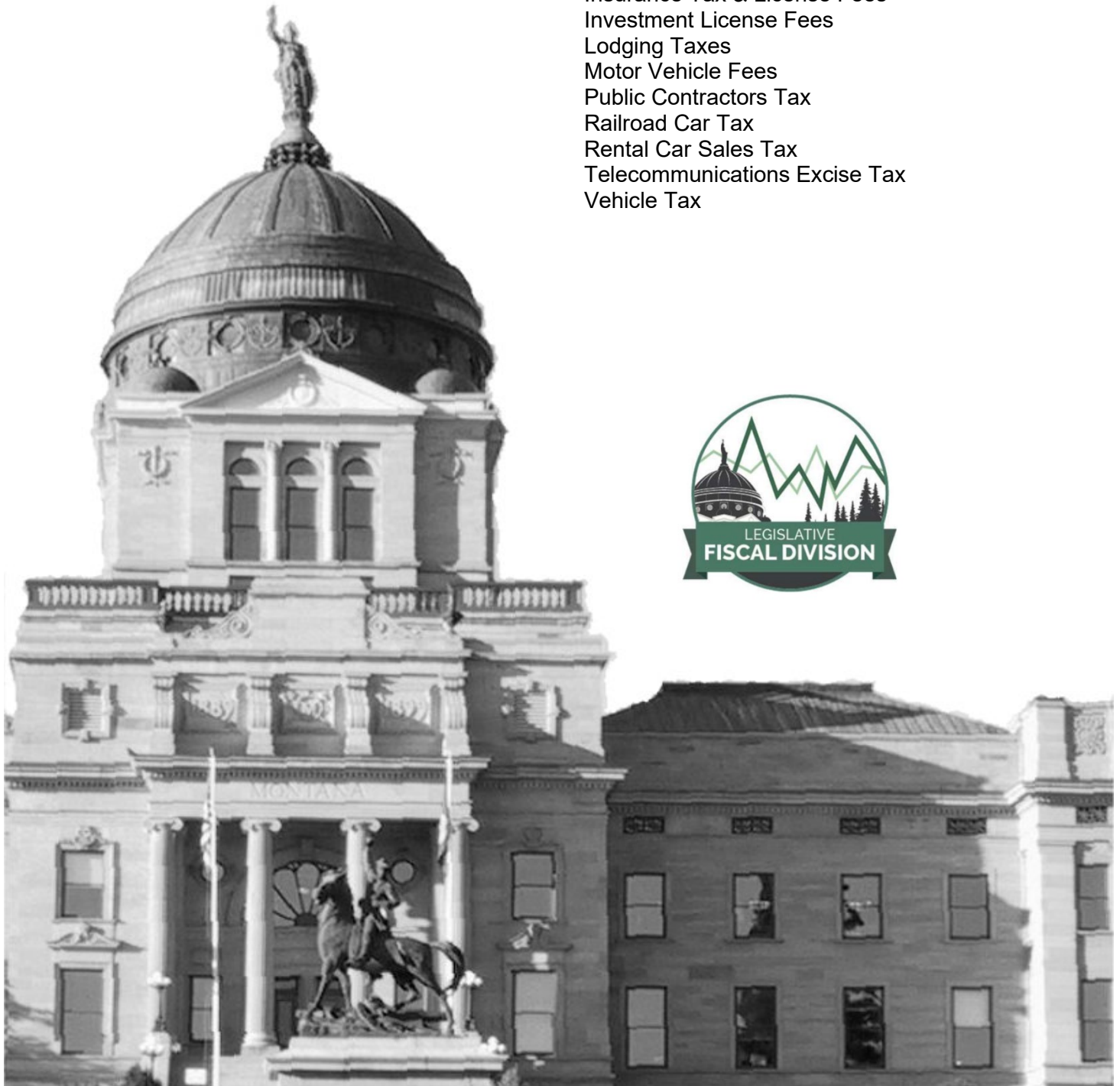


# BUSINESS AND PERSONAL TAXES

Corporation Income Tax  
Driver's License Fees  
Individual Income Tax  
Insurance Tax & License Fees  
Investment License Fees  
Lodging Taxes  
Motor Vehicle Fees  
Public Contractors Tax  
Railroad Car Tax  
Rental Car Sales Tax  
Telecommunications Excise Tax  
Vehicle Tax



## Corporate Income Tax

### Revenue Description

The corporate income tax is levied against a corporation's net income earned in or attributable to Montana, adjusted for allowable credits.

### Statutory Reference

Tax Rate – [15-31-121, MCA](#)

Tax Distribution – [15-31-121, MCA](#)

Date Due – 15<sup>th</sup> day of the fifth month following the close of the corporation fiscal year ([15-31-111, MCA](#) and [15-31-502, MCA](#)). Estimated taxes due April 15<sup>th</sup>, June 15<sup>th</sup>, September 15<sup>th</sup>, and December 15<sup>th</sup> ([15-31-502, MCA](#)).

### Applicable Tax Rates

The tax rate is 6.75%, except for corporations making a "water's edge" election ([15-31-322, MCA](#)), who pay a 7.0% tax on their net income.

**Collection Frequency:** Monthly, quarterly, and annually.

**Distribution:** All proceeds are deposited into the general fund.

### Summary of Legislative Action:

[HB 16](#) revises the infrastructure loan program and prohibits taxpayers from claiming infrastructure loan fees as both a tax credit and deduction.

Corporation Income Tax – Legislation Passed by 69th Legislature General Fund Impact (\$ Millions)			
Bill Number and Short Title	FY 2025	FY 2026	FY 2027
HB0016 Revise infrastructure loan program and tax credit	\$0.000	\$0.018	\$0.018
Total General Fund Impact	\$0.000	\$0.018	\$0.018

### Forecast Risks

- Stock market activity
- Oil price
- Housing market outlook
- Taxpayer behavior

### Revenue Estimate Methodology

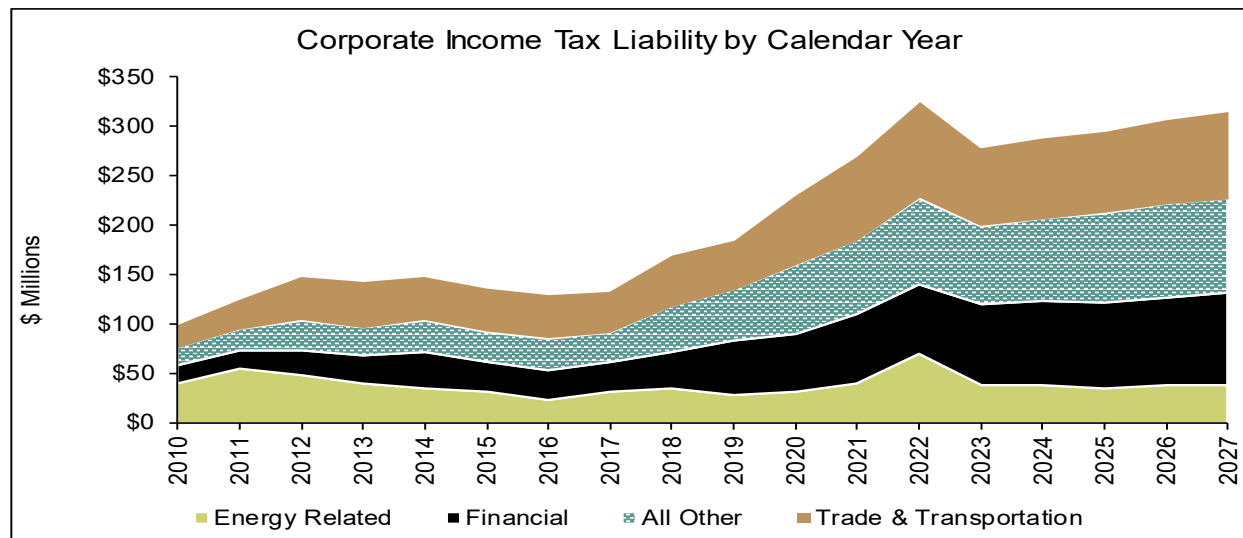
#### Data

The estimate for this source is based on collection data from SABHRS, corporate income tax return data from DOR, and various historical and forecast economic indicators from S&P Global. The return data is lagged by nearly two years for two main reasons: each tax year includes all returns from corporations whose fiscal year began in that particular tax year; and corporations are allowed up to 10.5 months after the end of the tax year to file a return.

#### Analysis

Montana corporation tax liability is forecast using a variety of S&P Global economic variables as predictors. These variables are used to forecast calendar year tax liability by sector. Major sectors include manufacturing, financial services, retail trade, and professional services. Once estimates have been produced individually for all relevant sectors, they are combined to form a total estimate of calendar year liability. The calendar year estimate is converted to a fiscal year estimate, with adjustments made to account for refunds, audits, and penalties.

As shown in the figure below, energy-related sectors had historically accounted for a significant portion of total tax liability. The underlying volatility of the energy industry is a large contributor to the overall volatility of this tax source. In the last five years however, there has been significant growth in the financial and professional sectors, while the energy sector has remained relatively flat.



Corporate income tax revenues are quite volatile from year to year, resulting in a revenue stream that is difficult to predict. The volatility can be attributed to many factors: sensitivity of corporate income to business cycles, industry composition in the state, reliance on a limited number of large taxpayers, and federal and state tax policy. For example, Montana law allows corporations to carry back current year losses for three years, and carry forward losses for up to ten years [HB 550 \(2017 session\)](#). The carry back provision may result in magnifying a downturn to the extent that corporations file amended prior year tax returns that include current year losses and are thereby owed a refund of taxes paid in those previous years.

Forecasting error is produced through three main channels: timing of data, the inherent error of S&P Global forecast economic variables, and in the model itself as past collections are not predicted perfectly by selected S&P Global variables. Combined with the uncertainty involved in predicting audit and refund amounts, these sources of error can lead to revenues that may significantly deviate from forecast values and prior year collections.

While corporations' tax behavior introduces forecasting error that is difficult to predict, [research by the LFD](#) explores methods to minimize the errors associated with the S&P Global forecasts of underlying economic variables and compares the relative accuracy of various model types. The research suggests that using a sector-based modeling approach consistently performs better than models that used a single variable as a predictor. While corporate income tax will likely continue to be a volatile source, the methods utilized by this research should direct modeling choices that will minimize the error introduced by S&P Global forecast error.

### Assumptions

Eleven sectors are listed below, followed by the five-year-average share of tax liability, a brief description of the sector, and the underlying economic variables used to develop the projection. The variables used to develop most of the projections are the average West Texas Intermediate (WTI) oil price, Montana retail sales, and Montana median home prices.

- Manufacturing (16%): the manufacturing industry in Montana is highly correlated with energy prices and is therefore relatively variable with respect to its aggregate tax liability. This sector is modeled using S&P Global forecast of WTI price.

## **Business and Personal Taxes**

## **Corporate Income Tax**

- Financial services (25%): this sector includes banks, bank holding corporations, and companies involved in investment activities. Financial sector tax liability is modeled on median existing home prices in Montana.
- Wholesale and retail trade (17%): this combined sector trends well with Montana retail sales and therefore uses retail sales to predict future sector revenues.
- Mining (1%): this sector is extremely volatile and is modeled using a five-year moving average.
- Professional and business services (13%): the professional service sector comprises establishments that specialize in performing professional, scientific, and technical activities for others. The business service sector comprises establishments performing routine support activities for the day-to-day operations of other organizations. This sector is modeled using a three-year moving average along with forecasted growth in employment in the professional sector.
- Transportation and warehousing (13%): the transportation and warehousing sector includes industries providing transportation of passengers and cargo, warehousing and storage for goods, scenic and sightseeing transportation, and support activities related to modes of transportation. Its tax liability is modeled using a three-year moving average along with S&P Global's estimated growth in Montana transportation GSP.
- Information (6%): the main components of this sector are the publishing industry, the motion picture and sound recording industry, the broadcasting industry, the telecommunications industry, and the information services industry. Its tax liability is modeled on three-year moving average.
- Utilities (1%): the utilities sector includes establishments engaged in the provision of electric power, natural gas, steam supply, water supply, and sewage removal. This sector is modeled using a five-year moving average.
- Agriculture (3%): the tax liability of the agriculture sector is modeled on a five-year moving average.
- Social and educational services (2%): this is a broad grouping of educational and health services, and arts, entertainment, and recreation. This sector is modeled using a five-year moving average.
- Construction (2%): along with the utilities and mining sectors, the construction industry is one of the smallest contributors to corporation tax liability, likely because most construction companies are organized as S-corporations or limited liability companies. Its tax liability is modeled on median home prices and wholesale employment.

Calendar year corporate income tax liabilities are modeled by sectors as described above and summed by year to produce a total calendar year estimate of tax liabilities. The calendar year estimates are converted to fiscal year using historical trends.

### **Adjustments**

After the estimate for the fiscal year gross corporation tax liability is complete, several adjustments are required. The adjustments and the corresponding estimate process for each are described below.

- Refunds – Projected using a five-year moving average.
- Audits, penalties, and interest – Projected on a historical average ratio of prior fiscal year liability.

**Revenue Estimate Assumptions**

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2025 Legislature.

FY	Total Tax \$ Millions	GF Tax \$ Millions	Total FY Liability \$ Millions	Refunds \$ Millions	Audit, P&I Payments \$ Millions
A 2014	\$147.548	\$147.548	\$158.489	(\$21.707)	\$10.765
A 2015	172.73	172.73	161.93	(17.97)	28.78
A 2016	118.39	118.39	140.28	(31.39)	9.49
A 2017	133.99	133.99	147.69	(25.85)	12.16
A 2018	167.10	167.10	165.47	(24.23)	25.86
A 2019	186.54	186.54	189.90	(16.76)	13.39
A 2020	187.36	187.36	197.41	(20.03)	9.98
A 2021	266.51	266.51	282.82	(26.79)	10.48
A 2022	293.68	293.68	293.53	(20.41)	20.56
A 2023	309.88	309.88	319.62	(29.71)	19.97
A 2024	312.28	312.28	335.90	(36.09)	12.46
F 2025	315.24	315.24	320.17	(26.60)	16.80
F 2026	326.22	326.22	328.21	(27.92)	16.01
F 2027	338.40	338.40	340.02	(28.15)	16.41
F 2028	346.55	346.55	348.89	(29.69)	17.00
F 2029	355.98	355.98	357.59	(29.69)	17.44

CY	Agriculture \$ Millions	Mining \$ Millions	Utilities \$ Millions	Construction \$ Millions	Manufacture \$ Millions	Trade \$ Millions	Transport \$ Millions
A 2014	\$5.922	\$4.000	\$1.549	\$1.751	\$29.754	\$24.924	\$18.84
A 2015	4.33	1.97	0.79	2.09	28.91	25.63	18.08
A 2016	4.07	2.21	0.37	1.40	20.62	25.61	17.67
A 2017	3.87	4.08	1.65	1.75	26.47	22.58	19.75
A 2018	4.68	3.43	1.98	2.40	31.15	25.55	25.58
A 2019	5.10	1.24	1.72	2.47	26.80	25.20	24.17
A 2020	6.23	0.62	2.83	4.93	31.04	40.66	29.16
A 2021	8.22	3.23	4.10	4.12	35.50	49.43	35.93
A 2022	6.84	3.75	4.27	5.38	65.78	59.66	37.74
F 2023	6.21	2.45	2.98	5.25	35.52	46.34	32.44
F 2024	6.87	2.26	3.18	5.28	34.98	47.34	33.56
F 2025	7.04	2.46	3.47	5.40	31.53	49.45	33.59
F 2026	6.74	2.83	3.60	5.49	34.22	51.98	33.22
F 2027	6.72	2.75	3.50	5.61	35.66	54.49	33.96
F 2028	6.84	2.55	3.35	5.81	36.95	57.02	34.53
F 2029	6.83	2.57	3.42	6.06	37.91	59.49	35.34

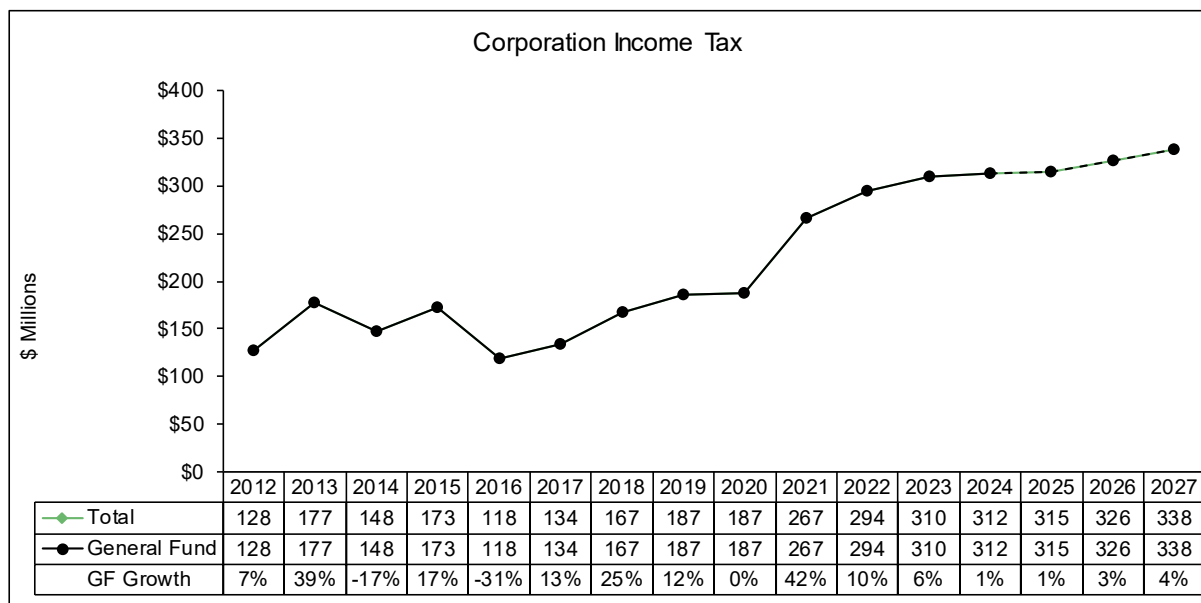
## Business and Personal Taxes

## Corporate Income Tax

CY	Information \$ Millions	Professional \$ Millions	Large Banks \$ Millions	Social \$ Millions	Unknown \$ Millions	Total CY Liability \$ Millions
A 2014	\$6.494	\$11.197	\$37.203	\$5.026	\$0.657	\$147.315
A 2015	8.70	9.36	29.83	4.33	1.16	135.17
A 2016	10.29	13.14	29.68	3.27	0.32	128.64
A 2017	6.83	11.73	30.12	3.99	0.16	132.98
A 2018	10.54	20.86	36.80	4.14	1.59	168.71
A 2019	10.66	23.35	54.09	6.50	1.97	183.28
A 2020	11.67	35.89	58.07	4.99	2.71	228.82
A 2021	13.59	31.76	71.49	4.22	8.17	269.76
A 2022	21.59	37.40	70.39	2.50	9.24	324.55
F 2023	13.61	41.31	81.68	4.47	4.74	277.02
F 2024	14.22	43.77	85.97	4.54	5.37	287.35
F 2025	14.94	48.68	88.13	4.14	6.04	294.88
F 2026	15.59	51.65	89.96	3.97	6.71	305.95
F 2027	15.99	52.96	92.29	3.92	6.42	314.27
F 2028	14.87	55.14	95.29	4.21	5.86	322.42
F 2029	15.12	58.07	98.91	4.16	6.08	333.97

## Revenue Projection

This section contains the projection for this source including impacts, if any, enacted by the 2025 legislature.



