Consumption Taxes

Beer Tax
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GVW & Other Fees
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Video Gambling Tax
Wine Tax
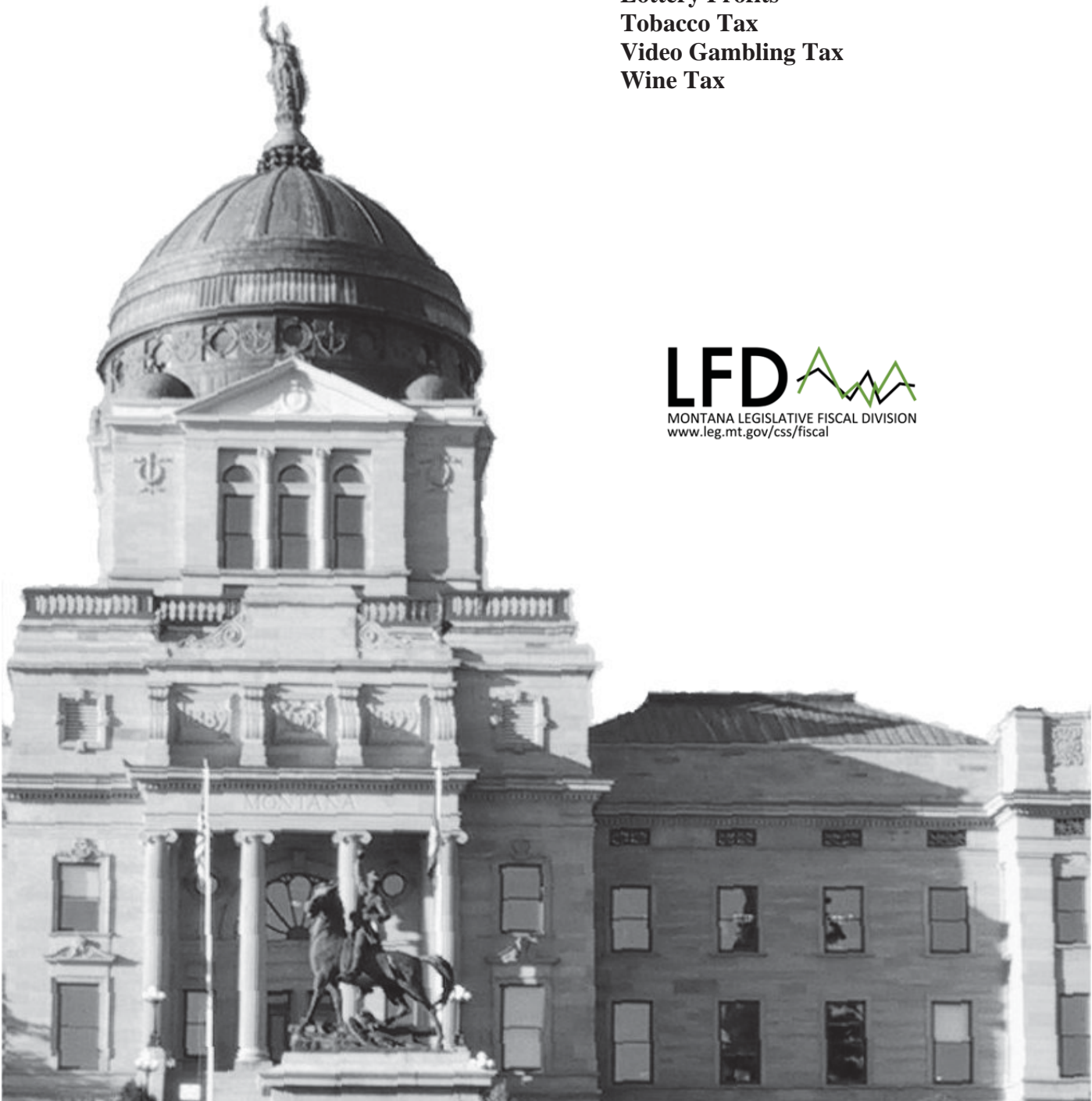
LFD
MONTANA LEGISLATIVE FISCAL DIVISION
www.leg.mt.gov/css/fiscal

Legislative Fiscal Division
Revenue Estimate Profile
Beer Tax

Revenue Description: A tax is levied on each barrel of beer (31 gallons) produced in or imported into Montana based on the amount produced. A portion of the revenue from the beer tax is returned to Native American tribes per an agreement between the Department of Revenue (DOR) and the tribes.

Statutory Reference:

> Tax Rate (MCA) – 16-1-406
> Distribution (MCA) – 16-1-406
> Date Due – end of the month and collected in the next month (16-1-406(2))

Applicable Tax Rate(s):   The per-barrel tax varies based on barrels of production:
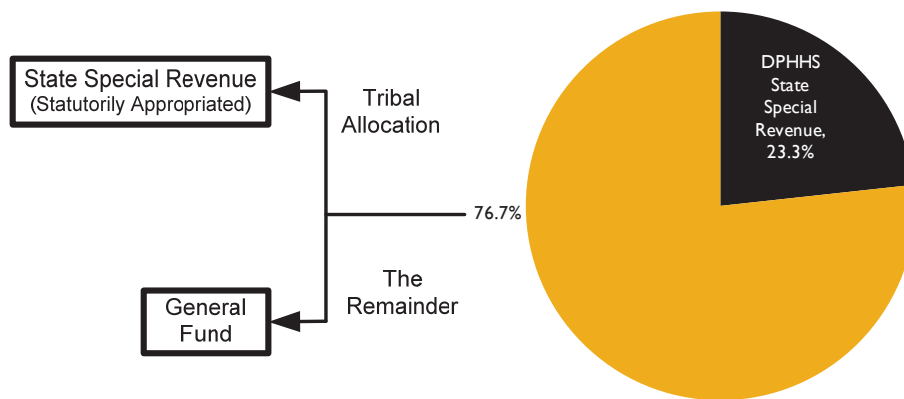
> up to 5,000 barrels - $1.30
> 5,001 to 10,000 barrels - $2.30
> 10,001 to 20,000 barrels - $3.30
> over 20,000 barrels - $4.30

Distribution: Beer tax revenue is distributed 76.74% to the general fund and 23.26% to the DPHHS state special revenue alcohol account. The general fund portion is reduced by the amount of the tribal distribution.

Distribution Chart:

Collection Frequency: Monthly

% of Total General Fund Revenue:

FY 2004 – 0.21%	FY 2007 – 0.17%	FY 2010 – 0.19%
FY 2005 – 0.19%	FY 2008 – 0.16%	FY 2011 – 0.17%
FY 2006 – 0.17%	FY 2009 – 0.17%	FY 2012 – 0.16%

Revenue Estimate Methodology:

Data

The beer tax estimate is based on data obtained from DOR and the state accounting system (SABHRS). The DOR data provides details of taxes paid at each of the four incremental tax rates and information on tribal distributions. SABHRS data shows total fiscal year tax collections.

Legislative Fiscal Division
Revenue Estimate Profile
Beer Tax

The DOR data are used to develop an effective tax rate and determine a "proxy" for barrels of beer consumed. The effective tax rate is a weighted average of beer sales by tax rate and is calculated as follows:

$$ETR = (Rate_{\$4.30} * \%Taxed_{\$4.30}) + (Rate_{\$3.30} * \%Taxed_{\$3.30}) + (Rate_{\$2.30} * \%Taxed_{\$2.30}) + (Rate_{\$1.30} * \%Taxed_{\$1.30})$$

In the estimated period, the effective tax rate is $4.18 per barrel.

SABHRS data are used in conjunction with DOR data to derive the number of taxable barrels sold in the state; total tax collected in each fiscal year divided by the effective tax rate yields the number of taxable barrels.

Analysis
Analysis of the beer data shows a constant trend for taxable barrels sold in Montana, as demonstrated in the figure below. Therefore, the proxy of taxable barrels sold is regressed in a linear trend model to determine the future taxable barrels of beer that will be sold in Montana. The trend is based on the series of proxy barrels beginning in FY 1988.

The statistics of fit show that a linear trend accurately measures the rate of growth in the number of taxable barrels of beer sold in Montana. The model provides an R^2 rating of 0.983. This means that the linear trend explains 98.3% of the variability of the number of barrels sold in Montana, when all other impacts are held constant.* The model provides a rate of growth of 14,181 barrels per fiscal year.
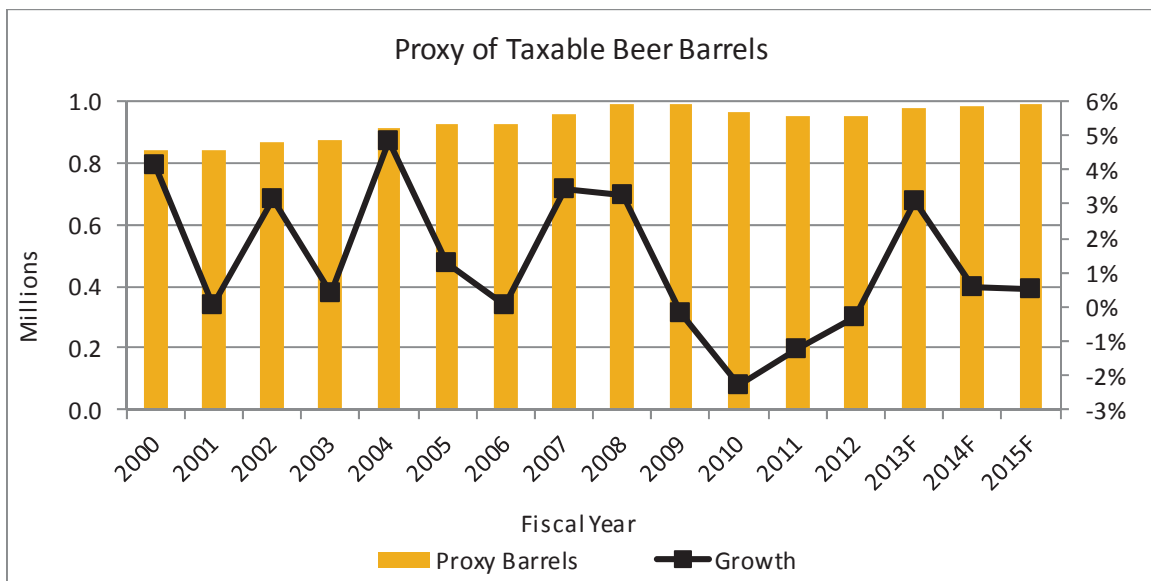
The rate of growth developed in the trend model is 1.42% annually; this rate is applied to the most recent actual data (FY 2010). Estimated beer consumption in Montana is 996,829 barrels in FY 2011; 1,011,011 barrels in FY 2012; and 1,025,192 barrels in FY 2013. The effective tax rate is applied to the proxy of barrels, which produces total tax estimates of $4.2 million in FY 2011, $4.2 million in FY 2012, and $4.3 million in FY 2013.

