Non-General Fund Revenue

Arts Trust Interest
Capital Land Grant Interest & Income
Deaf & Blind Trust Interest & Income
Diesel Tax
Federal Forest Receipts
Gasoline Tax
GVW and Other Fees
Lodging Facility Use Tax
Parks Trust Interest
Pine Hills Interest & Income
Property Tax 6 Mill
Property Tax 9 Mill
Resource Indemnity Tax
Resource Indemnity Trust Interest
Treasure State Endowment Trust Interest
Vehicle Tax

Legislative Fiscal Division

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Legislative Fiscal Division

Revenue Estimate Profile

Arts Trust Interest

Revenue Description: Beginning in fiscal 1976, a portion of coal severance tax revenue was deposited into the Parks Acquisition and Arts Protection trust fund. The 1991 legislature split the principal of this trust into two separate trusts, the Parks Acquisition trust and the Arts Protection trust (arts trust), with coal severance taxes allocated to each one. The 1997 legislature appropriated $3.9 million from the Arts Trust fund for the immediate purchase of Virginia and Nevada City properties. This action resulted in a loss of trust interest revenue that otherwise would be used to fund cultural and aesthetic (C&A) projects in the state during the 1999 biennium. Thus, beginning July 1, 1997, and ending June 30, 1999, 0.87 percent in coal severance tax revenue was allocated to an account in the state special revenue fund to compensate for the lost interest earnings and the previous 0.63 percent distribution of coal severance tax to the arts trust was eliminated. Beginning July 1, 1999, the amount of 0.63 percent is once again statutorily allocated to the arts trust, the interest from which is to be used for the purpose of protection of works of art in the capitol and for other cultural and aesthetic projects.

Applicable Tax Rate(s): N/A

Distribution: All income from the trust must be appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.

Collection Frequency: Monthly

Applicable Assumptions and/or Relevant Indicators:

- Gains and Losses Income
- Trust Pool Amortizations
- Trust Pool Accretions
- Board of Investments Fees
- Secondary Lending Income
- Long Term Interest Rates
- Short Term Interest Rates
- Coal Severance Tax Collections

Coal severance tax collections are estimated via the coal severance tax methodology.

Data Source(s): Board of Investments, SBAS, SABHRS, *Wall Street Journal*, Wharton Econometrics Forecasting Associates (WEFA)

Contacts:

Statute: Title 15, Chapter 35, MCA

% of Total FY 2000 General Fund Revenue: N/A

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

The methodology used to forecast arts trust interest earnings is a multi-step process. In order to estimate total investment earnings for the trust, income must be calculated on three separate components: 1) arts trust pool interest; 2) interest on new deposits; and 3) short term interest earnings.

Legislative Fiscal Division

Revenue Estimate Profile

Arts Trust Interest

As of October 1, 1995, all fixed-income investments held by the state's major trust funds were transferred to a newly-created Trust Fund Bond Pool (TFBP). Thus, the first step involves determining coupon interest income for the entire TFBP, by multiplying the par value of the portfolio times the coupon interest rate. Total income for the TFBP is then calculated by adding the TFBP coupon interest income with other income variables, including: pool short term interest, gains and losses income, Board of Investments fees, TFBP amortizations and accretions, and secondary lending income. Once total TFBP income is estimated, the portion of interest income attributable to the arts trust fund is calculated based on the number of arts trust fund shares relative to the total number of TFBP shares.

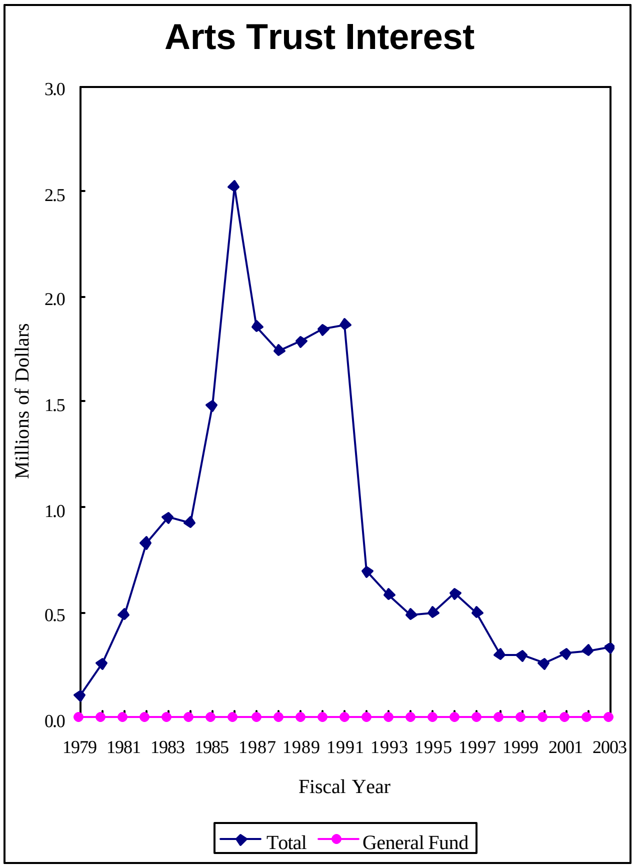
Investment income on new deposits is calculated by multiplying the forecast amount for quarterly coal severance tax collections by the appropriate interest rate. The investable balance used varies in accordance with the timing of when new monies become available. For example, coal severance tax collections due for the first quarter of the biennium will earn interest at the short term (STIP) rate for one month, after which they will earn interest at the long term rate for the remainder of the biennium. (Coal severance tax collections are forecast as part of the coal severance tax methodology.)

Finally, because a portion of the trust is invested on a short term basis, an assumption is made for the balance of trust funds in STIP. This balance is then multiplied by the short term interest rate to determine short term interest income.

Once investment income has been calculated for these three components, the sum of these comprises total arts trust investment income.

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1979	0.104007	0.000000	
A	1980	0.253740	0.000000	Not App.
A	1981	0.490378	0.000000	Not App.
A	1982	0.828551	0.000000	Not App.
A	1983	0.950793	0.000000	Not App.
A	1984	0.928039	0.000000	Not App.
A	1985	1.480704	0.000000	Not App.
A	1986	2.523046	0.000000	Not App.
A	1987	1.860405	0.000000	Not App.
A	1988	1.745652	0.000000	Not App.
A	1989	1.785198	0.000000	Not App.
A	1990	1.842276	0.000000	Not App.
A	1991	1.867393	0.000000	Not App.
A	1992	0.691916	0.000000	Not App.
A	1993	0.582833	0.000000	Not App.
A	1994	0.491150	0.000000	Not App.
A	1995	0.499401	0.000000	Not App.
A	1996	0.587588	0.000000	Not App.
A	1997	0.498695	0.000000	Not App.
A	1998	0.297580	0.000000	Not App.
A	1999	0.295223	0.000000	Not App.
A	2000	0.253951	0.000000	Not App.
F	2001	0.301000	0.000000	Not App.
F	2002	0.317000	0.000000	Not App.
F	2003	0.331000	0.000000	Not App.



Forecast Methodology

TPCI t = SUM(i=1...n)(PAR t * CR t)i
---where
TPCI = Trust Pool Coupon Interest
PAR = Security Par Value
CR = Coupon Interest Rate
t = Fiscal Year
i = Security in the Pool

TTPI t = TPCI t + PSTI t + GLI t + BOIF t + AMT t + SECL t + ACCR t
---where
TTPI = Total Trust Pool Income
TPCI = Trust Pool Coupon Interest
PSTI = Pool Short Term Interest
GLI = Gains and Losses Income
BOIF = Board of Investments Fees
AMT = Trust Pool Amortizations
SECL = Secondary Lending Income
ACCR = Trust Pool Accretions
t = Fiscal Year

ATPI t = (ATS t / TPS t) * TTPI t
---where
ATPI = Arts Trust Pool Interest
ATS = Arts Trust Shares
TPS = Total Bond Pool Shares
TTPI = Total Trust Pool Income
t = Fiscal Year

NDI t = (CST t / 4) * (LTIR t / 12) * 22 + (CST t / 4)
* (STIR t / 12) * 4 + CST t-1 * LTIR t-1
---where
NDI = New Deposits Interest
CST = Coal Severance Tax Allocation
LTIR = Long Term Interest Rate
STIR = Short Term Interest Rate
t = Fiscal Year

NPSTI t = STIB t * STIR t
---where
NPSTI = Non Pool STIP Investment Interest
STIB = STIP Investment Balance
STIR = STIP Interest Rate
t = Fiscal Year

Arts Trust Interest

TATI t = ATPI t + NDI t + NPSTI t
---where
TATI = Total Arts Trust Interest
ATPI = Arts Trust Pool Interest
NDI = New Deposits Interest
NPSTI = Non Pool STIP Investment Interest
t = Fiscal Year

Distribution Methodology

GFINT t = TATI t * 0%
---where
GFINT = General Fund Interest Earnings
TATI = Total Arts Trust Interest
t = Fiscal Year

	t Fiscal	Total Rev. Millions	GF Rev. Millions	Trust Shares Millions	Total Shares Millions	Trust Pool Interest Millions	Other Pool Income Millions
Actual	2000	0.253951	0.000000	0.039088	11.821189	78.564737	5.084671
Forecast	2001	0.301000	0.000000	0.039088	11.821189	78.564737	5.422011
Forecast	2002	0.317000	0.000000	0.039088	11.821189	78.564737	5.445886
Forecast	2003	0.331000	0.000000	0.039088	11.821189	78.564737	5.309712

	t Fiscal	Pool Short Term Interest Millions	Gains Losses Millions	Fees Millions	Amortizations Millions	Lending Millions	Accretions Millions
Actual	2000	2.402942	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2001	2.740282	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2002	2.764157	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2003	2.627983	0.697222	-0.197184	-1.337427	0.283705	3.235413

	t Fiscal	Net Coal Tax New Deposit Millions	New Deposit Interest Millions	Long Term Rate	Non Pool STIP Rate	Non Pool STIP Bal Millions	Non Pool STIP Int Millions
Actual	2000	0.212426		7.1000%	5.4350%	0.249639	
Forecast	2001	0.210000	0.008177	7.3690%	6.1980%	0.249639	0.015473
Forecast	2002	0.213000	0.023800	7.3910%	6.2520%	0.249639	0.015607
Forecast	2003	0.213000	0.039476	7.3780%	5.9440%	0.249639	0.014839

Legislative Fiscal Division

Revenue Estimate Profile

Capital Land Grant Interest and Income

Revenue Description: Lands granted by the federal government to the state generate income from a variety of sources. Section 12 of the *Enabling Act* requires that income generated on certain sections of federally granted land be used for public buildings at the state capital for construction, repair, renovation, and other permanent improvements of state buildings. Capital land grant funds can also be used for the acquisition of land for such buildings, as well as the payment of principal and interest on bonds issued for any of these purposes.

Non-permanent sources of revenue generated from capital land grant lands include: grazing fees, agricultural fees, miscellaneous fees and rentals, and oil and natural gas leases and penalties. Statute requires that 3.0 percent of total non-permanent revenue be allocated to the Department of Natural Resources and Conservation (DNRC) for resource development purposes. Senate Bill 48, passed by the 1999 legislature, allows an amount up to 10 percent of the previous year's revenue to be deposited each year in a state special revenue account used to fund the Trust Land Management Division of DNRC. Permanent sources of revenue generated from capital land grant lands include: timber sales and oil and natural gas royalties.

Applicable Tax Rate(s): N/A

Distribution: After deductions for DNRC administration, all capital land grant income is deposited into a capital projects fund to be used for projects on the state capital complex in accordance with the provisions of section 12 of the *Enabling Act*.

Collection Frequency: Monthly

Applicable Assumptions and/or Relevant Indicators:

- Grazing Fees
- Agricultural Fees
- Oil and Natural Gas Leases
- Oil and Natural Gas Penalties
- Oil and Natural Gas Royalties
- Miscellaneous Fees
- Miscellaneous Rentals
- Timber Sales

Data Source(s): SBAS, SABHRS, *Wall Street Journal*, Department of Natural Resources and Conservation

Contacts: Department of Administration, Department of Natural Resources and Conservation

Statute: Title 18, Chapter 2, MCA

% of Total FY 2000 General Fund Revenue: N/A

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

Legislative Fiscal Division

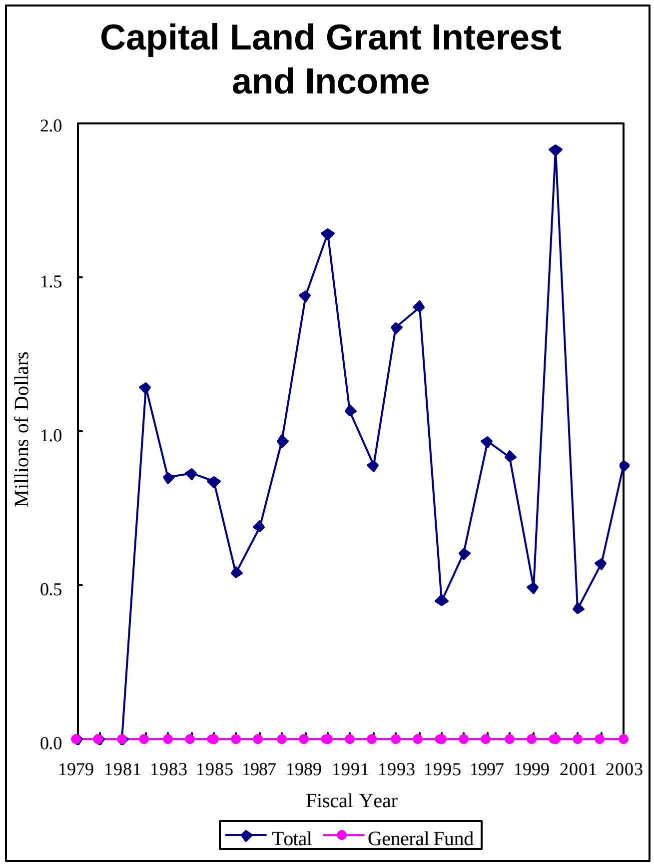
Revenue Estimate Profile

Capital Land Grant Interest and Income

Capital land grant income is estimated by first computing the total of six different types of non-permanent revenue: grazing fees, agricultural fees, miscellaneous fees, oil and natural gas leases, oil and natural gas penalties, and miscellaneous rentals. Once total income for these sources is determined, the 3.0 percent of revenues allocated to DNRC is calculated and subtracted from total non-permanent revenue. Next, total revenue is calculated for permanent land grant income sources, including timber sales and oil and natural gas royalties. Then 10 percent of the previous year's total revenue is calculated for DNRC administrative costs. Total capital land grant income is calculated by taking the sum of permanent and non-permanent income less DNRC administration costs.

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1979	0.000000	0.000000	
A	1980	0.000000	0.000000	Not App.
A	1981	0.000000	0.000000	Not App.
A	1982	1.139646	0.000000	Not App.
A	1983	0.849253	0.000000	Not App.
A	1984	0.862843	0.000000	Not App.
A	1985	0.835304	0.000000	Not App.
A	1986	0.539899	0.000000	Not App.
A	1987	0.690287	0.000000	Not App.
A	1988	0.967858	0.000000	Not App.
A	1989	1.440037	0.000000	Not App.
A	1990	1.641169	0.000000	Not App.
A	1991	1.065616	0.000000	Not App.
A	1992	0.886821	0.000000	Not App.
A	1993	1.334932	0.000000	Not App.
A	1994	1.403414	0.000000	Not App.
A	1995	0.450323	0.000000	Not App.
A	1996	0.603129	0.000000	Not App.
A	1997	0.965886	0.000000	Not App.
A	1998	0.916091	0.000000	Not App.
A	1999	0.492980	0.000000	Not App.
A	2000	1.913894	0.000000	Not App.
F	2001	0.425000	0.000000	Not App.
F	2002	0.570000	0.000000	Not App.
F	2003	0.889000	0.000000	Not App.



Forecast Methodology

TPCI t = SUM(i=1...n)(PAR t * CR t)i
---where
TPCI = Trust Pool Coupon Interest
PAR = Security Par Value
CR = Coupon Interest Rate
t = Fiscal Year
i = Security in the Pool

TTPI t = TPCI t + PSTI t + GLI t + BOIF t + AMT t + SECL t + ACCR t
---where
TTPI = Total Trust Pool Income
TPCI = Trust Pool Coupon Interest
PSTI = Pool Short Term Interest
GLI = Gains and Losses Income
BOIF = Board of Investments Fees
AMT = Trust Pool Amortizations
SECL = Secondary Lending Income
ACCR = Trust Pool Accretions
t = Fiscal Year

TLPI t = (TLTS t / TPS t) * TTPI t
---where
TLPI = Trust & Legacy Pool Interest
TLTS = Trust & Legacy Trust Shares
TPS = Total Bond Pool Shares
TTPI = Total Trust Pool Income
t = Fiscal Year

NDI t = (TLI t / 12) * (LTIR t / 12) * 62 + (TLI t / 12) * STIR t + TLI t-1 * LTIR t-1
---where
NDI = New Deposits Interest
TLI = Trust and Legacy Income
LTIR = Long Term Interest Rate
STIR = Short Term Interest Rate
t = Fiscal Year

NPSTI t = STIB t * STIR t
---where
NPSTI = Non Pool STIP Investment Interest
STIB = STIP Investment Balance
STIR = STIP Interest Rate
t = Fiscal Year

TTLI t = TLPI t + NDI t + NPSTI t
---where
TTLI = Total Trust and Legacy Interest
TLPI = Trust and Legacy Pool Interest
NDI = New Deposits Interest
NPSTI = Non Pool STIP Investment Interest
t = Fiscal Year

INC t = GF t + AF t + MF t + OGL t + OGP t + MR t
---where
INC = Capital Land Grant Income
GF = Grazing Fees
AF = Agricultural Fees
MF = Miscellaneous Fees
OGL = Oil and Gas Leases
OGP = Oil and Gas Penalties
MR = Miscellaneous Rentals
t = Fiscal Year

INT t = ILS t + IS t + (TTLI t * CLP t)
---where
INT = Capital Land Grant Interest
ILS = Interest on Land Sales
IS = Interest on STIP Investments
TTLI = Total Trust and Legacy Interest
CLP = Capital Land Grant Trust Percent

RDA t = INC t * 3.0%
---where
RDA = Resource Development Allocation
INC = Capital Land Grant Income
t = Fiscal Year

PINC t = OR t + GR t + TS t + MI t
---where
PINC = Permanent Capital Land Grant Income
OR = Oil Royalties
GR = Natural Gas Royalties
MI = Miscellaneous Income
t = Fiscal Year

ADMIN t = (INC t-1 + INT t-1 + PINC t-1)* 0.10
---where
ADMIN = Trust Land Management Division Administrative Costs
INC = Capital Land Grant Income
INT = Capital Land Grant Interest
PINC = Permanent Capital Land Grant Income
t = Fiscal Year

Legislative Fiscal Division

Revenue Estimate Profile

Capital Land Grant Interest and Income

TII t = (INC t + INT t + RDA t) * 100% + PINC t + ADMIN t
---where
TII = Total Interest and Income
INC = Capital Land Grant Income
INT = Capital Land Grant Interest
RDA = Resource Development Allocation
PINC = Permanent Capital Land Grant Income
ADMIN = Trust Land Management Division Administrative Costs
t = Fiscal Year