## Driver's License Fees

### Revenue Description

A resident of Montana must have a valid driver's license to operate a motor vehicle on any highway in the state. A driver's license is issued only if the applicant passes specified examinations and pays fees. The fees are collected by Department of Justice's Motor Vehicle Division staff or county treasurers and are forwarded to the state treasurer for deposit. If collected by the county treasurers, a portion is retained by the county. The estimates shown in this source are net of revenue retained by the counties. The fees included in this source are from regular driver's licenses, commercial driver's licenses, motorcycle endorsements, duplicate driver's licenses, and renewal notices.

### Statutory Reference

Tax Rates – Duplicate licenses: [61-5-114, MCA](#); REAL ID: [61-5-129, MCA](#), all others: [61-5-111\(6\), MCA](#)

Tax Distribution – [61-5-121, MCA](#)

Date Due – Upon application

### Applicable Tax Rates

- Driver's license, except a commercial driver's license: \$5.00 per year or fraction of a year
- Motorcycle endorsement: \$0.50 per year or fraction of a year
- Commercial driver's licenses (includes the basic license fee of \$5.00)
  - Interstate: \$10.00 per year or fraction of a year
  - Intrastate: \$8.50 per year or fraction of a year
- Duplicate license: \$10.00
- Renewal notice: \$0.50
- There is an additional \$25 fee for REAL ID compliant licenses.

**Collection Frequency:** Monthly

### Distribution

The distribution of license fee revenue varies by the type of license and who collects the fee. The table below shows the current statutory distribution. Note that the portion allocated to counties applies only when the county collects the fee. Otherwise, the county allocation is added to the general fund distribution.

Distribution of Driver's License Fees					
Allocation	Driver's License	Replacement License	Motorcycle Endorsement	Commercial Driver's License	Renewal Notice
County or State General Fund	2.50%	3.75%	3.34%	2.50%	
Motorcycle Safety Account			63.46%		
Traffic Education Account	20.70%	8.75%		16.94%	
State General Fund	<u>76.80%</u>	<u>87.50%</u>	<u>33.20%</u>	<u>80.56%</u>	<u>100.00%</u>
Total	100.00%	100.00%	100.00%	100.00%	100.00%

### Summary of Legislative Action:

[SB 412](#) provides fee waivers for certain state government documents for former foster care children that have aged out of the system but have not yet reached age 21.

Driver's License Fee – Legislation Passed by 69th Legislature General Fund Impact (\$ Millions)			
Bill Number and Short Title	FY 2025	FY 2026	FY 2027
SB0412 Provide for fee waivers of government documents to former foster children	\$0.000	(\$0.009)	(\$0.009)
Total General Fund Impact	\$0.000	(\$0.009)	(\$0.009)

### Forecast Risks

- Growth of population over age 16
- Potential impact from youth driving habits

### Revenue Estimate Methodology

The driver's license revenue estimate is based on the number of the six various licenses and fees, multiplied by the applicable fee. The number of licenses is modeled on Montana driving age population.

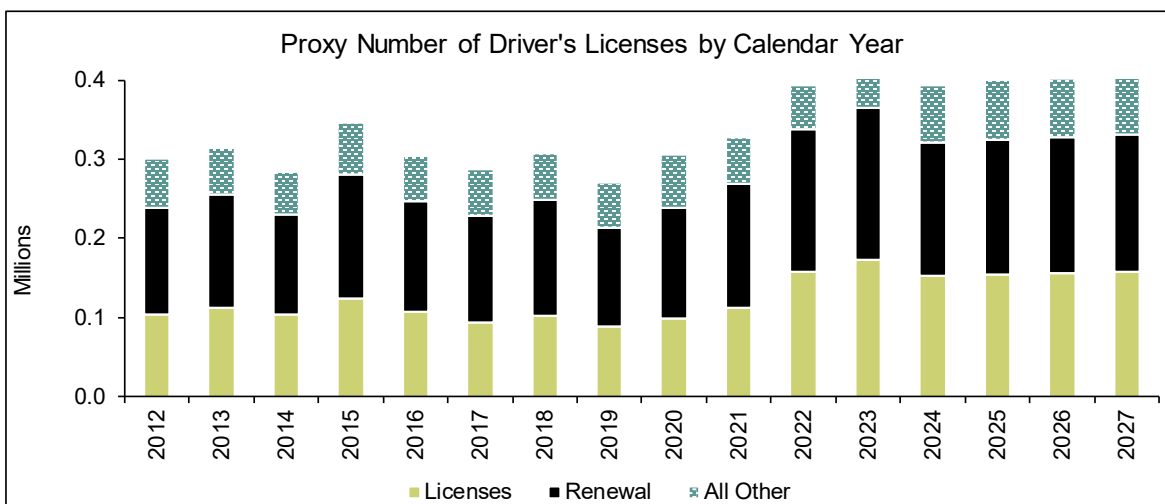
### Data

There are six different sources of revenue including the five different driver's licenses and the renewal notice. The best source of data for the number of licenses and the renewal notice is contained in the history of revenue collections for each of these six items from SABHRS.

### Analysis

The methodology used to determine the number of each license or fee differs slightly:

1. The proxy numbers for driver's and motorcycle licenses are obtained by multiplying the driving age population estimate for each year by the last known actual ratio of driver's licenses to driving age population. This ratio differs between odd and even years, and is applied accordingly.
2. For duplicate licenses, the proxy number is derived by multiplying the number of driver's licenses by the previous year's ratio between the number of duplicates and drivers licenses. Because the driver's license proxy includes the effects of population change, these effects are also included in the proxy for duplicate licenses.
3. The proxies for the number of interstate and intrastate licenses are the amounts from the last known fiscal year.
4. To approximate the number of renewal notices, the ratio between the previous years' number of notices to the proxy number of licenses is multiplied by the estimated number of licenses. Since the license proxy includes the effects of population change, these effects are also included in the proxy for renewal notices.
5. Based on historical percentages, amounts retained by the counties are calculated and subtracted from the total revenue to derive the state's portion.





**Adjustments and Distribution**

Once the proxy number for each license has been estimated, adjustments, if any, are made. After any adjustments, the applicable distribution percentage of the revenue for each license fee is applied (see the "Distribution" section).

**Revenue Estimate Assumptions**

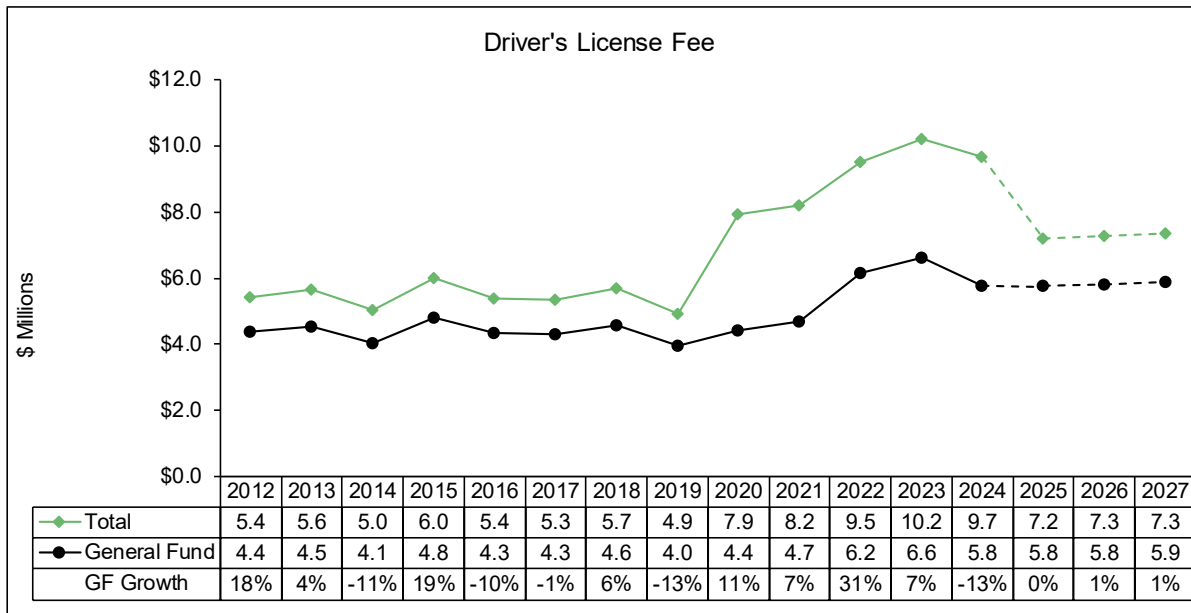
This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2025 legislature.

FY	Total Fee \$ Millions	GF Fee \$ Millions	GF Fee Licenses \$ Millions	GF Fee Duplicates \$ Millions	GF Fee Cycle \$ Millions	GF Fee Commercial \$ Millions	GF Fee Renewal \$ Millions
A 2014	5.04	4.05	3.26	0.31	0.01	0.37	0.06
A 2015	6.00	4.81	3.89	0.32	0.02	0.67	0.08
A 2016	5.40	4.34	3.37	0.30	0.02	0.51	0.07
A 2017	5.35	4.31	2.95	0.33	0.01	0.49	0.07
A 2018	5.69	4.58	3.22	0.34	0.02	0.44	0.07
A 2019	4.93	3.98	2.77	0.37	0.01	0.33	0.06
A 2020	7.92	4.41	3.10	0.43	0.01	0.40	0.07
A 2021	8.22	4.70	3.53	0.35	0.02	0.38	0.08
A 2022	9.51	6.17	4.96	0.29	0.02	0.44	0.09
A 2023	10.19	6.60	5.45	0.29	0.02	0.38	0.10
A 2024	9.66	5.77	4.79	0.46	0.02	0.35	0.08
F 2025	7.21	5.77	4.85	0.47	0.02	0.35	0.09
F 2026	7.27	5.83	4.90	0.47	0.02	0.35	0.09
F 2027	7.34	5.88	4.95	0.47	0.02	0.35	0.09
F 2028	7.39	5.92	4.99	0.48	0.02	0.35	0.09
F 2029	7.46	5.97	5.03	0.48	0.02	0.35	0.09

FY	Proxy Licenses Millions	Proxy Duplicates Millions	Proxy Cycle Millions	Proxy Interstate Millions	Proxy Intrastate Millions	Proxy Renewal Millions
A 2014	0.10	0.03	0.01	0.01	0.00	0.13
A 2015	0.12	0.04	0.01	0.02	0.00	0.16
A 2016	0.11	0.03	0.01	0.01	0.00	0.14
A 2017	0.09	0.04	0.01	0.01	0.00	0.13
A 2018	0.10	0.04	0.01	0.01	0.00	0.15
A 2019	0.09	0.04	0.01	0.01	0.00	0.12
A 2020	0.10	0.05	0.01	0.01	0.00	0.14
A 2021	0.11	0.04	0.01	0.01	0.00	0.16
A 2022	0.16	0.03	0.01	0.01	0.00	0.18
A 2023	0.17	0.03	0.02	0.01	0.00	0.19
A 2024	0.15	0.05	0.01	0.01	0.00	0.17
F 2025	0.15	0.05	0.02	0.01	0.00	0.17
F 2026	0.16	0.05	0.01	0.01	0.00	0.17
F 2027	0.16	0.05	0.02	0.01	0.00	0.17
F 2028	0.16	0.05	0.01	0.01	0.00	0.18
F 2029	0.16	0.05	0.02	0.01	0.00	0.18

**Revenue Projection**

This section contains the projection for this source including impacts, if any, enacted by the 2025 legislature.



## Individual Income Tax

### Revenue Description

The tax is levied against Montana taxable income (MTI) which is based on an individual's Federal Taxable Income, with some additional adjustments. Once tax liability is determined, the amount of tax due is computed by subtracting allowable credits.

### Statutory Reference

Tax Rate – [15-30-2103, MCA](#) through [15-30-2105, MCA](#)

Tax Distribution – [17-2-124\(2\), MCA](#)

Date Due – 15<sup>th</sup> day of the fourth month of the filer's fiscal year ([15-30-2604, MCA](#)). Withholding taxes are due monthly, quarterly, or on an accelerated schedule depending on income ([15-30-2504, MCA](#)). Estimated taxes are due on the 15<sup>th</sup> day of the 4<sup>th</sup>, 6<sup>th</sup>, and 9<sup>th</sup> month and the month following the close of the tax year ([15-30-2512, MCA](#)).

### Applicable Tax Rates

In CY 2025, Montana has two tax rates: 4.7% and 5.9%; and 3.0% and 4.1% for net long-term capital gains. The tax brackets are: \$41,000 for any married taxpayer filing a joint return, \$30,750 for any individual filing as head of household, and \$20,500 for any other taxpayer filing a return. These brackets are adjusted each year for inflation. With the passage of [HB 337](#) in the 2025 Legislative Session, the top rate will be reduced further beginning in CY 2026 and the tax brackets will also increase. More information on this legislation is under the Summary of Legislative Action section.

**Collection Frequency:** Quarterly, monthly, bi-weekly, and weekly.

**Distribution:** All proceeds are deposited into the general fund.

### Summary of Legislative Action:

[HB 129](#) creates a \$3,000 income exemption for qualified volunteer firefighters and volunteer emergency care providers.

[HB 337](#) increases the income brackets for the state's personal income tax, while also lowering the top tax rate for non-capital gains income over two years (from 5.9% to 5.65% in TY 2026 and then to 5.4% in TY 2027). The Earned Income Tax Credit (EITC) is increased starting in TY 2026 to 20% (from 10%) of the federal EITC.

[HB 845](#) increases the allowable exemption for contributions to a Family Education Savings Account from \$3,000 to \$4,500 and adjusts the exemption for inflation.

[HB 908](#) revises the jobs growth incentive tax credit criteria to include apprentices in the construction industry.

[SB 544](#) creates an optional transition adjustment for Montana net operating losses that cannot be carried forward as a result of the changes made by SB 399 from the 2021 Legislature.

Individual Income Tax – Legislation Passed by 69th Legislature General Fund Impact (\$ Millions)			
Bill Number and Short Title	FY 2025	FY 2026	FY 2027
HB0129 Provide income tax benefit to support emergency response volunteers	\$0.000	\$0.000	(\$0.353)
HB0337 Revise income tax laws to lower income taxes	0.000	(20.805)	(190.644)
HB0845 Increase IRC 529 education savings income tax deduction	0.000	(0.202)	(0.212)
HB0908 Generally revise employee tax credit laws to include apprentices	0.000	0.000	(0.200)
SB0544 Revise income tax laws for net operating loss carryovers	(0.461)	(0.096)	(0.058)
<b>Total General Fund Impact</b>	<b>(\$0.461)</b>	<b>(\$21.103)</b>	<b>(\$191.467)</b>

### Forecast Risks

- Changes to the national economic growth outlook
- Changes to Montana's economic growth outlook
- Changes to the outlook for Montana wages
- Stock market activity
- Housing prices and sales
- Montana Tax Policy
- Federal Tax Policy

### Revenue Estimate Methodology

#### Data

The estimate for this source is based on collection data from SABHRS, individual income tax return data supplied by DOR, state and national historical and forecast data on income, inflation, employment, and other economic variables from S&P Global.

#### Analysis

##### Overview

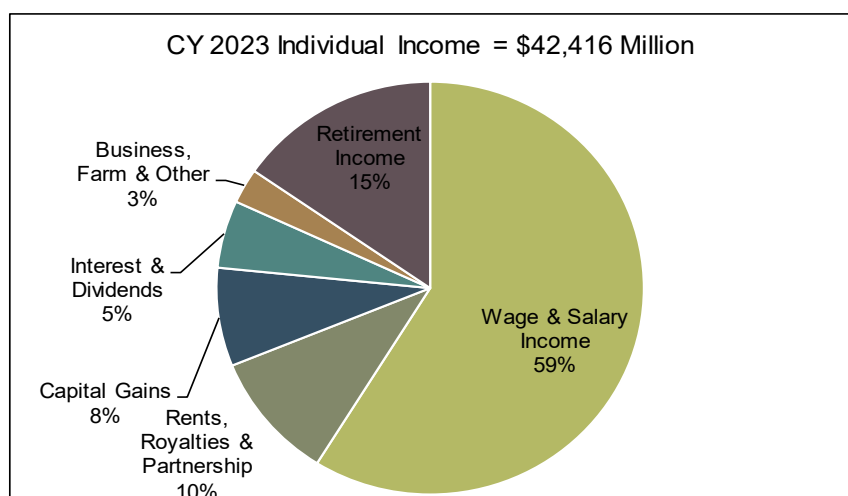
An individual income tax simulation model is used to forecast Montana calendar year individual income tax liability for all residents. The calendar year state tax liability forecast is developed by applying modeled growth rates to each resident taxpayer's income and deduction items. The result is a forecast of calendar year state individual income tax liability for each resident, the sum of which produces a statewide forecast of individual income tax liability for each year.

