



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Director
AMY CARLSON

DATE: January 14, 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 December 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 \$148.3 million or 9.7% 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 excludes one-time-only (OTO) transfers into the general fund has grown 6.6%, 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 December are above the HJ 2 estimate, trends this early 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 year to year 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	December FY 2025	December FY 2026	YTD Difference	YTD % Change	YTD % Change
Largest Six Sources								
Individual Income Tax	\$2,329.580	\$2,263.262	-2.8%	\$1,122.591	\$1,180.855	\$58.265	5.2%	
Corporate Income Tax	321.208	326.235	1.6%	153.284	136.029	(17.255)	-11.3%	
Vehicle Taxes & Fees	135.877	127.009	-6.5%	59.188	62.548	3.360	5.7%	
Oil & Natural Gas Taxes	58.665	69.156	17.9%	-	-	-	-	
Insurance Tax	127.928	129.850	1.5%	21.728	24.531	2.804	12.9%	
Video Gaming Tax	83.535	86.903	4.0%	42.011	21.073	(20.937)	-49.8%	
Other Business Taxes								
Drivers License Fee	6.284	5.817	-7.4%	2.740	2.851	0.111	4.1%	
Investment Licenses	21.858	22.311	2.1%	1.773	2.230	0.457	25.8%	
Lodging Facilities Sales Tax	49.548	48.108	-2.9%	18.674	18.800	0.126	0.7%	
Public Contractor's Tax	9.189	4.812	-47.6%	6.837	6.103	(0.734)	-10.7%	
Railroad Car Tax	3.495	3.931	12.5%	2.914	2.934	0.021	0.7%	
Rental Car Sales Tax	8.080	8.007	-0.9%	3.744	4.515	0.770	20.6%	
Retail Telecom Excise Tax	8.054	7.755	-3.7%	2.101	2.001	(0.100)	-4.8%	
Other Natural Resource Taxes								
Coal Severance Tax	17.346	12.134	-30.0%	5.200	3.841	(1.359)	-26.1%	
Electrical Energy Tax	4.305	5.543	28.8%	1.028	1.074	0.046	4.4%	
Metal Mines Tax	6.511	6.935	6.5%	-	-	-	-	
U.S. Mineral Leasing	24.154	14.133	-41.5%	6.135	11.428	5.292	86.3%	
Wholesale Energy Trans Tax	3.690	3.292	-10.8%	0.883	0.936	0.054	6.1%	
Other Interest Earnings								
Coal Trust Interest Earnings	20.337	21.895	7.7%	8.093	8.882	0.789	9.8%	
TCA Interest Earnings ¹	164.804	104.283	-36.7%	73.915	55.810	(18.105)	-24.5%	
Other Consumption Taxes								
Beer Tax	2.905	2.851	-1.9%	0.883	0.854	(0.029)	-3.2%	
Cigarette Tax	18.488	19.231	4.0%	10.197	10.332	0.135	1.3%	
Liquor Excise Tax	33.261	36.185	8.8%	13.274	12.900	(0.374)	-2.8%	
Liquor Profits	18.443	21.800	18.2%	-	-	-	-	
Lottery Profits	8.630	20.130	133.3%	-	12.411	12.411	-	
Marijuana Tax	36.729	33.640	-8.4%	-	-	-	-	
Tobacco Tax	4.828	5.390	11.6%	2.190	2.081	(0.109)	-5.0%	
Wine Tax	2.362	2.575	9.0%	0.656	0.613	(0.042)	-6.4%	
Other Sources								
All Other Revenue	78.703	69.219	-12.1%	41.016	88.618	47.602	116.1%	
Highway Patrol Fines	3.440	3.534	2.7%	1.507	1.331	(0.177)	-11.7%	
Nursing Facilities Fee	3.597	3.609	0.3%	0.886	0.891	0.005	0.6%	
Public Institution Reimbursement	5.385	5.927	10.1%	1.614	3.009	1.395	86.5%	
Tobacco Settlement	2.903	2.776	-4.4%	0.072	-	(0.072)	-100.0%	
General Fund OTO & Transfers								
General Fund OTO & Transfers	68.541				47.277			
Ongoing General Fund Total	3,459.316	3,429.696	-0.9%	1,531.217	1,632.205	100.988	6.6%	
Total General Fund	3,459.316	3,498.237	1.1%	1,531.217	1,679.482	148.265	9.7%	
Property Tax (SEPTR)	410.249	462.208	12.7%	156.708	177.364	20.655	13.2%	
Total General Revenues	\$4,034.369	\$3,960.446	-1.8%	\$1,761.841	\$1,856.846	\$95.005	5.4%	

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 December are \$58.3 million or 5.2% 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.