Distribution Methodology

GFINT t = TII t * 0%
---where
GFINT = General Fund Interest Earnings
TII = Total Interest and Income
t = Fiscal Year

	t Fiscal	Total Rev. Millions	GF Rev. Millions	Trust Shares Millions	Total Shares Millions	Trust Pool Interest Millions	Other Pool Income Millions	Capital Land Share T&L
Actual	2000	1.913894	0.000000	3.583217	11.821189	78.564737	5.084671	0.000000
Forecast	2001	0.425000	0.000000	3.583217	11.821189	78.564737	5.077838	0.000000
Forecast	2002	0.570000	0.000000	3.583217	11.821189	78.564737	5.084671	0.000000
Forecast	2003	0.889000	0.000000	3.583217	11.821189	78.564737	4.938141	0.000000

	t Fiscal	Pool Short Term Interest Millions	Gains Losses Millions	Fees Millions	Amortizations Millions	Lending Millions	Accretions Millions
Actual	2000	2.402942	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2001	2.396109	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2002	2.402942	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2003	2.256412	0.697222	-0.197184	-1.337427	0.283705	3.235413

	t Fiscal	Trust Income New Deposit Millions	Trust Land Admin. Millions	New Deposit Interest Millions	Long Term Rate	Non Pool STIP Rate	Non Pool STIP Bal Millions	Non Pool STIP Int Millions
Actual	2000	10.962021	0.000000					
Forecast	2001	6.505141	-0.196848	0.253308	7.3690%	6.1980%	11.676486	0.723709
Forecast	2002	7.111158	-0.062966	0.757307	7.3910%	6.2520%	11.676486	0.730014
Forecast	2003	8.194991	-0.064122	1.322663	7.3780%	5.9440%	11.676486	0.694050

Legislative Fiscal Division

Revenue Estimate Profile

Capital Land Grant Interest and Income

	Fiscal	Grazing Millions	Agriculture Millions	Misc. Millions	O&G Lease Millions	O&G Bonus Millions	O&G Penalty Millions	Misc. Millions
Actual	2000	0.132580	0.044452	0.000000	0.019153	0.009104	0.002343	0.048046
Forecast	2001	0.135156	0.061592	0.000000	0.011876	0.000000	0.003039	0.047532
Forecast	2002	0.133868	0.062082	0.000000	0.011068	0.000000	0.002432	0.047789
Forecast	2003	0.134512	0.062233	0.000000	0.010658	0.000000	0.002168	0.047661

	Fiscal	Int. Land Millions	Int. STIP Millions	Int. Trust Millions	Res. Dev. Millions	Lease Total Millions
Actual	2000	0.000000	0.000000	0.000000	-0.007670	0.248008
Forecast	2001	0.000000	0.000000	0.000000	-0.007776	0.251419
Forecast	2002	0.000000	0.000000	0.000000	-0.007717	0.249522
Forecast	2003	0.000000	0.000000	0.000000	-0.007717	0.249515

	Fiscal	Oil Roy. Millions	Gas Roy. Millions	Timber Millions	Misc. Millions	Perm. Total Millions	TLM Adm. Millions	Net Millions
Actual	2000	0.004394	0.004489	1.675671	0.028247	1.712801	-0.046915	1.913894
Forecast	2001	0.003144	0.008105	0.345000	0.014216	0.370465	-0.196848	0.425036
Forecast	2002	0.002972	0.006966	0.360000	0.014045	0.383983	-0.062966	0.570539
Forecast	2003	0.002732	0.006700	0.680000	0.015072	0.704504	-0.064122	0.889897

Legislative Fiscal Division

Revenue Estimate Profile

Deaf and Blind Trust Interest and Income

Revenue Description: Lands granted by the federal government to the state for the benefit of public schools and various state institutions generate income. These lands produce revenue through rents or crop shares for agricultural purposes, royalties from the sale of mineral rights, and sales of timber. Income from certain portions of public school/institution lands has been designated for support of the School for the Deaf and Blind. Thus, some of these funds are deposited into a component of the trust and legacy trust fund referred to as the Deaf and Blind trust, which generates interest earnings for the state. As of October 1, 1995, all fixed-income investments held by the state's major trust funds were transferred to a newly-created Trust Fund Bond Pool (TFBP). The majority of trust and legacy trust funds are invested as part of the TFBP. Some funds, however, are invested on a short term basis in the state's Short Term Investment Pool (STIP). The state constitution prohibits the investment of any trust funds in common stock.

In accordance with statute, 3.0 percent of Deaf and Blind trust interest and income is allocated to the Department of Natural Resources and Conservation (DNRC) to be used for resource development purposes. Senate Bill 48, passed by the 1999 legislature, provides for the diversion of the following funds for the purpose of funding the Trust Land Management Division in the DNRC: 1) mineral royalties; 2) revenues from the sale of easements; and 3) 5.0 percent of interest and income previously credited to the common school trust. The amount of the money diverted from the Deaf and Blind trust reduces the growth of the trust fund balance and, hence, reduces the amount of distributable interest earnings.

Applicable Tax Rate(s): N/A

Distribution: Interest and income from the trust, less amounts to fund DNRC administration, is allocated to the School for the Deaf and Blind.

Collection Frequency: Monthly

Applicable Assumptions and/or Relevant Indicators:

- Gains and Losses Income
- Trust Pool Amortizations
- Trust Pool Accretions
- Board of Investments Fees
- Secondary Lending Income
- Long Term Interest Rates
- Short Term Interest Rates
- Trust and Legacy Income

Data Source(s): Board of Investments, SBAS, SABHRS, *Wall Street Journal*, Wharton Econometrics Forecasting Associates (WEFA), Department of Natural Resources and Conservation

Contacts: Department of Natural Resources and Conservation

Statute: N/A

% of Total FY 2000 General Fund Revenue: N/A

Deaf and Blind Trust Interest and Income

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

The methodology used to forecast Deaf and Blind trust interest and income is a multi-step process.

Interest income is derived from investment of the Deaf and Blind trust fund, as well as from interest on land sales. In order to calculate total investment earnings for the trust, income must be calculated on three separate components: 1) trust and legacy trust pool interest; 2) interest on new deposits; and 3) short term interest earnings. The first step involves determining coupon interest income for the entire TFBP, by multiplying the par value of the portfolio times the coupon interest rate. Total income for the TFBP is then calculated by adding the TFBP coupon interest income with other income variables, including: pool short term interest, gains and losses income, Board of Investments fees, TFBP amortizations and accretions, and secondary lending income. Once total TFBP income is estimated, the portion of interest income attributable to the trust and legacy trust fund is calculated based on the number of trust and legacy shares relative to the total number of TFBP shares.

Investment income on new deposits is calculated by multiplying the forecast amount for trust and legacy income (lessened by the amount to fund the Trust Land Management Division in DNRC) by the appropriate interest rate. The interest rate and investable balance used varies in accordance with the timing of when new monies become available. For example, revenues received for the first month of the biennium will earn interest at the short term (STIP) rate for one month, after which they will earn interest at the long term rate for the remainder of the biennium.

In addition, because a portion of the trust is invested on a short term basis, an assumption is made for the balance of trust funds in STIP. This balance is then multiplied by the short term interest rate to determine short term interest income.

Once investment income has been calculated for these three components, the sum of the three is multiplied by the percent of income attributable to the Deaf and Blind trust portion of the trust and legacy trust fund. This number is added to the amount of interest expected from land sales and interest on STIP investments, to comprise total Deaf and Blind trust interest income.

Deaf and Blind trust income is estimated by computing the total of six different types of revenue: grazing fees, agricultural fees, miscellaneous fees, oil and gas leases, oil and gas penalties, and miscellaneous rentals. Once total income is determined, the 3.0 percent allocation to DNRC is calculated.

Total interest and income is calculated by taking the sum of total Deaf and Blind trust income, total Deaf and Blind trust interest, and timber sale revenue, less the resource development allocation.

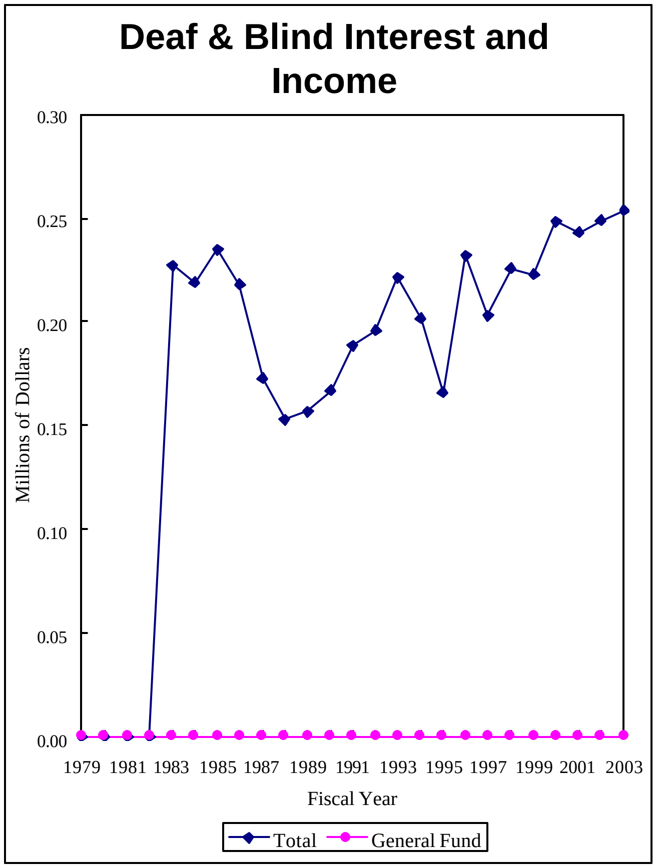
Legislative Fiscal Division

Revenue Estimate Profile

Deaf and Blind Trust Interest and Income

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1979	0.000000	0.000000	
A	1980	0.000000	0.000000	Not App.
A	1981	0.000000	0.000000	Not App.
A	1982	0.000000	0.000000	Not App.
A	1983	0.227355	0.000000	Not App.
A	1984	0.219069	0.000000	Not App.
A	1985	0.234883	0.000000	Not App.
A	1986	0.217873	0.000000	Not App.
A	1987	0.172649	0.000000	Not App.
A	1988	0.153017	0.000000	Not App.
A	1989	0.156725	0.000000	Not App.
A	1990	0.166856	0.000000	Not App.
A	1991	0.188508	0.000000	Not App.
A	1992	0.195590	0.000000	Not App.
A	1993	0.221242	0.000000	Not App.
A	1994	0.201764	0.000000	Not App.
A	1995	0.165804	0.000000	Not App.
A	1996	0.232032	0.000000	Not App.
A	1997	0.203021	0.000000	Not App.
A	1998	0.225615	0.000000	Not App.
A	1999	0.223009	0.000000	Not App.
A	2000	0.248338	0.000000	Not App.
F	2001	0.243000	0.000000	Not App.
F	2002	0.249000	0.000000	Not App.
F	2003	0.254000	0.000000	Not App.



Deaf and Blind Trust Interest and Income

Forecast Methodology

TPCI t = SUM(i=1...n)(PAR t * CR t)i
---where
TPCI = Trust Pool Coupon Interest
PAR = Security Par Value
CR = Coupon Interest Rate
t = Fiscal Year
i = Security in the Pool

TTPI t = TPCI t + PSTI t + GLI t + BOIF t + AMT t + SECL t + ACCR t
---where
TTPI = Total Trust Pool Income
TPCI = Trust Pool Coupon Interest
PSTI = Pool Short Term Interest
GLI = Gains and Losses Income
BOIF = Board of Investments Fees
AMT = Trust Pool Amortizations
SECL = Secondary Lending Income
ACCR = Trust Pool Accretions
t = Fiscal Year

TLPI t = (TLTS t / TPS t) * TTPI t
---where
TLPI = Trust & Legacy Pool Interest
TLTS = Trust & Legacy Trust Shares
TPS = Total Bond Pool Shares
TTPI = Total Trust Pool Income
t = Fiscal Year

NDI t = (TLI t / 12) * (LTIR t / 12) * 62 + (TLI t / 12) * STIR t + TLI t-1 * LTIR t-1
---where
NDI = New Deposits Interest
TLI = Trust & Legacy Income (Less Funding for the Trust Land Management Division)
LTIR = Long Term Interest Rate
STIR = Short Term Interest Rate
t = Fiscal Year

NPSTI t = STIB t * STIR t
---where
NPSTI = Non Pool STIP Investment Interest
STIB = STIP Investment Balance
STIR = STIP Interest Rate
t = Fiscal Year

TTLI t = TLPI t + NDI t + NPSTI t
---where
TTLI = Total Trust & Legacy Interest
TLPI = Trust & Legacy Pool Interest
NDI = New Deposits Interest
NPSTI = Non Pool STIP Investment Interest
t = Fiscal Year

INC t = GF t + AF t + MF t + OGL t + OGP t + MR t
---where
INC = Deaf & Blind Income
GF = Grazing Fees
AF = Agricultural Fees
MF = Miscellaneous Fees
OGL = Oil and Gas Leases
OGP = Oil and Gas Penalties
MR = Miscellaneous Rentals
t = Fiscal Year

INT t = ILS t + IS t + (TTLI t * DBP t)
---where
INT = Deaf & Blind Interest
ILS = Interest on Land Sales
IS = Interest on STIP Investments
TTLI = Total Trust & Legacy Interest
DBP = Deaf & Blind Trust Percent

RDA t = INC t * 3.0%
---where
RDA = Resource Development Allocation
INC = Deaf & Blind Income
t = Fiscal Year

TII t = (INC t + INT t + TS t - RDA t) * 100%
---where
TII = Total Interest and Income
INC = Deaf & Blind Income
INT = Deaf & Blind Interest
TS = Timber Sales
RDA = Resource Development Allocation
t = Fiscal Year

Distribution Methodology

GFINT t = TII t * 0%
---where
GFINT = General Fund Interest Earnings
TII = Total Interest and Income
t = Fiscal Year

Legislative Fiscal Division

Revenue Estimate Profile

Deaf and Blind Trust Interest and Income

	t Fiscal	Total Rev. Millions	GF Rev. Millions	Trust Shares Millions	Total Shares Millions	Trust Pool Interest Millions	Other Pool Income Millions	Deaf & Blind Share T&L
Actual	2000	0.248338	0.000000	3.583217	11.821189	78.564737	5.084671	0.006369
Forecast	2001	0.243000	0.000000	3.583217	11.821189	78.564737	5.077838	0.006369
Forecast	2002	0.249000	0.000000	3.583217	11.821189	78.564737	5.084671	0.006369
Forecast	2003	0.254000	0.000000	3.583217	11.821189	78.564737	4.938141	0.006369

	t Fiscal	Pool Short Term Interest Millions	Gains Losses Millions	Fees Millions	Amortizations Millions	Lending Millions	Accretions Millions
Actual	2000	2.402942	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2001	2.396109	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2002	2.402942	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2003	2.256412	0.697222	-0.197184	-1.337427	0.283705	3.235413

	t Fiscal	Trust Income New Deposit Millions	Trust Land Admin. Millions	New Deposit Interest Millions	Long Term Rate	Non Pool STIP Rate	Non Pool STIP Bal Millions	Non Pool STIP Int Millions
Actual	2000	10.962021	0.000000					
Forecast	2001	6.505141	-3.478551	0.253308	7.3690%	6.1980%	11.676486	0.723709
Forecast	2002	7.111158	-3.742886	0.757307	7.3910%	6.2520%	11.676486	0.730014
Forecast	2003	8.194991	-3.737578	1.322663	7.3780%	5.9440%	11.676486	0.694050

	t Fiscal	Grazing Millions	Agriculture Millions	Misc. Millions	O&G Lease Millions	O&G Bonus Millions	O&G Penalty Millions	Misc. Millions
Actual	2000	0.030113	0.008628	0.000000	0.001980	0.001280	0.000000	0.046783
Forecast	2001	0.029987	0.022587	0.000000	0.001980	0.000000	0.000000	0.023125
Forecast	2002	0.030050	0.023154	0.000000	0.001980	0.000000	0.000000	0.025195
Forecast	2003	0.030019	0.023823	0.000000	0.001980	0.000000	0.000000	0.026577

	t Fiscal	Int. Land Millions	Int. STIP Millions	Int. Trust Millions	Timber Millions	Res. Dev. Millions	Net Millions
Actual	2000	0.000000	0.000000	0.162218	0.000000	-0.002664	0.248338
Forecast	2001	0.000000	0.000000	0.167700	0.000000	-0.002330	0.243049
Forecast	2002	0.000000	0.000000	0.170963	0.000000	-0.002411	0.248931
Forecast	2003	0.000000	0.000000	0.174052	0.000000	-0.002472	0.253979

Legislative Fiscal Division

Revenue Estimate Profile

Diesel Tax

Revenue Description: The constitution of the state (Article VII, Section 6) provides that money from taxes on vehicle fuel be used solely for: 1) payment of obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges; 2) payment of county, city, and town obligations on streets roads, and bridges; and 3) enforcement of highway safety, driver education, tourist promotion, and administrative collection costs. Appropriation of the money for any other use requires a three-fifth vote of each house of the legislature.

There are three sources of revenue associated with the taxation of special fuels (primarily diesel): 1) the main source of revenue is a diesel tax of $0.2775 per gallon paid to the Department of Transportation (DOT) for every gallon of diesel sold or used in the state, 2) a tax of $0.0075 is assessed on each gallon of diesel fuel for the purpose of funding petroleum storage tank cleanup; and 3) although House Bill 138, passed by the 1999 legislature eliminated the $200 annual license fee paid by persons who engage in the wholesale distribution of diesel in the state, it left intact the $100 reissuance fee. The focus of this profile is on revenue generated by the $0.2775 and $0.0075 per gallon taxes on diesel fuel.

Distributors are allowed to withhold 1.0 percent of the diesel tax as an allowance for collecting the tax. In order to prevent the possibility of dual taxation of motor fuels purchased by Montana citizens and businesses on Indian reservations, DOT and Indian tribes may enter into a cooperative agreement. Refunds of the tax paid is provided for commercial vehicle use other than for use on public highways and streets, governmental use, and nonpublic school use for the transportation of pupils.

Applicable Tax Rate(s): Diesel (Special) Fuel Tax - $0.2775 per gallon. Petroleum Storage Tank Cleanup Tax - $0.0075.

Distribution: After reductions for: 1) the 1.0 percent withheld by distributors; 2) administrative expenses and refund amounts deducted by DOT under a tribal agreement that are deposited in the tribal motor fuels administration account; 3) diesel tax refunds; and 4) amounts refunded through the international fuel tax agreement, diesel tax proceeds are distributed to DOT. Of that amount, 1/4 of $0.01 per gallon is allocated specifically to the funding of highway system maintenance.