The statewide forecast of resident liability is adjusted for the growth in resident taxpayers and multiplied by an all-filers percentage to include the tax liability for nonresidents and partial-year residents. This results in a forecast of total calendar year individual income tax liability before credits.

Fiscal year collections before audit, penalty, and interest income are modeled on total calendar year liability before credits and fiscal year collections are then augmented by expected future audit, penalty, and interest collections to produce the total individual income tax revenue estimate.

##### Growth Rates

Growth rates are modeled for each of the income components, Montana-specific additions and subtractions, and deduction line items. The models for most of the income line items are highlighted in this section, along with corresponding forecast risks.



Nearly 60% of all income reported is from wages and salaries; the broad revenue categories are shown in the adjacent chart.

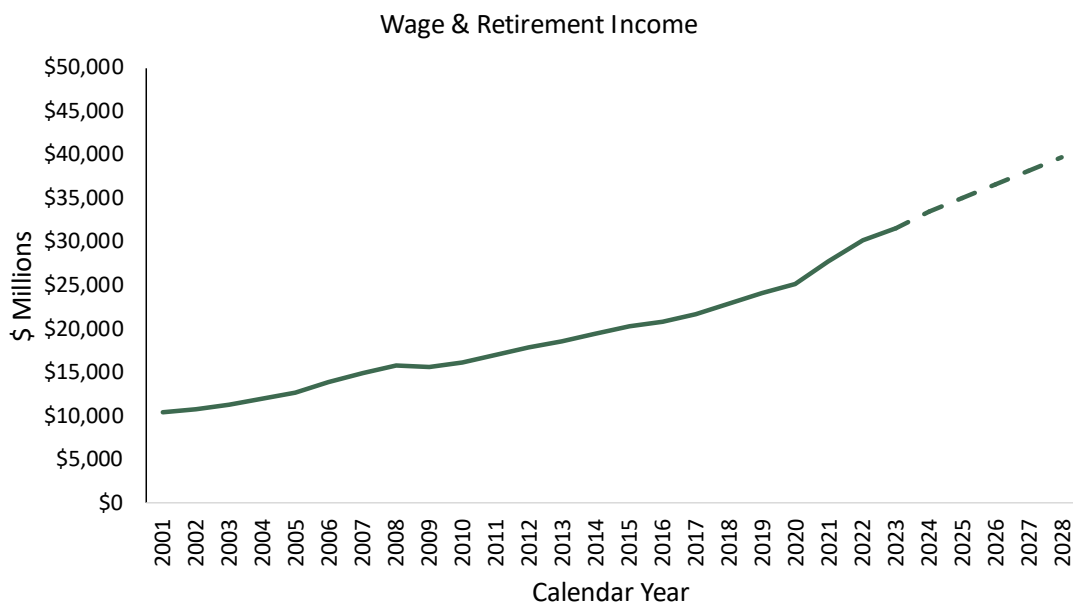
The table below summarizes the growth rates used for returns, inflation, and income items.

Individual Income Growth Rates						
	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029
FYR Returns (Annual)	2.3%	1.2%	0.4%	0.4%	0.4%	0.5%
FYR Returns (Cumulative)	102.3%	103.6%	104.0%	104.3%	104.8%	105.3%
Inflation State	5.4%	2.9%	2.8%	2.3%	2.3%	2.2%
Inflation Federal	5.5%	2.8%	2.3%	2.0%	2.0%	1.8%
Wages and salaries	6.7%	4.5%	4.6%	4.2%	4.4%	4.3%
Interest income	16.2%	4.0%	7.3%	8.5%	8.1%	7.3%
Dividend income	4.5%	10.0%	1.9%	0.7%	0.8%	0.6%
Taxable refunds	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Alimony received	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net business income	6.1%	3.2%	3.1%	3.4%	4.3%	4.1%
Capital gains	41.0%	4.2%	-25.2%	-9.6%	6.6%	7.2%
Supplemental gains	-1.8%	0.0%	0.0%	0.0%	0.0%	0.0%
IRA distributions	8.4%	5.3%	1.7%	1.6%	1.8%	2.2%
Taxable pensions	2.5%	4.3%	5.4%	4.5%	4.2%	3.9%
Rents, royalties, etc.	16.4%	3.4%	-1.0%	-0.6%	-0.3%	0.8%
Farm income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Unemp. compensation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Taxable social security	5.6%	5.1%	4.3%	4.1%	3.8%	3.6%
Other income	500.0%	0.0%	0.0%	0.0%	0.0%	0.0%

## Reasons for Forecasting Uncertainty in Upcoming Biennium

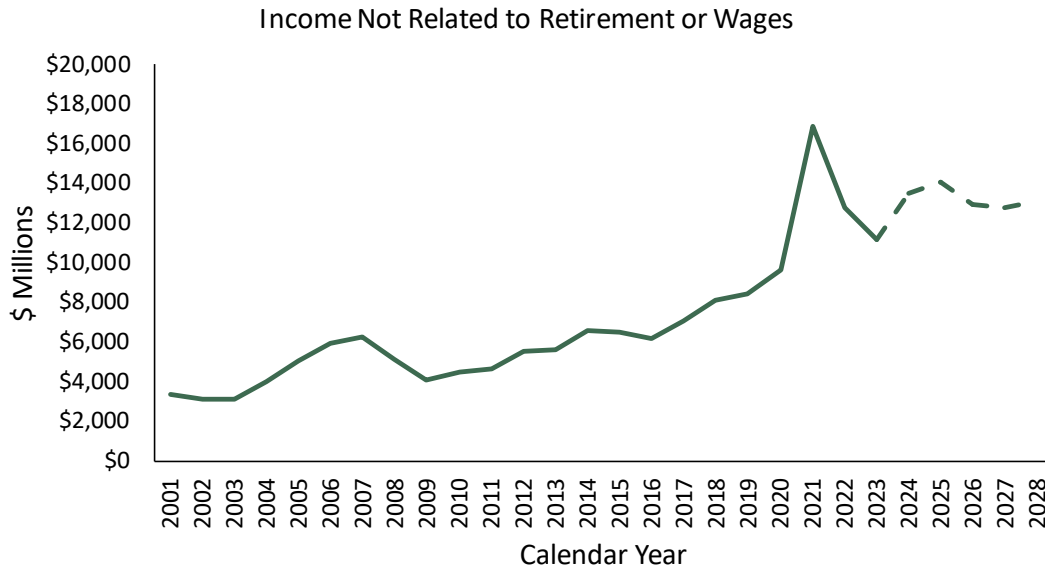
### Forecasting Income Types:

The LFD uses economic forecasts from S&P Global to estimate total income in the state. The forecasts include Montana wage disbursements, the S&P 500 index, US corporate profits, and many more. ***As a result, like many other revenue sources, the revenue forecast for individual income tax is a forecast built on top of other forecasts.*** Some sources of income are far more stable than others, and generally can be forecasted with high levels of certainty. These include wage and retirement income in the state. These types of income, along with their forecast are shown in the figure below.



After years of above-normal growth in wage and retirement income, the forecast assumes that growth will generally revert to pre-CY 2021 trends.

Unlike wage and retirement income, income such as capital gains, partnership, interest earnings, rental income, and others are much more volatile on a year-to-year basis. The below illustrates this volatility as well as the corresponding forecast for this group of select income types.



#### Impacts of Changes to State Tax Policy and Taxable Base:

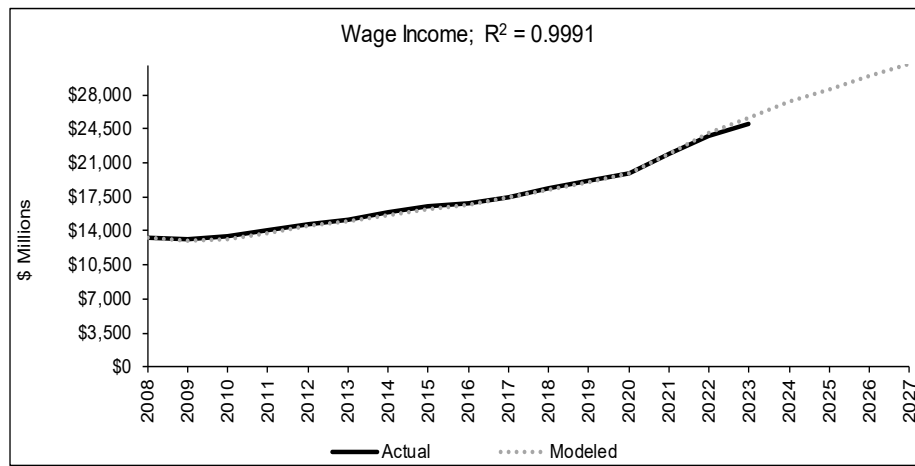
Since the end of the 2023 legislative session, many changes to Montana's individual income tax policy have taken effect. [SB 399](#), from the 2021 legislative session, made Federal Taxable Income (FTI) the starting point for calculating Montana's taxable income, and took effect on January 1, 2024. [SB 121](#), from the 2023 legislative session, lowered the top marginal tax rate from a scheduled 6.5% to 5.9%. Finally, [SB 554](#), also from the 2023 session, created an optional pass-thru entity tax.

A pass-thru entity's state income tax is categorized as an above-the-line business expense and does not count towards the Federal State and Local Tax (SALT). As a result, Montana taxpayers choosing to pay their state income tax through their pass-thru can lower their federal income tax liability. When taxpayers file their individual state return, they must include their pass-thru income. However, since the tax was already paid at the entity level they are offered a credit. At this point, the LFD estimates that there are approximately \$100 million in credits from CY 2023 activity that are unclaimed. These credits will eventually be claimed, lowering collections, though the exact timing is difficult to estimate.

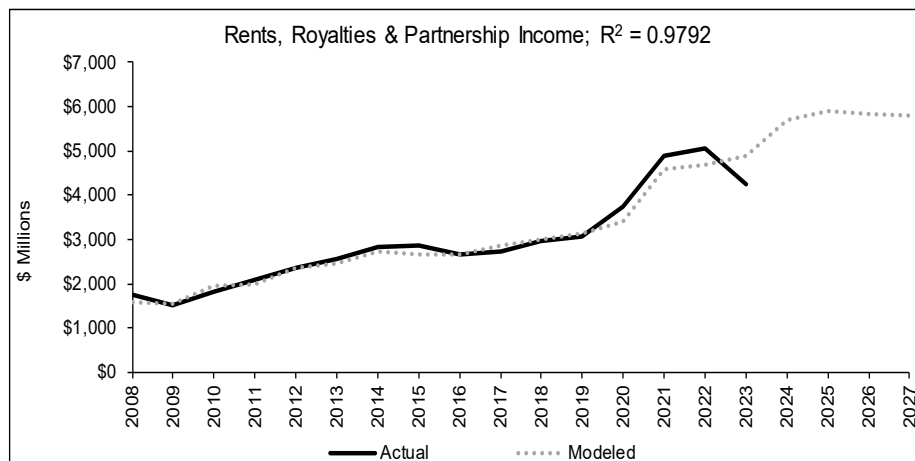
Most of the provisions of the Federal Tax Cuts and Jobs Act (TCJA) went into effect on January 1, 2018, and many of these provisions are set to expire at the end of CY 2025. As is often the case when federal tax policy changes, taxpayers may shift income across tax years. How they shift income ultimately depends on what course of action the federal government takes.

While fiscal estimates are produced for each of the changes to state provisions listed above, and are incorporated in the forecasting, these are still estimates. In fact, **these are forecasts based upon the HJ 2 forecast which is based upon S&P Global's forecasts**. As a result, there is uncertainty in distinguishing the new ongoing taxable base moving forward, coupled with likely income shifts due to perceived upcoming changes to federal tax policy.

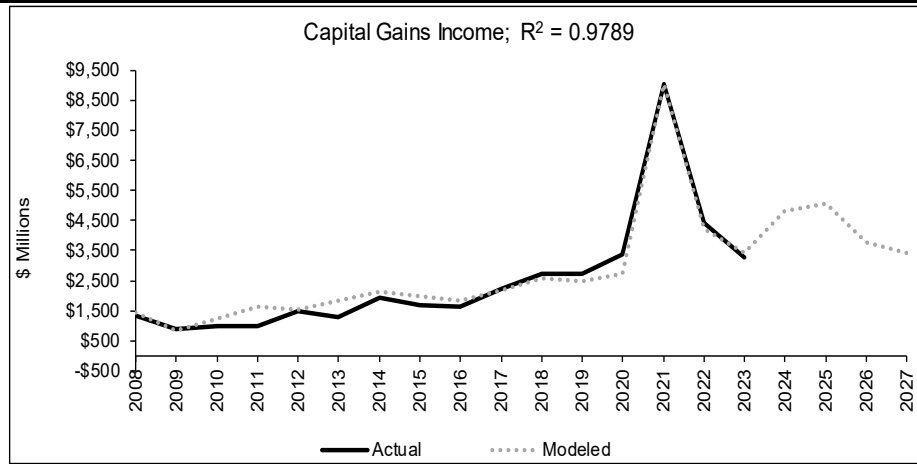
Wage and salary income is the largest source of individual income and is modeled on the S&P Global series for Montana wage and salary distributions.



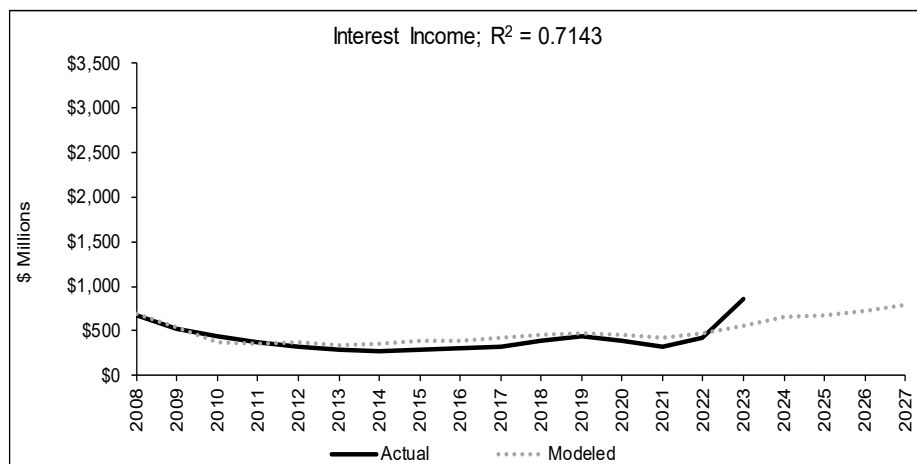
Rent, royalty, & partnership (schedule E) income is modeled on S&P 500 and before-tax corporate profits.



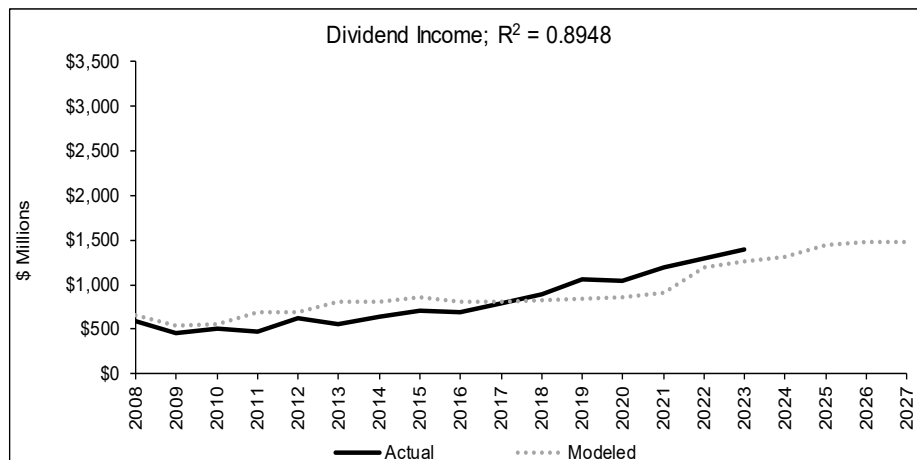
Capital gains income is modeled on a two-year difference of the S&P 500 stock market index, Montana median house price, and the annual number of Montana home sales. An indicator variable is also used to reflect the unusually high capital gains realizations in CY 2021.



Interest income is modeled on the rate of 3-month negotiable CDs and national personal interest income.

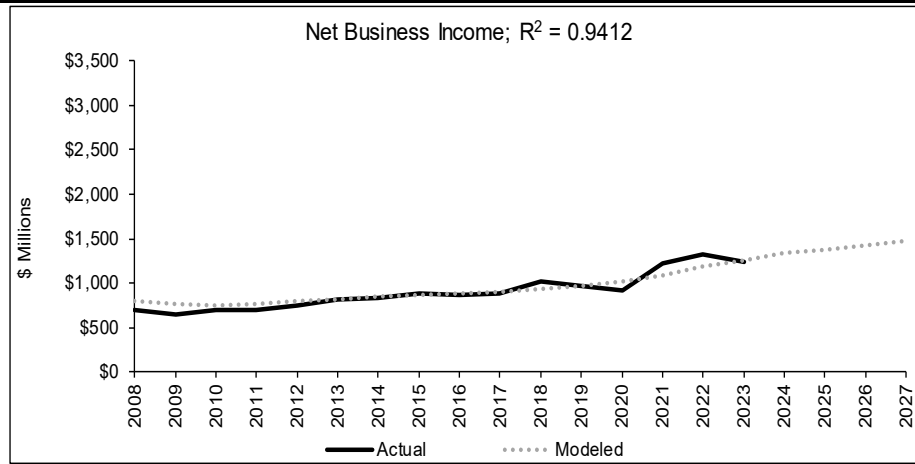


Dividend income is modeled on before-tax corporate profits.