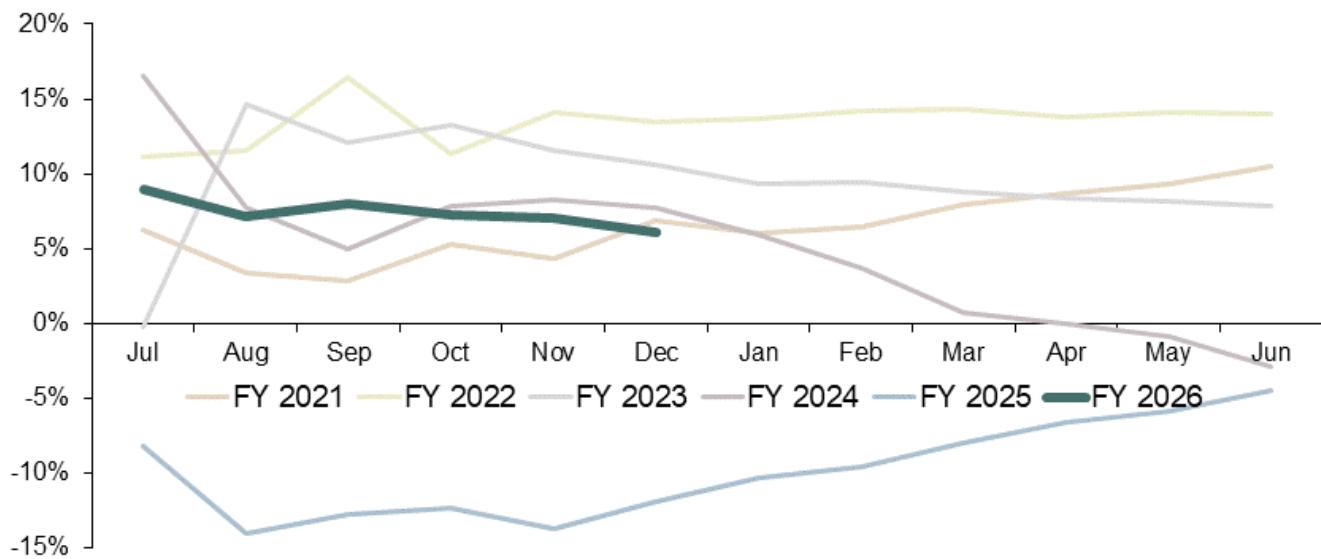
While growth has been larger than expected throughout the year, individual income taxes are ultimately expected to be below the estimate adopted in HJ 2. This is due to the anticipated impacts of [HR 1](#), which will likely result in large refunds being issued in the spring of 2026.

Individual Income Tax (\$ Millions)