Collection Frequency: Monthly

Applicable Assumptions and/or Relevant Indicators: Gallons of diesel

Data Source(s): SBAS, SABHRS, Department of Transportation

Contacts: Department of Transportation

Statute: Title 15, Chapter 70 and Title 60, Chapter 3, MCA

% of Total FY 2000 General Fund Revenue: N/A

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgement, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

Legislative Fiscal Division

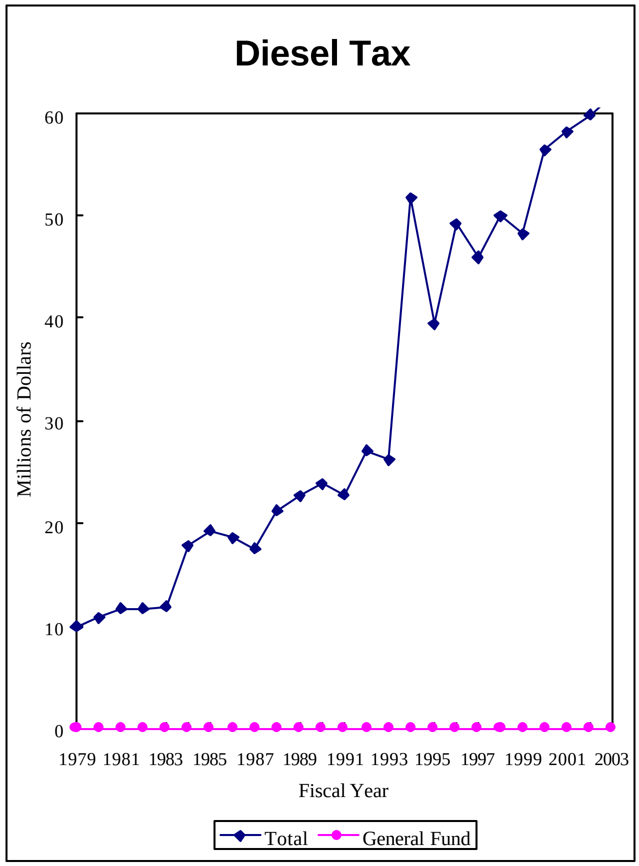
Revenue Estimate Profile

Diesel Tax

Diesel tax revenue is calculated by first multiplying the effective diesel tax rate by the estimated number of gallons to be sold in the state. From that amount (except in the case of the storage tank tax), deductions are made for refunds. The net amount represents total diesel tax revenue. The effective tax rate is 99.0 percent of the statutory tax rate, because law allows the distributor to retain 1.0 percent of the revenue collected.

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1979	9.906542	0.000000	
A	1980	10.787516	0.000000	Not App.
A	1981	11.705214	0.000000	Not App.
A	1982	11.697235	0.000000	Not App.
A	1983	11.877324	0.000000	Not App.
A	1984	17.793066	0.000000	Not App.
A	1985	19.278727	0.000000	Not App.
A	1986	18.576576	0.000000	Not App.
A	1987	17.541396	0.000000	Not App.
A	1988	21.185521	0.000000	Not App.
A	1989	22.708493	0.000000	Not App.
A	1990	23.821548	0.000000	Not App.
A	1991	22.797863	0.000000	Not App.
A	1992	27.113375	0.000000	Not App.
A	1993	26.158033	0.000000	Not App.
A	1994	51.750972	0.000000	Not App.
A	1995	39.412902	0.000000	Not App.
A	1996	49.192097	0.000000	Not App.
A	1997	45.957040	0.000000	Not App.
A	1998	49.981150	0.000000	Not App.
A	1999	48.216516	0.000000	Not App.
A	2000	56.454757	0.000000	Not App.
F	2001	58.148000	0.000000	Not App.
F	2002	59.893000	0.000000	Not App.
F	2003	61.690000	0.000000	Not App.



Forecast Methodology

EDTR t = DTR t * 0.99
---where
EDTR = Effective Diesel Tax Rate per Gallon
DTR = Tax Rate of Diesel

DTAX t = (GAL t * EDTR t) - REF t - TA t
---where
DTAX = Diesel Tax
GAL = Gallons of Diesel
EDTR = Effective Diesel Tax Rate per Gallon
REF = Refunds
TA = Tribal Agreements
t = Fiscal Year

STDTAX t = GAL t * STDTR t
---where
STDTAX = Storage Tax Diesel Tax
GAL = Gallons of Diesel
STDRT = Storage Tank Diesel Tax Rate Per Gallon
t = Fiscal Year

Distribution Methodology

GFTAX t = TAX t * 0%
---where
GFTAX = General Fund Allocation of Tax
TAX = Diesel License Tax
t = Fiscal Year

Diesel Tax

	t Fiscal	Total Tax Millions	GF Tax Millions	Gross Millions	Diesel Tax Millions	Tank Tax Millions
Actual	2000	56.454757	0.000000	59.780702	54.259213	2.195544
Forecast	2001	58.148000	0.000000	61.574123	55.886990	2.261410
Forecast	2002	59.893000	0.000000	63.421347	57.563599	2.329253
Forecast	2003	61.690000	0.000000	65.323987	59.290507	2.399130

	t Fiscal	Refunds Millions	Diesel Effective Rate	Tank Effective Rate	Gallons Millions	Tank Gallons Millions
Actual	2000	-3.325945	0.274725	0.007500	209.610185	292.739200
Forecast	2001	-3.425723	0.274725	0.007500	215.898491	301.521376
Forecast	2002	-3.528495	0.274725	0.007500	222.375446	310.567017
Forecast	2003	-3.634350	0.274725	0.007500	229.046709	319.884028

	t Fiscal	GF Percent	DOT Percent	GF Millions	DOT Millions
Actual	2000	0.0000%	100.0000%	0.000000	54.259213
Forecast	2001	0.0000%	100.0000%	0.000000	55.887000
Forecast	2002	0.0000%	100.0000%	0.000000	57.564000
Forecast	2003	0.0000%	100.0000%	0.000000	59.291000

Legislative Fiscal Division

Revenue Estimate Profile

Federal Forest Receipts

Revenue Description: The federal government authorizes logging operations on forest lands located within the borders of Montana. The sale of timber generates revenue that the federal government shares with the state in the following year. The state receives 25 percent of the federal forest receipts. The state sends the money to the county treasurer of the county in which the receipts were generated. Within thirty days, the county treasurer distributes the money to various county and state accounts.

Beginning November 2000, HR 2389 (federal legislation) fixes the allocation to the state at the average of the highest three years of forest receipts in the state. Not more than 20 percent and not less than 15 percent may be used by county governments for special projects on federal lands. The remainder is distributed under state law as described below.

Applicable Tax Rate(s): N/A

Distribution: The county treasurer apportions federal forest receipts in the following manner.

?? 66 2/3% to the general fund of the county

?? 33 1/3% to the following county wide accounts, based on the mill ratios of each to total mills in the current year:
the county equalization accounts (55 mills)
the county transportation account
the county retirement accounts

This revenue source represents one component used to calculate total non levy property tax revenue.

Collection Frequency: Twice annually (usually October and December).

Applicable Assumptions and/or Relevant Indicators:

Federal Forest Timber Prices
Federal Board Feet Harvested
Mill Levies for County Transportation and Retirement Accounts

Data Source(s): U.S. Forest Service survey, SBAS, SABHRS

Contacts: U.S. Forest Service

Statute: Title 17, Chapter 3, MCA

% of Total FY 2000 General Fund Revenue: Included in total property tax contribution.

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgement, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions are used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

Before the passage of federal HR 2389, forest receipts were estimated using the following procedure. Forest receipts and harvest data in Montana are collected for the most recent year available, from which a statewide average price is derived. U.S. Forest Service officials are interviewed to estimate future board feet production based on known sales and other future considerations. Future timber prices are also elicited from U.S. Forest Service officials. Total revenue is derived by multiplying estimated board feet by the estimated price by the state's share of 25.0 percent. This amount is then distributed to the county equalization account (55 mills) based on last year's ratio.

Legislative Fiscal Division

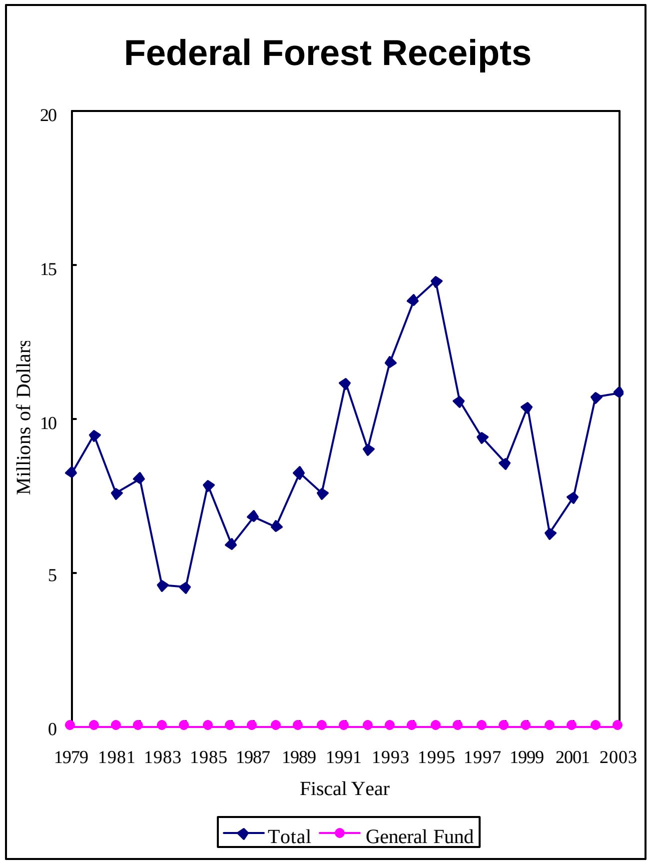
Revenue Estimate Profile

Federal Forest Receipts

With the passage of federal HR 2389, the level of forest receipts by the state as a whole will remain fixed. The general fund share (to the 55 mills) will only vary as the percentage the 55 mills represents of total levied mills varies. Total mills levied are forecast to increase by 5.7 percent in fiscal 2001, and 2 percent each year thereafter.

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1979	8.258492	0.000000	
A	1980	9.460390	0.000000	Not App.
A	1981	7.584827	0.000000	Not App.
A	1982	8.079709	0.000000	Not App.
A	1983	4.566283	0.000000	Not App.
A	1984	4.505490	0.000000	Not App.
A	1985	7.844447	0.000000	Not App.
A	1986	5.921759	0.000000	Not App.
A	1987	6.822559	0.000000	Not App.
A	1988	6.500201	0.000000	Not App.
A	1989	8.238545	0.000000	Not App.
A	1990	7.581897	0.000000	Not App.
A	1991	11.149715	0.000000	Not App.
A	1992	9.009450	0.000000	Not App.
A	1993	11.839490	0.000000	Not App.
A	1994	13.854903	0.000000	Not App.
A	1995	14.482281	0.000000	Not App.
A	1996	10.555715	0.000000	Not App.
A	1997	9.383236	0.000000	Not App.
A	1998	8.558090	0.000000	Not App.
A	1999	10.366666	0.000000	Not App.
A	2000	6.283122	0.000000	Not App.
F	2001	7.437000	0.000000	Not App.
F	2002	10.714000	0.000000	Not App.
F	2003	10.856000	0.000000	Not App.



Forecast Methodology

FOR t = VOL t * PRC t

---where

FOR = Federal Forest Receipts

VOL = Federal Timber Cut

PRC = Price per Board Foot

t = Fiscal Year

Distribution Methodology

55NL t = FOR t * SSH t * 55SH t
---where
55NL = 55 Mill Non-Levy Share
FOR = Federal Forest Receipts
SSH = Total State Share
55SH = 55 Mill Non-Levy Percent
t = Fiscal Year

	t Fiscal	Total Tax Millions	GF Tax Millions	55 Non-Levy Millions	55 Non-Levy Percent	State Share
Actual	2000	6.283122	0.000000	0.000000	0.213576	0.250000
Forecast	2001	7.437000	0.000000	1.588309	0.212044	0.250000
Forecast	2002	10.714000	0.000000	2.271793	0.210510	0.250000
Forecast	2003	10.856000	0.000000	2.285316	0.208975	0.250000

Legislative Fiscal Division

Revenue Estimate Profile

Gasoline Tax

Revenue Description: The constitution of the state (Article VII, Section 6) provides that money from taxes on vehicle fuel be used solely for: 1) payment of obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges; 2) payment of county, city, and town obligations on streets roads, and bridges; and 3) enforcement of highway safety, driver education, tourist promotion, and administrative collection costs. Appropriation of the money for any other use requires a three-fifth vote of each house of the legislature.

There are two sources of revenue associated with the taxation of gasoline: 1) the primary source of revenue is a gasoline license tax of $0.27 per gallon paid to the Department of Transportation (DOT) by every distributor for the privilege of selling gasoline; and 2) a tax of $.0075 assessed on each gallon of gasoline for the purpose of funding petroleum storage tank cleanup..

Distributors are allowed to withhold 1.0 percent of the gasoline tax as an allowance for collecting the tax. In order to prevent the possibility of dual taxation of motor fuels purchased by Montana citizens and businesses on Indian reservations, DOT and Indian tribes may enter into a cooperative agreement. Refunds of the tax paid is provided for denaturing alcohol used in gasohol, stationary gasoline engines used off public highways and streets, and commercial vehicle use other than for use on public highways and streets.

Applicable Tax Rate(s):

Gasoline License Tax - $0.27 per gallon
Petroleum Storage Tank Cleanup Tax - $0.0075.

Distribution: After reductions for: 1) the 1.0 percent withheld by distributors; 2) administrative expenses and refund amounts deducted by DOT under a tribal agreement that are deposited in the tribal motor fuels administration account; 3) gasoline tax refunds; and 4) amounts refunded through the international fuel tax agreement, the remainder of the gasoline tax is allocated as follows:

?? 9/10 of 1.0% to the state park account
?? 15/28 of 1.0% to a snowmobile account in the state special revenue fund. This amount is further allocated 86.0% for general use, 4.33% for enforcement, 8.67% for safety and education, and 1.0 percent to the noxious weed trust.
?? 1/8 of 1.0% to an off-highway vehicle account in the state special revenue fund. This amount is further allocated 90% for general use (including repair of damaged areas) and 10% for safety.
?? 1/25 of 1.0% to the aeronautics revenue fund of the Department of Transportation
?? 98.3993% to DOT to be used for highway-related purposes, primarily construction projects and administrative costs. One-fourth of $.01 per gallon is allocated specifically to the funding of highway system maintenance.

Collection Frequency: Monthly

Applicable Assumptions and/or Relevant Indicators: Gallons of gasoline

Data Source(s): SBAS, SABHRS, Department of Transportation

Contacts: Department of Transportation

Statute: Title 15, Chapter 70 and Title 60, Chapter 3, MCA

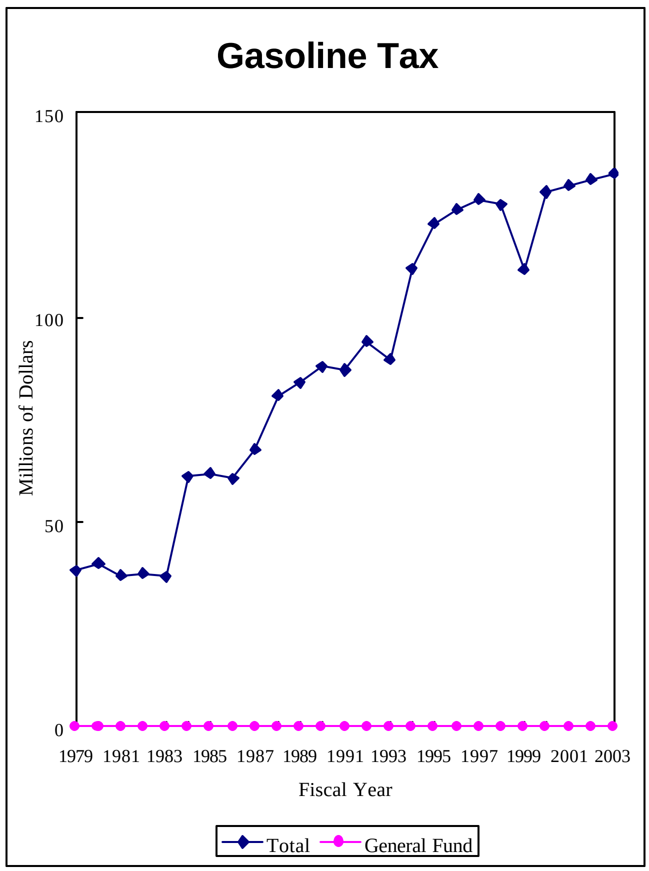
% of Total FY 2000 General Fund Revenue: N/A

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

Gasoline tax revenue is calculated by first multiplying the effective gasoline tax rate by the estimated number of gallons to be sold in the state. From that amount, deductions are made for: refunds, alcohol incentives, and tribal agreements. The net amount represents total gas tax revenue. The effective tax rate is 99.0 percent of the statutory rate, because law allows distributor to retain 1.0 percent of the revenue.

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1979	38.095293	0.000000	
A	1980	39.917484	0.000000	Not App.
A	1981	36.811022	0.000000	Not App.
A	1982	37.395507	0.000000	Not App.
A	1983	36.687190	0.000000	Not App.
A	1984	61.088588	0.000000	Not App.
A	1985	61.880197	0.000000	Not App.
A	1986	60.481887	0.000000	Not App.
A	1987	67.631602	0.000000	Not App.
A	1988	80.889296	0.000000	Not App.
A	1989	83.951442	0.000000	Not App.
A	1990	87.893465	0.000000	Not App.
A	1991	87.110555	0.000000	Not App.
A	1992	94.018718	0.000000	Not App.
A	1993	89.738559	0.000000	Not App.
A	1994	111.863525	0.000000	Not App.
A	1995	122.796443	0.000000	Not App.
A	1996	126.214407	0.000000	Not App.
A	1997	128.847545	0.000000	Not App.
A	1998	127.512638	0.000000	Not App.
A	1999	111.536744	0.000000	Not App.
A	2000	130.551884	0.000000	Not App.
F	2001	132.068000	0.000000	Not App.
F	2002	133.600000	0.000000	Not App.
F	2003	135.151000	0.000000	Not App.



