

Average Oil Production & Rigs in Montana



Year	Average of Rigs	Production (Thou. Barrels per day)
2025	1.00	78.00
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 to 2050

Last available data: January

\$68.52 MT price per barrel

78 Production (Thou. Barrels per...)

1.00 Rigs

Insurance Tax: Below Estimate due to Timing

Current insurance tax collections through April are 5.9% or \$4.5 million below FY 2024 collections through the same period. This is in comparison to assumed growth of 9.7% in the HJ 2 estimate. This is due to a timing issue in the recording of surplus lines premium tax, which usually records most of its revenue in April, but was delayed until May this year. This source will likely be back to normal next month.

Video Gaming Tax: Expected to be close to HJ 2

Revenue from video gambling is currently \$0.4 million or 0.6% above collections from this time last year. Revenue from this source is expected to be close to HJ 2, which has anticipated growth of 1.8%.

OTHER SOURCES

Lodging Facilities Sales Tax: Above Estimate

Current lodging facilities sale tax collections are 12.1% or \$3.6 million above FY 2024 collections through the same period. The estimate contained in HJ 2 has lodging facilities sales tax collections increasing by 4.4% this fiscal year. This is due to higher bed tax collections in the winter months year-over-year, since the collections are posted at the end of each quarter, and previously this source was near last year collections.

US Mineral Leasing: Above Estimate

Current US mineral leasing distributions are 21.6% or \$2.3 million above FY 2024 distributions through the same period. This source is money shared with the state by the federal government of royalties from minerals extracted from federal lands in Montana. The estimate contained within HJ 2 had this source decreasing by 5.3% this fiscal year. This increase in collections could be due to increased production (predominantly of coal) on federal lands, or increased sale price. Over the last few years, the Department of the Interior has released

multiple rulings that affect coal mines on federal lands in Montana. Since January 2025, those rulings have allowed increased access to federal lands for coal mines, thus likely increasing production.

TCA Interest Earnings: Above Estimate

Current TCA interest earnings through April are 14.8% or \$16.1 million above FY 2024 collections through the same period. The estimate for this source is affected by interest rates and the Treasury Cash Account's current cash balance. This source will be directly impacted by any legislative action that reduces the general fund ending fund balance. This source is estimated to decrease by 15.2% this fiscal year. This reduction was estimated on the assumption of decreasing interest rates and lower invested balances.

All Other Revenue: Above Estimate

Through April all other revenue collections are 27.3% or \$10.8 million above FY 2024 collections. Most of this increase is from abandoned property collections.