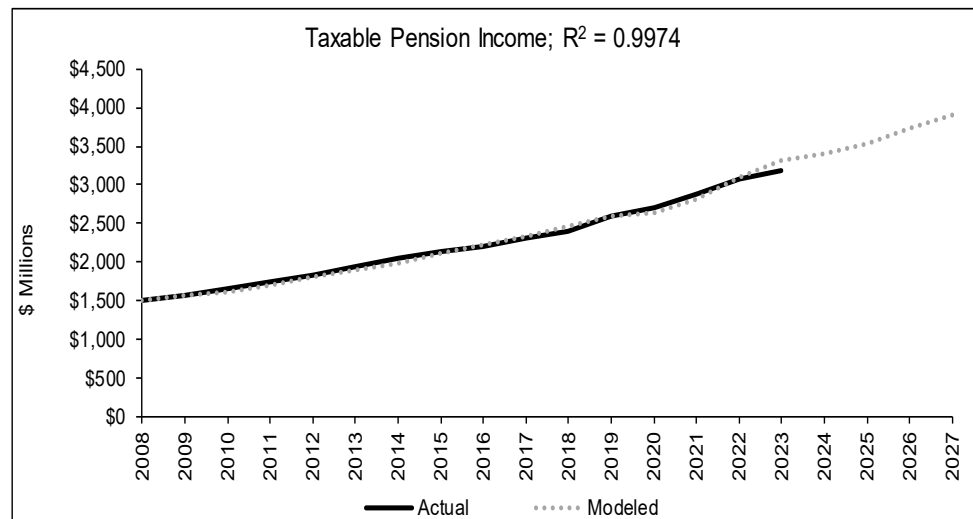
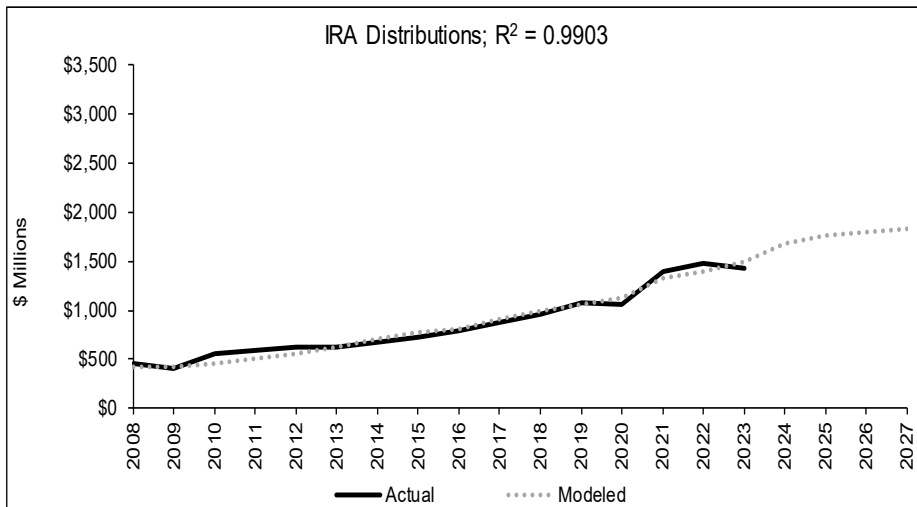


Net business income is modeled on national non-farm proprietor's income, Montana farm proprietor's income, and gross state product for the construction industry.

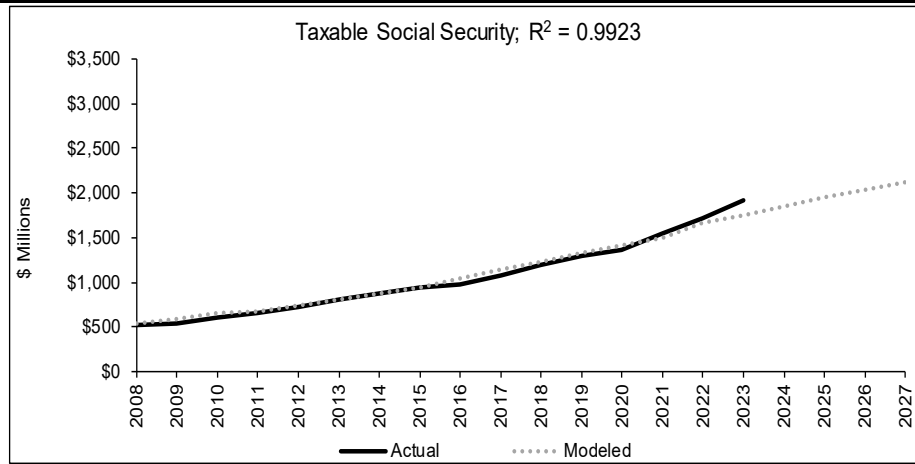




Two of the three retirement income sources—IRA distributions and pension income—are modeled on the S&P 500 stock market index, gross domestic product and the number of Montanans aged 65 and older.



Taxable social security is modeled on federal transfer payments to Montana and Montana population age 65 or older.



All remaining income sources, including farm income, sum to a negative amount. These sources are forecast individually but are generally anticipated to remain at about the same as the level as the last known year.

#### *Audits and Other Assumptions*

Fiscal year audit, penalty, and interest revenue are assumed to remain at the recent historical average of the prior calendar year tax liability before credits. Audit, penalty, and interest revenue are added to the modeled fiscal liability, resulting in total fiscal year collections.

#### **Revenue Estimate Assumptions**

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2025 Legislature.

FY	Total Tax \$ Millions	GF Tax \$ Millions	Audit, P&I \$ Millions	Earned Income	
				Tax Credit \$ Millions	RIC Adjustment
A 2014	\$1,063.284	\$1,063.284	\$41.010		
A 2015	1,175.74	1,175.74	43.47		
A 2016	1,184.83	1,184.83	51.72		
A 2017	1,168.22	1,168.22	40.76		
A 2018	1,297.78	1,297.78	44.23		
A 2019	1,429.01	1,429.01	48.99	(5.30)	
A 2020	1,435.24	1,435.24	48.21	(5.85)	
A 2021	1,765.42	1,765.42	59.20	(5.30)	
A 2022	2,393.81	2,393.81	71.97	(3.76)	
A 2023	2,254.31	2,254.31	81.44	(5.16)	
A 2024	2,243.95	2,243.95	81.46	(18.40)	
F 2025	2,166.41	2,166.41	79.57	(18.82)	(35.00)
F 2026	2,284.36	2,284.36	83.33	(19.04)	(36.00)
F 2027	2,340.31	2,340.31	83.77	(19.06)	(37.00)
F 2028	2,437.38	2,437.38	85.68	(18.98)	
F 2029	2,541.04	2,541.04	89.24	(18.94)	

## Business and Personal Taxes

## Individual Income Tax

	Modeled FYR Liability CY \$ Millions	Population Adjustment Percent	FYR Liability \$ Millions	Non-Resident Factor Percent	Total Liability Before Credits \$ Millions	Elderly H/R Credit \$ Millions	All Other Credits \$ Millions
A 2014	\$997.892	100.0%	\$997.892	107.2%	\$1,069.590	\$8.918	\$48.085
A 2015	1,034.358	100.0%	1,034.358	106.9%	1,106.240	8.664	50.352
A 2016	1,022.467	100.0%	1,022.467	107.3%	1,096.673	8.410	46.481
A 2017	1,118.513	100.0%	1,118.513	107.0%	1,196.354	8.156	52.617
A 2018	1,244.186	100.0%	1,244.186	105.3%	1,310.193	7.903	68.095
A 2019	1,308.844	100.0%	1,308.844	104.7%	1,370.571	7.649	69.052
A 2020	1,500.731	100.0%	1,500.731	106.5%	1,597.994	7.883	80.684
A 2021	1,946.917	100.0%	1,946.917	108.1%	2,105.476	7.116	116.841
A 2022	1,851.026	100.0%	1,851.026	109.1%	2,020.215	10.650	110.573
A 2023	1,808.326	100.0%	1,808.326	106.1%	1,918.615	10.241	88.783
F 2024	1,929.463	102.3%	1,973.697	106.1%	2,094.072	10.241	101.491
F 2025	1,995.838	103.6%	2,066.939	106.1%	2,193.001	10.241	104.728
F 2026	1,998.688	104.0%	2,077.737	106.1%	2,204.458	10.241	104.099
F 2027	2,036.565	104.3%	2,125.034	106.1%	2,254.639	10.241	103.821
F 2028	2,112.369	104.8%	2,213.400	106.1%	2,348.394	10.241	103.816
F 2029	2,190.469	105.3%	2,306.463	106.1%	2,447.133	10.241	104.761

	Wage Income CY \$ Millions	Rent, Royalty & Part. Inc. \$ Millions	Capital Gains Income \$ Millions	Interest Income \$ Millions	Dividend Income \$ Millions	Net Business Income \$ Millions	IRA Distributions \$ Millions
A 2014	\$15,912.285	\$2,812.599	\$1,925.151	\$265.414	\$641.446	\$834.812	\$678.718
A 2015	16,521.665	2,855.278	1,676.972	279.892	702.495	886.486	728.904
A 2016	16,791.933	2,650.879	1,616.570	295.853	690.232	862.602	782.898
A 2017	17,475.754	2,717.294	2,241.133	318.210	791.880	889.821	870.507
A 2018	18,366.344	2,950.771	2,709.171	380.543	893.176	1,019.461	965.712
A 2019	19,198.827	3,056.390	2,735.219	437.553	1,063.585	966.356	1,069.311
A 2020	19,948.240	3,745.380	3,354.864	387.849	1,041.364	913.917	1,067.211
A 2021	21,886.059	4,884.464	9,012.837	325.299	1,185.222	1,227.592	1,400.493
A 2022	23,847.215	5,067.202	4,396.772	414.598	1,286.511	1,330.618	1,485.218
A 2023	24,972.541	4,242.044	3,269.505	855.657	1,388.497	1,238.276	1,434.269
F 2024	26,637.663	4,936.097	4,608.921	994.205	1,450.811	1,313.298	1,554.072
F 2025	27,848.062	5,102.172	4,803.265	1,033.773	1,596.554	1,354.795	1,636.984
F 2026	29,123.968	5,052.641	3,590.961	1,109.665	1,627.079	1,397.260	1,664.957
F 2027	30,341.785	5,022.534	3,245.743	1,203.796	1,638.239	1,445.096	1,691.707
F 2028	31,681.949	5,007.458	3,458.925	1,301.067	1,650.915	1,506.819	1,722.919
F 2029	33,036.966	5,045.172	3,709.434	1,396.465	1,661.565	1,568.948	1,760.078

	Pension Income CY \$ Millions	Social Security \$ Millions	Farm Income \$ Millions	Other Income \$ Millions	Adjustments to Income \$ Millions	Additions to Income \$ Millions	Reductions to Income \$ Millions
A 2014	\$2,050.104	\$882.266	(\$115.194)	(\$509.221)	\$499.660	\$783.984	\$1,399.342
A 2015	2,139.286	941.299	(150.769)	(509.770)	522.819	788.052	1,446.849
A 2016	2,215.681	981.545	(230.849)	(545.399)	536.806	797.821	1,477.005
A 2017	2,322.764	1,072.081	(231.618)	(414.158)	550.496	836.955	1,585.401
A 2018	2,401.327	1,191.853	(311.489)	(565.262)	488.838	875.544	1,807.497
A 2019	2,586.974	1,293.289	(341.346)	(604.465)	500.283	910.792	1,882.259
A 2020	2,715.371	1,371.543	(255.046)	(1,100.004)	496.927	1,360.050	3,052.518
A 2021	2,889.238	1,545.174	(334.737)	(310.927)	503.561	816.286	2,017.033
A 2022	3,084.634	1,712.602	(331.478)	(260.535)	522.474	841.483	1,832.095
A 2023	3,174.709	1,920.209	(324.962)	(51.080)	529.915	783.346	2,177.388
F 2024	3,253.058	2,027.046	(324.962)	(306.479)	-	-	-
F 2025	3,393.487	2,130.055	(324.962)	(306.479)	-	-	-
F 2026	3,577.736	2,222.199	(324.962)	(306.479)	-	-	-
F 2027	3,740.199	2,313.340	(324.962)	(306.479)	-	-	-
F 2028	3,898.527	2,400.200	(324.962)	(306.479)	-	-	-
F 2029	4,048.869	2,485.973	(324.962)	(306.479)	-	-	-

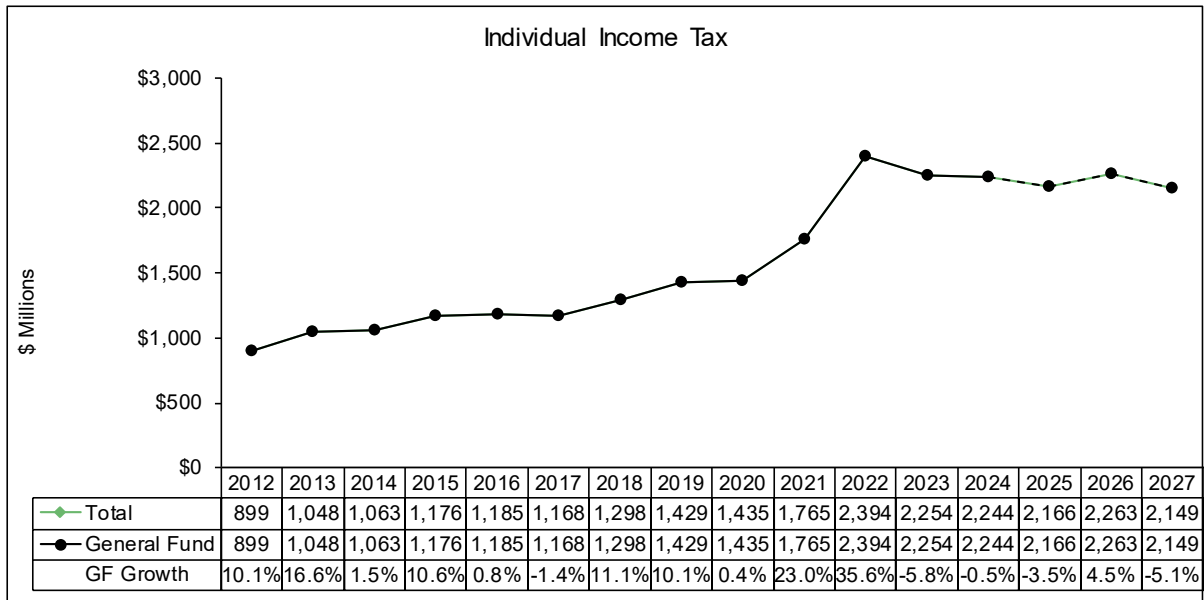
## Business and Personal Taxes

## Individual Income Tax

CY	Itemized Deductions \$ Millions	Montana Adj. Gross Income \$ Millions	Capital Gains Credit \$ Millions	FYR Returns Annual Gr. Percent	Federal Inflation Percent	State Inflation Percent
A 2014	\$4,274.492	\$24,390.092	\$39.533	0.9%		
A 2015	4,488.435	25,025.551	34.639	1.6%		
A 2016	4,591.664	25,198.944	33.576	0.3%		
A 2017	4,706.078	26,903.031	44.759	1.4%		
A 2018	4,452.909	29,107.663	55.202	1.1%		
A 2019	4,445.662	30,259.841	55.709	1.0%		
A 2020	4,380.851	32,063.665	68.290	-2.5%		
A 2021	4,635.392	39,531.790	125.400	4.0%		
A 2022	4,697.959	40,923.701	89.622	3.1%		
A 2023	4,763.198	40,567.248	67.123	1.8%		
F 2024				2.3%	5.5%	5.4%
F 2025				1.2%	2.8%	2.9%
F 2026				0.4%	2.3%	2.8%
F 2027				0.4%	2.0%	2.3%
F 2028				0.4%	2.0%	2.3%
F 2029				0.5%	1.8%	2.2%

## Revenue Projection

This section contains the projection for this source including impacts, if any, enacted by the 2025 legislature.



## Insurance Tax & License Fees

### Revenue Description

An insurance premiums tax is levied on the net premiums or gross underwriting profit for each insurance company operating in Montana. Various insurance and license fees are also collected.

### Statutory Reference

Tax Rate – [33-2-705\(2\), MCA](#); [33-2-311, MCA](#); [33-28-201\(1&2\), MCA](#); [50-3-109\(1\), MCA](#);

Fee Rate – Many of the fees are contained in [33-2-708\(1&2\), MCA](#); all other fees are listed in various chapters of [Title 33, MCA](#)

Tax Distribution – [33-2-708\(3\), MCA](#); [33-2-712, MCA](#); [50-3-109\(1\), MCA](#); [33-28-120, MCA](#)

Date Due – March 1<sup>st</sup> each year ([33-2-705\(1\), MCA](#); [33-2-712, MCA](#); [33-28-201\(1&2\), MCA](#)).

Quarterly payments due the 15<sup>th</sup> of April, June, September and December (Administrative Rules [6.6.2704](#) and [6.6.2705](#))

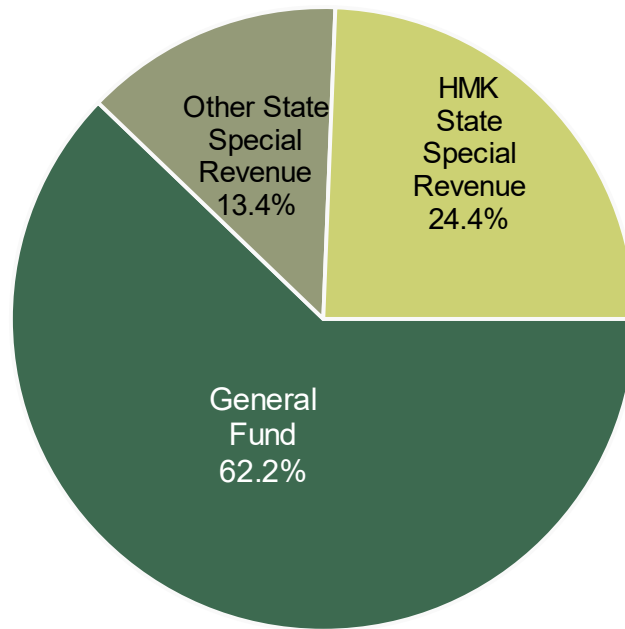
### Applicable Tax Rates

- 2.75% of net premiums on policies sold in Montana
- An additional 2.5% tax on the fire portion of net premiums for selected risks
- 0.4% on the first \$20 million of net direct premiums and 0.3% on each subsequent dollar collected by captive insurance companies
- 1.2% reinsurance assessment on most health policies

**Collection Frequency:** Quarterly and annually

### Distribution

Insurance tax and license fee revenue is distributed primarily between the general fund and the Healthy Montana Kids state special revenue fund. Exceptions include: fire insurance premiums which are deposited fully to the general fund, captive insurance company premiums which are deposited 95% to the general fund and 5% (along with any fees and assessments to captive companies) to a fund for administration of such companies, the genetics fee which is deposited into a state special fund for genetic testing, and the remaining fees which are deposited in a state special fund for use by the State Auditor. A 1.2% assessment on health policies is deposited into the reinsurance pool to be matched with federal funds to cover high-cost claims. The following chart shows the FY 2024 distribution of insurance tax and license fee revenue.