Forecast Methodology

EGTR t = GTR t *.99
---where
EGTR = Effective Gasoline Tax Rate Per Gallon
GTR = Gasoline Tax Rate

GTAX t = (GAL t * EGTR t) - REF t - AINC t - TA t
---where
GTAX = Gasoline Tax
GAL = Gallons of Gasoline
EGTR = Effective Gasoline Tax Rate per Gallon
REF = Refunds
AINC = Alcohol Incentives
TA = Tribal Agreements
t = Fiscal Year

STTAX t = GAL t * GTR t
---where
STTAX = Storage Tank Tax
GAL = Gallons of Gasoline
GTR = Gasoline Tax Rate per Gallon
t = Fiscal Year

Distribution Methodology

GFTAX t = TAX t * 0%
---where
GFTAX = General Fund Allocation of Tax
TAX = Gasoline License Tax
t = Fiscal Year

Legislative Fiscal Division

Revenue Estimate Profile

Gasoline Tax

	t Fiscal	Total Tax Millions	GF Tax Millions	Gross Tax Millions	Gas Tax Millions	Tank Tax Millions
Actual	2000	130.551884	0.000000	137.379589	126.764307	3.787577
Forecast	2001	132.068000	0.000000	138.932253	128.237231	3.830384
Forecast	2002	133.600000	0.000000	140.502465	129.726802	3.873675
Forecast	2003	135.151000	0.000000	142.090424	131.233209	3.917455

	t Fiscal	Refunds Millions	Alcohol Incentives Millions	Tribal Millions	Gas Effective Rate	Tank Effective Rate	Gallons Millions	Tank Gallons Millions
Actual	2000	-3.267807	0.000000	-3.559898	0.267300	0.007500	499.783060	505.01027
Forecast	2001	-3.304740	0.000000	-3.559898	0.267300	0.007500	505.431608	510.71789
Forecast	2002	-3.342090	0.000000	-3.559898	0.267300	0.007500	511.143996	516.49003
Forecast	2003	-3.379862	0.000000	-3.559898	0.267300	0.007500	516.920945	522.32740

	t Fiscal	GF Percent	DOT Percent	FWP Snow Percent	FWP Boat Percent	Aeronautics Percent	Off Highway Percent
Actual	2000	0.0000%	98.3551%	0.4729%	0.9253%	0.0411%	0.1131%
Forecast	2001	0.0000%	98.3993%	0.4607%	0.9000%	0.0400%	0.1125%
Forecast	2002	0.0000%	98.3993%	0.4607%	0.9000%	0.0400%	0.1125%
Forecast	2003	0.0000%	98.3993%	0.4607%	0.9000%	0.0400%	0.1125%

Legislative Fiscal Division

Revenue Estimate Profile

Gasoline Tax

	t Fiscal	DOT Percent	FWP Snow Percent	FWP Boat Percent	Aeronautics Percent
Actual	2000	0.01030%	0.02060%	0.05140%	0.01030%
Forecast	2001	0.00540%	0.02320%	0.04640%	0.01250%
Forecast	2002	0.00540%	0.02320%	0.04640%	0.01250%
Forecast	2003	0.00540%	0.02320%	0.04640%	0.01250%

	t Fiscal	GF Millions	DOT Millions	FWP Snow Millions	FWP Boat Millions	Aeronautics Millions	Off Highway Millions
Actual	2000	0.000000	124.679120	0.599491	1.172918	0.052130	0.143357
Forecast	2001	0.000000	126.129000	0.607000	1.186000	0.053000	0.148000
Forecast	2002	0.000000	127.592000	0.614000	1.200000	0.053000	0.150000
Forecast	2003	0.000000	129.076000	0.621000	1.213000	0.054000	0.152000

	t Fiscal	Weed Gasoline Millions	Snow Enforce. Gasoline Millions	Snow Con-Ed. Gasoline Millions	OHV Con-Ed. Gasoline Millions
Actual	2000	0.013032	0.026065	0.065162	0.013032
Forecast	2001	0.007000	0.031000	0.061000	0.016000
Forecast	2002	0.007000	0.031000	0.062000	0.017000
Forecast	2003	0.007000	0.031000	0.063000	0.017000

Gasoline Tax

	t Fiscal	DOT Percent	FWP Snow Percent	FWP Boat Percent	Aeronautics Percent
Actual	2000	0.01030%	0.02060%	0.05140%	0.01030%
Forecast	2001	0.00540%	0.02320%	0.04640%	0.01250%
Forecast	2002	0.00540%	0.02320%	0.04640%	0.01250%
Forecast	2003	0.00540%	0.02320%	0.04640%	0.01250%

	t Fiscal	GF Millions	DOT Millions	FWP Snow Millions	FWP Boat Millions	Aeronautics Millions	Off Highway Millions
Actual	2000	0.000000	124.679120	0.599491	1.172918	0.052130	0.143357
Forecast	2001	0.000000	126.129000	0.607000	1.186000	0.053000	0.148000
Forecast	2002	0.000000	127.592000	0.614000	1.200000	0.053000	0.150000
Forecast	2003	0.000000	129.076000	0.621000	1.213000	0.054000	0.152000

	t Fiscal	Weed Gasoline Millions	Snow Enforce. Gasoline Millions	Snow Con-Ed. Gasoline Millions	OHV Con-Ed. Gasoline Millions
Actual	2000	0.013032	0.026065	0.065162	0.013032
Forecast	2001	0.007000	0.031000	0.061000	0.016000
Forecast	2002	0.007000	0.031000	0.062000	0.017000
Forecast	2003	0.007000	0.031000	0.063000	0.017000

Legislative Fiscal Division
Revenue Estimate Profile
GVW and Other Fees

Revenue Description: There are two types of revenue derived from over 20 different sources classified under gross vehicle weight (GVW)and other income: fee revenue and permit revenue. The majority of revenue is derived from a variety of GVW fees, including those fees collected by counties when vehicles are registered. Miscellaneous permits comprise the second income component under this source.

Applicable Tax Rate(s): Various

Distribution: A portion of certain GVW revenue is allocated to counties when vehicles are registered by the counties, such as 5.0 percent of total GVW fees. Fees collected in accordance with regional, national or international agreements are shared with participating jurisdictions. The majority of GVW revenue, however, is allocated to the Department of Transportation. The single state registration fee is deposited to the general fund.

Collection Frequency: Various

Applicable Assumptions and/or Relevant Indicators:

Consumer Price Index (CPI)
MT Wage & Salary Employment Growth
Total Population

Data Source(s): SBAS, SABHRS, Department of Transportation

Contacts: Department of Transportation

Statute: Title 15, Chapters 24, 70 and 71; and Title 61, Chapters 3, 4 and 10, MCA

% of Total FY 2000 General Fund Revenue:

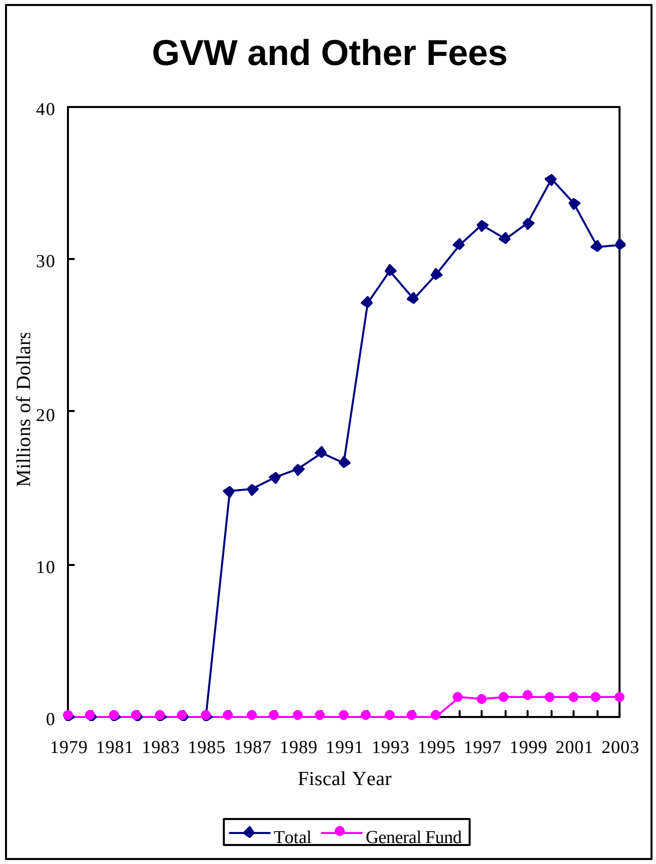
Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgement, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

Each GVW fee type is calculated by applying an annual growth rate to the last known fiscal year collection amount. Total fee revenue is the result of summing the estimates for all fee types.

GVW and Other Fees

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1979	0.000000	0.000000	
A	1980	0.000000	0.000000	Not App.
A	1981	0.000000	0.000000	Not App.
A	1982	0.000000	0.000000	Not App.
A	1983	0.000000	0.000000	Not App.
A	1984	0.000000	0.000000	Not App.
A	1985	0.000000	0.000000	Not App.
A	1986	14.750038	0.000000	Not App.
A	1987	14.912864	0.000000	Not App.
A	1988	15.699160	0.000000	Not App.
A	1989	16.197170	0.000000	Not App.
A	1990	17.314355	0.000000	Not App.
A	1991	16.652775	0.000000	Not App.
A	1992	27.135371	0.000000	Not App.
A	1993	29.201031	0.000000	Not App.
A	1994	27.408456	0.000000	Not App.
A	1995	28.957323	0.000000	Not App.
A	1996	30.946303	1.241263	Not App.
A	1997	32.207050	1.143078	-7.91%
A	1998	31.303824	1.266223	10.77%
A	1999	32.316004	1.332595	5.24%
A	2000	35.210631	1.275935	-4.25%
F	2001	33.658000	1.292000	2.04%
F	2002	30.807000	1.292000	0.00%
F	2003	30.960000	1.292000	0.00%



Forecast Methodology

TGVW t = SUM(i=1..n) (GR t * BASE x) i

---where

TGVW = Total GVW Revenue

GR = Growth Rate

BASE = Last Known Amount For GVW Fee Type

t = Fiscal Year

x = Last Completed Fiscal Year

i = GVW Fee Type

Distribution Methodology

GFTAX t = FEE t * 100%
---where
GFTAX = General Fund Allocation of Tax
FEE = Single State Registration Fee
t = Fiscal Year

	t Fiscal	Total Tax Millions	GF Tax Millions	GVW Millions	SSRS Millions	Form 3 Millions	Trip Millions	County Millions
Actual	2000	35.210631	1.275935	8.852775	1.275935	0.855910	0.880540	7.321056
Forecast	2001	33.658000	1.292000	8.852775	1.291584	0.858492	0.880540	7.427534
Forecast	2002	30.807000	1.292000	8.852775	1.291584	0.858492	0.880540	7.499531
Forecast	2003	30.960000	1.292000	8.852775	1.291584	0.858492	0.880540	7.501407

	t Fiscal	Sales Millions	Overweight Millions	Special Millions	Restricted Millions	Fuel Millions	LPG Millions	Other Millions
Actual	2000	12.533721	1.459102	0.918654	0.000000	0.105370	0.000000	1.007568
Forecast	2001	10.793002	1.508432	0.930887	0.000000	0.107385	0.000000	1.007568
Forecast	2002	7.809521	1.549780	0.949810	0.000000	0.107385	0.000000	1.007568
Forecast	2003	7.926664	1.567650	0.966200	0.000000	0.107385	0.000000	1.007568

Legislative Fiscal Division

Revenue Estimate Profile

Lodging Facility Use Tax

Revenue Description: The state imposes a tax on room charges collected by lodging facilities. The tax only applies for rooms used for lodging. All percentage distributed tax collections (see below) are earmarked for specific purposes and are statutorily appropriated. All tax paid by state employees is returned to the fund that paid the tax. Since general fund pays a portion of the tax, a portion is returned to the general fund. This amount is accounted for in the "All Other Revenue" profile.

Applicable Tax Rate(s): The tax is 4.0 percent of room charges.

Distribution: For the 2001 biennium, the revenue is first distributed: 1) to the Department of Revenue in the amount appropriated for collection and disbursement costs; 2) to the various funds from which payment of the tax paid by state employees were made, including the general fund; and 3) $400,000 to the Montana heritage preservation and development fund which is statutorily appropriated for restoring and maintaining historic properties. After these distributions, the remainder is distributed and statutorily appropriated:

- ?? 67.5% to the Department of Commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials.
- ?? 22.5% to regional nonprofit tourism corporations.
- ?? 6.5% to the Department of Fish, Wildlife and Parks for maintenance of state park facilities.
- ?? 2.5% to the university system for the establishment and maintenance of a Montana travel research program.
- ?? 1.0% to the Montana Historical Society to install and maintain roadside historical signs and historic sites.

For the 2003 biennium and beyond, the revenue is first distributed: 1) to the Department of Revenue in the amount appropriated for collection and disbursement costs; and 2) to the various funds from which payment of the tax paid by state employees were made, including the general fund. After these distributions, the remainder is distributed and statutorily appropriated:

- ?? 67.5% to the Department of Commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials.
- ?? 22.5% to regional nonprofit tourism corporations.
- ?? 6.5% to the Department of Fish, Wildlife and Parks for maintenance of state park facilities.
- ?? 2.5% to the university system for the establishment and maintenance of a Montana travel research program.
- ?? 1.0% to the Montana Historical Society to install and maintain roadside historical signs and historic sites.

Collection Frequency: The owner of a facility collects the tax and remits it quarterly to the Department of Revenue.

Applicable Assumptions and/or Relevant Indicators:

Inflation
Consumer Price Index

Data Source(s): SBAS, SABHRS, Wharton Econometric Forecasting Associates (WEFA)

Contacts:

Statute: Title 15, Chapter 65, MCA

% of Total FY 2000 General Fund Revenue: N/A

Legislative Fiscal Division

Revenue Estimate Profile

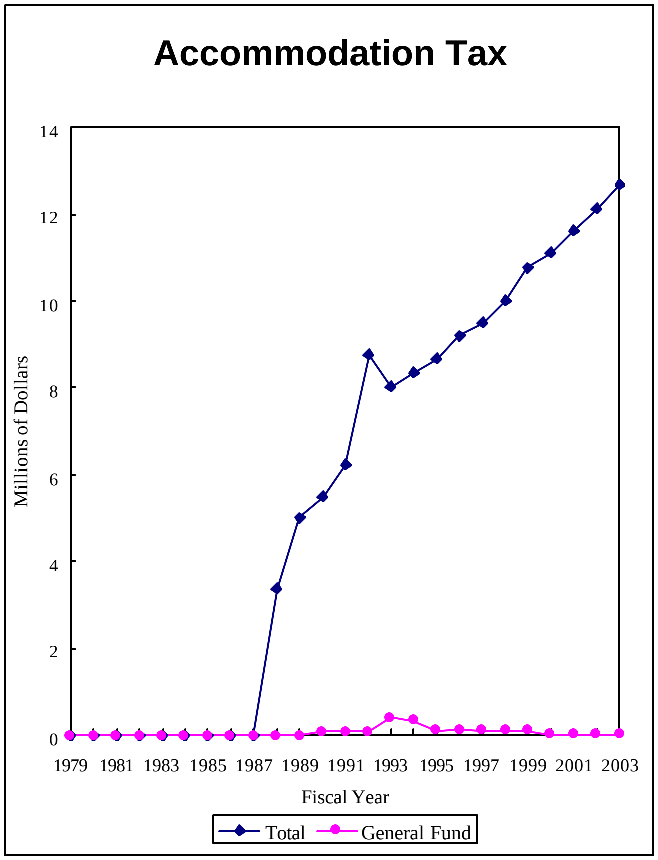
Lodging Facility Use Tax

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

Lodging facility use tax revenue is estimated by applying an historic growth rate to anticipated total room charges and then multiplying by the tax rate.

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1979	0.000000	0.000000	
A	1980	0.000000	0.000000	Not App.
A	1981	0.000000	0.000000	Not App.
A	1982	0.000000	0.000000	Not App.
A	1983	0.000000	0.000000	Not App.
A	1984	0.000000	0.000000	Not App.
A	1985	0.000000	0.000000	Not App.
A	1986	0.000000	0.000000	Not App.
A	1987	0.000000	0.000000	Not App.
A	1988	3.372657	0.000000	Not App.
A	1989	5.017691	0.000000	Not App.
A	1990	5.488766	0.075441	Not App.
A	1991	6.237422	0.078324	3.82%
A	1992	8.762355	0.086232	10.10%
A	1993	8.029958	0.411878	377.64%
A	1994	8.348996	0.339077	-17.68%
A	1995	8.684736	0.112381	-66.86%
A	1996	9.197924	0.126708	12.75%
A	1997	9.509673	0.104847	-17.25%
A	1998	10.008142	0.104799	-0.05%
A	1999	10.773707	0.109625	4.61%
A	2000	11.119552	0.016878	-84.60%
F	2001	11.621000	0.016878	0.00%
F	2002	12.144000	0.016878	0.00%
F	2003	12.692000	0.016878	0.00%



Legislative Fiscal Division

Revenue Estimate Profile

Lodging Facility Use Tax

Forecast Methodology

TAX t = TRC * TR
---where
TAX = Lodging Facility Use Tax
TRC = Total Room Charges In Montana
TR = Tax Rate
t = Fiscal Year

Distribution Methodology

GFTAX t = TPAID t
---where
GFTAX = General Fund Allocation of Tax
TPAID = Lodging Facility Use Tax Paid by State Employees with General Fund
t = Fiscal Year

	t Fiscal	Total Tax Millions	GF Tax Millions	Room Charge Millions	Tax Rate	DOR Admin. Millions
Actual	2000	11.119552	0.016878	277.988800	4.0000%	0.114927
Forecast	2001	11.621000	0.016878	290.517477	4.0000%	0.114526
Forecast	2002	12.144000	0.016878	303.610809	4.0000%	0.121764
Forecast	2003	12.692000	0.016878	317.294245	4.0000%	0.122365

	t Fiscal	Higher Ed. Millions	DOC Millions	Sites & Signs Millions	Regional Millions	FWP Millions	MT. Heritage Millions	All Other Entities Millions
Actual	2000	0.263447	7.113045	0.105379	2.371015	0.684960	0.400000	0.049901
Forecast	2001	0.275992	7.451794	0.110397	2.483931	0.717580	0.400000	0.049901
Forecast	2002	0.298886	8.069933	0.119555	2.689978	0.777105	0.000000	0.049901
Forecast	2003	0.312571	8.439428	0.125029	2.813143	0.812686	0.000000	0.049901

Parks Trust Interest

Revenue Description: Beginning in fiscal 1976, a portion of coal severance tax revenue was deposited into the Parks Acquisition and Arts Protection trust fund. The 1991 legislature split the principal of this trust into two separate trusts, the Parks Acquisition trust (parks trust) and the Arts Protection trust, with coal severance taxes allocated to each one. The amount of 1.27 percent of coal tax revenues is statutorily allocated to the parks trust for the purpose of parks acquisition or management. Income from the parks trust must be appropriated for the acquisition, development, operation, and maintenance of state parks, state recreational areas, state monuments, and state historical sites under control of the Department of Fish, Wildlife and Parks.

Applicable Tax Rate(s): N/A

Distribution: Interest earnings on the parks trust are allocated to the Department of Fish, Wildlife, and Parks.

Collection Frequency: Monthly

Applicable Assumptions and/or Relevant Indicators:

Gains and Losses Income
Trust Pool Amortizations
Trust Pool Accretions
Board of Investments Fees
Secondary Lending Income
Long Term Interest Rates
Short Term Interest Rates
Coal Severance Tax Collections

Coal severance tax collections are estimated via the coal severance tax methodology.

Data Source(s): Board of Investments, SBAS, SABHRS, *Wall Street Journal*, Wharton Econometrics Forecasting Associates (WEFA)

Contacts:

Statute: Title 15, Chapter 35 and Title 23, Chapter 1, MCA

% of Total FY 2000 General Fund Revenue: N/A

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

The methodology used to forecast parks trust interest earnings is a multi-step process. In order to estimate total investment earnings for the trust, income must be calculated on three separate components: 1) parks trust pool interest; 2) interest on new deposits; and 3) short term interest earnings.

Parks Trust Interest

As of October 1, 1995, all fixed-income investments held by the state's major trust funds were transferred to a newly-created Trust Fund Bond Pool (TFBP). Thus, the first step involves determining coupon interest income for the entire TFBP, by multiplying the par value of the portfolio times the coupon interest rate. Total income for the TFBP is then calculated by adding the TFBP coupon interest income with other income variables, including: pool short term interest, gains and losses income, Board of Investments fees, TFBP amortizations and accretions, and secondary lending income. Once total TFBP income is estimated, the portion of interest income attributable to the parks trust is calculated based on the number of parks trust shares relative to the total number of TFBP shares.