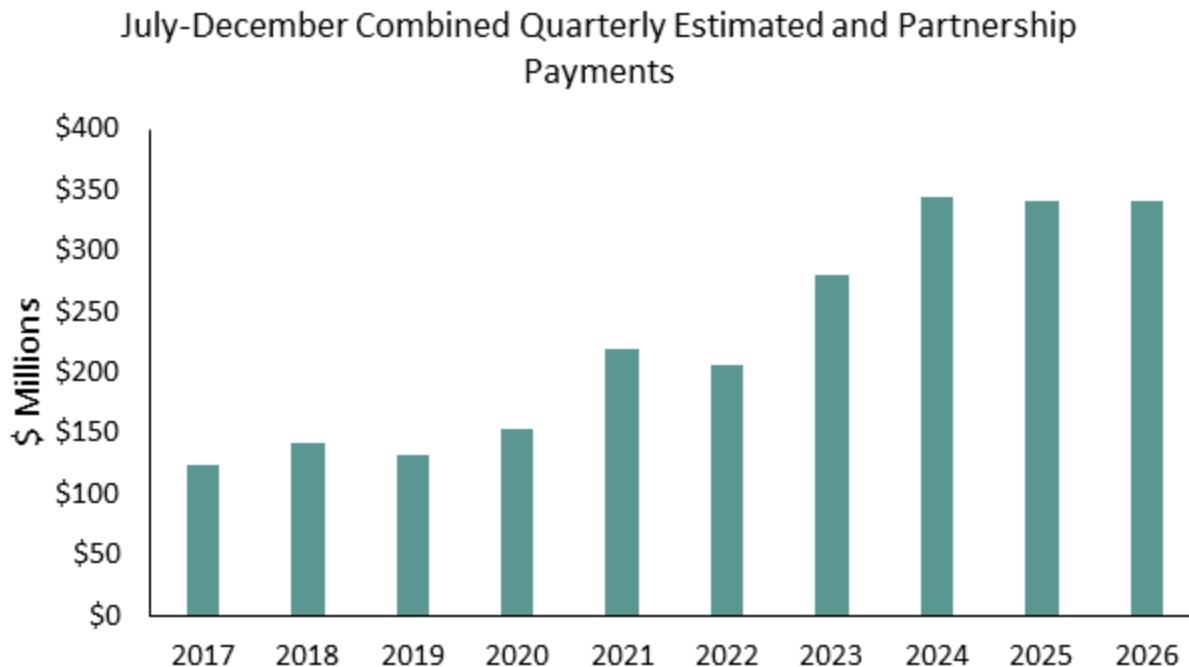
Account	YTD 2026	YTD 2025	\$ Difference	% Difference
Withholding	\$707.4	\$666.9	\$40.5	6.1%
Estimated Payments	204.9	198.3	6.6	3.3%
Current Year Payments	50.7	47.3	3.4	7.3%
Audit, P&I, Amended	40.8	33.7	7.1	21.0%
Refunds	37.2	29.9	7.4	24.6%
Partnership Income Tax	136.3	143.1	(6.8)	-4.8%
Mineral Royalties	3.6	3.4	0.2	5.1%
Total	1,180.9	1,122.6	58.3	5.2%

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. This year, withholding growth has been strong, with year-over-year growth of 6.1%. 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. **Furthermore, 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



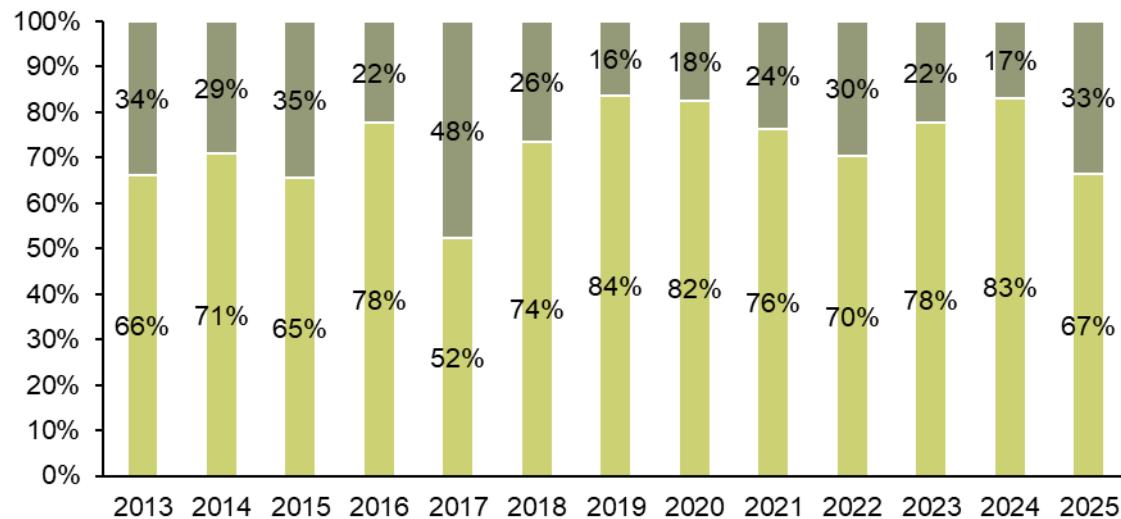
Through December, quarterly estimated and partnership payments are identical to last year as seen in the figure below.