### Summary of Legislative Action:

[HB 60](#) removes the \$50 exemption fee for notice filing of charitable offerings and allows surplus lines insurers domiciled in Montana to write premium for the state that will be subject to annual premium taxes.

[SB 60](#) removes the \$100,000 cap on premium tax for series limited liability company captive insurers for tax years beginning after December 31, 2025.

Insurance Tax & License Fees – Legislation Passed by 69th Legislature General Fund Impact (\$ Millions)			
Bill Number and Short Title	FY 2025	FY 2026	FY 2027
HB0060 Generally revise state auditor laws	\$0.000	\$0.032	\$0.066
SB0060 Revise insurance premium taxes for certain captive insurers	0.000	0.000	0.253
<b>Total General Fund Impact</b>	<b>\$0.000</b>	<b>\$0.032</b>	<b>\$0.320</b>

### Forecast Risks

- Changes in the forecast for personal consumption expenditures for the finance and insurance services sector
- Changes in health insurance premium costs
- Changes in health insurance purchases on the exchange
- Wildfire risk causing insurance companies to deny coverage; this can be offset by increases in surplus lines

### Revenue Estimate Methodology

#### Data

The insurance tax and license fee estimate is based on data obtained from SABHRS, the State Auditor's Office (SAO) and S&P Global. Fiscal year collections come from SABHRS; detailed historical data and future estimates for offsets and refunds are from the SAO; forecasts for independent economic variables are produced by S&P Global.

Analysis

Total taxes and fees are calculated by summing the forecasts for premium taxes and all other fees as estimated individually. Premium taxes are forecast with a regression model using the independent, S&P Global-provided values for the Montana personal consumption expenditure (PCE) series for finance and insurance. Changes in health insurance spending due to the Affordable Care Act are assumed to be captured in the S&P Global forecast of Montana PCE for finance and insurance. Estimates for the various fees are based on time trends or an assumption of no growth.

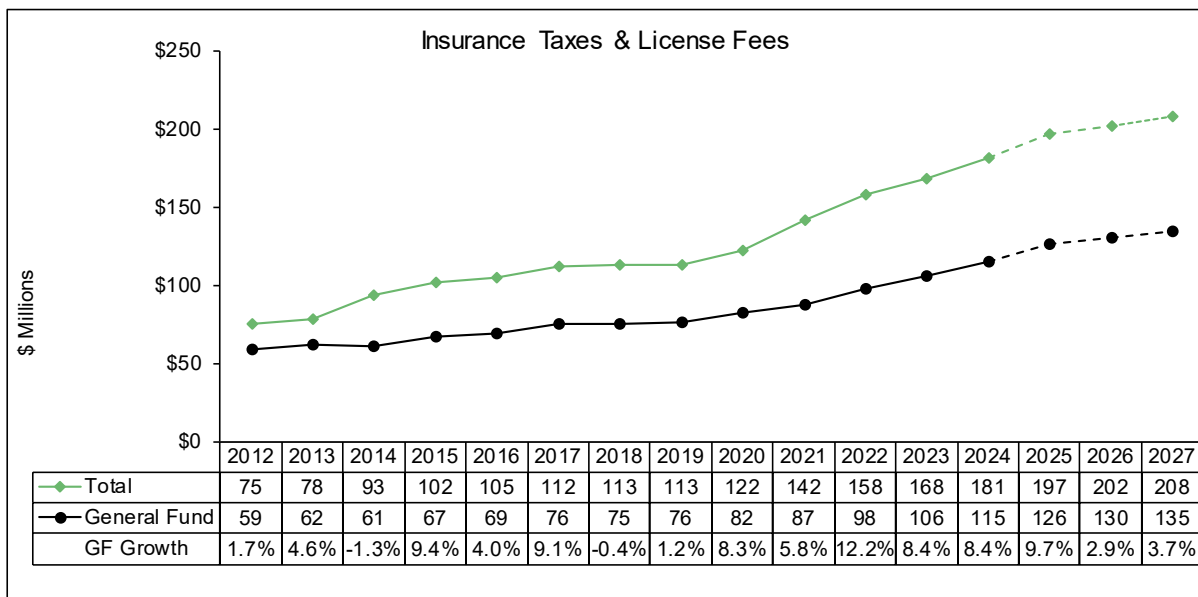
**Revenue Estimate Assumptions**

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2025 Legislature.

	Total Revenue	GF Tax	Proxy	MT PCE	GF Insurance	Non-GF
FY	\$ Millions	\$ Millions	Insurance Tax	Fin. & Ins.	Fees	Ins. Fees
			\$ Millions	\$ Millions	\$ Millions	\$ Millions
A 2014	\$93.05	\$60.87	\$78.65	\$2,470.18	\$8.34	\$6.06
A 2015	101.94	66.58	86.89	2,581.95	8.80	6.26
A 2016	104.56	69.25	87.20	2,631.21	11.00	6.36
A 2017	112.12	75.56	91.07	2,782.49	14.76	6.30
A 2018	112.78	75.27	92.28	2,946.68	13.75	6.74
A 2019	113.46	76.14	92.63	3,082.24	14.39	6.45
A 2020	122.37	82.49	100.18	3,126.87	15.70	6.49
A 2021	141.70	87.30	106.86	3,417.03	16.06	8.75
A 2022	157.54	97.94	117.52	3,658.85	19.59	10.09
A 2023	168.00	106.20	126.14	4,022.62	22.10	9.85
A 2024	181.49	115.07	135.35	4,352.17	24.84	10.02
F 2025	196.90	126.20	146.33	4,581.71	28.16	11.13
F 2026	201.75	129.82	148.00	4,633.33	30.66	11.82
F 2027	207.98	134.35	151.03	4,727.47	33.16	12.51
F 2028	216.35	140.50	155.68	4,871.72	36.19	13.20
F 2029	224.91	146.59	161.04	5,037.90	38.69	13.90

**Revenue Projection**

This section contains the projection for this source including impacts, if any, enacted by the 2025 legislature.



## Investment License Fee

### Revenue Description

Investment advisors and investment companies pay fees to the state for registration of securities and agents, registration of securities by notification, notice of a federal filing of a federally secured security, and name changes.

### Statutory Reference

Fee Rate – [30-10-209, MCA](#) and [30-10-904, MCA](#)

Fee Distribution – Excess to general fund: [30-10-115, MCA](#) and [30-10-209\(6\), MCA](#); portfolio notice fee: [30-10-209\(1d\), MCA](#), [30-10-210\(2\), MCA](#) and [30-10-907, MCA](#)

Date Due – Dealers: upon registration and annually before December 31<sup>st</sup> thereafter ([30-10-201\(9&11\), MCA](#)); securities: upon registration ([30-10-206, MCA](#)) and renewal ([30-10-209\(1b\)](#))

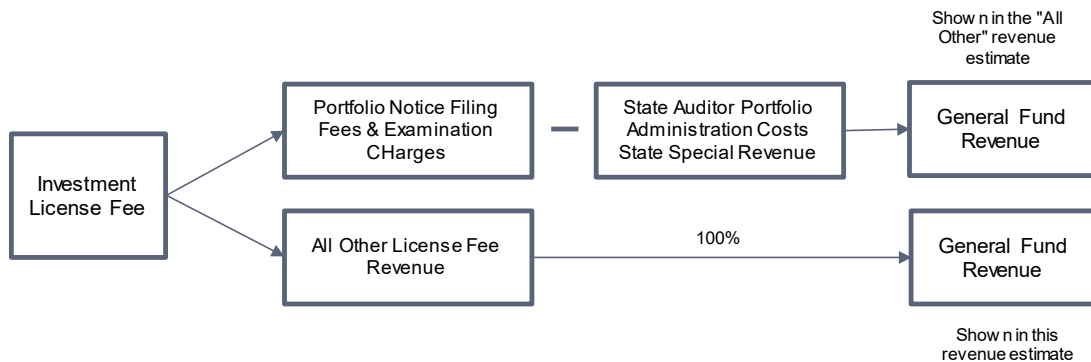
### Applicable Tax Rate

Initial and annual security registration fees vary based on the offering price of securities, but cannot be less than \$200 or more than \$1,000. Initial and annual registration fees for a broker-dealer, investment adviser, and federal covered adviser are \$400. Initial and annual registration fees for a salesperson or investment adviser are \$100 for an out-of-state salesperson and \$50 for an in-state salesperson. The fee for name changes to series, portfolio, or a subdivision of an investment company is \$50.

**Collection Frequency:** Varies

### Distribution

All fees except portfolio notice filing fees and examination charges are deposited to the general fund. Portfolio notice filing fees and examination charges are deposited in a state special revenue account from which the State Auditor pays for expenses associated with the regulation of portfolio activities. The excess in this account is transferred to the general fund throughout the year as a non-budgeted transfer and is shown under the “All Other” revenue category.



### Summary of Legislative Action:

[HB 137](#) revises the securities registration fees to eliminate the distinction between the in-state and out-of-state salespersons or investment representatives.

Investment License Fee – Legislation Passed by 69th Legislature General Fund Impact (\$ Millions)			
Bill Number and Short Title	FY 2025	FY 2026	FY 2027
HB0137 Revise securities laws relating to fees paid by certain licensees	\$0.000	\$0.002	\$0.002
Total General Fund Impact	\$0.000	\$0.002	\$0.002



**Forecast Risks**

- Changes in the forecast for personal consumption expenditures for the finance and insurance services sector

**Revenue Estimate Methodology**

Investment license fee revenue is obtained from two major sources: portfolio notice filing and examination fees, and various other fees. The portfolio notice filing fees, examination fees, and other permit revenue are estimated separately and then summed.

**Data**

The estimate for this source is based on historical collection data from SABHRS, historical license purchases by type from the State Auditor's Office (SAO), and actual and forecast Montana personal consumption expenditures series for finance and insurance services from S&P Global.

**Analysis**

Licenses and permits receipts, and portfolio notice filing fees are modeled separately on the Montana personal consumption expenditures series for finance and insurance services.

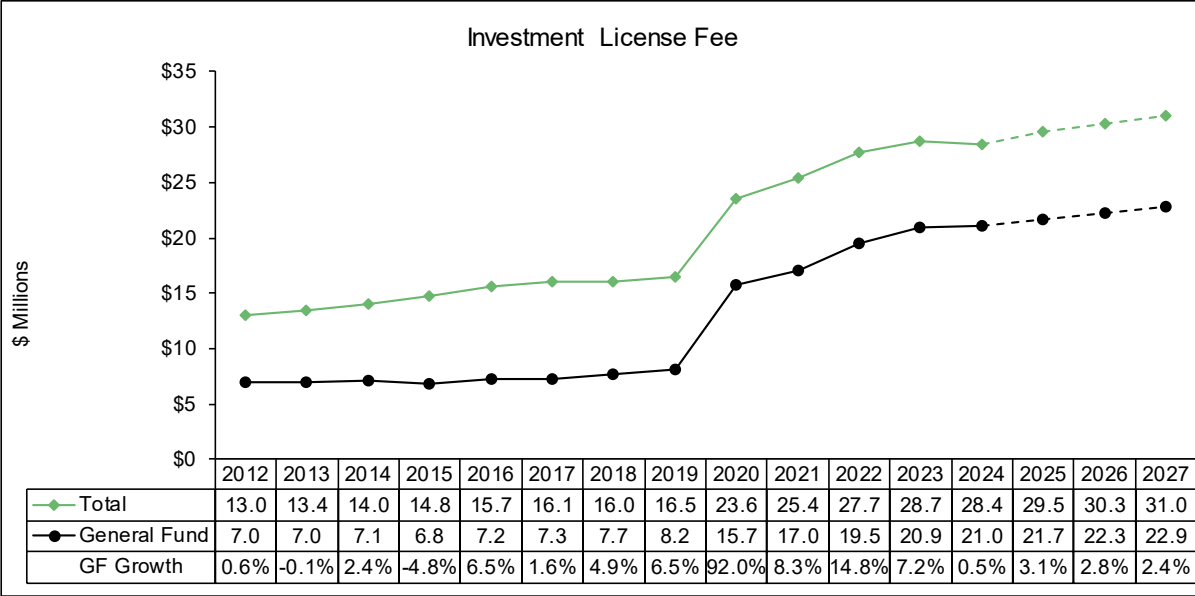
**Revenue Estimate Assumptions**

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2025 legislature.

FY	Total Tax \$ Millions	GF Tax \$ Millions	Licenses & Permits \$ Millions	Portfolio Registration \$ Millions	Exam Fee \$ Millions	Portfolio Expenses \$ Millions	MT PCE Fin. & Ins. \$ Millions
A 2014	\$14.047	\$7.115	\$7.115	\$6.911	\$0.021	\$1.389	\$2,470.182
A 2015	14.821	6.773	6.773	8.048	0.000	1.442	2,581.950
A 2016	15.661	7.212	7.212	8.449	0.000	1.490	2,631.206
A 2017	16.071	7.327	7.327	8.702	0.042	1.464	2,782.488
A 2018	16.015	7.683	7.683	8.292	0.039	1.418	2,946.679
A 2019	16.457	8.182	8.182	8.275	0.000	1.388	3,082.239
A 2020	23.605	15.711	15.711	7.894	0.000	1.449	3,126.872
A 2021	25.411	17.020	17.020	8.391	0.000	1.588	3,417.033
A 2022	27.666	19.535	19.535	8.129	0.000	1.481	3,658.848
A 2023	28.732	20.942	20.942	7.790	0.000	1.790	4,022.617
A 2024	28.430	21.042	21.042	7.370	0.000	1.841	4,352.169
F 2025	29.532	21.696	21.696	7.836	0.000	1.630	4,581.714
F 2026	30.250	22.309	22.309	7.941	0.000	1.666	4,633.329
F 2027	30.981	22.849	22.849	8.132	0.000	1.681	4,727.473
F 2028	31.831	23.406	23.406	8.425	0.000	1.721	4,871.718
F 2029	32.746	23.984	23.984	8.762	0.000	1.708	5,037.902

Revenue Projection

This section contains the projection for this source including impacts, if any, enacted by the 2025 legislature.



## Lodging Taxes

### Revenue Description

The state imposes two taxes on room charges collected by lodging facilities and campgrounds: a lodging sales tax and a lodging facility use tax. The taxes only apply to rooms used for lodging which includes hotels, motels, campgrounds, resorts, dormitories, condominium inns, dude ranches, guest ranches, hostels, public lodging houses, and bed and breakfast facilities. Exempt are facilities for health care, facilities owned by non-profit corporations for use by youth for camping, facilities whose average daily charge is less than 60% of the amount the state of Montana reimburses for lodging, and facilities rented for 30 days or more. The 4% lodging sales tax also applies to online travel agencies.

### Statutory Reference

Tax Rate – [15-65-111, MCA](#) (4% lodging facility use tax); [15-68-102, MCA](#) (4% lodging sales tax)

Tax Distribution – [15-65-121, MCA](#) (4% lodging facility use tax), [15-68-820, MCA](#) (4% lodging sales tax)

Date Due – The 4% lodging facility use tax is due before the end of each calendar quarter ([15-65-112, MCA](#)). The 4% lodging sales tax is due the last day of the month following the calendar quarter ([15-68-502\(1\), MCA](#)).

### Applicable Tax Rates

The lodging sales tax is 4.0% of the sales price. The lodging facility use tax is 4.0% of room charges.