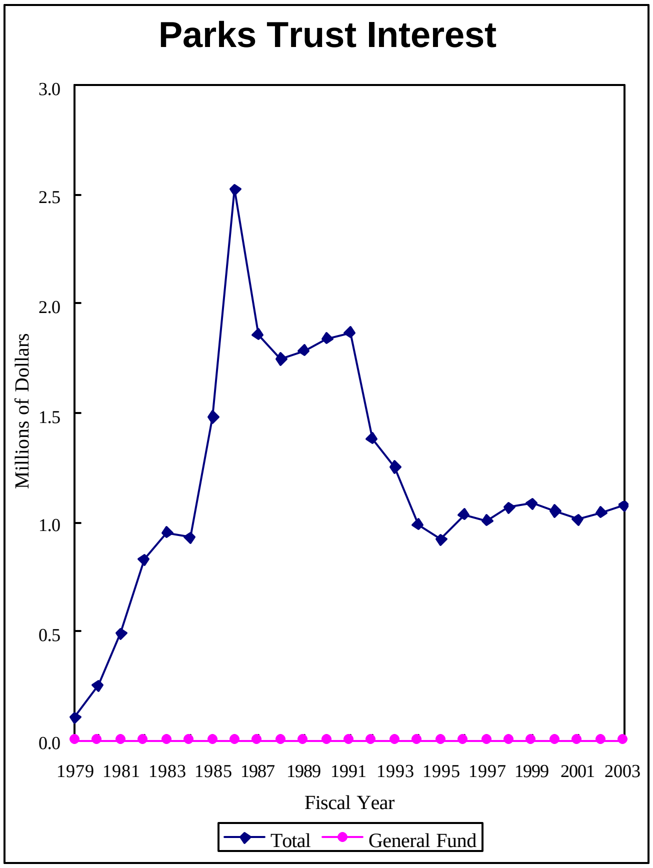
Investment income on new deposits is calculated by multiplying the forecast amount for quarterly coal severance tax collections by the appropriate interest rate. The investable balance used varies in accordance with the timing of when new monies become available. For example, coal severance tax collections due for the first quarter of the biennium will earn interest at the short term (STIP) rate for one month, after which they will earn interest at the long term rate for the remainder of the biennium. (Coal severance tax collections are forecast as part of the coal severance tax methodology.)

Finally, because a portion of the trust is invested on a short term basis, an assumption is made for the balance of trust funds in STIP. This balance is then multiplied by the short term interest rate to determine short term interest income.

Once investment income has been calculated for these three components, the sum of these comprises total parks trust investment income.

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1979	0.104007	0.000000	
A	1980	0.253740	0.000000	Not App.
A	1981	0.490378	0.000000	Not App.
A	1982	0.828551	0.000000	Not App.
A	1983	0.950793	0.000000	Not App.
A	1984	0.928039	0.000000	Not App.
A	1985	1.480704	0.000000	Not App.
A	1986	2.523046	0.000000	Not App.
A	1987	1.860405	0.000000	Not App.
A	1988	1.745652	0.000000	Not App.
A	1989	1.785198	0.000000	Not App.
A	1990	1.842276	0.000000	Not App.
A	1991	1.867393	0.000000	Not App.
A	1992	1.380377	0.000000	Not App.
A	1993	1.251443	0.000000	Not App.
A	1994	0.988100	0.000000	Not App.
A	1995	0.921642	0.000000	Not App.
A	1996	1.033231	0.000000	Not App.
A	1997	1.006658	0.000000	Not App.
A	1998	1.066300	0.000000	Not App.
A	1999	1.086035	0.000000	Not App.
A	2000	1.050621	0.000000	Not App.
F	2001	1.012000	0.000000	Not App.
F	2002	1.044000	0.000000	Not App.
F	2003	1.073000	0.000000	Not App.



Forecast Methodology

TPCI t = SUM(i=1...n)(PAR t * CR t)i
---where
TPCI = Trust Pool Coupon Interest
PAR = Security Par Value
CR = Coupon Interest Rate
t = Fiscal Year
i = Security in the Pool

TTPI t = TPCI t + PSTI t + GLI t + BOIF t + AMT t + SECL t + ACCR t
---where
TTPI = Total Trust Pool Income
TPCI = Trust Pool Coupon Interest
PSTI = Pool Short Term Interest
GLI = Gains and Losses Income
BOIF = Board of Investments Fees
AMT = Trust Pool Amortizations
SECL = Secondary Lending Income
ACCR = Trust Pool Accretions
t = Fiscal Year

PTPI t = (PTS t / TPS t) * TTPI t
---where
PTPI = Parks Trust Pool Interest
PTS = Parks Trust Shares
TPS = Total Bond Pool Shares
TTPI = Total Trust Pool Income
t = Fiscal Year
NDI t = (CST t / 4) * (LTIR t / 12) * 22 + (CST t / 4)
* (STIR t / 12) * 4 + CST t-1 * LTIR t-1
---where
NDI = New Deposits Interest
CST = Coal Severance Tax Allocation
LTIR = Long Term Interest Rate
STIR = Short Term Interest Rate
t = Fiscal Year

NPSTI t = STIB t * STIR t
---where
NPSTI = Non Pool STIP Investment Interest
STIB = STIP Investment Balance
STIR = STIP Interest Rate
t = Fiscal Year

Parks Trust Interest

TPTI t = PTPI t + NDI t + NPSTI t
---where
TPTI = Total Parks Trust Interest
PTPI = Parks Trust Pool Interest
NDI = New Deposits Interest
NPSTI = Non Pool STIP Investment Interest
t = Fiscal Year

Distribution Methodology

GFINT t = TPTI t * 0%
---where
GFINT = General Fund Interest Earnings
TPTI = Total Parks Trust Interest
t = Fiscal Year

	t Fiscal	Total Rev. Millions	GF Rev. Millions	Trust Shares Millions	Total Shares Millions	Trust Pool Interest Millions	Other Pool Income Millions
Actual	2000	1.050621	0.000000	0.148632	11.821189	78.564737	5.084671
Forecast	2001	1.012000	0.000000	0.137463	11.821189	78.564737	5.422011
Forecast	2002	1.044000	0.000000	0.137463	11.821189	78.564737	5.445886
Forecast	2003	1.073000	0.000000	0.137463	11.821189	78.564737	5.309712

	t Fiscal	Pool Short Term Interest Millions	Gains Losses Millions	Fees Millions	Amortizations Millions	Lending Millions	Accretions Millions
Actual	2000	2.402942	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2001	2.740282	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2002	2.764157	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2003	2.627983	0.697222	-0.197184	-1.337427	0.283705	3.235413

	t Fiscal	Net Coal Tax New Deposit Millions		New Deposit Interest Millions	Long Term Rate	Non Pool STIP Rate	Non Pool STIP Bal Millions	Non Pool STIP Int Millions
Actual	2000	0.450466			7.1000%	5.4350%	0.301775	
Forecast	2001	0.423000		0.016472	7.3690%	6.1980%	0.301775	0.018704
Forecast	2002	0.430000		0.047978	7.3910%	6.2520%	0.301775	0.018867
Forecast	2003	0.429000		0.079584	7.3780%	5.9440%	0.301775	0.017938

Legislative Fiscal Division

Revenue Estimate Profile

Pine Hills Interest and Income

Revenue Description: Lands granted by the federal government to the state for the benefit of public schools and various state institutions generate income. These lands produce revenue through rents or crop shares for agricultural purposes, royalties from the sale of mineral rights, and sales of timber. Income from certain portions of public school/institution lands has been designated for the support of the Pine Hills youth correctional facility. Thus, some of these funds are deposited into a component of the trust and legacy trust fund referred to as the Pine Hills trust, which generates interest earnings for the state. As of October 1, 1995, all fixed-income investments held by the state's major trust funds were transferred to a newly-created Trust Fund Bond Pool (TFBP). The majority of trust and legacy trust funds are invested as part of the TFBP. Some funds, however, are invested on a short term basis in the state's Short Term Investment Pool (STIP). The state constitution prohibits the investment of any trust funds in common stock.

In accordance with statute, 3.0 percent of Pine Hills interest and income is allocated to the Department of Natural Resources and Conservation (DNRC) to be used for resource development purposes. Senate Bill 48, passed by the 1999 legislature, provides for the diversion of the following funds for the purpose of funding the Trust Land Management Division in the DNRC: 1) mineral royalties; 2) revenues from the sale of easements; and 3) 5.0 percent of interest and income previously credited to the common school trust. The amount of the money diverted from the Pine Hills trust reduces the growth of the trust fund balance and, hence, reduces the amount of distributable interest earnings.

Applicable Tax Rate(s): N/A

Distribution: Interest and income from the trust, less amounts to fund DNRC administration, is allocated to the Department of Corrections for support of the Pine Hills youth correctional facility.

Collection Frequency: Monthly

Applicable Assumptions and/or Relevant Indicators:

Gains and Losses Income
Trust Pool Amortizations
Trust Pool Accretions
Board of Investments Fees
Secondary Lending Income
Long Term Interest Rates
Short Term Interest Rates
Trust and Legacy Income

Data Source(s): Board of Investments, SBAS, SABHRS, *Wall Street Journal*, Wharton Econometrics Forecasting Associates (WEFA), Department of Natural Resources and Conservation

Contacts: Department of Natural Resources and Conservation

Statute: N/A

% of Total FY 2000 General Fund Revenue: N/A

Legislative Fiscal Division

Revenue Estimate Profile

Pine Hills Interest and Income

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

The methodology used to forecast Pine Hills interest and income is a multi-step process.

Interest income is derived from both investment of the Pine Hills trust fund, as well as interest on land sales. In order to calculate total investment earnings for the trust, income must be calculated on three separate components: 1) trust and legacy trust pool interest; 2) interest on new deposits; and 3) short term interest earnings. The first step involves determining coupon interest income for the entire TFBP, by multiplying the par value of the portfolio times the coupon interest rate. Total income for the TFBP is then calculated by adding the TFBP coupon interest income with other income variables, including: pool short term interest, gains and losses income, Board of Investments fees, TFBP amortizations and accretions, and secondary lending income. Once total TFBP income is estimated, the portion of interest income attributable to the trust and legacy trust fund is calculated based on the number of trust and legacy shares relative to the total number of TFBP shares.

Investment income on new deposits is calculated by multiplying the forecast amount for trust and legacy income (lessened by the amount to fund the Trust Land Management Division in DNRC) by the appropriate interest rate. The interest rate and investable balance used varies in accordance with the timing of when new monies become available. For example, revenues received for the first month of the biennium will earn interest at the short term (STIP) rate for one month, after which they will earn interest at the long term rate for the remainder of the biennium.

In addition, because a portion of the trust is invested on a short term basis, an assumption is made for the balance of trust funds in STIP. This balance is then multiplied by the short term interest rate to determine short term interest income.

Once investment income has been calculated for these three components, the sum of the three is multiplied by the percent of income attributable to the Pine Hills trust portion of the trust and legacy trust fund. This number is added to the amount of interest expected from land sales and interest on STIP investments, to comprise total Pine Hills trust interest income.

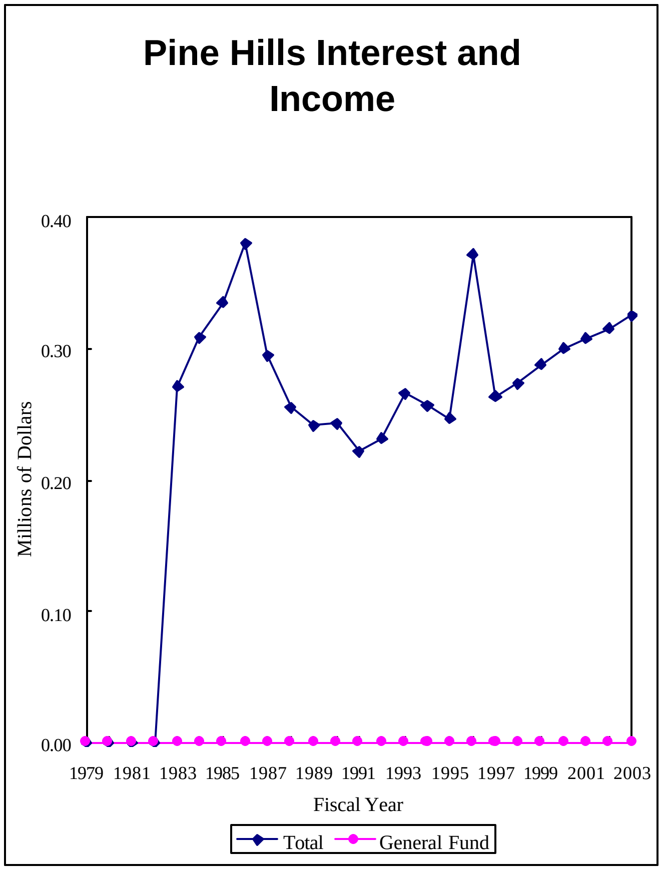
Pine Hills income is estimated by computing the total of six different types of revenue: grazing fees, agricultural fees, miscellaneous fees, oil and gas leases, oil and gas penalties, and miscellaneous rentals. Once total income is determined, the 3.0 percent of revenues allocated to DNRC is calculated.

Total interest and income is calculated by taking the sum of total Pine Hills income, total Pine Hills interest, and timber sale revenue, less the resource development allocation.

Pine Hills Interest and Income

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1979	0.000000	0.000000	
A	1980	0.000000	0.000000	Not App.
A	1981	0.000000	0.000000	Not App.
A	1982	0.000000	0.000000	Not App.
A	1983	0.271446	0.000000	Not App.
A	1984	0.308253	0.000000	Not App.
A	1985	0.335136	0.000000	Not App.
A	1986	0.379750	0.000000	Not App.
A	1987	0.294555	0.000000	Not App.
A	1988	0.254980	0.000000	Not App.
A	1989	0.241441	0.000000	Not App.
A	1990	0.243307	0.000000	Not App.
A	1991	0.221278	0.000000	Not App.
A	1992	0.231828	0.000000	Not App.
A	1993	0.266031	0.000000	Not App.
A	1994	0.256412	0.000000	Not App.
A	1995	0.246726	0.000000	Not App.
A	1996	0.371743	0.000000	Not App.
A	1997	0.263606	0.000000	Not App.
A	1998	0.273282	0.000000	Not App.
A	1999	0.287506	0.000000	Not App.
A	2000	0.300240	0.000000	Not App.
F	2001	0.308000	0.000000	Not App.
F	2002	0.315000	0.000000	Not App.
F	2003	0.325000	0.000000	Not App.



Forecast Methodology

TPCI t = SUM(i=1...n)(PAR t * CR t)i
---where
TPCI = Trust Pool Coupon Interest
PAR = Security Par Value
CR = Coupon Interest Rate
t = Fiscal Year
i = Security in the Pool

TTPI t = TPCI t + PSTI t + GLI t + BOIF t + AMT t + SECL t + ACCR t
---where
TTPI = Total Trust Pool Income
TPCI = Trust Pool Coupon Interest
PSTI = Pool Short Term Interest
GLI = Gains and Losses Income
BOIF = Board of Investments Fees
AMT = Trust Pool Amortizations
SECL = Secondary Lending Income
ACCR = Trust Pool Accretions
t = Fiscal Year

TLPI t = (TLTS t / TPS t) * TTPI t
---where
TLPI = Trust & Legacy Pool Interest
TLTS = Trust & Legacy Trust Shares
TPS = Total Bond Pool Shares
TTPI = Total Trust Pool Income
t = Fiscal Year

NDI t = (TLI t / 12) * (LTIR t / 12) * 62 + (TLI t / 12) * STIR t + TLI t -1 * LTIR t-1
---where
NDI = New Deposits Interest (Less Funding for the Trust Land Management Division)
TLI = Trust and Legacy Income
LTIR = Long Term Interest Rate
STIR = Short Term Interest Rate
t = Fiscal Year

NPSTI t = STIB t * STIR t
---where
NPSTI = Non Pool STIP Investment Interest
STIB = STIP Investment Balance
STIR = STIP Interest Rate
t = Fiscal Year

TTLI t = TLPI t + NDI t + NPSTI t
---where
TTLI = Total Trust and Legacy Interest
TLPI = Trust and Legacy Pool Interest
NDI = New Deposits Interest
NPSTI = Non Pool STIP Investment Interest
t = Fiscal Year

INC t = GF t + AF t + MF t + OGL t + OGP t + MR t
---where
INC = Pine Hills Income
GF = Grazing Fees
AF = Agricultural Fees
MF = Miscellaneous Fees
OGL = Oil and Gas Leases
OGP = Oil and Gas Penalties
MR = Miscellaneous Rentals
t = Fiscal Year

INT t = ILS t + IS t + (TTLI t * PHP t)
---where
INT = Pine Hills Interest
ILS = Interest on Land Sales
IS = Interest on STIP Investments
TTLI = Total Trust and Legacy Interest
PHP = Pine Hills Trust Percent

RDA t = INC t * 3.0%
---where
RDA = Resource Development Allocation
INC = Pine Hills Income
t = Fiscal Year

TII t = (INC t + INT t + TS t - RDA t) * 100%
---where
TII = Total Interest and Income
INC = Pine Hills Income
INT = Pine Hills Interest
TS = Timber Sales
RDA = Resource Development Allocation
t = Fiscal Year

Distribution Methodology

GFINT t = TII t * 0%
---where
GFINT = General Fund Interest Earnings
TII = Total Interest and Income
t = Fiscal Year

Legislative Fiscal Division

Revenue Estimate Profile

Pine Hills Interest and Income

	t Fiscal	Total Rev. Millions	GF Rev. Millions	Trust Shares Millions	Total Shares Millions	Trust Pool Interest Millions	Other Pool Income Millions	Pine Hills Share T&L
Actual	2000	0.300240	0.000000	3.583217	11.821189	78.564737	5.084671	0.006048
Forecast	2001	0.308000	0.000000	3.583217	11.821189	78.564737	5.077838	0.006048
Forecast	2002	0.315000	0.000000	3.583217	11.821189	78.564737	5.084671	0.006048
Forecast	2003	0.325000	0.000000	3.583217	11.821189	78.564737	4.938141	0.006048

	t Fiscal	Pool Short Term Interest Millions	Gains Losses Millions	Fees Millions	Amortizations Millions	Lending Millions	Accretions Millions
Actual	2000	2.402942	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2001	2.396109	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2002	2.402942	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2003	2.256412	0.697222	-0.197184	-1.337427	0.283705	3.235413

	t Fiscal	Trust Income New Deposit Millions	Trust Land Admin. Millions	New Deposit Interest Millions	Long Term Rate	Non Pool STIP Rate	Non Pool STIP Bal Millions	Non Pool STIP Int Millions
Actual	2000	10.962021	0.000000					
Forecast	2001	6.505141	-3.478551	0.253308	7.3690%	6.1980%	11.676486	0.723709
Forecast	2002	7.111158	-3.742886	0.757307	7.3910%	6.2520%	11.676486	0.730014
Forecast	2003	8.194991	-3.737578	1.322663	7.3780%	5.9440%	11.676486	0.694050

	t Fiscal	Grazing Millions	Agriculture Millions	Misc. Millions	O&G Lease Millions	O&G Bonus Millions	O&G Penalty Millions	Misc. Millions
Actual	2000	0.054682	0.022855	0.047965	0.021231	0.000000	0.003895	0.000000
Forecast	2001	0.055004	0.020837	0.049557	0.024156	0.002182	0.001681	0.000000
Forecast	2002	0.054843	0.020494	0.048761	0.029342	0.002425	0.001435	0.000000
Forecast	2003	0.054924	0.020964	0.049159	0.036084	0.002694	0.001179	0.000000

	t Fiscal	Int. Land Millions	Int. STIP Millions	Int. Trust Millions	Timber Millions	Res. Dev. Millions	Net Millions
Actual	2000	0.000000	0.000086	0.154047	0.000000	-0.004521	0.300240
Forecast	2001	0.000000	0.000076	0.159247	0.000000	-0.004603	0.308137
Forecast	2002	0.000000	0.000067	0.162346	0.000000	-0.004719	0.314994
Forecast	2003	0.000000	0.000059	0.165279	0.000000	-0.004950	0.325392

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 6 Mill

Revenue Description: Montana law requires all counties to levy 6 mill university levy for deposit in a state special revenue account to be used for revenue to fund the university system. This levy is voted by voters statewide every ten years.