Adjustment and Distribution
Beer taxes are distributed between two funds: the general fund at 76.74%, and the DPHHS alcohol state special revenue account at 23.26%. The general fund distribution is reduced by tribal reimbursements. Three of the seven tribal governments—Blackfeet, Fort Belknap, and Fort Peck—receive beer tax dollars. These tribal governments adhere to the Montana beer tax laws. The state of Montana collects the tribes' portion of the beer tax and quarterly distributes those collections based on a formula (per capita beer consumption times tribal membership times the Montana tax rate).
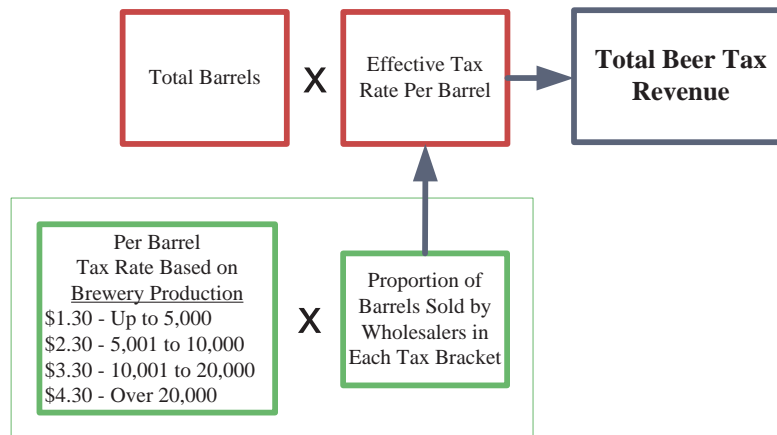
*For additional information concerning the statistics of fit for the model used for this projection, contact the Legislative Fiscal Division.

Legislative Fiscal Division
Revenue Estimate Profile
Beer Tax

Forecast Methodology:

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┌─────────────┐       ┌─────────────┐       ┌─────────────────┐
│             │       │ Effective   │       │ Total Beer Tax  │
│Total Barrels│   X   │ Tax Rate    │  ──►  │ Revenue         │
│             │       │ Per Barrel  │       │                 │
└─────────────┘       └─────────────┘       └─────────────────┘
                             ▲
┌──────────────────────────────────────────────┐
│ ┌────────────────────┐       ┌─────────────┐ │
│ │ Per Barrel         │       │ Proportion  │ │
│ │ Tax Rate Based on  │       │ of Barrels  │ │
│ │ Brewery Production │   X   │ Sold by     │ │
│ │ $1.30 - Up to 5,000│       │ Wholesalers │ │
│ │ $2.30 - 5,001 to   │       │ in Each Tax │ │
│ │        10,000      │       │ Bracket     │ │
│ │ $3.30 - 10,001 to  │       └─────────────┘ │
│ │        20,000      │                       │
│ │ $4.30 - Over 20,000│                       │
│ └────────────────────┘                       │
└──────────────────────────────────────────────┘
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Revenue Estimate Assumptions:

	t Fiscal	Total Tax Millions	GF Tax Millions	Barrels Millions	Tax Rate $ Per Barrel	Effective Tax Rate $ Per Barrel	GF Allocation Percent	Tribal Millions
Actual	2002	3.674	2.784	0.867	4.30	4.24	76.7%	0.035
Actual	2003	3.681	2.771	0.871	4.30	4.23	76.7%	0.053
Actual	2004	3.852	2.897	0.913	4.30	4.22	76.7%	0.059
Actual	2005	3.903	2.937	0.924	4.30	4.22	76.7%	0.059
Actual	2006	3.866	2.908	0.925	4.30	4.18	76.7%	0.059
Actual	2007	4.031	3.034	0.957	4.30	4.21	76.7%	0.059
Actual	2008	4.151	3.124	0.988	4.30	4.20	76.7%	0.061
Actual	2009	4.141	3.115	0.986	4.30	4.20	76.7%	0.063
Actual	2010	4.032	3.032	0.964	4.30	4.18	76.7%	0.063
Actual	2011	3.963	2.982	0.952	4.30	4.16	76.7%	0.060
Actual	2012	3.935	2.956	0.949	4.30	4.15	76.7%	0.063
Forecast	2013	4.057	3.055	0.978	4.30	4.15	76.7%	0.058
Forecast	2014	4.079	3.070	0.984	4.30	4.15	76.7%	0.060
Forecast	2015	4.101	3.087	0.989	4.30	4.15	76.7%	0.060

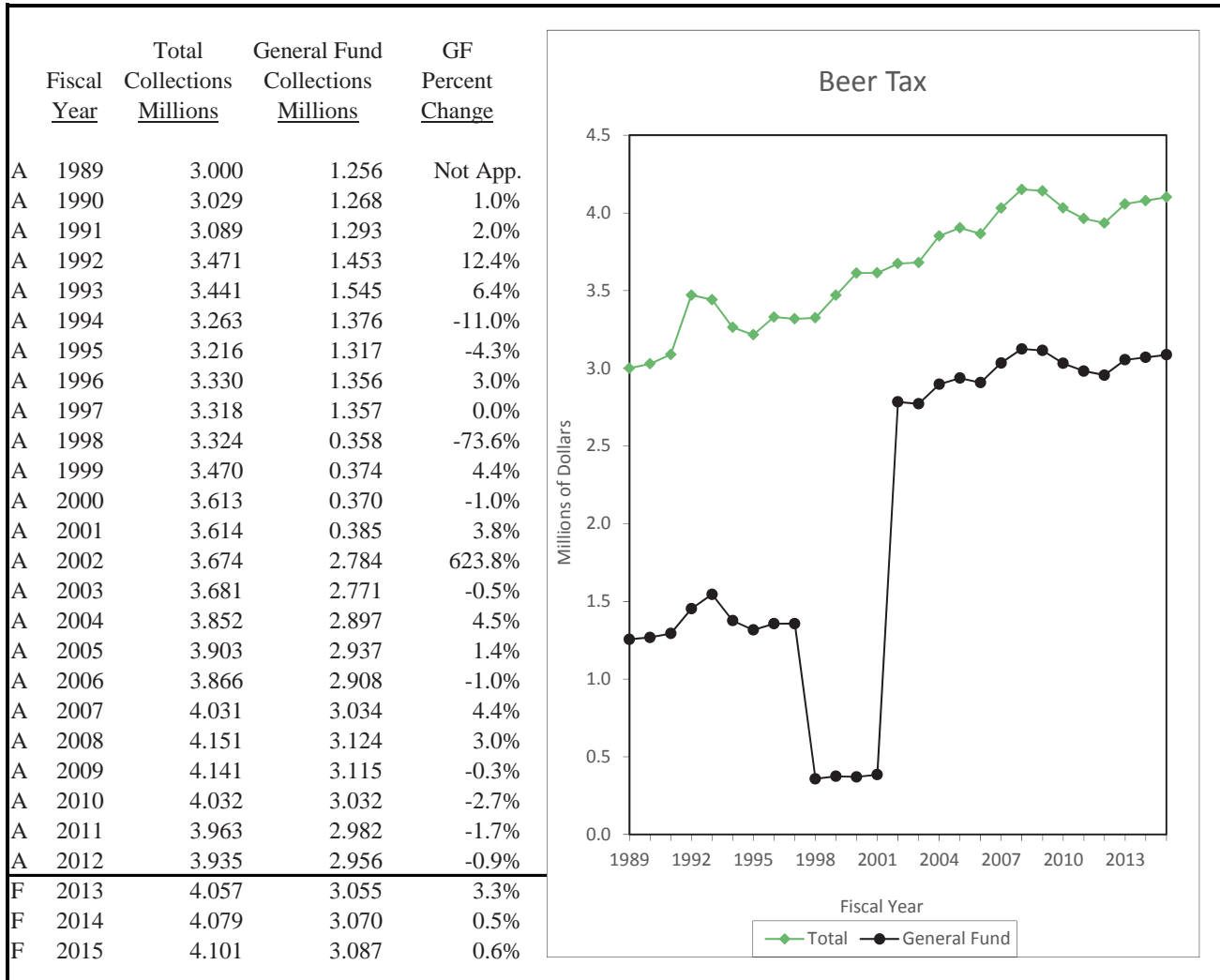Total Tax = Barrels × Effective Tax Rate

GF Tax = Barrels × Effective Tax Rate × GF Allocation - Tribal

Legislative Fiscal Division
Revenue Estimate Profile
Beer Tax

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1989	3.000	1.256	Not App.
A	1990	3.029	1.268	1.0%
A	1991	3.089	1.293	2.0%
A	1992	3.471	1.453	12.4%
A	1993	3.441	1.545	6.4%
A	1994	3.263	1.376	-11.0%
A	1995	3.216	1.317	-4.3%
A	1996	3.330	1.356	3.0%
A	1997	3.318	1.357	0.0%
A	1998	3.324	0.358	-73.6%
A	1999	3.470	0.374	4.4%
A	2000	3.613	0.370	-1.0%
A	2001	3.614	0.385	3.8%
A	2002	3.674	2.784	623.8%
A	2003	3.681	2.771	-0.5%
A	2004	3.852	2.897	4.5%
A	2005	3.903	2.937	1.4%
A	2006	3.866	2.908	-1.0%
A	2007	4.031	3.034	4.4%
A	2008	4.151	3.124	3.0%
A	2009	4.141	3.115	-0.3%
A	2010	4.032	3.032	-2.7%
A	2011	3.963	2.982	-1.7%
A	2012	3.935	2.956	-0.9%
F	2013	4.057	3.055	3.3%
F	2014	4.079	3.070	0.5%
F	2015	4.101	3.087	0.6%

Data Source(s): SABHRS, Bureau of Economic Analysis, U.S. Dept. of Commerce, MT Department of Labor and Industry

Contacts: Department of Revenue

Legislative Fiscal Division
Revenue Estimate Profile
Cigarette Tax

Revenue Description: The cigarette tax is an excise tax imposed on all cigarettes sold or possessed in Montana. The tax is imposed on the retail consumer, but is collected by wholesalers or retailers through the use of tax insignia. The insignias are purchased from the state and affixed to each package of cigarettes. The tax does not apply to quota cigarettes sold on an Indian reservation. In practice, the tax is levied on all cigarettes and the wholesaler receives a refund for the amount within the quota that has been sold within the boundaries of an Indian reservation. Each tribe's quota is equal to 150.0% of Montana's per capita general fund cigarette tax revenue multiplied by the enrolled tribal member population, or any other amount agreed to in a state-tribal agreement. The state has agreements with five tribes in Montana.