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

Property tax collections to 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 have been booked for the month of December and more can expect to be booked in January. The chart below shows the historical split between December and January payments. Collections for the SEPTR account so far total \$177.4 million, or 13.2% more than this point at 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

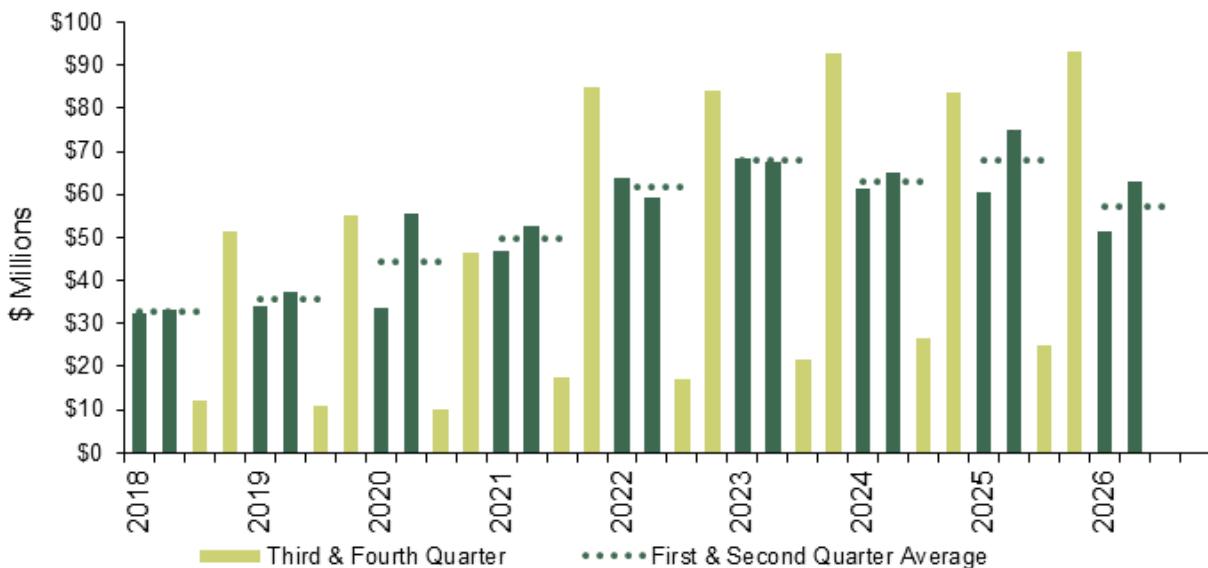
Corporate income tax collections through the end of December are 11.3% or \$17.4 million below this time in FY 2025. This is below the HJ 2 estimate which projected an increase of 1.6% but is an improvement from last month when collections were 13.5% below last year's levels. The table below shows the year-over-year corporate income tax growth by account. As the table shows, most of the decline is in estimated payments.

Corporate Income Tax
(\$ Millions)

Account	YTD 2026	YTD 2025	\$ Difference	% Difference
Corporation Tax	\$21.5	\$23.3	(\$1.9)	-8.0%
Estimated Payments	\$114.3	\$135.6	(21.3)	-15.7%
Refunds	(4.4)	(10.4)	6.1	-58.2%
Audit, P&I, Amended	4.7	4.7	(0.1)	-1.9%
Total	136.0	\$153.3	(\$17.3)	-11.3%

The figure at the top of the next page shows that estimated payments in the first two quarters of FY 2026 are lower than the preceding four years' first two quarters' 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.

Corporate Estimated Payments by Fiscal Year Quarter



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

Through December, vehicle taxes & fees have increased 5.7% 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: 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 is dependent on global oil prices. As of the last available data published in September, 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.

Insurance Tax: Anticipated to end above HJ 2

Current insurance tax collections through December are 12.9% or \$2.8 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% and 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 49.8% below collections from this time last year. This is a timing issue and should resolve itself in the next few months.

Other Sources

Coal Severance Tax: Anticipated to be near HJ 2

Coal severance tax collections through December are 26.1% or \$1.4 million below last year's collections. In HJ 2 this source was expected to decline by 30.0%. The projected and realized decreases were due to forecasted prices that were anticipated to decline from the very high levels seen in FY 2023 and FY 2024. The first quarter of FY 2025 saw prices average \$31/ton, whereas during the first quarter this fiscal year they averaged \$22/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 86.3% or \$5.2 million above collections through December 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 December are 24.5% or \$18.1 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 \$12.4 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.

All Other Revenue: Above estimate, temporarily holding funds

Revenue from all other miscellaneous sources is \$47.6 million or 116.1% 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.