Taxable value is defined as the market value of statutorily defined property times a statutory tax rate. Property valued at market value includes personal property, utility property, railroad and airline property, livestock, and mineral net and gross proceeds. Property valued at assessed value includes residential and commercial real estate, agricultural land and timberland.

Residential and commercial real estate, agricultural land and timberland were reappraised in tax year 1997. SB184, passed during the 1999 session, required that appraised values be phased-in over four years. At the same time, a homestead exemption was created and phased-in for residential real estate, and a homestead exemption was phased-in for commercial real estate. In addition, the tax rates for residential and commercial real estate, agricultural and timberland are being phased-in. Agricultural land and timberland are valued on a productivity basis.

The revenue from the property tax depends on the underlying value of the property, legislated tax rates, as well as state and local mill levies. In addition to the tax on property, this revenue component includes collections from "non-levy" sources that are distributed on the basis of mills levied by taxing jurisdictions. These non-levy sources include the local share of the oil and gas production tax (formerly the local government severance tax and net proceeds tax), vehicle fees, coal gross proceeds taxes, the local share of the state corporation license taxes, and other smaller revenue sources. In addition, the 6 mill account receives statutory reimbursements from the general fund for shortfalls in revenue attributable to SB184 and SB260 (1999 session).

Applicable Tax Rate(s): Varies according to property classification.

Distribution: All property tax receipts are deposited into the general fund, except revenue associated with the university and welfare levy.

Collection Frequency: Monthly with significant state deposits in December and June.

Applicable Assumptions and/or Relevant Indicators:

- Statewide Taxable Value
- Vehicle Taxes
- Coal Gross Proceeds Tax Collections
- Corporation License Tax Collections
- Natural Gas and Oil Production Tax Collections
- Personal Property Tax Reimbursements
- Total Federal Forest Receipts
- Other Non-Levy Receipts

Revenue collections for these sources are calculated under individual, separate processes.

Property Tax: 6 Mill

Data Source(s): Department of Revenue (DOR), Office of Public Instruction (OPI), County Assessor Offices, Montana Association of Counties (MACO)

Contacts: Department of Revenue

Statute: Title 15, Chapter 6, MCA

% of Total FY 2000 General Fund Revenue: 0.00 %

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

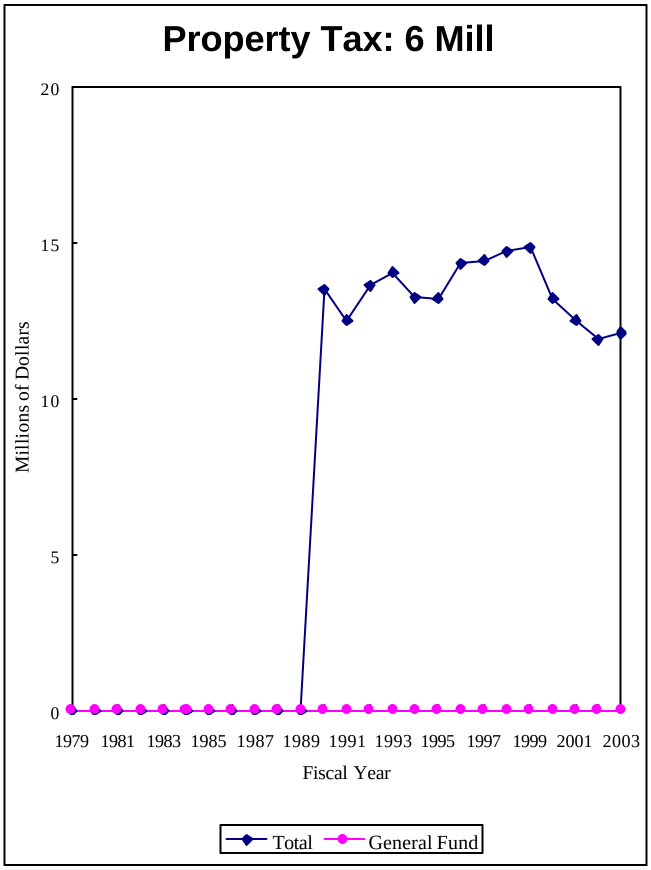
The first step in estimating property tax revenue requires calculating total statewide taxable value. This is done by taking the sum of all taxable value by class, each adjusted by a growth rate and adding taxable value abatements. According to state law the six mill tax base is not adjusted by the value of tax increment financing district (TIF) value, unlike the other property mill levies. The estimates for the growth of taxable value in residential and commercial real estate, agricultural and timberland include the phasing in of reappraisal, the phasing in of assessed value exemptions, and the phasing in of tax rate reductions. In addition, an adjustment of 3.9 percent per year to the taxable value of residential and commercial real estate is made to adjust for the addition of new property to the tax base.

The next step involves estimating total non-levy revenue. The various components used in doing this calculation include: corporation income tax on financial institutes, motor vehicle tax, natural gas and oil production tax, coal gross proceeds, personal property reimbursements, and other revenue. Each of these variables is multiplied by the applicable allocation percent and the sum of those figures provides the estimate for total non-levy revenue. The applicable percentage is based on the ratio of the applicable state mill levy divided by the total mills assessed.

Total 6 mill property tax revenue is calculated by first taking the total statewide taxable value times 6 mills. That figure is then added to the estimates for total non-levy revenue. Other adjustments attributable to changes in legislation are factored in.

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1979	0.000000	0.000000	
A	1980	0.000000	0.000000	Not App.
A	1981	0.000000	0.000000	Not App.
A	1982	0.000000	0.000000	Not App.
A	1983	0.000000	0.000000	Not App.
A	1984	0.000000	0.000000	Not App.
A	1985	0.000000	0.000000	Not App.
A	1986	0.000000	0.000000	Not App.
A	1987	0.000000	0.000000	Not App.
A	1988	0.000000	0.000000	Not App.
A	1989	0.000000	0.000000	Not App.
A	1990	13.474561	0.000000	Not App.
A	1991	12.496650	0.000000	Not App.
A	1992	13.617908	0.000000	Not App.
A	1993	14.043891	0.000000	Not App.
A	1994	13.216589	0.000000	Not App.
A	1995	13.205272	0.000000	Not App.
A	1996	14.303006	0.000000	Not App.
A	1997	14.403716	0.000000	Not App.
A	1998	14.702250	0.000000	Not App.
A	1999	14.833917	0.000000	Not App.
A	2000	13.189138	0.000000	Not App.
F	2001	12.483843	0.000000	Not App.
F	2002	11.889000	0.000000	Not App.
F	2003	12.092000	0.000000	Not App.



Forecast Methodology

TVAL t = Sum(i=1...n)(CLSS t)i * GRT it + ABAT t + LEG t
---where
TVAL = Statewide Taxable Value
CLSS = Taxable Value by Class
GRT it = Growth Rate for Each Class
ABAT = Taxable Value Abatement
LEG t = Legislation Impacts
t = Fiscal Year
i = Property Class

NLR ts = CIT t * APER its + VT t * APER its + OGT t * APER its
+CGP t *APER its +PPR t *APER its +OTH t *APER its
---where
NLR = Non Levy Revenue
CIT = Corporation Income Tax
VT = Vehicle Tax
OGT = Oil and Gas Tax
CGP = Coal Gross Proceeds
PPR = Personal Property Reimbursement
OTH = Other Revenue
APER = Allocation Percent
t = Fiscal Year
i = Non Levy Tax Source
s = State Mill Levy

TTAX t = MILLS t * TVAL t + NLR ts + ADJ t
---where
TTAX = Total Property Tax
MILLS = 6 Mills / 1000
TVAL = Statewide Taxable Value
NLR = Non Levy Revenue
ADJ = Legislation
t = Fiscal Year
s = State Mill Levy

Distribution Methodology

GFTAX t = TTAX t * 0%
---where
GFTAX = General Fund Allocation of Tax
TTAX = Total Property Tax
t = Fiscal Year

Property Tax: 6 Mill

	t Fiscal	Total Tax Millions	GF Tax Millions	Tax. Value Millions	Mills/1000 Applied	Non-Levy Millions	Adjustments Millions
Actual	2000	13.189138	0.000000	1900.647605	0.006000	2.544886	0.000000
Forecast	2001	12.483843	0.000000	1677.463469	0.006000	1.761000	0.657843
Forecast	2002	11.889000	0.000000	1710.363822	0.006000	1.627000	0.000000
Forecast	2003	12.092000	0.000000	1757.691375	0.006000	1.546000	0.000000

	t Fiscal	Class 1 Millions	Class 2 Millions	Class 3 Millions	Class 4 Millions	Class 5 Millions	Class 6 Millions	Class 7 Millions
Actual	2000	7.026572	8.282057	139.192024	894.188310	37.015035	22.570979	1.881621
Actual	2001	5.178965	8.460976	139.318879	920.536186	39.008611	15.695230	0.155867
Forecast	2002	5.178970	12.707624	139.250055	966.097204	39.774452	9.704690	0.151428
Forecast	2003	5.178970	14.719711	138.863636	1019.147534	41.120595	3.714140	0.148817

	t Fiscal	Class 8 Millions	Class 9 Millions	Class 10 Millions	Class 12 Millions	Class 13 Millions	TIF's Millions	Abatement Millions
Actual	2000	215.748092	498.030237	8.520090	68.192588	0.000000	44.535577	7.874787
Actual	2001	112.782734	230.832978	8.708849	49.641444	147.142750	28.428840	3.879830
Forecast	2002	117.181261	223.781580	8.312596	49.142008	139.081954	29.537565	3.879830
Forecast	2003	121.751330	221.098997	7.300662	49.474574	135.172409	30.689530	3.879830

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 9 Mill

Revenue Description: Montana law authorizes 12 counties to levy 9 mill university levy for deposit in a state special revenue account to be used for revenue to fund welfare expenditures in the 12 counties.

Taxable value is defined as the market value of statutorily defined property times a statutory tax rate. Property valued at market value includes personal property, utility property, railroad and airline property, livestock, and mineral net and gross proceeds. Property valued at assessed value includes residential and commercial real estate, agricultural land and timberland.

Residential and commercial real estate, agricultural land and timberland were reappraised in tax year 1997. SB184, passed during the 1999 session, required that appraised values be phased-in over four years. At the same time, a homestead exemption was created and phased-in for residential real estate, and a homestead exemption was phased-in for commercial real estate. In addition, the tax rates for residential and commercial real estate, agricultural and timberland are being phased-in. Agricultural land and timberland are valued on a productivity basis.

The revenue from the 9 mill property tax depends on the underlying value of the property and legislated tax rates. In addition to the tax on property, this revenue component includes collections from "non-levy" sources that are distributed on the basis of mills levied by taxing jurisdictions. These non-levy sources include the local share of the oil and gas production tax (formerly the local government severance tax and net proceeds tax), vehicle fees, coal gross proceeds taxes, the local share of the state corporation license taxes, and other smaller revenue sources. In addition, the 9 mill account receives statutory reimbursements from the general fund for shortfalls in revenue attributable to SB184 and SB260 (1999 session).

Applicable Tax Rate(s): Varies according to property classification.

Distribution: All property tax receipts are deposited into the general fund, except revenue associated with the university and welfare levy.

Collection Frequency: Monthly with significant state deposits in December and June.

Applicable Assumptions and/or Relevant Indicators:

- Statewide Taxable Value
- Vehicle Taxes
- Coal Gross Proceeds Tax Collections
- Corporation License Tax Collections
- Natural Gas and Oil Production Tax Collections
- Personal Property Tax Reimbursements
- Total Federal Forest Receipts
- Other Non-Levy Receipts

Revenue collections for these sources are calculated under individual, separate processes.

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 9 Mill

Data Source(s): Department of Revenue (DOR), Office of Public Instruction (OPI), County Assessor Offices, Montana Association of Counties (MACO)

Contacts: Department of Revenue

Statute: Title 15, Chapter 6, MCA

% of Total FY 2000 General Fund Revenue: 0%

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

The first step in estimating property tax revenue requires calculating total 12 county taxable value. This is done by taking the sum of all taxable value by class in each county, each adjusted by a growth rate, subtracting taxable value for Tax Increment Financing Districts and adding taxable value abatements. The estimates for the growth of taxable value in residential and commercial real estate, agricultural and timberland include the phasing in of reappraisal, the phasing in of assessed value exemptions, and the phasing in of tax rate reductions. In addition, an adjustment of 3.9 percent per year to the taxable value of residential and commercial real estate is made to adjust for the addition of new property to the tax base.

The next step involves estimating total non-levy revenue. The various components used in doing this calculation include: corporation income tax on financial institutes, motor vehicle tax, natural gas and oil production tax, coal gross proceeds, personal property reimbursements, and other revenue. Each of these variables is multiplied by the applicable allocation percent and the sum of those figures provides the estimate for total non-levy revenue. The applicable percentage is based on the ratio of the applicable state mill levy divided by the total mills assessed.

Total 9 mill property tax revenue is calculated by first taking the total taxable value in the 12 counties less adjustments for tax increment financing districts taxable value plus abatement taxable value times 9 mills. That figure is then added to the estimates for total non-levy revenue. Other adjustments attributable to changes in legislation are factored in.

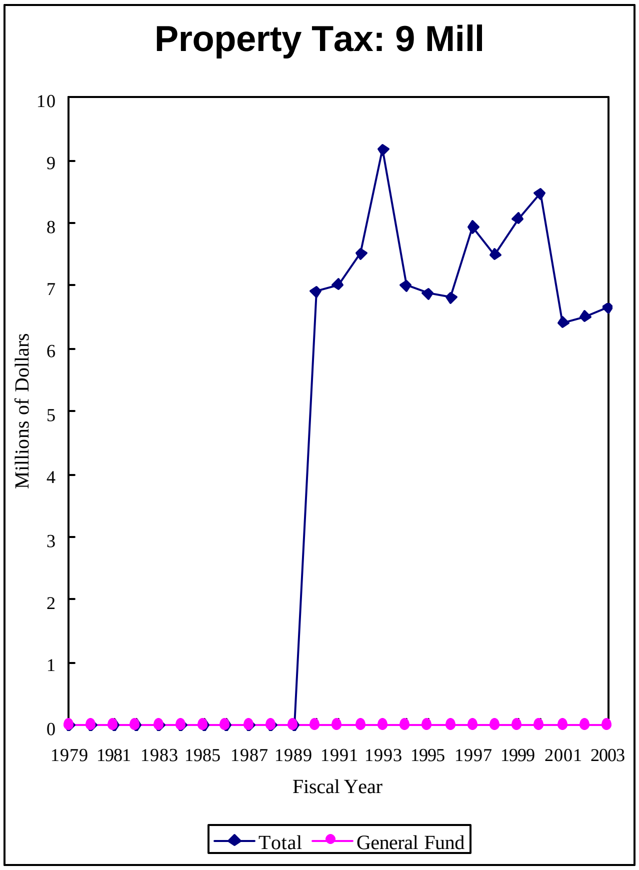
Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 9 Mill

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1979	0.000000	0.000000	
A	1980	0.000000	0.000000	Not App.
A	1981	0.000000	0.000000	Not App.
A	1982	0.000000	0.000000	Not App.
A	1983	0.000000	0.000000	Not App.
A	1984	0.000000	0.000000	Not App.
A	1985	0.000000	0.000000	Not App.
A	1986	0.000000	0.000000	Not App.
A	1987	0.000000	0.000000	Not App.
A	1988	0.000000	0.000000	Not App.
A	1989	0.000000	0.000000	Not App.
A	1990	6.907000	0.000000	Not App.
A	1991	7.029997	0.000000	Not App.
A	1992	7.518660	0.000000	Not App.
A	1993	9.171339	0.000000	Not App.
A	1994	7.003999	0.000000	Not App.
A	1995	6.883058	0.000000	Not App.
A	1996	6.820641	0.000000	Not App.
A	1997	7.941091	0.000000	Not App.
A	1998	7.509524	0.000000	Not App.
A	1999	8.072360	0.000000	Not App.
A	2000	8.481136	0.000000	Not App.
F	2001	6.418000	0.000000	Not App.
F	2002	6.512000	0.000000	Not App.
F	2003	6.660000	0.000000	Not App.



Forecast Methodology

TVAL t = Sum(i=1...n)(CLSS t)i * GRT it - TIF t + ABAT t
---where
TVAL = Statewide Taxable Value
CLSS = Taxable Value by Class
GRT t = Growth Rate for Each Class
TIF = Tax Increment Financing District Taxable Value
ABAT = Taxable Value Abatement
t = Fiscal Year
i = Property Class

NLR ts = CIT t * APER its + VT t * APER its + OGT t * APER its
+CGP t *APER its +PPR t *APER its +OTH t *APER its
---where
NLR = Non Levy Revenue
CIT = Corporation Income Tax
VT = Vehicle Tax
OGT = Oil and Gas Tax
CGP = Coal Gross Proceeds
PPR = Personal Property Reimbursement
OTH = Other Revenue
APER = Allocation Percent
t = Fiscal Year
i = Non Levy Tax Source
s = State Mill Levy

TTAX t = MILLS t * TVAL t + NLR ts + ADJ t
---where
TTAX = Total Property Tax
MILLS = 9 Mills / 1000
TVAL = 12 counties Taxable Value
NLR = Non Levy Revenue
ADJ = Legislation
t = Fiscal Year
s = State Mill Levy

Distribution Methodology

GFTAX t = TTAX t * 0%
---where
GFTAX = General Fund Allocation of Tax
TTAX = Total Property Tax
t = Fiscal Year

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 9 Mill

	t Fiscal	Total Tax Millions	GF Tax Millions	Tax. Value Millions	Mills/1000 Applied	Non-Levy Millions	Adjustments Millions
Actual	2000	8.481136	0.000000	716.003578	0.009000	0.860822	0.000000
Forecast	2001	6.418000	0.000000	677.621902	0.009000	0.319000	0.000000
Forecast	2002	6.512000	0.000000	690.655065	0.009000	0.296000	0.000000
Forecast	2003	6.660000	0.000000	709.585016	0.009000	0.274000	0.000000

	t Fiscal	Class 1 Millions	Class 2 Millions	Class 3 Millions	Class 4 Millions	Class 5 Millions	Class 6 Millions	Class 7 Millions
Actual	2000	7.026572	8.282057	139.192024	894.188310	37.015035	22.570979	1.881621
Actual	2001	5.178965	8.460976	139.318879	920.536186	39.008611	15.695230	0.155867
Forecast	2002	5.178970	12.707624	139.250055	966.097204	39.774452	9.704690	0.151428
Forecast	2003	5.178970	14.719711	138.863636	1019.147534	41.120595	3.714140	0.148817

	t Fiscal	Class 8 Millions	Class 9 Millions	Class 10 Millions	Class 12 Millions	Class 13 Millions	TIF's Millions	Abatement Millions
Actual	2000	215.748092	498.030237	8.520090	68.192588	0.000000	44.535577	7.874787
Actual	2001	112.782734	230.832978	8.708849	49.641444	147.142750	28.428840	3.879830
Forecast	2002	117.181261	223.781580	8.312596	49.142008	139.081954	29.537565	3.879830
Forecast	2003	121.751330	221.098997	7.300662	49.474574	135.172409	30.689530	3.879830

Legislative Fiscal Division

Revenue Estimate Profile

Resource Indemnity Tax

Revenue Description: The state imposes a resource indemnity and ground water assessment (RIGWA) tax on the gross value of coal, as well as most minerals, excluding metals. The RIGWA tax on oil and gas is a portion of the oil and natural gas production tax discussed in the general fund section. The RIGWA tax on all other production is specific to each resource as described below.