Beginning May 1, 2003, the Fifty-eighth Legislature passed SB 407 increasing the tax on cigarettes to $0.70 per 20-cigarette package, a 289% increase from the previous $0.18 tax. Shortly thereafter, the electorate approved I-149 that raised the tax on packs of 20 cigarettes by $1.00 to $1.70, beginning January 1, 2005, an increase of 143%. Both SB 407 and I-149 changed the distributor percentage discounts, but the amounts that distributors are allowed to retain for administration of the tax stayed relatively constant. SB 407 changed the distribution of the tax revenues to increase the amount deposited into the state general fund. I-149 increased tax revenues for veterans' nursing home operation and maintenance and provided revenue to a new state special revenue fund for health and Medicaid initiatives. The 2009 Legislature enacted HB 213 and established a new 1.2% distribution only for the 2011 biennium to fund a state veterans' home in southwestern Montana. The 2011 Legislature enacted HB 296 which extended the 1.2% distribution through FY 2015. The distribution to the general fund is reduced by 1.2%.

Note: If the money in the veteran's cigarette account at the end of a fiscal year exceeds $2.0 million, after reductions for budgeted present law amounts for each fiscal year, the excess is transferred to the general fund as a revenue transfer to the "All Other Revenue" source.

Statutory Reference:

> Tax Rate (MCA) – 16-11-111
> Tax Distribution (MCA) – 16-11-119
> Date Due – within 30 days after purchase of the insignia (16-11-117)

Applicable Tax Rate(s):

- Beginning January 2005, the excise tax on cigarettes is $1.70 per package of 20 cigarettes, prorated for packages that differ from 20 cigarettes.
- Wholesalers pay a license fee of $50.00 and each retailer pays a license fee of $5.00. License fees are renewable each year and are non-transferable. Revenue from these fees is shown in "All Other General Fund Revenue".

Distribution: All wholesaler and retailer license fees are deposited in the general fund. After deductions for tribal refunds, the cigarette tax revenue is distributed:
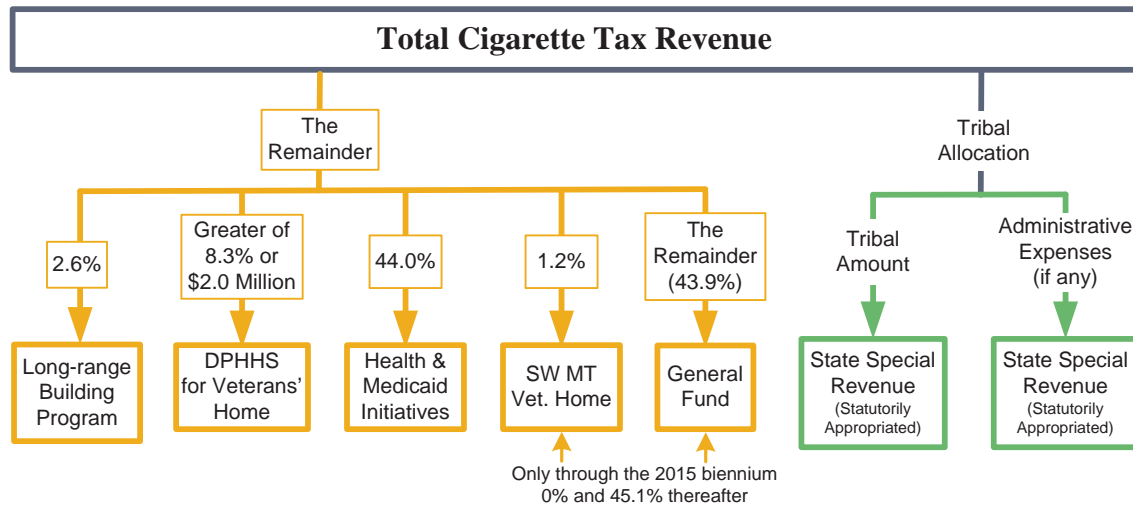
- The greater of 8.3% or $2.0 million to DPHHS for veterans' nursing home operation and maintenance
- 2.6% to the long-range building program
- 44.0% for health and Medicaid initiatives and children health insurance
- 1.2% for a veterans' home in southwestern Montana only through FY 2015
- The remainder (43.9%) to the general fund through FY 2015, 45.1% thereafter

Legislative Fiscal Division
Revenue Estimate Profile
Cigarette Tax

Distribution Chart

Total Cigarette Tax Revenue

The Remainder

- 2.6% → Long-range Building Program
- Greater of 8.3% or $2.0 Million → DPHHS for Veterans' Home
- 44.0% → Health & Medicaid Initiatives
- 1.2% → SW MT Vet. Home
- The Remainder (43.9%) → General Fund

Only through the 2015 biennium
0% and 45.1% thereafter

Tribal Allocation

- Tribal Amount → State Special Revenue (Statutorily Appropriated)
- Administrative Expenses (if any) → State Special Revenue (Statutorily Appropriated)

Collection Frequency: Monthly

% of Total General Fund Revenue:

FY 2004 – 2.61%	FY 2007 – 1.95%	FY 2010 – 1.98%
FY 2005 – 2.29%	FY 2008 – 1.83%	FY 2011 – 1.74%
FY 2006 – 2.02%	FY 2009 – 1.90%	FY 2012 – 1.68%

Revenue Estimate Methodology:

Data

Data from the state accounting system (SABHRS) and the Department of Revenue (DOR) are used to forecast cigarette tax revenues. The DOR provides information on the number of cigarette insignias (stamps) sold in each month and the amount of discounts given to cigarette distributors. Historic observations of tax collections are available through SABHRS.

DOR provides detailed information on the sales of tax insignias by pack size, company, Tribal, and month. To prepare the raw data for analysis, the total number of insignia sales is reduced by discounts and refunds given to the distributor. The resulting amount serves as a proxy for the number of taxable cigarette packs consumed in Montana in a year. The actual SABHRS data serves as a check against the number of proxy packs of cigarettes calculated by this method.

Analysis

In 1982, the consumption of cigarettes began to decrease as a result of an increased awareness of the health risks associated with smoking. Between 1982 and 2002, cigarette consumption decreased at a rate of almost 2% annually. Each of the two recent tax increases caused consumption to decrease at a greater rate for two years. These decreases forced downward shifts in Montana's consumption curve. The shifts are evident in the figure below between FY 2003 and FY 2004, -7.7%, and between FY 2005 and FY 2006, -21.7%.

Proxy of Cigarette Packs
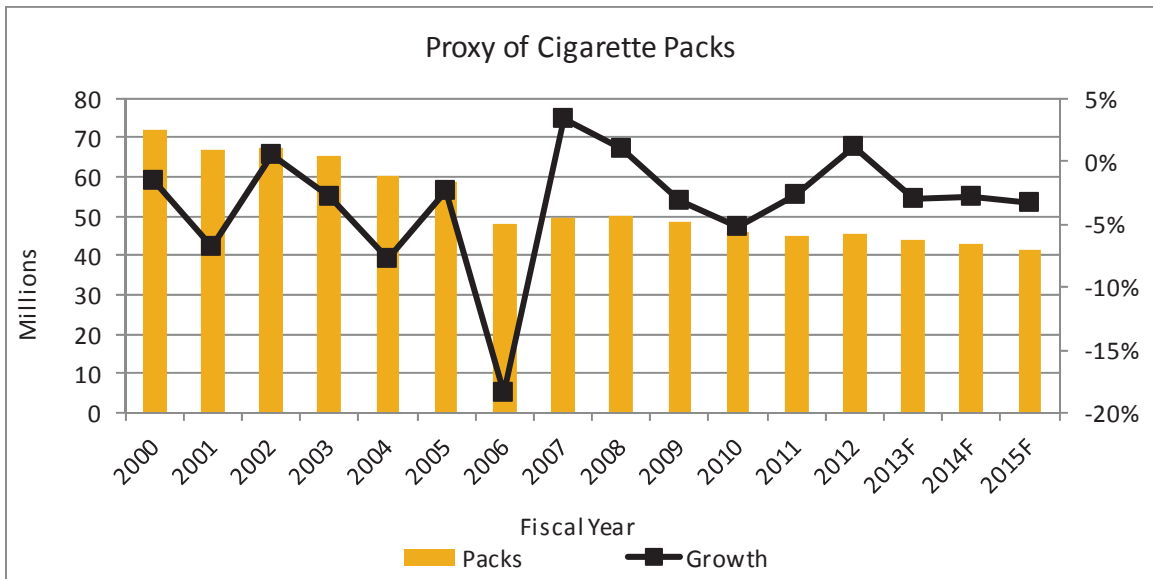
Experts in the field of cigarette consumption find that following the initial consumption response to the price adjustment of a tax increase, the consumption decline should return to the normal pattern. However, cigarette consumption in Montana has rebounded following the initial price related decline. As shown in the figure above, the number of packs consumed increases between FY 2006 and FY 2008 by a rate of 2.2% annually. A portion of the increased consumption might be attributed to heightened efforts to capture the tax on internet sales of cigarettes.

With cigarette consumption expected to resume a more normal negative trend in the 2013 biennium, the estimate of taxable cigarette pack sales for the forecast period is calculated by applying a growth rate of negative 3.2% to the base year, FY 2010, of the proxy for taxable packs. The estimates of proxy taxable cigarette packs are 44.6 million, 43.2 million, and 41.8 million for FY 2011 through FY 2013, respectively. Finally, the current tax rate is applied to the proxy for taxable packs to determine the estimate for gross cigarette tax collections.

Adjustment and Distribution
After estimating the gross cigarette tax collections, the estimates are increased by revenues from internet cigarette sales and reduced by the discounts and credits passed on to distributors. The last step in producing the estimate for the cigarette tax is to calculate the tax distributions. First, cigarette tax revenue is reduced by tribal distributions. At this time, five of the seven tribal governments receive cigarette tax dollars, Blackfeet, Fort Belknap, Fort Peck, Chippewa Cree, and Crow. These tribal governments adhere to Montana cigarette tax laws. The state of Montana collects the tribes' portion of the tax and quarterly distributes the collections based on a formula (per capita cigarette consumption times 150% times tribal membership times the Montana tax rate). Finally, the remaining tax revenues are distributed proportionally to the programs funded with cigarette tax revenues and to the general fund.