### Collection Frequency: Quarterly

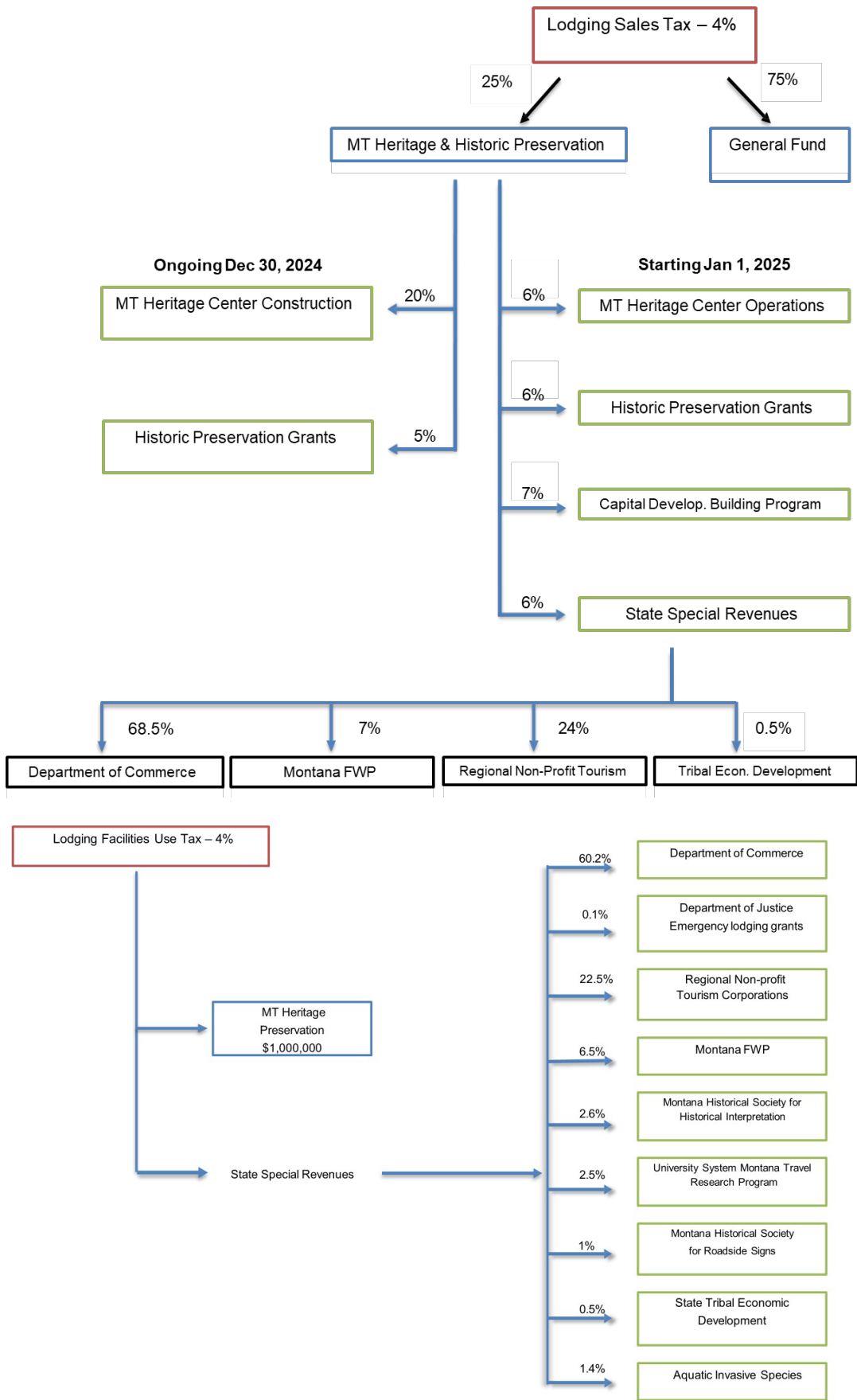
### Distribution

([15-68-820](#) - Lodging Sales Tax)

- 75% of collections from the Lodging Sales Tax are deposited to the General Fund
- Until December 31, 2024, the remaining revenue was distributed as follows:
  - 20% for funding the construction of the MT Heritage Center administered by the Dept. of Administration's Architecture & Engineering division
  - 5% for historic preservation grants administered by the Dept. of Commerce
- Starting January 1, 2025, the remaining revenue will be distributed as:
  - 6% to the Historical Society for the operation and maintenance of the MT Heritage Center
  - 6% for historic preservation grants administered by the Dept. of Commerce
  - 7% to the Capital developments long-range building program account
  - 6% to the Dept. of Commerce for tourism promotion. This is further divided as:
    - 68.5% to be used directly by the Dept. of Commerce
    - 7% to Fish Wildlife and Parks for maintenance of facilities in state parks
    - 24% to regional nonprofit tourism corporations, conventions, and city visitor bureaus
    - 0.5% to the state special revenue account provided for in [90-1-135](#)

([15-65-121](#) - Lodging Facility Use Tax)

- 60.2% to be used directly by the Department of Commerce
- 0.1% to be used by the Department of Justice for emergency lodging grants
- 22.5% to regional nonprofit tourism corporations, conventions, and city visitor bureaus
- 6.5% to Fish Wildlife and Parks for maintenance of facilities in state parks
- 2.6% to the Montana historical interpretation state special revenue (SSR) fund
- 2.5% to the university system for the administration of a Montana travel research program
- 1.4% to the invasive species SSR
- 1.0% to the MT Historical Society to be used for roadside historical signs and historic sites
- 0.5% to the SSR for use by state-tribal economic development commission
- 2.7% or \$1.0 million, whichever is less, to the Montana heritage preservation and development account



**Summary of Legislative Action:**

[SB 522](#) diverts 0.1% of the allocation of the lodging facilities use tax from the Department of Commerce and statutorily appropriates the funding to the Department of Justice to establish a grant program to provide lodging for victims of domestic violence or human trafficking. This has no general fund impact.

**Forecast Risks**

- Change in outlook for U.S. consumer spending on accommodations

**Revenue Estimate Methodology**Data

The estimate for this source is based on historical collection data from SABHRS, and forecasted Montana consumer spending on accommodations from S&P Global.

Analysis

Total lodging taxes are made up of two separate taxes: the lodging facility use tax and the lodging sales tax. A proxy for taxable room charges—tax collections divided by the appropriate tax rate—is used as the starting point for both sources. This proxy is modeled on Montana consumer spending on accommodations to produce a forecast of taxable room charges. Estimates of taxable room charges are multiplied by the corresponding tax rate and summed to produce the total lodging tax estimate.

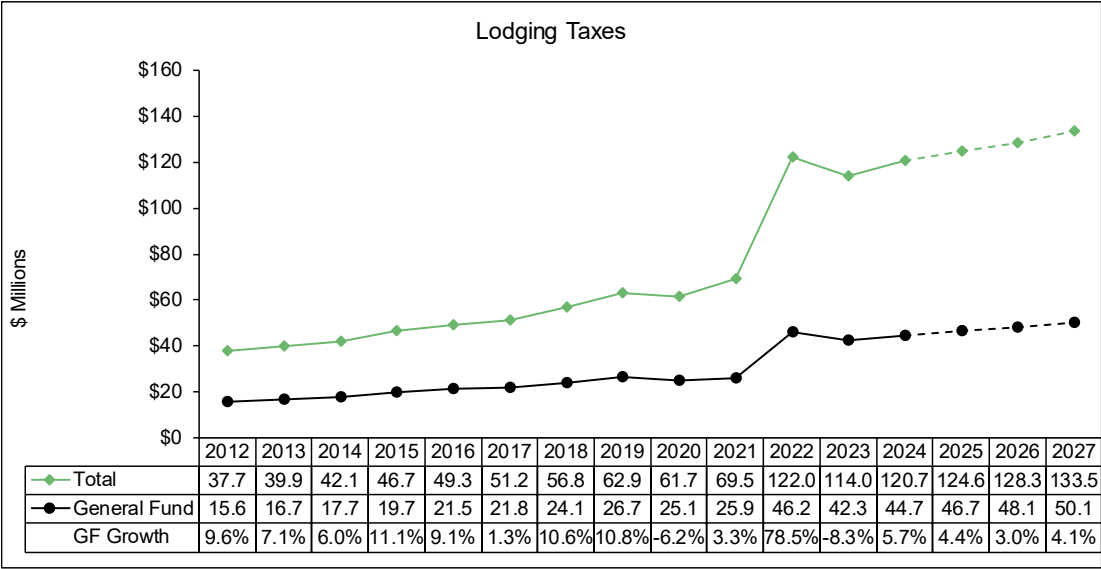
**Revenue Estimate Assumptions**

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2025 legislature.

FY	Total Tax \$ Millions	GF Tax \$ Millions	Proxy Gross Sales \$ Millions	US Consumer Spending Acc. \$ Billions	Calculated Gross Sales \$ Millions
A 2014	\$42.059	\$17.725	\$608.358	\$122.977	\$600.849
A 2015	46.696	19.697	674.999	133.439	667.093
A 2016	49.290	21.493	694.923	139.461	704.136
A 2017	51.169	21.780	734.717	145.142	730.983
A 2018	56.751	24.091	816.510	154.426	810.736
A 2019	62.874	26.703	904.263	158.204	898.197
A 2020	61.676	25.058	839.140	129.301	831.208
A 2021	69.453	25.874	875.092	92.073	868.161
A 2022	122.007	46.175	1,518.111	155.969	1,525.084
A 2023	114.047	42.338	1,445.411	185.035	1,425.586
A 2024	120.738	44.750	1,534.893	198.958	1,509.223
F 2025	124.562	46.711	1,583.502	213.413	1,557.020
F 2026	128.287	48.108	1,630.866	220.834	1,603.592
F 2027	133.547	50.080	1,697.734	219.116	1,669.341
F 2028	139.207	52.203	1,769.681	218.928	1,740.085
F 2029	144.130	54.049	1,832.270	221.242	1,801.627

Revenue Projection

This section contains the projection for this source including impacts, if any, enacted by the 2025 legislature.



## Motor Vehicle Fee

### Revenue Description

The state assesses a variety of motor vehicle fees, including fees for the filing of motor vehicle liens, fees for new license plates, title fees, and annual and permanent registration fees. The fees vary according to the type of vehicle and the type of license plate. There are also Gross Vehicle Weight (GVW) fees on trucks and pickups, special fees for senior citizen transportation, veteran services, the highway patrol pension fund, salaries for the highway patrol, motorcycle safety, electronic commerce applications, and an optional registration fee on light vehicles for state parks and fishing access sites.

All fees on motorcycles and quadricycles, trailers, travel trailers, snowmobiles, off-highway vehicles, and watercraft are one-time only and permanent, except upon change of ownership. Fees on other vehicles are annual. Light vehicles older than ten years may be licensed permanently, at the option of the owner.

### Statutory Reference

Fee Rate – multiple, but generally in [Title 61, Chapter 3, MCA](#); permanent registration: [61-3-562, MCA](#)

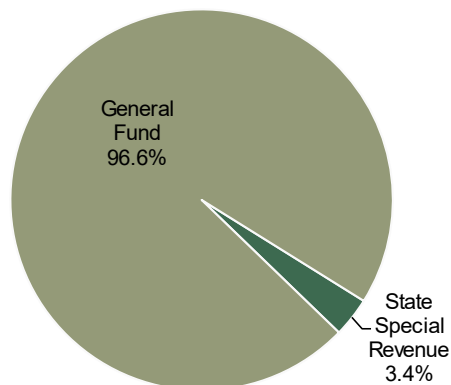
Tax Distribution – [61-3-108, MCA](#)

**Applicable Tax Rates:** Various

**Collection Frequency:** Monthly

### Distribution

Most motor vehicle fees are allocated to the general fund. Some fees or a portion of them are distributed to the specific state special revenue accounts, or to the county general fund.



**Summary of Legislative Action:** The 69<sup>th</sup> Legislature did not enact legislation impacting this source.

### Forecast Risks

- Changes in forecast growth of Montana vehicle stock
- Changes to forecast growth of new vehicle sales

### Revenue Estimate Methodology

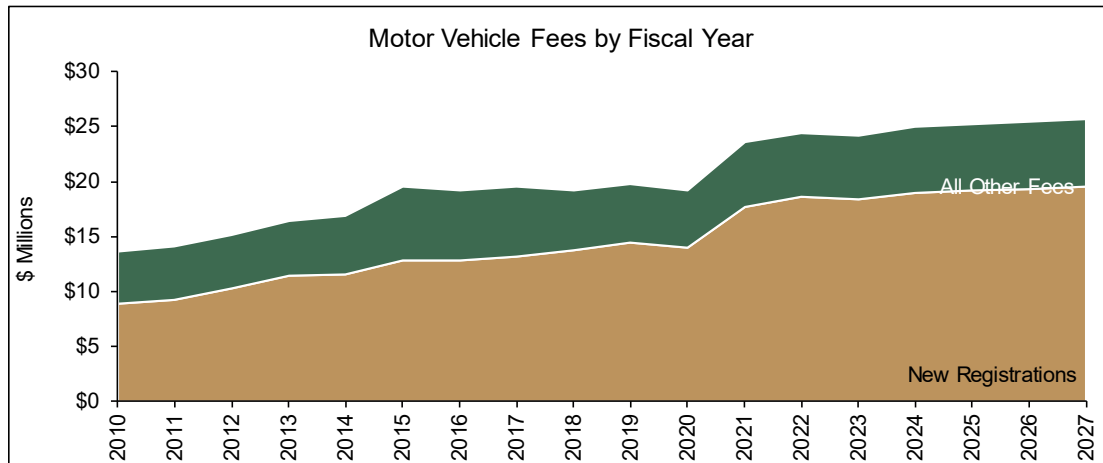
#### Data

The data used to estimate the motor vehicle (MV) fees are obtained from SABHRS and S&P Global.

Analysis

MV fees are currently imposed at different rates on eight major categories. Included in the fees assessed on motor vehicles in Montana are registration fees, two types of record liens, title fees, personal and new plate fees, senior transit fees, and veteran's administration fees. The ninth category is made up of other miscellaneous fees assessed on motor vehicles.

With constant fees, the future change in MV fees results from change in the vehicle stock in Montana. Growth rates for the stock of Montana vehicles are modeled on S&P Global estimates for the national and Montana-specific vehicle stock and new car sales nationwide. The growth rate is applied to the base year revenues of each fee category and projected forward at the same rate for all estimated fiscal years. The estimated tax collections of each category are then combined to create the total estimates for the MV fees.

**Revenue Estimate Assumptions**

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2025 legislature.

FY	Total Tax \$ Millions	GF Tax \$ Millions	GF Fee Registration \$ Millions	GF Fee Record \$ Millions	GF Fee Titles \$ Millions	GF Fee Personal \$ Millions	GF Fee VA Cemetery \$ Millions
A 2014	\$18.208	\$18.162	\$11.494	\$0.593	\$2.457	\$1.240	\$0.201
A 2015	20.961	20.961	12.783	0.610	2.749	1.267	0.208
A 2016	20.751	20.751	12.791	0.641	2.794	1.259	0.211
A 2017	21.216	21.216	13.204	0.603	2.750	1.252	0.216
A 2018	20.903	20.903	13.769	0.614	2.742	1.239	0.218
A 2019	21.553	21.553	14.418	0.590	2.817	1.179	0.210
A 2020	20.828	20.828	13.968	0.595	2.707	1.134	0.208
A 2021	25.281	25.281	17.745	0.615	3.125	1.168	0.212
A 2022	26.400	26.400	18.643	0.585	3.164	1.108	0.210
A 2023	26.085	26.085	18.381	0.573	3.115	1.153	0.209
A 2024	26.585	26.585	19.020	0.552	3.268	1.159	0.223
F 2025	26.824	26.824	19.191	0.557	3.297	1.169	0.225
F 2026	27.041	27.041	19.345	0.561	3.324	1.179	0.226
F 2027	27.265	27.265	19.506	0.566	3.351	1.188	0.228
F 2028	27.512	27.512	19.683	0.571	3.382	1.199	0.230
F 2029	27.745	27.745	19.849	0.576	3.410	1.209	0.232



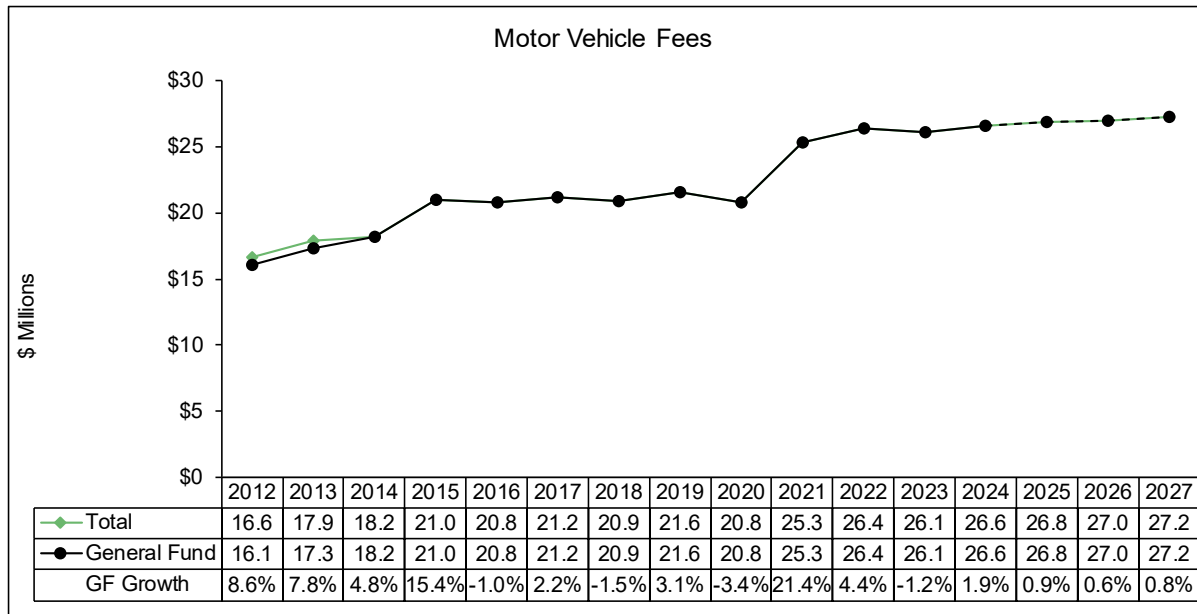
## Business and Personal Taxes

## Motor Vehicle Fee

FY	GF Fee New Plate \$ Millions	GF Fee Other \$ Millions	Non GF Fee Lien \$ Millions
A 2012	\$0.850	\$1.374	\$2.457
A 2013	1.953	1.391	2.749
A 2014	1.481	1.574	2.794
A 2015	1.538	1.654	2.750
A 2016	0.598	1.723	2.742
A 2017	0.591	1.749	2.817
A 2018	0.596	1.620	2.707
A 2019	0.788	1.628	3.125
A 2020	0.751	1.939	3.164
A 2021	0.727	1.926	3.115
A 2022	0.794	1.570	3.268
F 2023	0.802	1.585	3.297
F 2024	0.808	1.597	3.324
F 2025	0.815	1.611	3.351
F 2026	0.822	1.625	3.382
F 2027	0.829	1.639	3.410

## Revenue Projection

This section contains the projection for this source including impacts, if any, enacted by the 2025 Legislature.



## Public Contractors Tax

### Revenue Description

A license fee is applied to the gross receipts of each separate project led by any of the listed public entities. Part or all of a contractor's fee may be refunded through class 8 business equipment property or vehicle taxes, or claimed as a credit on individual or corporation income tax returns.

### Statutory Reference

Tax Rate – [15-50-205, MCA](#)

Tax Distribution – [15-50-311, MCA](#)

Date Due – within 30 days after payment to the contractor ([15-50-309, MCA](#))

### Applicable Tax Rates

A 1.0% license fee is applied to all public contracts over \$5,000.