Applicable Tax Rate(s): The applicable rates are as follows:

Coal: $25 plus 0.4% of the gross value of coal produced in the preceding year in excess of $6,250
Minerals: $25 plus 0.5% of the gross value of minerals (not including metals) produced in the preceding year in excess of $5,000
Talc: $25 plus 0.4% of the gross value of talc produced in the preceding year in excess of $625
Vermiculite: $25 plus 2.0% of the gross value of vermiculite produced in the preceding year in excess of $1,250
Limestone: $25 plus 10.0% of the gross value of limestone produced in the preceding year in excess of $250
Garnets: $25 plus 1.0% of the gross value of garnets produced in the preceding year in excess of $2,500

Distribution: Prior to the resource indemnity trust (RIT) reaching a $100 million balance, 50 percent of RIGWA tax proceeds are deposited each year in the RIT and $300,000 each year is deposited in the ground water assessment account. The remainder of RIGWA tax proceeds are distributed as follows:

50.0% to the orphan share account
50.0% to the reclamation and development grants account

After the RIT balance reaches a $100 million, $366,000 each year of RIGWA tax proceeds are deposited in the ground water assessment account. The remainder of RIGWA tax is distributed as follows:

50.0% to the orphan share account
50.0% to the reclamation and development grants account

Collection Frequency: Annually: The tax is paid on or before March 31 of the year following the production year.

Applicable Assumptions and/or Relevant Indicators:

Montana Coal Production
Montana Coal Price
Montana Mineral Production
Montana Mineral Price
Montana Oil Production
Montana Oil Price
Montana Natural Gas Production
Montana Natural Gas Price

Data Source(s): Department of Revenue, Surveys of Various Companies

Contacts: Department of Revenue

Statute: Title 15, Chapter 38, MCA

% of Total FY 2000 General Fund Revenue: N/A

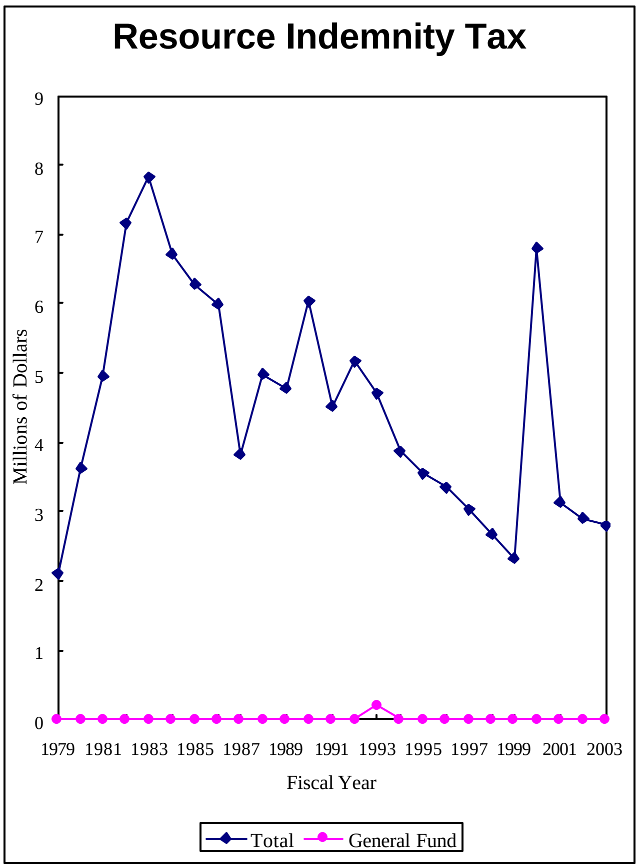
Resource Indemnity Tax

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

Total gross value of coal and the major minerals are forecast as described in the general fund source section. The tax rate is applied to the gross value to arrive at the revenue forecast. The allocation process distributes the revenue to the various non-general fund accounts.

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1979	2.107358	0.000000	
A	1980	3.630322	0.000000	Not App.
A	1981	4.959025	0.000000	Not App.
A	1982	7.159153	0.000000	Not App.
A	1983	7.822036	0.000000	Not App.
A	1984	6.716089	0.000000	Not App.
A	1985	6.278740	0.000000	Not App.
A	1986	5.992270	0.000000	Not App.
A	1987	3.821952	0.000000	Not App.
A	1988	4.979333	0.000000	Not App.
A	1989	4.782041	0.000000	Not App.
A	1990	6.037436	0.000000	Not App.
A	1991	4.527135	0.000000	Not App.
A	1992	5.164977	0.000000	Not App.
A	1993	4.705596	0.204434	Not App.
A	1994	3.867897	0.004206	-97.94%
A	1995	3.561042	0.000078	-98.15%
A	1996	3.351177	0.000000	-100.00%
A	1997	3.036136	0.000000	Not App.
A	1998	2.666933	0.000000	Not App.
A	1999	2.331948	0.000000	Not App.
A	2000	6.793459	0.000000	Not App.
F	2001	3.140000	0.000000	Not App.
F	2002	2.904000	0.000000	Not App.
F	2003	2.809000	0.000000	Not App.



Forecast Methodology

TAX t = SUM(i=1...n) MTAX ti

---where

TAX = RIGWA and Oil & Gas Tax

MTAX = Tax on Mineral

t = Fiscal Year

i = Mineral

Minerals Taxed

Oil :	Allocation of Oil Tax (See Oil for methodology)
Natural Gas:	Allocation of Natural Gas Tax (See Natural Gas for methodology)
Coal:	0.4 Percent of Coal Gross Value (See Coal for methodology)
Micaceous Minerals:	Percent of gross value depending on mineral

Distribution Methodology

GFTAX t = TAX t * 0%

---where

GFTAX = General Fund Allocation of Tax

TAX = Resource Indemnity and Ground Water Assessment Tax

t = Fiscal Year

	t Fiscal	Total Tax Millions	GF Tax Millions	Oil Millions	Natural Gas Millions	Coal Millions	Metals Millions	Other Millions
Actual	2000	6.793459	0.000000	1.394764	0.319335	0.906413	0.000000	0.239000
Forecast	2001	3.140000	0.000000	1.546000	0.474000	0.881000	0.000000	0.239000
Forecast	2002	2.904000	0.000000	1.310000	0.454000	0.901000	0.000000	0.239000
Forecast	2003	2.809000	0.000000	1.282000	0.376000	0.912000	0.000000	0.239000

	t Fiscal	Trust Other Millions	Trust Metal Millions	Renewable Millions	Ground Millions	Reclamation Millions	Orphan Millions	Trust Balance Millions
Actual	2000	3.391472	0.000000	0.000000	0.521579	1.440204	1.440204	98.042810
Forecast	2001	1.570000	0.000000	0.000000	0.300000	0.635000	0.635000	99.612810
Forecast	2002	1.452000	0.000000	0.000000	0.300000	0.576000	0.576000	101.064810
Forecast	2003	0.000000	0.000000	0.000000	0.666000	1.072000	1.072000	101.064810

Legislative Fiscal Division

Revenue Estimate Profile

Resource Indemnity Trust Interest

Revenue Description: Article IX, Section 2 of the Montana Constitution and Title 15, Chapter 38, MCA, require that certain resource extraction taxes, as determined by the legislature, be placed in a trust. The principal of the Resource Indemnity Trust (RIT) "shall forever remain inviolate in an amount of one hundred million dollars ($100,000,000), guaranteed by the state against loss or diversion." Once the principal of the trust reaches $100.0 million, any additional tax deposits may be appropriated. Interest earnings on the RIT are to be spent to improve the total environment and rectify damage to the environment. It is also the legislature's intent that interest earnings not be appropriated for general operating expenses of state agencies.

Currently, the RIT receives revenue from the resource indemnity and ground water assessment tax and the oil and gas tax. These allocations of revenue will terminate July 1 of the first year following the date that the Governor by executive order certifies to the Secretary of State that the RIT balance has reached $100 million. Revenue estimates show this occurring July of 2002. Therefore, the trust balance will remain constant and interest earnings dependent only on the interest rates.

Applicable Tax Rate(s): N/A

Distribution: Statute allocates RIT interest earnings in the following manner for the 2003 biennium through the 2009 biennium:

1) at the beginning of the biennium, an amount not to exceed $175,000 to the environmental contingency fund to bring the balance up to $750,000. Money in this account is statutorily appropriated for unanticipated public needs arising from certain disasters and emergencies, which may be used upon authorization of the Governor.
2) at the beginning of the biennium, an amount not to exceed $50,000 to the oil and gas mitigation account to bring the balance up to $200,000. Money in this account is statutorily appropriated to the Board of Oil and Gas Conservation for the cost of plugging wells that have been abandoned and for which no responsible party can be found.
3) at the beginning of the biennium, $500,000 to the water storage state special revenue account to provide loans and grants for water storage projects
4) $2.0 million annually to the renewable resource grant and loan program state special revenue account for distribution as grants
5) $1.5 million annually to the reclamation and development grant state special revenue account for distribution as grants
6) $500,000 annually to the future fisheries program for bull trout and cutthroat trout recovery.
7) $300,000 annually to the ground water assessment account to improve ground water management and protection
8) $240,000 annually to MSU Northern for the environmental science-water quality instructional programs. This amount is statutorily appropriated.
9) Of the remaining RIT interest earnings: a) 30.0 percent goes to the renewable resource grant and loan account for program and administrative costs; b) 35.0 percent goes to the reclamation and development grant account for program and administrative costs; c) 26.0 percent goes to the hazardous waste/CERCLA account for superfund activities; and d) 9.0 percent goes to the environmental quality protection fund for additional clean-up activities.

The Department of Natural Resources and Conservation administers two of the RIT interest accounts which are used for grants, loans, and administrative costs: the renewable resource grant and loan program account and the reclamation and development grant account. These accounts also receive funding from other sources. All grants and loans made from these accounts require legislative approval. Grants must also be appropriated.

Collection Frequency: Monthly

Applicable Assumptions and/or Relevant Indicators:

Gains and Losses Income
Trust Pool Amortizations
Trust Pool Accretions
Board of Investments Fees
Secondary Lending Income
Long Term Interest Rates
Short Term Interest Rates
RIGWA Tax Collections
Oil and Natural Gas Tax Collections

RIGWA, oil, and natural gas tax collections are estimated under separate methodologies.

Data Source(s): Board of Investments, SBAS, SABHRS, *Wall Street Journal*, Wharton Econometrics Forecasting Associates (WEFA)

Contacts:

Statute: Title 15, Chapter 38, MCA

% of Total FY 2000 General Fund Revenue: N/A

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgement, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

The methodology used to forecast RIT interest earnings is a multi-step process. In order to estimate total investment earnings for the trust, income must be calculated on three separate components: 1) RIT pool interest; 2) interest on new deposits; and 3) short term interest earnings.

As of October 1, 1995, all fixed-income investments held by the state's major trust funds were transferred to a newly-created Trust Fund Bond Pool (TFBP). Thus, the first step involves determining coupon interest income for the entire TFBP, by multiplying the par value of the portfolio times the coupon interest rate. Total income for the TFBP is then calculated by adding the TFBP coupon interest income with other income variables, including: pool short term interest, gains and losses income, Board of Investments fees, TFBP amortizations and accretions, and secondary lending income. Once total TFBP income is estimated, the portion of interest income attributable to the RIT is calculated based on the number of RIT fund shares relative to the total number of TFBP shares.

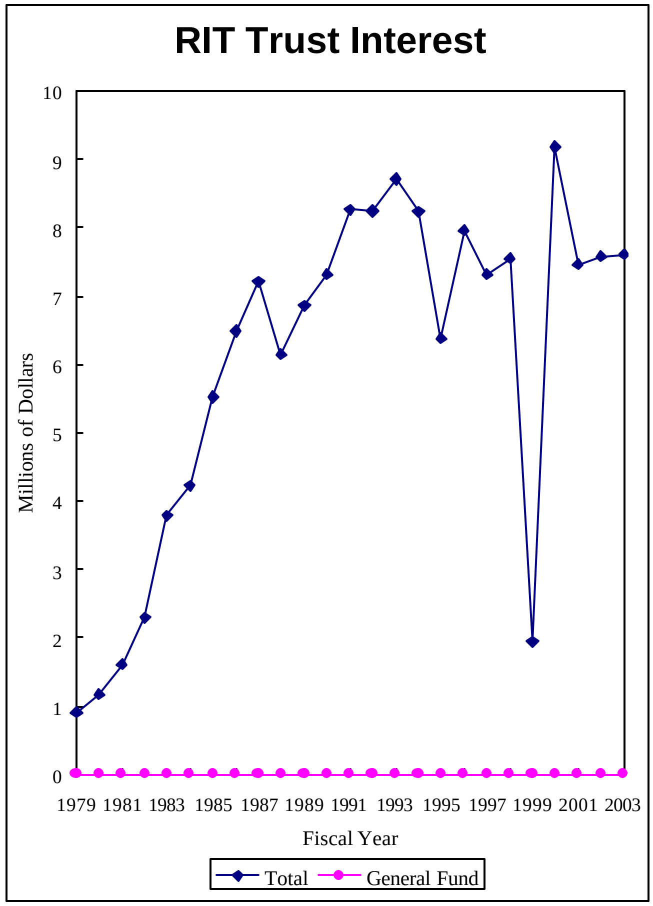
Investment income on new deposits is calculated by multiplying the forecast amount for resource indemnity and groundwater assessment (RIGWA) tax, and oil and gas tax collections, by the appropriate interest rate. The investable balance used varies in accordance with the timing of when new monies become available. For example, RIGWA, oil and gas tax collections due for the first quarter of the biennium will earn interest at the short term (STIP) rate for one month, after which they will earn interest at the long term rate for the remainder of the biennium. (These various tax collections are forecast under separate methodologies.)

Finally, because a portion of the trust is invested on a short term basis, an assumption is made for the balance of trust funds in STIP. This balance is then multiplied by the short term interest rate to determine short term interest income.

Resource Indemnity Trust Interest

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1979	0.908982	0.000000	
A	1980	1.175530	0.000000	Not App.
A	1981	1.607667	0.000000	Not App.
A	1982	2.294265	0.000000	Not App.
A	1983	3.789855	0.000000	Not App.
A	1984	4.225130	0.000000	Not App.
A	1985	5.526373	0.000000	Not App.
A	1986	6.487967	0.000000	Not App.
A	1987	7.208545	0.000000	Not App.
A	1988	6.149783	0.000000	Not App.
A	1989	6.858164	0.000000	Not App.
A	1990	7.316096	0.000000	Not App.
A	1991	8.260874	0.000000	Not App.
A	1992	8.245914	0.000000	Not App.
A	1993	8.715126	0.000000	Not App.
A	1994	8.239056	0.000000	Not App.
A	1995	6.380294	0.000000	Not App.
A	1996	7.959843	0.000000	Not App.
A	1997	7.318083	0.000000	Not App.
A	1998	7.555620	0.000000	Not App.
A	1999	1.948278	0.000000	Not App.
A	2000	9.184060	0.000000	Not App.
F	2001	7.467000	0.000000	Not App.
F	2002	7.582000	0.000000	Not App.
F	2003	7.609000	0.000000	Not App.



Forecast Methodology

TPCI t = SUM(i=1...n)(PAR t * CR t)i
---where
TPCI = Trust Pool Coupon Interest
PAR = Security Par Value
CR = Coupon Interest Rate
t = Fiscal Year
i = Security in the Pool

TTPI t = TPCI t + PSTI t + GLI t + BOIF t + AMT t + SECL t + ACCR t
---where
TTPI = Total Trust Pool Income
TPCI = Trust Pool Coupon Interest
PSTI = Pool Short Term Interest
GLI = Gains and Losses Income
BOIF = Board of Investments Fees
AMT = Trust Pool Amortizations
SECL = Secondary Lending Income
ACCR = Trust Pool Accretions
t = Fiscal Year

RTPI t = (RTS t / TPS t) * TTPI t
---where
RTPI = Resource Trust Pool Interest
RTS = Resource Trust Shares
TPS = Total Bond Pool Shares
TTPI = Total Trust Pool Income
t = Fiscal Year

NDI t = (RIT t / 4) * (LTIR t / 12) * 22 + (RIT t / 4) * (STIR t / 12) * 4 + RIT t-1 * LTIR t-1
---where
NDI = New Deposits Interest
RIT = Resource Indemnity Tax Allocation
LTIR = Long Term Interest Rate
STIR = Short Term Interest Rate
t = Fiscal Year

NPSTI t = STIB t * STIR t
---where
NPSTI = Non Pool STIP Investment Interest
STIB = STIP Investment Balance
STIR = STIP Interest Rate
t = Fiscal Year

TRTI t = RTPI t + NDI t + NPSTI t
---where
TRTI = Total Resource Trust Interest
RTPI = Resource Trust Pool Interest
NDI = New Deposits Interest
NPSTI = Non Pool STIP Investment Interest
t = Fiscal Year

Distribution Methodology

GFINT t = TRTI t * 0%
---where
GFINT = General Fund Interest Earnings
TRTI = Total Resource Trust Interest
t = Fiscal Year

Legislative Fiscal Division

Revenue Estimate Profile

Resource Indemnity Trust Interest

	t Fiscal	Total Rev. Millions	GF Rev. Millions	Trust Shares Millions	Total Shares Millions	Trust Pool Interest Millions	Other Pool Income Millions
Actual	2000	9.184060	0.000000	1.010005	11.821189	78.564737	5.084671
Forecast	2001	7.467000	0.000000	1.010005	11.821189	78.564737	5.422011
Forecast	2002	7.582000	0.000000	1.010005	11.821189	78.564737	5.445886
Forecast	2003	7.609000	0.000000	1.010005	11.821189	78.564737	5.309712

	t Fiscal	Pool Short Term Interest Millions	Gains Losses Millions	Fees Millions	Amortizations Millions	Lending Millions	Accretions Millions
Actual	2000	2.402942	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2001	2.740282	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2002	2.764157	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2003	2.627983	0.697222	-0.197184	-1.337427	0.283705	3.235413

	t Fiscal	Net Coal Tax New Deposit Millions	New Deposit Interest Millions	Long Term Rate	Non Pool STIP Rate	Non Pool STIP Bal Millions	Non Pool STIP Int Millions
Actual	2000	3.391472		7.1000%	5.4350%	3.712675	
Forecast	2001	1.570000	0.061135	7.3690%	6.1980%	3.712675	0.230112
Forecast	2002	1.452000	0.172445	7.3910%	6.2520%	3.712675	0.232116
Forecast	2003	0.000000	0.223010	7.3780%	5.9440%	3.712675	0.220681

	t Fiscal	Hazardous Waste Millions	Environmental Quality Millions	Renewable Resource Millions	Reclamation Development Millions	Environmental Contingency Millions
Actual	2000	0.941319	0.319852	3.721445	3.176444	0.175000
Forecast	2001	0.891020	0.308430	3.268100	2.699450	0.000000
Forecast	2002	0.602420	0.208530	2.935100	2.310950	0.175000
Forecast	2003	0.797940	0.276210	3.160700	2.574150	0.000000

	t Fiscal	Water Storage Millions	Oil & Gas Receipts Millions	FWP Receipts Millions	Groundwater Receipts Millions
Actual	2000	0.500000	0.050000	0.000000	0.300000
Forecast	2001	0.000000	0.000000	0.000000	0.300000
Forecast	2002	0.500000	0.050000	0.500000	0.300000
Forecast	2003	0.000000	0.000000	0.500000	0.300000

Legislative Fiscal Division

Revenue Estimate Profile

Treasure State Endowment Trust Interest

Revenue Description: In the June 1992 election, voters approved a referendum to create the Treasure State Endowment Fund (TSEF) within the permanent coal tax trust fund. The TSEF received a $10.0 million grant from the permanent trust principal in fiscal 1994 and receives 37.5 percent of total coal severance tax collections from July 1999 through June 2013. Interest earned on the TSEF is used to finance local infrastructure projects, as prioritized by the Departments of Commerce and Natural Resources and Conservation and authorized by the legislature via the Treasure State Endowment Program (TSEP).