Forecast Methodology:

Packs of Cigarettes (20 count) **X** Tax Rate Per Pack **–** Discounts **–** Refunds → **Total Cigarette Tax Revenue**

Legislative Fiscal Division
Revenue Estimate Profile
Cigarette Tax

Revenue Estimate Assumptions:

	t Fiscal	Total Tax Millions	GF Tax Millions	Pack Millions	Tax Rate Per Pack	GF Percent Allocation	Tribal Millions
Actual	2002	11.052	7.887	67.334	0.18	71.4%	0.254
Actual	2003	16.093	12.576	65.469	0.27	78.1%	0.286
Actual	2004	41.583	36.002	60.423	0.70	86.6%	0.396
Actual	2005	54.765	35.117	59.043	1.20	64.1%	0.842
Actual	2006	80.180	34.573	48.149	1.70	43.1%	3.522
Actual	2007	83.380	35.830	49.800	1.70	43.0%	3.935
Actual	2008	83.883	36.004	50.306	1.70	42.9%	4.051
Actual	2009	79.906	34.320	48.717	1.70	43.0%	3.807
Actual	2010	77.071	32.218	46.171	1.70	41.8%	3.682
Actual	2011	74.091	30.992	44.959	1.70	41.8%	3.495
Actual	2012	75.533	31.483	45.450	1.70	41.7%	3.818
Forecast	2013	73.473	30.680	44.090	1.70	43.9%	3.587
Forecast	2014	71.443	29.844	42.872	1.70	43.9%	3.461
Forecast	2015	69.046	28.847	41.433	1.70	43.9%	3.336

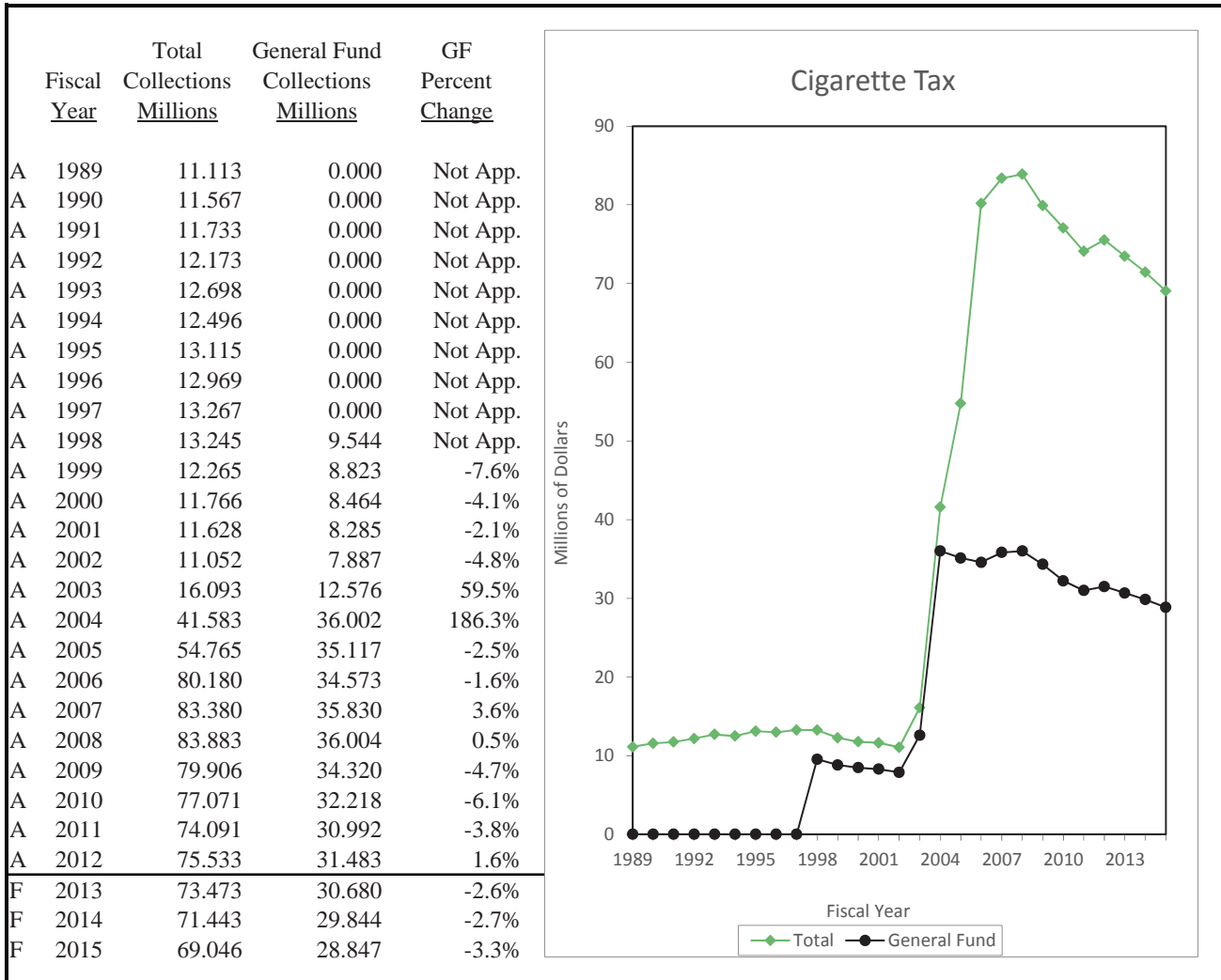|	t Fiscal	Discounts Millions	Refunds Millions	Internet Sales Millions	Tribal Exempt Millions
Actual	2002				
Actual	2003				
Actual	2004	0.393	0.659		
Actual	2005	0.428	3.156		
Actual	2006	0.420	0.417	0.061	1.302
Actual	2007	0.428	0.343	0.750	1.183
Actual	2008	0.429	0.426	0.253	1.129
Actual	2009	0.409	0.310	0.058	1.409
Actual	2010	0.394	0.051	0.025	1.283
Actual	2011	0.385	0.098	0.000	1.181
Actual	2012	0.388	0.149	0.000	0.998
Forecast	2013	0.378	0.121	0.000	0.980
Forecast	2014	0.368	0.117	0.000	0.953
Forecast	2015	0.356	0.114	0.000	0.921

Total Tax = Packs × Tax Rate - Discounts - Refunds + Internet Sales - Tribal Exempt

GF Tax = (Total Tax - Tribal) × GF Allocation

Legislative Fiscal Division
Revenue Estimate Profile
Cigarette Tax

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1989	11.113	0.000	Not App.
A	1990	11.567	0.000	Not App.
A	1991	11.733	0.000	Not App.
A	1992	12.173	0.000	Not App.
A	1993	12.698	0.000	Not App.
A	1994	12.496	0.000	Not App.
A	1995	13.115	0.000	Not App.
A	1996	12.969	0.000	Not App.
A	1997	13.267	0.000	Not App.
A	1998	13.245	9.544	Not App.
A	1999	12.265	8.823	-7.6%
A	2000	11.766	8.464	-4.1%
A	2001	11.628	8.285	-2.1%
A	2002	11.052	7.887	-4.8%
A	2003	16.093	12.576	59.5%
A	2004	41.583	36.002	186.3%
A	2005	54.765	35.117	-2.5%
A	2006	80.180	34.573	-1.6%
A	2007	83.380	35.830	3.6%
A	2008	83.883	36.004	0.5%
A	2009	79.906	34.320	-4.7%
A	2010	77.071	32.218	-6.1%
A	2011	74.091	30.992	-3.8%
A	2012	75.533	31.483	1.6%
F	2013	73.473	30.680	-2.6%
F	2014	71.443	29.844	-2.7%
F	2015	69.046	28.847	-3.3%

Data Source(s): SABHRS, Department of Revenue Collection Reports, U.S. Department of Commerce, MT Department of Labor and Industry, Center for Disease Control

Contacts: Department of Revenue

Legislative Fiscal Division
Revenue Estimate Profile
Diesel Tax

Revenue Description: The Montana Constitution (Article VIII, 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 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; and 2) a tax of $0.0075 assessed on each gallon of diesel fuel for the purpose of funding petroleum storage tank cleanup.

Distributors are allowed to withhold 1.0% 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.
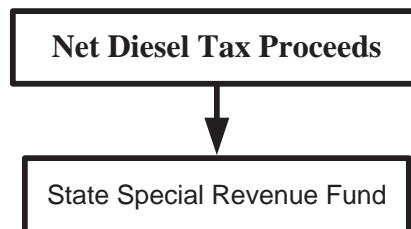
Statutory Reference:

   Tax Rate (MCA) – 15-70-321(2), 75-11-313 (storage tank cleanup)
   Tax Distribution (MCA) – 15-70-101(1), 75-11-314 (storage tank cleanup)
   Date Due – 25th of the following month (15-70-344(1))

Applicable Tax Rate(s):

   1. Diesel (Special) Fuel Tax - $0.2775 per gallon
   2. Petroleum Storage Tank Cleanup Tax - $0.0075

Distribution: After reductions for: 1) the 1.0% withheld by distributors; 2) administrative expenses and refund amounts deducted by DOT under a tribal agreement (if any) that are deposited in the tribal motor fuels administration account and statutorily appropriated; 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.

Distribution Chart:

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        ┌──────────────────────────────┐
        │   Net Diesel Tax Proceeds    │
        └──────────────────────────────┘
                       │
                       ▼
        ┌──────────────────────────────┐
        │  State Special Revenue Fund   │
        └──────────────────────────────┘
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Collection Frequency: Monthly

% of Total General Fund Revenue: N/A

Revenue Estimate Methodology:

Data

The data used in the diesel fuel tax estimate are obtained from the state accounting system (SABHRS). The SABHRS data includes a historic series of diesel tax revenues and is used to produce a proxy amount for taxable gallons of diesel sold in Montana.


Total diesel taxes are composed of two distinct taxes, the diesel tax and the diesel petroleum storage tank cleanup tax (imposed to cover the cost of storage tank cleanup). Each rate is applied to a proxy for taxable diesel gallons. To create the proxy, the actual tax revenues are increased by refunds and then divided by the "effective tax rate". The effective tax rate is created in recognition of the statutory credit provided to diesel distributors for collection and payment of the tax. Under current law, diesel distributors are allowed to keep 1% of the tax on all diesel receipts and must pay 99% of the tax receipts to the state. The effective rate for the forecast period is $0.2747. After calculating the proxy taxable gallons, the data can be analyzed.

Analysis

Diesel fuel taxes are estimated as separate taxes. First, the diesel tax is imposed on each gallon of diesel sold in the state. A second tax is imposed on all diesel fuel distributed in the state for the purpose of diesel storage tank clean-up costs (storage tank tax). The two taxes are applied to different bases, because the diesel fuel tax provides credits against the cost of the tax to consumers who use the diesel "off highway".