**Collection Frequency:** Monthly

**Distribution:** All proceeds are deposited into the general fund.

**Summary of Legislative Action:** The 69<sup>th</sup> Legislature did not enact legislation impacting this source.

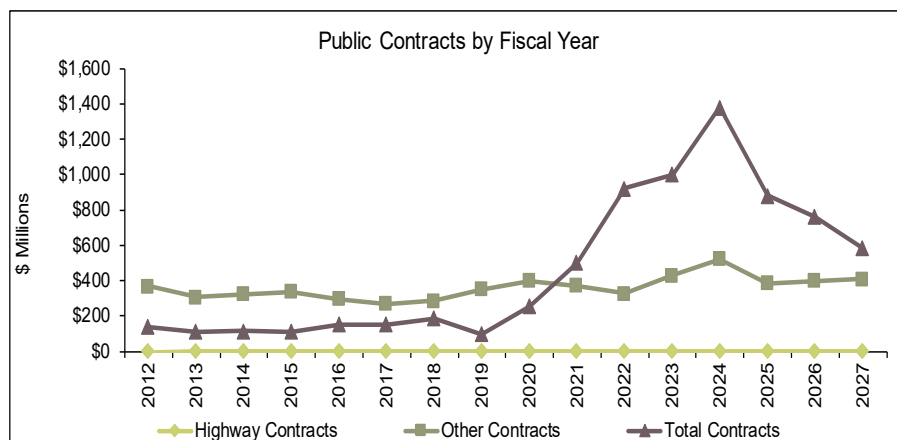
### Forecast Risks

- Federal highway trust fund status
- State legislative funding of infrastructure projects

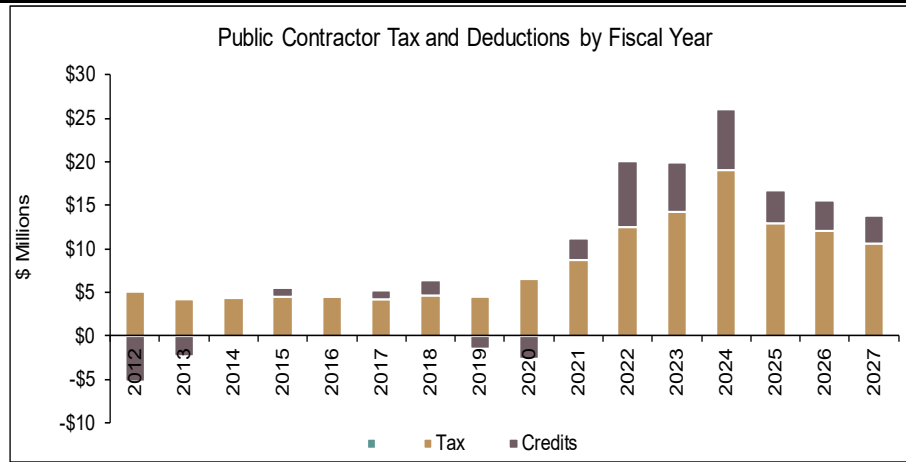
### Revenue Estimate Methodology

#### Data

The estimate for this source is based on historical revenue collection and highway expenditure data from SABHRS. A proxy for gross tax collections is developed by adjusting the SABHRS total collection data to account for refunds and credits. The gross proxy is disaggregated into two contract classifications: highway payments and all other contracts.



Public contractor's tax revenue has been highly variable due to inconsistencies in processing payment of refunds and credits. In addition, there has been recent volatility because of the increased number of public projects funded through the American Recovery & Reinvestment Act (ARRA) in 2009 and 2010, followed by higher levels of credits and refunds in subsequent years.



Refunds are made up primarily of refund claims against the class 8-business property tax. Credits are authorized for both individual income tax and the corporation license tax. There is a significant time lag between the date of the contract and the reimbursement of the tax through credits or refunds, so large fluctuations in public construction projects may continue to produce unusual future collection patterns.

### Analysis

Highway payments are forecast on a time trend; all other contracts are forecast as an approximate historical average. The sum of these two categories is multiplied by 1.0% to obtain the gross tax revenue. Gross taxes are reduced by an aggregate forecast of refunds and credits to produce net tax collections.

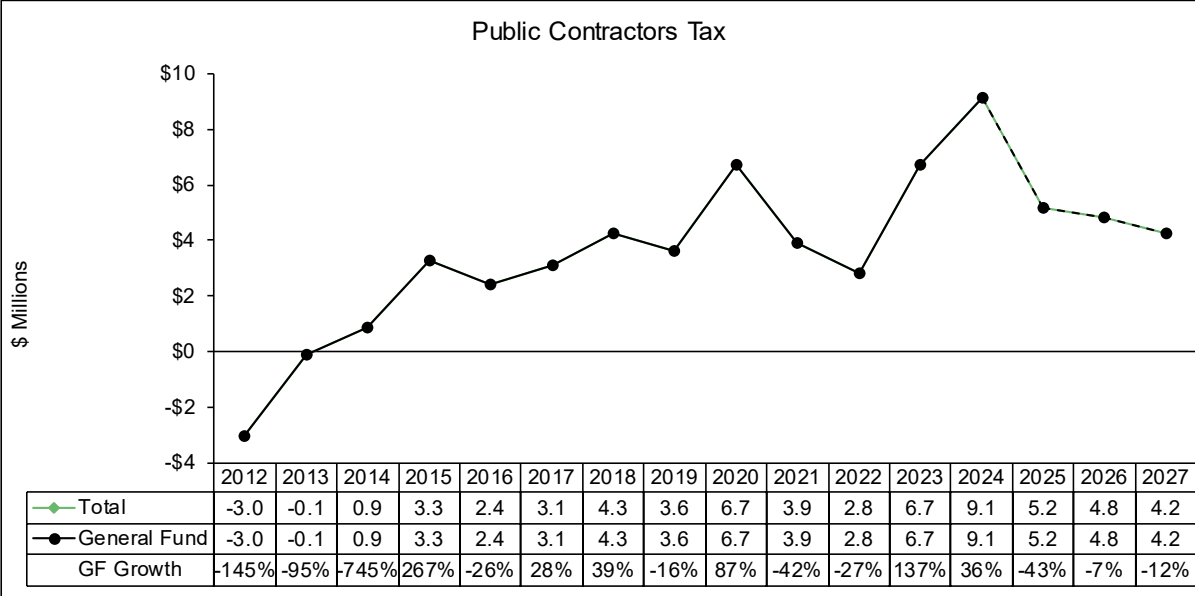
### Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2025 legislature.

FY	Total Tax \$ Millions	GF Tax \$ Millions	Gross Tax \$ Millions	Credits & Refunds \$ Millions	Highway Payments \$ Millions	Other Contracts \$ Millions
A 2014	\$0.887	\$0.887	\$4.407	\$3.520	\$2.350	\$115.932
A 2015	3.257	3.257	4.481	1.224	2.367	112.452
A 2016	2.397	2.397	4.481	2.084	2.382	152.845
A 2017	3.078	3.078	4.188	1.110	2.427	151.813
A 2018	4.267	4.267	4.703	0.436	2.481	185.642
A 2019	3.597	3.597	4.486	(0.888)	2.533	97.281
A 2020	6.729	6.729	6.539	0.189	2.573	253.593
A 2021	3.897	3.897	8.743	(4.845)	2.631	501.848
A 2022	2.840	2.840	12.492	(9.656)	2.820	921.890
A 2023	6.733	6.733	14.283	(7.550)	2.997	999.204
A 2024	9.125	9.125	19.028	(9.905)	3.096	1,382.127
F 2025	5.163	5.163	12.908	(7.745)	3.160	880.859
F 2026	4.812	4.812	12.030	(7.218)	3.245	761.178
F 2027	4.231	4.231	10.578	(6.347)	3.332	582.003
F 2028	4.469	4.469	11.173	(6.704)	3.398	635.777
F 2029	4.752	4.752	11.879	-7.128	3.476	692.044

Revenue Projection

This section contains the projection for this source including impacts, if any, enacted by the 2025 Legislature.



## Railroad Car Tax

### Revenue Description

The railroad car tax applies to the rolling stock owned by railroad companies, and the tax rate is equal to the average property tax rate for commercial and industrial property. Railroad car companies, which operate in several states, pay taxes on the portion of the property value allocated to Montana, based on the ratio of the car miles traveled within Montana to the total number of car miles traveled in all states, as well as time spent in the state relative to time spent in other states.

### Statutory Reference

Tax Rate – [15-23-214\(1\), MCA](#)

Tax Distribution – [15-23-215, MCA](#)

Date Due – Report due to the Department of Revenue (DOR) by April 15<sup>th</sup> of each year for the previous calendar year ([15-23-103\(2\), MCA](#); [15-23-212, MCA](#)). The department calculates the tax due by the third Monday in October ([15-23-214\(1\), MCA](#)). Half of the tax is due by November 30<sup>th</sup> and half is due by May 31<sup>st</sup> ([15-23-214\(3\), MCA](#); [15-16-102\(1\), MCA](#)).

### Applicable Tax Rates

The tax rate is equal to the previous year's average statewide tax rate for commercial and industrial property; in recent years, the rate has been approximately 3.0%. The rate is multiplied by the statewide average mill levy for commercial and industrial property.

**Collection Frequency:** Semi-annually

**Distribution:** All proceeds are deposited into the general fund.

**Summary of Legislative Action:** The 69<sup>th</sup> Legislature did not enact legislation impacting this source.

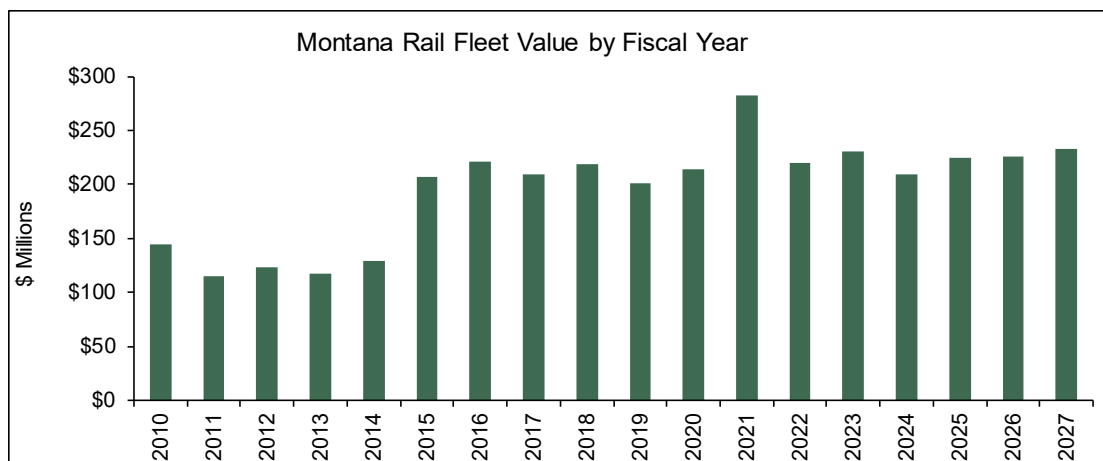
### Forecast Risks

- Changing outlook for Montana retail sales

### Revenue Estimate Methodology

#### Data

Data from DOR provides the value of national railroad car fleet, Montana's rolling stock, railroad car tax assessed by company, the average mill levy, and applicable tax rate. SABHRS data are used to check the estimates against the historic values.



Analysis

Although the railcar tax appears somewhat volatile, most of the volatility is caused by shifts in average mill levies and tax rates, both of which are controlled in large part by factors outside of the growth in rail shipments. The volatility can also be traced to litigation brought by rail companies and settled in federal legislation. In 1993, some rail companies protested tax rates, which reduced tax payments for four years. In 1997, the litigation was settled, and the companies were required to make both past and current payments.

Railroad properties are taxed as class 12 properties. To calculate total railroad car tax collections, the market value of the Montana fleet is multiplied by the average mill levy and tax rate. The market value of the rail fleet in Montana is based on a relationship with market value of the U.S. fleet. An estimate for the value of the national fleet is developed using the average rate of growth in the U.S. fleet value, based on a four-year pattern of growth. Montana's average share of the total fleet value is applied to the national estimate. Since 2004, the market value of Montana's rail fleet has been ranged between 0.41% and 0.60% of the nation's fleet. Growth in Montana-allocated value is expected to grow with the national fleet value.

After the Montana market fleet value is determined, the average commercial and industrial mill levy and tax rate must be calculated. The rate of the mill levy is calculated from the average of statewide commercial and industrial mill levies. The average mill levy is expected to increase because counties are able to raise levies at a rate equal to half of the annual rate of inflation. Furthermore, the increasing costs of school budgets will in turn force the average mill levy to increase.

The tax rate for the railroad property is created from a weighted average of six property classes containing commercial and industrial property: classes 4, 7, 8, 9, 13 and 14. Class 4 property tax, which contains commercial real estate, is weighted more heavily than the other classes due to its higher market value. The estimated tax rate is shown for forecast years in the revenue estimate assumptions table below. The rail car tax estimates are completed by multiplying the Montana market value by the average mills and the tax rate.

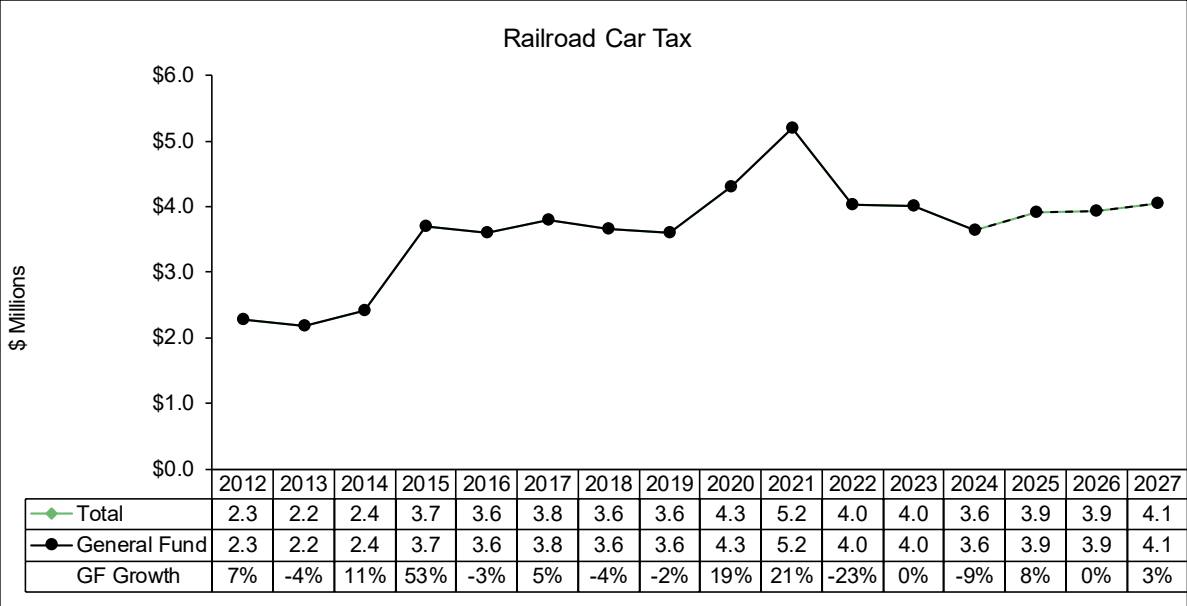
**Revenue Estimate Assumptions**

This section contains the assumptions used to generate the LFD revenue recommendation. It does not reflect changes, if any, enacted by the 2025 legislature.

FY	Total Tax \$ Millions	GF Tax \$ Millions	Total MV of Fleet \$ Millions	MT Allocation Percent	Tax Rate	Mills	Montana Retail Sales \$ Millions
A 2014	\$2.42	\$2.42	\$15,610.44	0.44%	3.39%	0.538	\$15,610
A 2015	3.71	3.71	16,092.50	0.60%	3.28%	0.536	16,092
A 2016	3.59	3.59	16,632.48	0.59%	2.97%	0.545	16,632
A 2017	3.79	3.79	17,019.69	0.51%	3.04%	0.538	17,020
A 2018	3.65	3.65	16,722.14	0.47%	3.07%	0.546	16,722
A 2019	3.59	3.59	17,084.60	0.46%	3.12%	0.557	17,085
A 2020	4.29	4.29	17,234.59	0.48%	3.20%	0.583	17,235
A 2021	5.19	5.19	17,393.02	0.54%	3.20%	0.580	17,393
A 2022	4.02	4.02	17,732.20	0.45%	3.12%	0.583	17,732
A 2023	4.01	4.01	20,455.95	0.45%	3.06%	0.568	20,456
A 2024	3.64	3.64	23,448.39	0.45%	3.06%	0.569	23,448
F 2025	3.92	3.92	24,201.43	0.45%	3.06%	0.569	24,201
F 2026	3.93	3.93	24,262.99	0.45%	3.06%	0.569	24,263
F 2027	4.05	4.05	24,951.66	0.45%	3.06%	0.569	24,952
F 2028	4.22	4.22	25,890.21	0.45%	3.06%	0.569	25,890
F 2029	4.40	4.40	26,891.50	0.45%	3.06%	0.569	26,891

Revenue Projection

This section contains the projection for this source including impacts, if any, enacted by the 2025 Legislature.



## Rental Car Sales Tax

### Revenue Description

The 4% sales tax is imposed on the base rental charge for rental vehicles. The base rental charge includes use charges for time and mileage, insurance, accessory equipment, and charges for additional or underage drivers. It does not include price discounts, charges for operating an airport concession, motor fuel, intercity drop charges, and government taxes. Rental vehicles include light vehicles, motorcycles, motor-driven cycles, quadricycles, motorboats and sailboats, and off-highway vehicles. Sales to the U.S. government are exempt from the sales tax. Vendors can claim 5% of the tax as an allowance, up to \$1,000 per quarter.

### Statutory Reference

Tax Rate – [15-68-102\(1b\), MCA](#)

Tax Distribution – [15-68-820, MCA](#)

Date Due – Before the last day of the month following the calendar quarter ([15-68-502\(1\), MCA](#))

**Applicable Tax Rates:** A 4.0% sales tax is imposed on the base rental charge for rental vehicles.

**Collection Frequency:** Quarterly

### Distribution

Rental car sales tax revenue is distributed 75.0% to the general fund and 25.0% to the senior citizen and persons with disabilities transportation services state special revenue account.

**Summary of Legislative Action:** The 69<sup>th</sup> Legislature did not enact legislation impacting this source.

### Forecast Risks

- Changing outlook for Montana personal consumption expenditures for transportation services

### Revenue Estimate Methodology

#### Data

The estimate for this source is based on historical collection data from SABHRS, and historical and forecast Montana personal consumption expenditures for transportation services from S&P Global.