Applicable Tax Rate(s): N/A

Distribution: Interest earnings are allocated to the Department of Commerce to fund TSEP.

Collection Frequency: Monthly

Applicable Assumptions and/or Relevant Indicators:

Gains and Losses Income
Trust Pool Amortizations
Trust Pool Accretions
Board of Investments Fees
Secondary Lending Income
Long Term Interest Rates
Short Term Interest Rates
Coal Severance Tax Collections

Coal severance tax collections are estimated via the coal severance tax methodology.

Data Source(s): Board of Investments, SBAS, SABHRS, *Wall Street Journal*, Wharton Econometrics Forecasting Associates (WEFA)

Contacts:

Statute: Title 15, Chapter 35; Title 17, Chapter 5; and Title 90, Chapter 6, MCA

% of Total FY 2000 General Fund Revenue: N/A

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgement, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

The methodology used to forecast TSEF interest earnings is a multi-step process. In order to estimate total investment earnings for the trust, income must be calculated on three separate components: 1) TSEF pool interest; 2) interest on new deposits; and 3) short term interest earnings.

Legislative Fiscal Division

Revenue Estimate Profile

Treasure State Endowment Trust Interest

As of October 1, 1995, all fixed-income investments held by the state's major trust funds were transferred to a newly-created Trust Fund Bond Pool (TFBP). Thus, the first step involves determining coupon interest income for the entire TFBP, by multiplying the par value of the portfolio times the coupon interest rate. Total income for the TFBP is then calculated by adding the TFBP coupon interest income with other income variables, including: pool short term interest, gains and losses income, Board of Investments fees, TFBP amortizations and accretions, and secondary lending income. Once total TFBP income is estimated, the portion of interest income attributable to the TSEF is calculated based on the number of TSEF shares relative to the total number of TFBP shares.

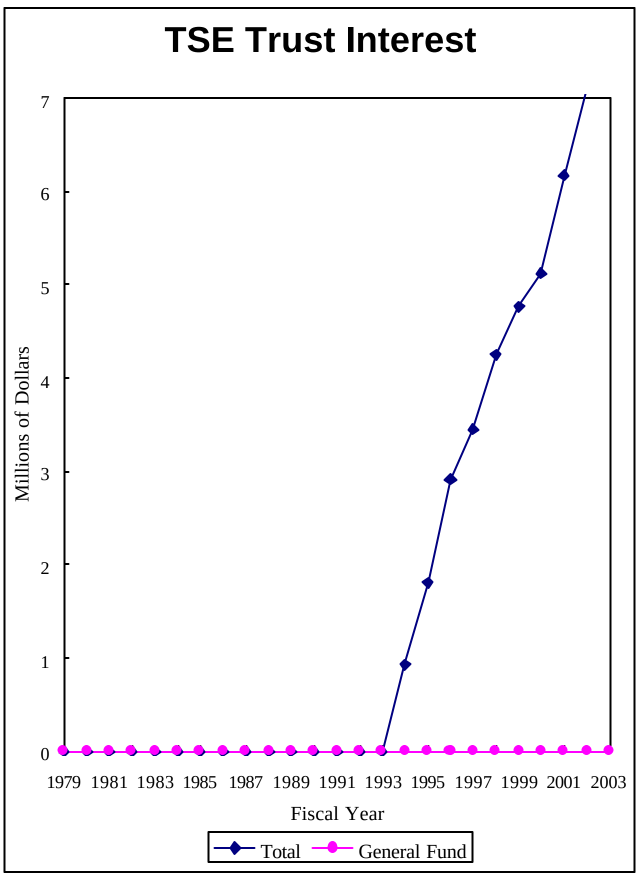
Investment income on new deposits is calculated by multiplying the forecast amount for quarterly coal severance tax collections by the appropriate interest rate. The investable balance used varies in accordance with the timing of when new monies become available. For example, coal severance tax collections due for the first quarter of the biennium will earn interest at the short term (STIP) rate for one month, after which they will earn interest at the long term rate for the remainder of the biennium. (Coal severance tax collections are forecast as part of the coal severance tax methodology.)

Finally, because a portion of the trust is invested on a short term basis, an assumption is made for the balance of trust funds in STIP. This balance is then multiplied by the short term interest rate to determine short term interest income.

Once investment income has been calculated for these three components, the sum of these comprises total TSEF investment income.

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1979	0.000000	0.000000	
A	1980	0.000000	0.000000	Not App.
A	1981	0.000000	0.000000	Not App.
A	1982	0.000000	0.000000	Not App.
A	1983	0.000000	0.000000	Not App.
A	1984	0.000000	0.000000	Not App.
A	1985	0.000000	0.000000	Not App.
A	1986	0.000000	0.000000	Not App.
A	1987	0.000000	0.000000	Not App.
A	1988	0.000000	0.000000	Not App.
A	1989	0.000000	0.000000	Not App.
A	1990	0.000000	0.000000	Not App.
A	1991	0.000000	0.000000	Not App.
A	1992	0.000000	0.000000	Not App.
A	1993	0.000000	0.000000	Not App.
A	1994	0.928696	0.000000	Not App.
A	1995	1.810151	0.000000	Not App.
A	1996	2.916499	0.000000	Not App.
A	1997	3.453907	0.000000	Not App.
A	1998	4.250378	0.000000	Not App.
A	1999	4.772585	0.000000	Not App.
A	2000	5.123374	0.000000	Not App.
F	2001	6.173000	0.000000	Not App.
F	2002	7.088000	0.000000	Not App.
F	2003	7.952000	0.000000	Not App.



Forecast Methodology

TPCI t = SUM(i=1...n)(PAR t * CR t)i
---where
TPCI = Trust Pool Coupon Interest
PAR = Security Par Value
CR = Coupon Interest Rate
t = Fiscal Year
i = Security in the Pool

TTPI t = TPCI t + PSTI t + GLI t + BOIF t + AMT t + SECL t + ACCR t
---where
TTPI = Total Trust Pool Income
TPCI = Trust Pool Coupon Interest
PSTI = Pool Short Term Interest
GLI = Gains and Losses Income
BOIF = Board of Investments Fees
AMT = Trust Pool Amortizations
SECL = Secondary Lending Income
ACCR = Trust Pool Accretions
t = Fiscal Year

TTPI t = (TTS t / TPS t) * TTPI t
---where
TTPI = Treasure Trust Pool Interest
TTS = Treasure Trust Shares
TPS = Total Bond Pool Shares
TTPI = Total Trust Pool Income
t = Fiscal Year

NDI t = (CST t / 4) * (LTIR t / 12) * 22 + (CST t / 4)
* (STIR t / 12) * 4 + CST t-1 * LTIR t-1
---where
NDI = New Deposits Interest
CST = Coal Severance Tax Allocation
LTIR = Long Term Interest Rate
STIR = Short Term Interest Rate
t = Fiscal Year

NPSTI t = STIB t * STIR t
---where
NPSTI = Non Pool STIP Investment Interest
STIB = STIP Investment Balance
STIR = STIP Interest Rate
t = Fiscal Year

Legislative Fiscal Division

Revenue Estimate Profile

Treasure State Endowment Trust Interest

TTTI t = TTPI t + NDI t + NPSTI t
---where
TTTI = Total Treasure Trust Interest
TTPI = Treasure Trust Pool Interest
NDI = New Deposits Interest
NPSTI = Non Pool STIP Investment Interest
t = Fiscal Year

Distribution Methodology

GFINT t = TTTI t * 0%
---where
GFINT = General Fund Interest Earnings
TTTI = Total Treasure Trust Interest
t = Fiscal Year

	t Fiscal	Total Rev. Millions	GF Rev. Millions	Trust Shares Millions	Total Shares Millions	Trust Pool Interest Millions	Other Pool Income Millions
Actual	2000	5.123374	0.000000	0.694065	11.821189	78.564737	5.084671
Forecast	2001	6.173000	0.000000	0.694065	11.821189	78.564737	5.422011
Forecast	2002	7.088000	0.000000	0.694065	11.821189	78.564737	5.445886
Forecast	2003	7.952000	0.000000	0.694065	11.821189	78.564737	5.309712

	t Fiscal	Pool Short Term Interest Millions	Gains Losses Millions	Fees Millions	Amortizations Millions	Lending Millions	Accretions Millions
Actual	2000	2.402942	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2001	2.740282	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2002	2.764157	0.697222	-0.197184	-1.337427	0.283705	3.235413
Forecast	2003	2.627983	0.697222	-0.197184	-1.337427	0.283705	3.235413

	t Fiscal	Net Coal Tax New Deposit Millions		New Deposit Interest Millions	Long Term Rate	Non Pool STIP Rate	Non Pool STIP Bal Millions	Non Pool STIP Int Millions
Actual	2000	13.301172			7.1000%	5.4350%	12.385400	
Forecast	2001	12.181000		0.474323	7.3690%	6.1980%	12.385400	0.767647
Forecast	2002	12.366000		1.380948	7.3910%	6.2520%	12.385400	0.774335
Forecast	2003	12.370000		2.291164	7.3780%	5.9440%	12.385400	0.736188

Legislative Fiscal Division

Revenue Estimate Profile

Vehicle Tax

Revenue Description: Before January 1, 2001, light vehicles (including vans and sport utility vehicles) are taxed at 1.4 percent of the depreciated value of the manufacturer's suggested retail price (MSRP). In addition, buses, trucks, truck tractors having a manufacturer's rated capacity of more than 1 ton, and certain trailers, are taxed under a fee schedule which varies by age and weight.

Effective January 1, 2001, light vehicles will be charged a registration fee as a result of the passage of LR 115 (HB540) by the electorate in November 2000. The fee is $195 for light vehicles of age between zero and four years, $65 for vehicles between five and ten years of age, and $6 for vehicles over ten years old. LR 115 also lowers the registration fees charged on motorcycles and quadricycles. Under the law before LR 115, motorcycles were charged a fee based on four age categories and three engine size categories. Under LR 115 and beginning January 1, 2001, the number of age categories is reduced to three and the number of engine size categories remains the same. The new motorcycles registration fees are reduced relative to those in existence before LR 115.

Applicable Tax Rate(s): Varies

Distribution: All registration fees from newly titled light vehicles are deposited into the highway restricted state special revenue account. Ten percent of registration fees collected on light vehicles is distributed to a state special revenue account to fund certain district court expenses. The remaining 90 percent of light vehicle registrations fees and fees in lieu of taxes for motorcycles and quadricycles are distributed in the relative proportions required by the levies for county, school district, and municipal purposes in the same manner as personal property taxes are distributed. No registration fee revenue from light vehicles and motorcycles and quadricycles is distributed to state mills, nor to the 9 mill welfare levy. The vo-tech levy (1.5 mills) continues to receive a share of this revenue. All other registration fee and fees in lieu of taxes (on large trucks, trailers, motor homes, campers etc.) are distributed in the relative proportions required by the levies for state, county, school district, and municipal purposes based on prior year mills. This revenue source represents one component used to calculate total non levy property tax revenue.

Collection Frequency: Monthly

Applicable Assumptions and/or Relevant Indicators:

Consumer Price Index (CPI)
Population growth for ages 16 and over
Statewide Average Mill Levy

Data Source(s): Department of Justice, SBAS, SABHRS

Contacts: Department of Justice

Statute: Title 61, Chapter 3, MCA

% of Total FY 2000 General Fund Revenue: Included in total property tax contribution.

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

Legislative Fiscal Division

Revenue Estimate Profile

Vehicle Tax

Beginning January 1, 2001, total vehicle tax for the state is made up of revenue from light vehicles and revenue from trucks, buses and trailers (hereafter called trucks). The revenue from light vehicles is dependent upon growth in the number of light vehicles, and the revenue from trucks is dependent upon growth in the number of trucks. Since the growth in the revenue from light vehicles differs from the revenue growth from trucks, each component is estimated separately.

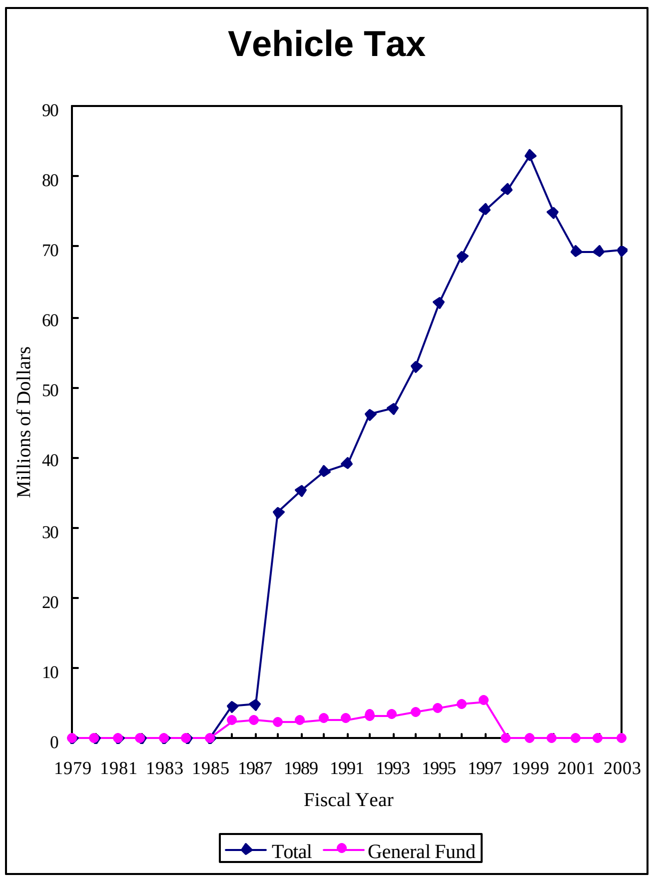
The revenue from light vehicles depends on the growth in the number of vehicles. In turn, the number of vehicles is expected to grow slightly faster than the population of drivers in the state. The percentage growth is applied to the base year revenue derived from light vehicles. The base year light vehicle value is inferred from the amount of revenue in the special revenue account. The allocations to the highway account, the special revenue account, and the property tax levies are then computed. The growth rate used for fiscal 2001 through fiscal 2003 is 1.5 percent per year.

The tax on trucks began on January 1, 1998. Before this time, these vehicles were taxed as part of the class 8 property tax base. Future truck revenue estimates are based on an historical growth rate in the number of trucks, buses ,and trailers multiplied by the base revenue in calendar 1999. The growth rate applied to truck revenue during the 2003 biennium is 1.5 percent per year.

Ten percent of fees from both light vehicles and trucks is deposited in a special revenue account for district courts and the rest is distributed to state and local government accounts on the basis of property tax mill ratios in the preceding fiscal year.

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1979	0.000000	0.000000	
A	1980	0.000000	0.000000	Not App.
A	1981	0.000000	0.000000	Not App.
A	1982	0.000000	0.000000	Not App.
A	1983	0.000000	0.000000	Not App.
A	1984	0.000000	0.000000	Not App.
A	1985	0.000000	0.000000	Not App.
A	1986	4.524027	2.409577	Not App.
A	1987	4.880792	2.608426	8.25%
A	1988	32.216414	2.255149	-13.54%
A	1989	35.306743	2.471472	9.59%
A	1990	38.024086	2.661686	7.70%
A	1991	39.102029	2.737142	2.83%
A	1992	46.095786	3.226705	17.89%
A	1993	46.976700	3.288369	1.91%
A	1994	52.908729	3.703611	12.63%
A	1995	62.029200	4.342044	17.24%
A	1996	68.641271	4.804889	10.66%
A	1997	75.330243	5.273117	9.74%
A	1998	78.210343	0.000000	-100.00%
A	1999	83.005171	0.000000	Not App.
A	2000	74.950871	0.000000	Not App.
F	2001	69.355000	0.000000	Not App.
F	2002	69.357000	0.000000	Not App.
F	2003	69.474000	0.000000	Not App.



Forecast Methodology

TVT t = (STAX t-1 / ST t-1) * GRV t + TTAX t-1 * GRT t
---where
TVT = Total Vehicle Tax
STAX = State Vehicle Tax Collected
ST = State Allocation Percent
GRV = Growth Rate For Light Vehicles
TTAX = Truck, Trailer, and Bus Tax
GRT = Growth Rate For Truck, Trailer, and Bus Tax
t = Fiscal Year

Distribution Methodology

NGFTAX t = TVT t * ST t
---where
NGFTAX = Non-General Fund Allocation of Tax
TVT = Total Vehicle Tax
ST = State Allocation Percent
t = Fiscal Year

	t Fiscal	Total Tax Millions	GF Tax Millions	Non-GF Tax Millions	Local Millions
Actual	2000	74.950871	0.000000	6.370824	68.580047
Forecast	2001	69.355000	0.000000	6.172000	63.183000
Forecast	2002	69.357000	0.000000	6.172000	63.185000
Forecast	2003	69.474000	0.000000	6.173000	63.301000

	t Fiscal	Light Vehicle Value Millions	Tax Rate	Trck,Tr,Bus Tax Millions	Light Vehicle Growth Rate	Trck,Tr,Bus Growth Rate
Actual	2000	4408.87477	0.01700	4.77011	0.11266	0.01500
Forecast	2001	4680.67144	0.01319	6.82103	0.11435	0.01500
Forecast	2002	4968.19887	0.01242	6.92335	0.11606	0.01500
Forecast	2003	5274.42942	0.01170	7.02720	0.11780	0.01500