Diesel fuel sales may be considered a function of the price per gallon of diesel and are highly susceptible to economic activity. To determine the future consumption of diesel fuel, the change in consumption experienced in FY 2010 is duplicated in FY 2011. The growth for FY 2012 and FY 2013 is developed using an average historic rate of growth. The storage tank tax is expected to follow the same patterns as the diesel fuel tax.
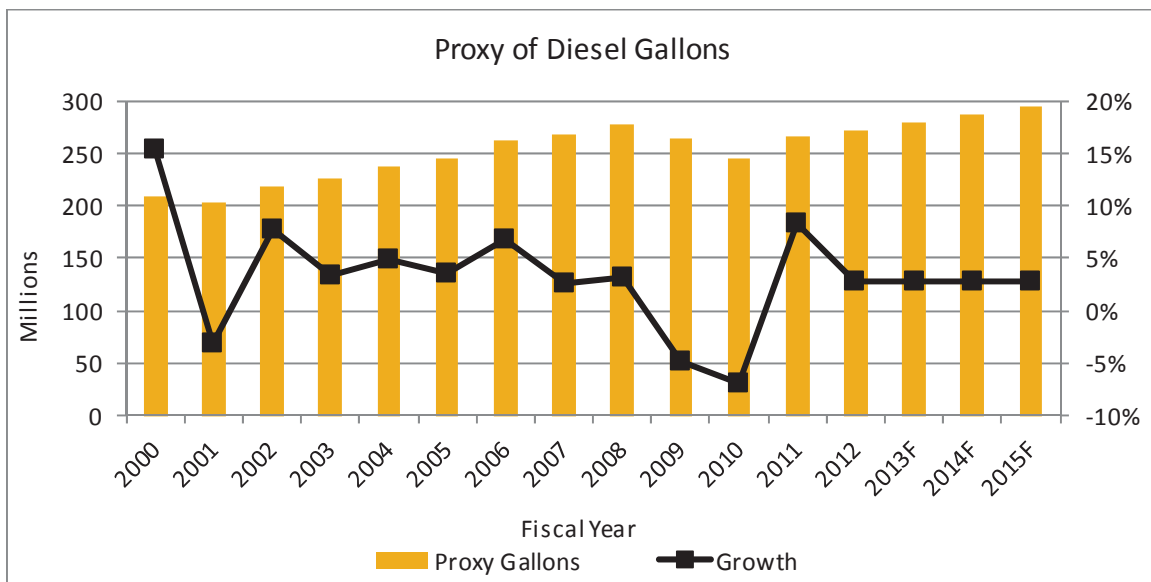
The figure above shows the actual gallons of diesel fuel sold in Montana between FY 2000 and FY 2010 and the expected sales of diesel fuel for FY 2011 through FY 2013, along with the expected change between the years. In determining future consumption, the growth rates described above are applied to the base year (FY 2010). The results of the method provide an overall average growth in the proxy of diesel fuel gallons consumed in Montana of 1.0% for each year of the analysis. The same rate of growth is next applied to the base year of the proxy for the storage tank gallons. Finally, the effective diesel fuel tax rates are applied to the estimates to produce the estimate for gross tax revenues.

Adjustments

Several adjustments are made to the expected gross diesel fuel tax revenues. Gross tax revenues are reduced by refunds, incentives, DOT administrative costs, and tribal agreements, resulting in the estimate for net diesel fuel tax revenue. No adjustments are required for the storage tank tax. The net tax revenues of the two taxes are combined to determine the estimate for total diesel fuel tax revenue. Finally, the tax revenues are distributed to the various state special revenue accounts as described above.

Legislative Fiscal Division
Revenue Estimate Profile
Diesel Tax

Forecast Methodology:
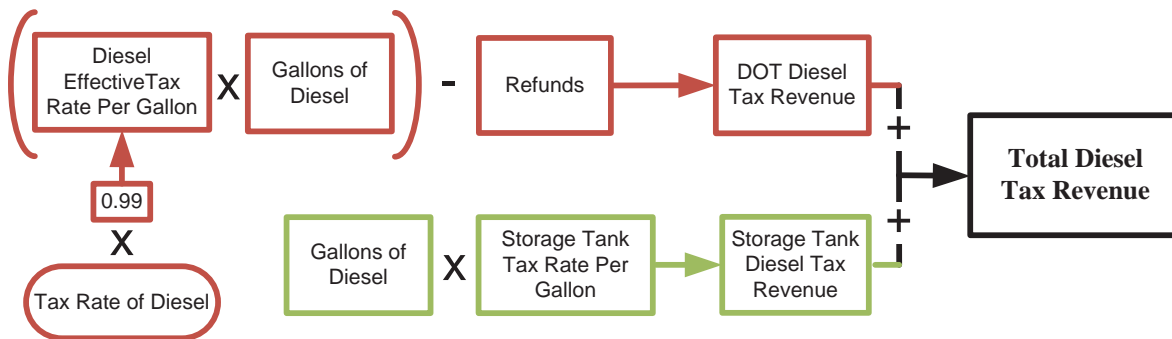
Revenue Estimate Assumptions:

	t Fiscal	Total Tax Millions	GF Tax Millions	Gross Millions	Diesel Tax Millions	Tank Tax Millions
Actual	2002	58.261	0.000	62.221	56.094	2.166
Actual	2003	60.133	0.000	64.332	57.902	2.232
Actual	2004	63.181	0.000	67.600	60.750	2.431
Actual	2005	65.367	0.000	70.069	62.723	2.644
Actual	2006	70.595	0.000	74.767	67.780	2.815
Actual	2007	71.020	0.000	76.687	68.185	2.835
Actual	2008	74.302	0.000	79.004	71.488	2.814
Actual	2009	71.791	0.000	75.135	69.159	2.632
Actual	2010	66.896	0.000	70.016	64.313	2.583
Actual	2011	71.994	0.000	75.820	69.181	2.813
Actual	2012	74.292	0.000	77.922	71.350	2.943
Forecast	2013	76.300	0.000	80.027	73.278	3.022
Forecast	2014	78.362	0.000	82.190	75.258	3.104
Forecast	2015	80.479	0.000	84.411	77.291	3.188

	t Fiscal	Refunds Millions	Diesel Effective Rate	Tank Effective Rate	Diesel Gallons Millions	Tank Gallons Millions
Actual	2002	-3.960	27.5%	0.8%	218.597	288.854
Actual	2003	-4.199	27.5%	0.8%	226.047	297.553
Actual	2004	-4.419	27.5%	0.8%	237.218	324.090
Actual	2005	-4.702	27.5%	0.8%	245.428	352.536
Actual	2006	-4.172	27.5%	0.8%	261.906	375.269
Actual	2007	-5.667	27.5%	0.8%	268.819	378.036
Actual	2008	-4.702	27.5%	0.8%	277.333	375.173
Actual	2009	-3.344	27.5%	0.8%	263.909	350.994
Actual	2010	-3.120	27.5%	0.8%	245.455	344.436
Actual	2011	-3.826	27.5%	0.8%	265.744	375.099
Actual	2012	-3.629	27.5%	0.8%	272.924	392.360
Forecast	2013	-3.727	27.5%	0.8%	280.299	402.962
Forecast	2014	-3.828	27.5%	0.8%	287.873	413.851
Forecast	2015	-3.932	27.5%	0.8%	295.652	425.033

Legislative Fiscal Division
Revenue Estimate Profile
Diesel Tax

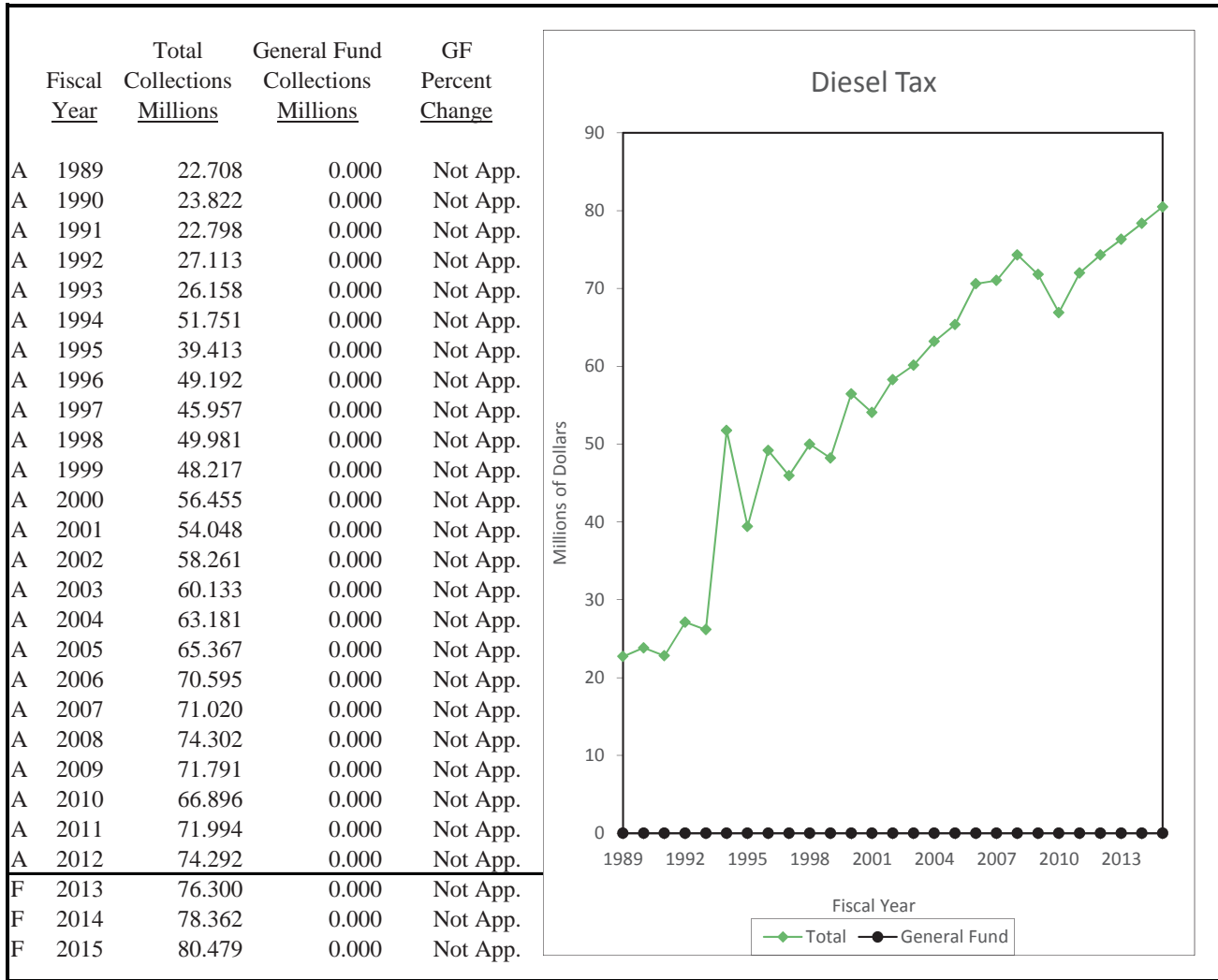|	t Fiscal	GF Percent	DOT Percent	GF Millions	DOT Millions
Actual	2002	0.0%	100.0%	0.000	56.094
Actual	2003	0.0%	100.0%	0.000	57.902
Actual	2004	0.0%	100.0%	0.000	60.750
Actual	2005	0.0%	100.0%	0.000	62.723
Actual	2006	0.0%	100.0%	0.000	67.780
Actual	2007	0.0%	100.0%	0.000	68.185
Actual	2008	0.0%	100.0%	0.000	71.488
Actual	2009	0.0%	100.0%	0.000	69.159
Actual	2010	0.0%	100.0%	0.000	64.313
Actual	2011	0.0%	100.0%	0.000	69.181
Actual	2012	0.0%	100.0%	0.000	71.350
Forecast	2013	0.0%	100.0%	0.000	73.278
Forecast	2014	0.0%	100.0%	0.000	75.258
Forecast	2015	0.0%	100.0%	0.000	77.291