#### Analysis

A proxy of rental car receipts is made by dividing historic tax receipts by the current tax rate. Future proxy values are modeled on Montana personal consumption expenditures for transportation services and then multiplied by the applicable tax rate to obtain projected tax revenues.

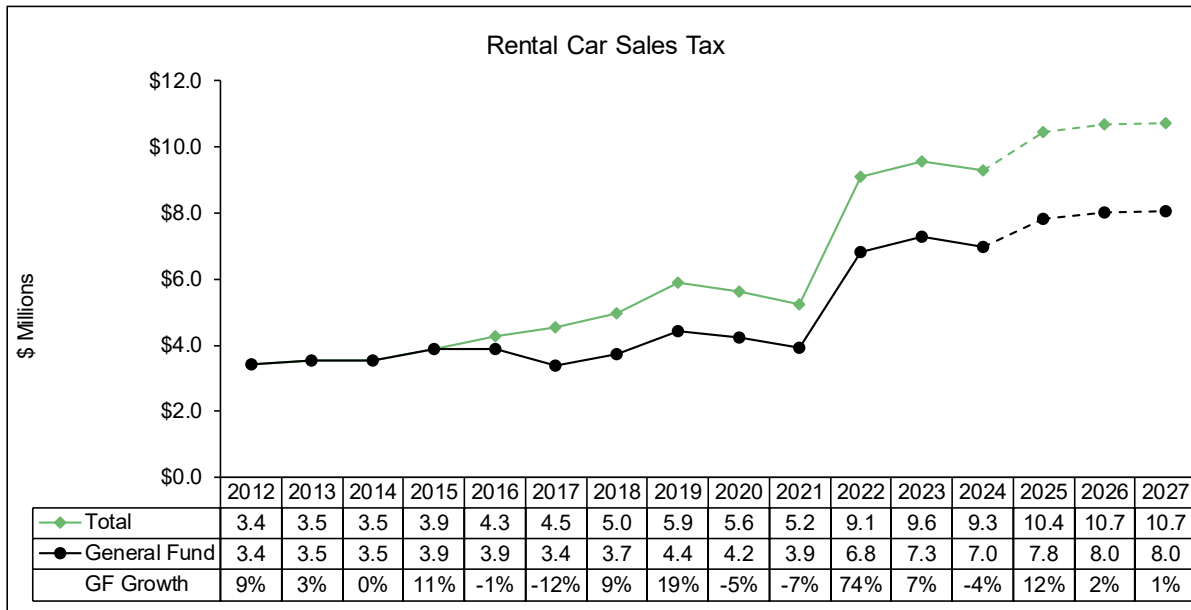


This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2025 legislature.

FY	Total Tax \$ Millions	GF Tax \$ Millions	Proxy Sales \$ Millions	MT PCE Transportation \$ Millions
A 2014	\$3.521	\$3.521	\$88.033	\$1,168.163
A 2015	3.907	3.907	97.669	1,229.044
A 2016	4.269	3.878	106.736	1,263.866
A 2017	4.536	3.402	113.406	1,333.587
A 2018	4.959	3.719	123.965	1,429.329
A 2019	5.908	4.431	147.691	1,503.096
A 2020	5.617	4.224	140.415	1,515.273
A 2021	5.221	3.916	130.519	1,545.521
A 2022	9.097	6.823	227.427	2,201.835
A 2023	9.573	7.270	239.321	2,344.063
A 2024	9.296	6.972	232.393	2,454.621
F 2025	10.436	7.827	260.898	2,654.424
F 2026	10.676	8.007	266.907	2,707.377
F 2027	10.732	8.049	268.288	2,719.546
F 2028	10.827	8.120	270.683	2,740.657
F 2029	11.086	8.314	277.140	2,797.566

### Revenue Projection

This section contains the projection for this source including impacts, if any, enacted by the 2025 Legislature.



## Telecommunications Excise Tax

### Revenue Description

The retail telecommunications excise tax is levied on the sales price of retail telecommunications services originating or terminating in the state. It is paid by the retail purchaser and collected by the provider.

### Statutory Reference

Tax Rate – [15-53-130, MCA](#)

Tax Distribution – [15-53-156, MCA](#)

Date Due – 60 days after the end of the calendar quarter ([15-53-139, MCA](#))

### Applicable Tax Rates

A tax of 3.75% is applied to the sales price of retail telecommunications services. Sales price includes payment for services such as distribution, supply, transmission, and delivery, but excludes federal taxes, relocation of service, equipment repair, prepaid calling cards, and other items. Gross receipts from pre-paid wireless sales by third parties and internet services are also exempt.

**Collection Frequency:** Quarterly

**Distribution:** After retaining an allowance for refunds, all proceeds are deposited into the general fund.

**Summary of Legislative Action:** The 69<sup>th</sup> Legislature did not enact legislation impacting this source.

### Forecast Risks

- Changing rate of landline usage
- Changing market share of prepaid smartphones, which are not taxable

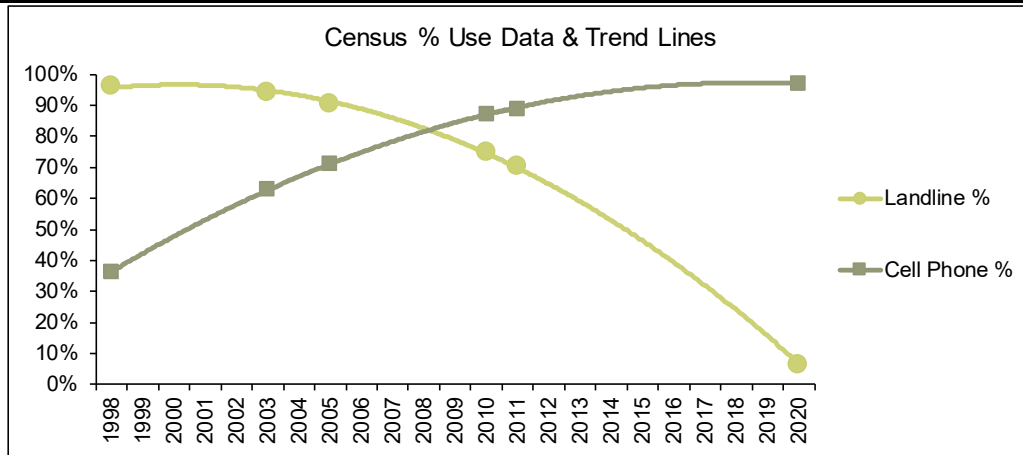
### Revenue Estimate Methodology

#### Data

The estimate for this source is based on historical revenue data from SABHRS, U.S. Census Bureau data for landline use decline and cell phone use growth, IDC Mobile Phone Tracker statistics, Google smartphone statistics, CDC Wireless Substitution Reports, and the S&P Global forecast of Montana population.

#### Analysis

Telecommunication services have changed with users—especially younger users and those in higher populated area—trending toward exclusive reliance on cell phones. Data collected by the U.S. Census Bureau on consumer trends suggests that many users had both landline and cell services as the cell phones increased in popularity, but now that cell service reliability is well established, users are dropping their land line service. The graph below shows the national trends, which are applied to the Montana forecast.



Total revenue has been declining since FY 2011 in part due to the DOR's loss of the pre-paid wireless case in 2011. The impact of the case was initially estimated to be an annual reduction in revenue of about \$1.0 million. However, the growth in the market share of prepaid smartphones was likely underestimated, resulting in an underestimate of the revenue reduction.

The current estimate assumes the prepaid wireless market share plateaus at 40.0% of all wireless service; however, if trends follow those of European countries, the prepaid market share could go above 80.0%, which would result in lower revenue.

### Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2025 legislature.

FY	Total Tax \$ Millions	GF Tax \$ Millions	Proxy Sales \$ Millions	Calculated Landline % Calendar	Calculated Cell Phone % Calendar	Prepaid Smartphone % Calendar	Taxable Cell Phone % Calendar
A 2014	\$19.657	\$19.657	\$523.635	62%	93%	26%	69%
A 2015	18.257	18.257	486.114	57%	94%	30%	66%
A 2016	16.775	16.775	447.095	56%	95%	35%	62%
A 2017	15.603	15.603	415.784	52%	96%	40%	57%
A 2018	13.726	13.726	299.306	47%	96%	40%	58%
A 2019	13.224	13.224	352.112	41%	96%	40%	58%
A 2020	11.788	11.788	314.342	36%	96%	40%	58%
A 2021	8.814	8.814	234.991	30%	96%	40%	57%
A 2022	8.571	8.571	227.852	24%	96%	40%	58%
A 2023	8.436	8.436	224.924	18%	96%	40%	58%
A 2024	8.139	8.139	216.905	11%	96%	40%	58%
F 2025	7.960	7.960	-	5%	96%	40%	58%
F 2026	7.755	7.755	-	5%	96%	40%	58%
F 2027	7.550	7.550	-	5%	96%	40%	58%
F 2028	7.345	7.345	-	5%	96%	40%	58%
F 2029	7.139	7.139	-	5%	96%	40%	58%

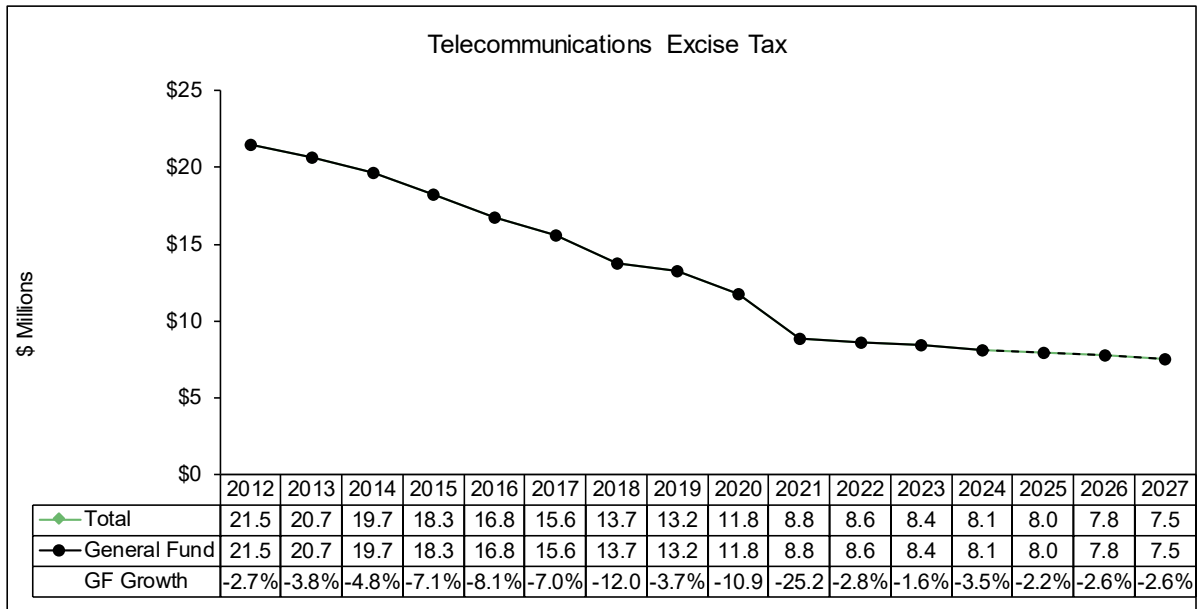
## Business and Personal Taxes

## Telecommunications Excise Tax

	Calculated Total % FY	Calculated Total % Calendar	Calculated Total % Fiscal	MT Pop. Age >=16 Millions	Calculated Tax. Phones Millions	Trend Taxable Sales \$ Millions
A 2014	131%	131%	135%	0.820	1.107	\$498.915
A 2015	123%	123%	127%	0.828	1.051	467.942
A 2016	118%	118%	120%	0.837	1.008	444.676
A 2017	109%	109%	113%	0.847	0.962	419.026
A 2018	104%	104%	107%	0.857	0.914	392.645
A 2019	99%	99%	102%	0.866	0.881	374.482
A 2020	94%	94%	96%	0.876	0.845	354.546
A 2021	88%	88%	91%	0.891	0.808	334.097
A 2022	82%	82%	85%	0.908	0.769	313.062
A 2023	76%	76%	79%	0.922	0.726	288.906
A 2024	69%	69%	72%	0.934	0.675	261.051
F 2025	62%	62%	66%	0.945	0.620	212.279
F 2026	63%	63%	62%	0.955	0.596	206.805
F 2027	63%	63%	63%	0.965	0.604	201.331
F 2028	63%	63%	63%	0.973	0.609	195.857
F 2029	63%	63%	63%	0.981	0.614	190.384

## Revenue Projection

This section contains the projection for this source including impacts, if any, enacted by the 2025 Legislature.



## Vehicle Tax

### Revenue Description

Light vehicles, motorcycles and quadricycles, snowmobiles, buses, trucks, truck tractors having a manufacturer's rated capacity of more than 1 ton, motor homes, and certain trailers and travel trailers are taxed under a fee schedule that varies by age and weight.

### Statutory Reference

Tax Rate – Watercraft, snowmobiles, off-highway vehicles (OHV), and light vehicles registrations: [61-3-321, MCA](#); vehicles greater than 1 ton: [61-3-529, MCA](#)

Tax Distribution – [61-3-509, MCA](#)

Date Due – Revenue for prior month is due on or before the 20<sup>th</sup> of the month ([15-1-504, MCA](#); [61-3-509, MCA](#)).

**Applicable Tax Rates:** Varies

**Collection Frequency:** Monthly

### Distribution

Most fees-in-lieu-of-tax are deposited into the general fund. Exceptions are:

- Fees for luxury motor homes and vehicles are deposited in the motor vehicle division administration account
- Administration fee of 3% is deposited in the motor vehicle division administration account
- Fee of \$10 that is collected to partially fund highway patrol officers' salaries

### Summary of Legislative Action:

[HB 849](#) provides for special motorcycle license plates for promoting motorcycle safety and awareness. The bill establishes a statutory appropriation for the Montana Department of Transportation.

Vehicle Tax – Legislation Passed by 69th Legislature General Fund Impact (\$ Millions)			
Bill Number and Short Title	FY 2025	FY 2026	FY 2027
HB0849 Provide for special motorcycle plates promoting motorcycle safety	\$0.000	\$0.002	\$0.004
Total General Fund Impact	\$0.000	\$0.002	\$0.004

### Forecast Risks

- Changing outlook for Montana total vehicle stock
- Changing outlook for new vehicle sales

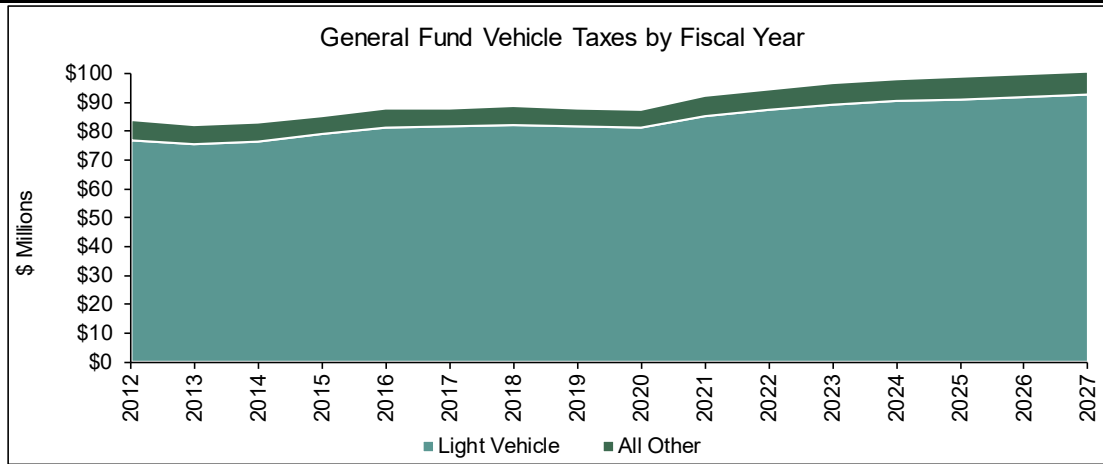
### Revenue Estimate Methodology

#### Data

The data used to estimate the motor vehicle tax are obtained from SABHRS and S&P Global.

#### Analysis

Vehicle taxes are currently imposed at different rates on five categories of vehicles (tax schedule varies by age and weight) including: light vehicles, large trucks, motor homes, motorcycles (including tri-cycles), and boats and snowmobiles.



With constant fees, any future change in vehicle tax revenue will result from changes in the vehicle stock in Montana. Growth rates for the stock of Montana vehicles are modeled on S&P Global estimates for the national and Montana-specific vehicle stock and new car sales nationwide. The growth rate is applied to the base year revenues and projected forward at the same rate for the forecast period.

### Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2025 legislature.

FY	Total Tax \$ Millions	GF Tax \$ Millions	Large Truck Millions	Motor Home Millions	Light Vehicle Millions	Boats/ Snow Millions	MVD Funding Ferrari Tax Millions
A 2014	\$82.927	\$82.927	\$2.768	\$2.249	\$76.534	\$1.377	-
A 2015	85.420	85.420	2.768	2.249	78.982	1.494	-
A 2016	87.729	87.729	2.785	2.133	81.361	1.450	-
A 2017	87.982	87.982	2.702	2.181	81.598	1.500	-
A 2018	90.670	88.637	2.738	2.179	82.277	1.443	2.033
A 2019	92.166	87.955	2.753	2.097	81.693	1.411	4.212
A 2020	92.107	87.654	2.785	2.101	81.356	1.412	4.454
A 2021	98.233	92.510	2.946	2.405	85.204	1.955	5.723
A 2022	101.940	94.739	3.048	2.597	87.293	1.801	7.201
A 2023	105.537	96.919	3.110	2.744	89.204	1.861	8.618
A 2024	108.229	98.255	3.288	2.797	90.386	1.784	9.974
F 2025	109.195	99.132	3.317	2.822	91.193	1.800	10.063
F 2026	110.111	99.966	3.345	2.846	91.961	1.815	10.144
F 2027	111.011	100.782	3.372	2.869	92.711	1.830	10.229
F 2028	111.928	101.607	3.400	2.893	93.470	1.845	10.321
F 2029	112.798	102.390	3.426	2.915	94.190	1.859	10.409

Revenue Projection

This section contains the projection for this source including impacts, if any, enacted by the 2025 Legislature.