Total Tax = Diesel Effective × Diesel Gallons + Tank Effective × Tank Gallons + Refunds

Legislative Fiscal Division
Revenue Estimate Profile
Diesel Tax

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1989	22.708	0.000	Not App.
A	1990	23.822	0.000	Not App.
A	1991	22.798	0.000	Not App.
A	1992	27.113	0.000	Not App.
A	1993	26.158	0.000	Not App.
A	1994	51.751	0.000	Not App.
A	1995	39.413	0.000	Not App.
A	1996	49.192	0.000	Not App.
A	1997	45.957	0.000	Not App.
A	1998	49.981	0.000	Not App.
A	1999	48.217	0.000	Not App.
A	2000	56.455	0.000	Not App.
A	2001	54.048	0.000	Not App.
A	2002	58.261	0.000	Not App.
A	2003	60.133	0.000	Not App.
A	2004	63.181	0.000	Not App.
A	2005	65.367	0.000	Not App.
A	2006	70.595	0.000	Not App.
A	2007	71.020	0.000	Not App.
A	2008	74.302	0.000	Not App.
A	2009	71.791	0.000	Not App.
A	2010	66.896	0.000	Not App.
A	2011	71.994	0.000	Not App.
A	2012	74.292	0.000	Not App.
F	2013	76.300	0.000	Not App.
F	2014	78.362	0.000	Not App.
F	2015	80.479	0.000	Not App.

Data Source(s): SABHRS, Department of Transportation

Contacts: Department of Transportation

Legislative Fiscal Division
Revenue Estimate Profile
Gasoline Tax

Revenue Description: The constitution of the state (Article VIII, 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% 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.

Statutory Reference:

> Tax Rate (MCA) – 15-70-204(1), 75-11-314 (storage tank cleanup)
> Distribution (MCA) – 15-70-101(1), 60-3-201(1), 75-11-313 (storage tank cleanup)
> Date Due – 25th of the following month (15-70-205(1))

Applicable Tax Rate(s):

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

Distribution: After reductions for: 1) the 1.0% 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 and statutorily appropriated; 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% 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.

Distribution Chart:

Net Gasoline Tax

State Special Revenue Fund
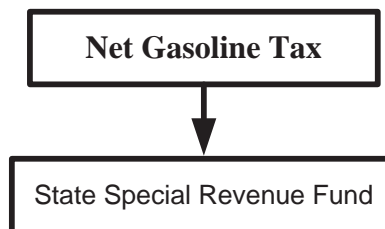
Legislative Fiscal Division
Revenue Estimate Profile
Gasoline Tax

Collection Frequency: Monthly

% of Total General Fund Revenue: N/A

Revenue Estimate Methodology:

Data

The data used in the gasoline tax estimate are obtained from the state accounting system (SABHRS). The SABHRS data includes a historic series of gasoline tax revenues and is used to produce a proxy amount for taxable gallons of gasoline sold in Montana.

Total gasoline taxes are made up of two distinct taxes, the gasoline tax and the gasoline petroleum storage tank cleanup tax (imposed to cover the cost of storage tank cleanup). Each rate is applied to a proxy for taxable gasoline gallons. To create the proxy, the actual tax revenues are increased by refunds and then divided by the "effective tax rate". The effective tax rate is created in recognition of the statutory credit provided to gasoline distributors for collection and payment of the tax. Under current law, gasoline distributors are allowed to keep 1% of the tax on all gasoline receipts and must pay 99% of the tax receipts to the state. The effective rate for the forecast period is $0.2673. After calculating the proxy taxable gallons, the data can be analyzed.

Analysis

Gasoline taxes are estimated as separate taxes. First, the gasoline tax is imposed on each gallon of gasoline sold in the state. A second tax is imposed on all gasoline distributed in the state for the purpose of gasoline storage tank clean-up costs (storage tank tax). The two taxes are applied to different bases, because the gasoline tax provides credits against the cost of the tax to consumers who use the gasoline "off highway".

Gasoline sales may be considered a function of the price per gallon of gasoline and are highly susceptible to economic activity. To determine the future consumption of gasoline, the change in consumption experienced in FY 2010 is duplicated in FY 2011. The growth for FY 2012 and FY 2013 is developed using an average historic rate of growth. The storage tank tax is expected to follow the same patterns as the gasoline tax.
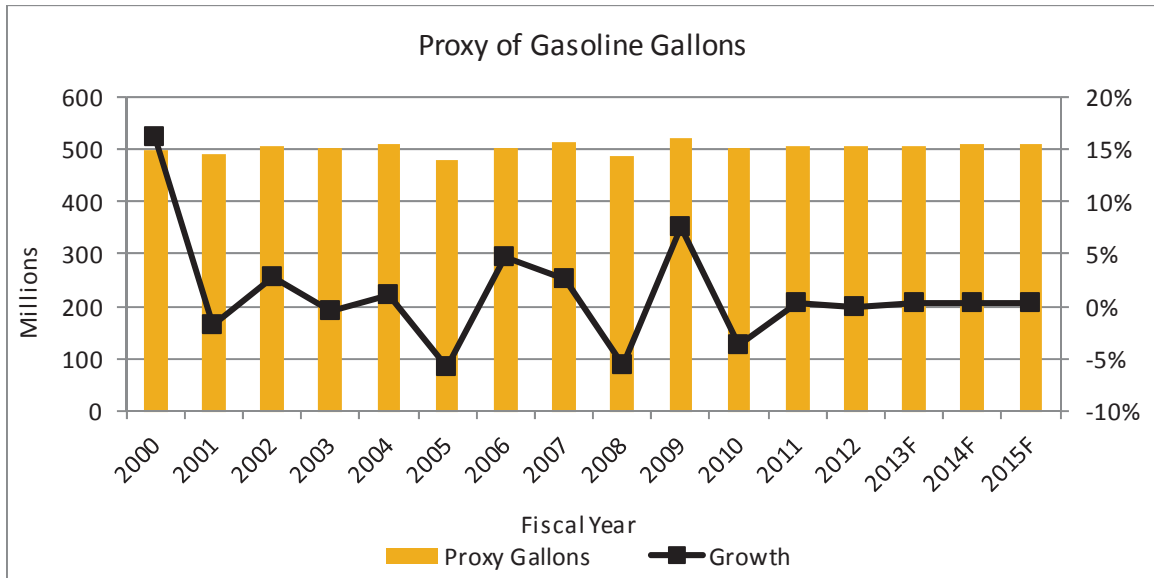
The figure above shows the actual gallons of gasoline sold in Montana between FY 2000 and FY 2010 and the expected sales of gasoline for FY 2011 through FY 2013, along with the expected change between the years. In determining future consumption, the growth rates described above are applied to the base year (FY 2010). The results of the method provide an overall average growth in the proxy of gasoline gallons consumed in Montana of 1.9% for each of the forecast years. The same rate of growth is next applied to the base year of the proxy for the storage tank gallons. Finally, the effective gasoline tax rates are applied to the estimates to produce the estimate for gross tax revenues.

Adjustments

Several adjustments are made to the expected gross gasoline tax revenues. Gross tax revenues are reduced by refunds, incentives, DOT administrative costs, and tribal agreements, resulting in the estimate for net gasoline tax revenue. No adjustments are required for the storage tank tax. Next, the net tax revenues of the two taxes are combined to determine the estimate for total gasoline tax revenue. Finally, the tax revenues are distributed to the various state special revenue accounts as described above.

Forecast Methodology:
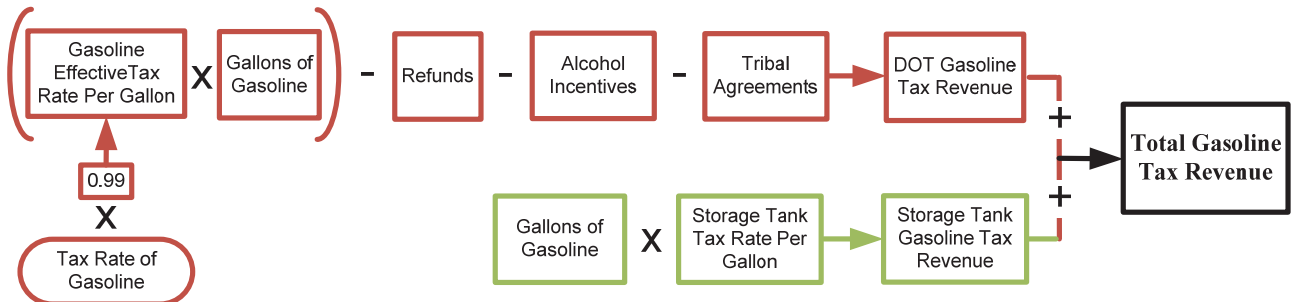
Legislative Fiscal Division
Revenue Estimate Profile
Gasoline Tax

Revenue Estimate Assumptions:

	t Fiscal	Total Tax Millions	GF Tax Millions	Gross Tax Millions	Gas Tax Millions	Tank Tax Millions
Actual	2002	131.731	0.000	138.613	128.001	3.729
Actual	2003	131.269	0.000	137.967	127.490	3.779
Actual	2004	132.962	0.000	139.553	129.154	3.808
Actual	2005	125.076	0.000	131.616	121.343	3.734
Actual	2006	135.192	0.000	137.652	131.465	3.727
Actual	2007	138.762	0.000	141.013	135.042	3.720
Actual	2008	131.147	0.000	133.429	127.433	3.714
Actual	2009	141.120	0.000	143.215	137.510	3.610
Actual	2010	136.036	0.000	138.041	132.351	3.685
Actual	2011	136.514	0.000	138.635	132.774	3.740
Actual	2012	136.661	0.000	138.497	132.911	3.750
Forecast	2013	137.161	0.000	139.004	133.397	3.764
Forecast	2014	137.663	0.000	139.512	133.885	3.778
Forecast	2015	138.166	0.000	140.023	134.375	3.791

	t Fiscal	Refunds Millions	Alcohol Incentives Millions	Tribal Millions	Gas Effective Rate	Tank Effective Rate	Gas Gallons Millions	Tank Gallons Millions
Actual	2002	-3.153	0.000	-3.729	26.7%	0.8%	504.614	497.261
Actual	2003	-2.985	0.000	-3.713	26.7%	0.8%	502.014	503.874
Actual	2004	-2.830	0.000	-3.761	26.7%	0.8%	507.837	507.767
Actual	2005	-2.787	0.000	-3.753	26.7%	0.8%	478.424	497.805
Actual	2006	-2.460	0.000	-3.785	26.7%	0.8%	501.029	496.919
Actual	2007	-2.252	0.000	-0.046	26.7%	0.8%	513.631	495.958
Actual	2008	-2.282	0.000	0.000	26.7%	0.8%	485.278	495.246
Actual	2009	-2.095	0.000	0.000	26.7%	0.8%	522.279	481.336
Actual	2010	-2.006	0.000	0.000	26.7%	0.8%	502.644	491.267
Actual	2011	-2.121	0.000	0.000	26.7%	0.8%	504.656	498.668
Actual	2012	-1.836	0.000	0.000	26.7%	0.8%	504.105	500.016
Forecast	2013	-1.843	0.000	0.000	26.7%	0.8%	505.949	501.845
Forecast	2014	-1.850	0.000	0.000	26.7%	0.8%	507.799	503.680
Forecast	2015	-1.856	0.000	0.000	26.7%	0.8%	509.656	505.522

Legislative Fiscal Division
Revenue Estimate Profile
Gasoline Tax

	t Fiscal	GF Percent	DOT Percent	FWP Snow Percent	FWP Boat Percent	Aeronautics Percent	Off Highway Percent
Actual	2002	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%
Actual	2003	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%
Actual	2004	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%
Actual	2005	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%
Actual	2006	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%
Actual	2007	0.0%	98.3%	0.5%	0.9%	0.04%	0.0%
Actual	2008	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%
Actual	2009	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%
Actual	2010	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%
Actual	2011	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%
Actual	2012	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%
Forecast	2013	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%
Forecast	2014	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%
Forecast	2015	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%

	t Fiscal	DOT Percent	FWP Snow Percent	FWP Boat Percent	Aeronautics Percent
Actual	2002	0.01%	0.02%	0.05%	0.01%
Actual	2003	0.01%	0.02%	0.05%	0.01%
Actual	2004	0.01%	0.02%	0.05%	0.01%
Actual	2005	0.01%	0.02%	0.05%	0.01%
Actual	2006	0.01%	0.02%	0.05%	0.01%
Actual	2007	0.01%	0.02%	0.05%	0.01%
Actual	2008	0.01%	0.02%	0.05%	0.01%
Actual	2009	0.01%	0.02%	0.05%	0.01%
Actual	2010	0.01%	0.02%	0.05%	0.01%
Actual	2011	0.01%	0.02%	0.05%	0.01%
Actual	2012	0.01%	0.02%	0.05%	0.01%
Forecast	2013	0.01%	0.02%	0.05%	0.01%
Forecast	2014	0.01%	0.02%	0.05%	0.01%
Forecast	2015	0.01%	0.02%	0.05%	0.01%

Legislative Fiscal Division
Revenue Estimate Profile
Gasoline Tax

	t Fiscal	GF Millions	DOT Millions	FWP Snow Millions	FWP Boat Millions	Aeronautics Millions	Off Highway Millions
Actual	2002	0.000	125.907	0.603	1.181	0.053	0.143
Actual	2003	0.000	125.391	0.604	1.181	0.052	0.144
Actual	2004	0.000	127.028	0.611	1.196	0.053	0.146
Actual	2005	0.000	119.338	0.576	1.126	0.050	0.138
Actual	2006	0.000	129.396	0.595	1.163	0.052	0.142
Actual	2007	0.000	132.884	0.621	1.215	0.054	0.148
Actual	2008	0.000	125.352	0.587	1.147	0.051	0.141
Actual	2009	0.000	135.295	0.631	1.237	0.055	0.150
Actual	2010	0.000	130.226	0.617	1.191	0.053	0.149
Actual	2011	0.000	130.642	0.619	1.195	0.053	0.149
Actual	2012	0.000	130.784	0.612	1.196	0.053	0.150
Forecast	2013	0.000	131.237	0.621	1.215	0.054	0.149
Forecast	2014	0.000	131.715	0.624	1.220	0.054	0.149
Forecast	2015	0.000	132.198	0.626	1.224	0.054	0.150

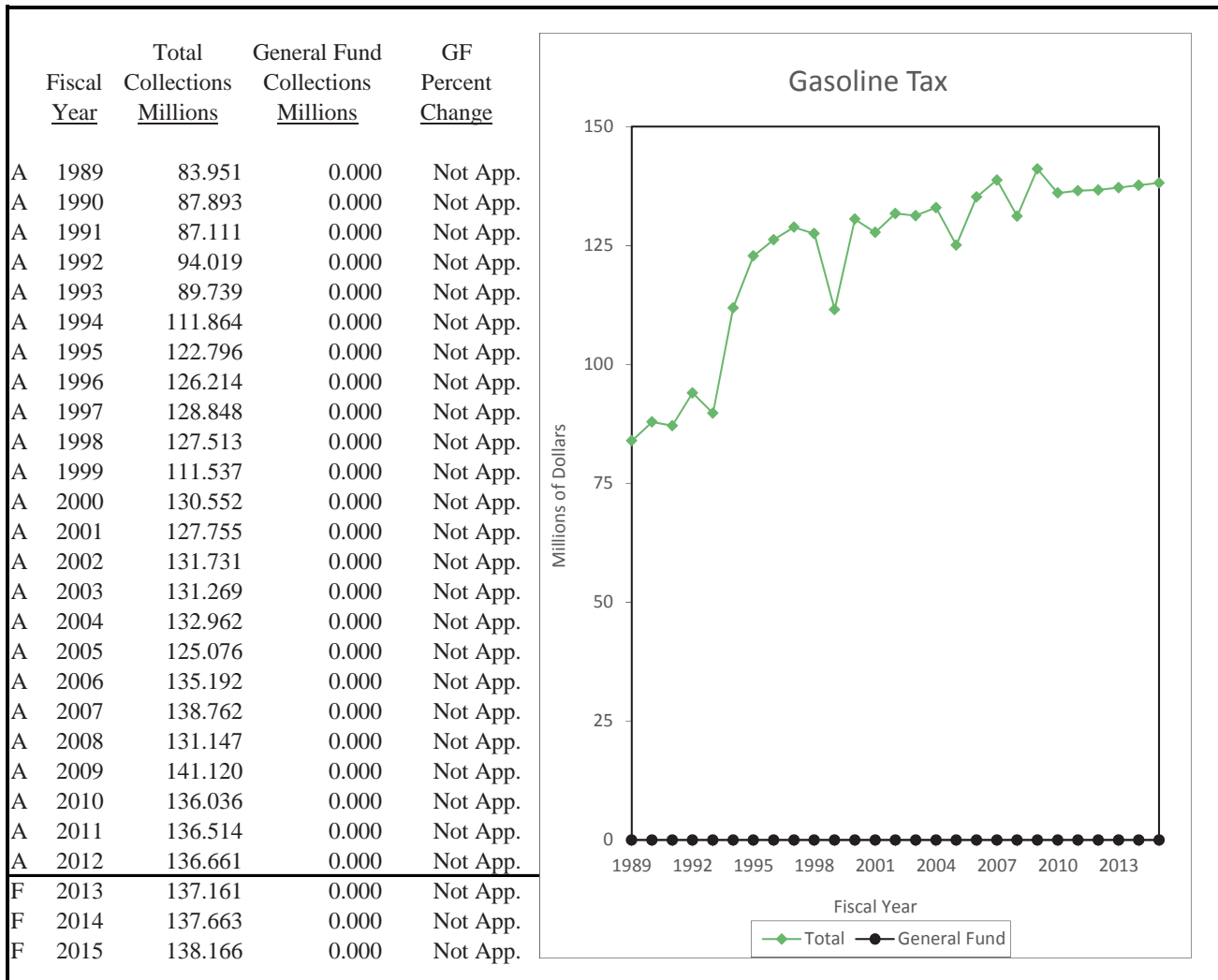|	t Fiscal	Weed Gasoline Millions	Snow Enforce. Gasoline Millions	Snow Con-Ed. Gasoline Millions	OHV Con-Ed. Gasoline Millions
Actual	2002	0.013	0.025	0.063	0.013
Actual	2003	0.013	0.026	0.066	0.013
Actual	2004	0.013	0.027	0.066	0.013
Actual	2005	0.013	0.026	0.064	0.013
Actual	2006	0.013	0.026	0.065	0.013
Actual	2007	0.014	0.027	0.067	0.014
Actual	2008	0.013	0.026	0.064	0.013
Actual	2009	0.014	0.027	0.067	0.014
Actual	2010	0.007	0.031	0.061	0.017
Actual	2011	0.007	0.031	0.062	0.017
Actual	2012	0.007	0.031	0.062	0.017
Forecast	2013	0.013	0.027	0.068	0.013
Forecast	2014	0.014	0.027	0.068	0.014
Forecast	2015	0.014	0.027	0.068	0.014

Total Tax = Gas Effective × Gas Gallons + Tank Effective × Tank Gallons + Refunds

Legislative Fiscal Division

Revenue Estimate Profile

Gasoline Tax

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1989	83.951	0.000	Not App.
A	1990	87.893	0.000	Not App.
A	1991	87.111	0.000	Not App.
A	1992	94.019	0.000	Not App.
A	1993	89.739	0.000	Not App.
A	1994	111.864	0.000	Not App.
A	1995	122.796	0.000	Not App.
A	1996	126.214	0.000	Not App.
A	1997	128.848	0.000	Not App.
A	1998	127.513	0.000	Not App.
A	1999	111.537	0.000	Not App.
A	2000	130.552	0.000	Not App.
A	2001	127.755	0.000	Not App.
A	2002	131.731	0.000	Not App.
A	2003	131.269	0.000	Not App.
A	2004	132.962	0.000	Not App.
A	2005	125.076	0.000	Not App.
A	2006	135.192	0.000	Not App.
A	2007	138.762	0.000	Not App.
A	2008	131.147	0.000	Not App.
A	2009	141.120	0.000	Not App.
A	2010	136.036	0.000	Not App.
A	2011	136.514	0.000	Not App.
A	2012	136.661	0.000	Not App.
F	2013	137.161	0.000	Not App.
F	2014	137.663	0.000	Not App.
F	2015	138.166	0.000	Not App.

Gasoline Tax

(chart: Total and General Fund, Millions of Dollars vs. Fiscal Year, 1989–2013)

Data Source(s): SABHRS, Department of Transportation

Contacts: Department of Transportation

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. Enactment of the federal "Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users" replaces the single state registration system (SSRS) with a new uniform carrier registration program. Elimination of the SSRS (effective January 1, 2007) eliminated the $5 state fee that was deposited to the general fund. The revenue was replaced with revenue from a federal fee. Montana is expected to receive revenue from this fee in the same amount of the lost SSRS revenue.

Statutory Reference:

        Tax Rate – Multiple (Administrative Rules 18.8.202)
        Tax Distribution (MCA) – Multiple

Applicable Tax Rate(s): Various

Distribution: The majority of GVW revenue is allocated to the Department of Transportation.

Distribution Chart:

Beginning January 1, 2007

Total Gross Vehicle Weight Revenue	→	Department of Transportation SSR
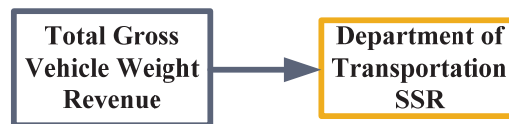
Collection Frequency: Various

% of Total General Fund Revenue: 0.00% (the general portion is included in "All Other General Fund")

Revenue Estimate Methodology:

Data
The data used in the gross weight vehicle (GVW) tax estimate are obtained from the state accounting system (SABHRS) and the Department of Transportation (DOT). The SABHRS data provide the historic collection data for the 13 different types of fees and permits. The DOT provides statistics on the number of gross weight vehicle licenses for use in Montana. No adjustments are required on the raw data in preparation for analysis.

Analysis
The state of Montana imposes many fees and requires several types of permits based on the gross weight of commercial and large privately owned vehicles. In preparing the GVW estimate, 13 sources of fees and permit revenues are analyzed. Most of the sources demonstrate a payment history that can be adequately measured by applying a growth rate to a base year (FY 2010). The largest sources of revenue in the GVW are the gross vehicle weight fees collected by both counties and the state. The figure below demonstrates the relative importance of these two sources to the overall GVW collections.

Gross Vehicle Weight Fees
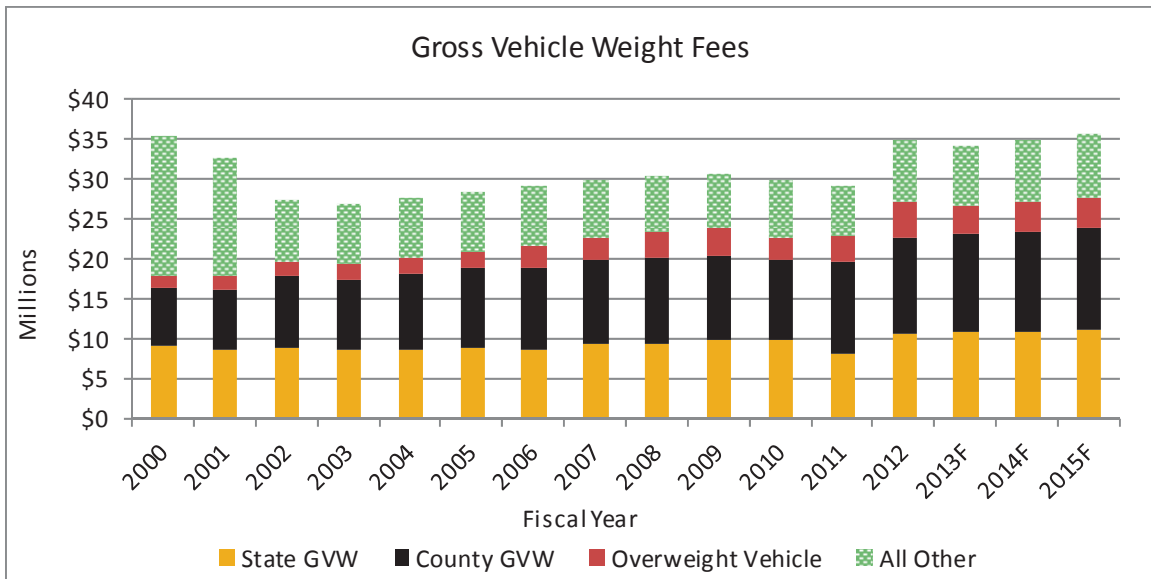
Both county and state GVW fees are forecast with a compound growth rate with the historical high and low rates removed. The forecast fees are expected to grow by over 1.6% in the next biennium. Another large source of revenue included in the GVW is the fee for overweight vehicles. This fee is estimated with an eight-year moving average growth rate base on changes in the two previous years with the historical high and low rates removed. The all other GVW fees, as shown in the figure above, are a collection of 10 different fees and permit types. While each of these fees is estimated separately, in combination the fees are expected to increase at an annual rate of over 2.1% during the biennium. Finally, the estimates for each of the GWV fees and permit collections are combined to produce the total estimate for GVW fees for FY 2011 through FY 2013.

Forecast Methodology:

Summed for each GVW fee type

| Previous Full Year's Collections | X | Growth Rate | → | Total Gross Vehicle Weight & Other Fee Revenue |

Legislative Fiscal Division
Revenue Estimate Profile
GVW and Other Fees

Revenue Estimate Assumptions:

	t Fiscal	Total Tax Millions	GF Tax Millions	GVW Millions	SSRS Millions	Form 3 Millions	Trip Millions	County Millions
Actual	2002	27.266	1.045	8.814	1.045	0.860	0.441	8.933
Actual	2003	26.818	1.184	8.503	1.184	1.044	0.441	8.800
Actual	2004	27.500	1.215	8.586	1.215	1.007	0.455	9.398
Actual	2005	28.149	1.169	8.690	1.169	0.992	0.514	9.920
Actual	2006	28.916	1.330	8.555	1.336	1.059	0.542	10.243
Actual	2007	29.761	0.110	9.257	0.110	1.133	0.583	10.544
Actual	2008	30.238	-0.035	9.266	-0.035	1.137	0.642	10.827
Actual	2009	30.565	0.001	9.676	0.001	0.961	0.589	10.572
Actual	2010	29.630	0.019	9.618	0.019	1.023	0.565	10.120
Actual	2011	28.866	0.000	8.073	0.000	1.028	0.658	11.305
Actual	2012	34.745	0.000	10.489	0.000	1.102	0.865	12.086
Forecast	2013	33.969	0.000	10.651	0.000	1.134	0.700	12.272
Forecast	2014	34.707	0.000	10.814	0.000	1.161	0.750	12.461
Forecast	2015	35.486	0.000	10.984	0.000	1.197	0.805	12.657

	t Fiscal	Sales Millions	Overweight Millions	Special Millions	Restricted Millions	Fuel Millions	LPG Millions	Other Millions
Actual	2002	-0.640	1.845	0.903	0.000	0.108	0.000	4.957
Actual	2003	0.000	1.816	0.922	0.000	0.106	0.000	4.002
Actual	2004	0.000	1.903	0.978	0.000	0.108	0.000	3.850
Actual	2005	0.000	2.075	1.030	0.000	0.110	0.000	3.649
Actual	2006	0.000	2.646	1.104	0.000	0.118	0.000	3.314
Actual	2007	0.000	2.779	1.170	0.000	0.126	0.000	4.059
Actual	2008	0.000	3.185	1.229	0.000	0.151	0.000	3.834
Actual	2009	0.000	3.382	1.129	0.000	0.150	0.000	4.106
Actual	2010	0.000	2.730	1.081	0.000	0.142	0.000	4.332
Actual	2011	0.000	3.305	1.182	0.000	0.185	0.000	3.131
Actual	2012	0.000	4.353	1.422	0.000	0.254	0.000	4.174
Forecast	2013	0.000	3.477	1.240	0.000	0.263	0.000	4.231
Forecast	2014	0.000	3.659	1.300	0.000	0.274	0.000	4.289
Forecast	2015	0.000	3.850	1.361	0.000	0.284	0.000	4.349

Total Tax = GVW + SSRS + Form 3 + Trip + County + Sales + Overweight + Special + Restricted + Fuel + LPG + Other

Legislative Fiscal Division
Revenue Estimate Profile
GVW and Other Fees

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1989	16.197	0.000	Not App.
A	1990	17.314	0.000	Not App.
A	1991	16.653	0.000	Not App.
A	1992	27.135	0.000	Not App.
A	1993	29.201	0.000	Not App.
A	1994	27.408	0.000	Not App.
A	1995	28.957	0.000	Not App.
A	1996	30.946	1.241	Not App.
A	1997	32.207	1.143	-7.9%
A	1998	31.304	1.266	10.8%
A	1999	32.316	1.333	5.2%
A	2000	35.211	1.276	-4.3%
A	2001	32.377	1.252	-1.9%
A	2002	27.266	1.045	-16.6%
A	2003	26.818	1.184	13.3%
A	2004	27.500	1.215	2.6%
A	2005	28.149	1.169	-3.8%
A	2006	28.916	1.330	13.8%
A	2007	29.761	0.110	-91.8%
A	2008	30.238	-0.035	-131.7%
A	2009	30.565	0.001	-101.6%
A	2010	29.630	0.019	3234.3%
A	2011	28.866	0.000	-100.0%
A	2012	34.745	0.000	Not App.
F	2013	33.969	0.000	Not App.
F	2014	34.707	0.000	Not App.
F	2015	35.486	0.000	Not App.

Data Source(s):   SABHRS, Department of Transportation

Contacts: Department of Transportation

Legislative Fiscal Division
Revenue Estimate Profile
Liquor Excise and License Tax

Revenue Description: The Department of Revenue (DOR) is authorized to sell liquor to retail liquor establishments throughout the state. These sales result in profits and taxes that are deposited in various state accounts. An excise tax is collected both on liquor sold by DOR and liquor purchased outside the state, by airlines and railroads (carriers), for consumption within the state. The department also collects a license tax on the sale of liquor. A portion of the excise tax revenue is returned to Native American tribes through an agreement with DOR.

Statutory Reference:

> Tax Rate (MCA) – Excise tax (16-1-401), License tax (16-1-404)
> Tax Distribution (MCA) – Excise tax (16-1-401 & 16-2-108), License tax (16-1-404)
> Date Due – Excise tax is collected at the time of sale and distributed by the 10th day of each month. License tax is collected at the time of sale.

Applicable Tax Rate(s):

Excise Tax Rate

All liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed the liquor is taxed a percentage rate on the retail selling price based on the following number of proof gallons of liquor nationwide in the calendar year preceding imposition of the tax:
- 3.0% - < 20,000 proof gallons
- 8.0% - 20,000 to 50,000 proof gallons
- 13.8% - 50,001 to 200,000 proof gallons
- 16.0% - Over 200,000 proof gallons

The amount of excise taxes paid by carriers includes additional factors related to departures and passenger miles.

License Tax Rate
- 10.0% of the retail selling price on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed and that sold more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax
- 8.6% of the retail selling price on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed and that sold not more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax

The license tax must be charged and collected on all liquor brought into the state and taxed by DOR. The retail selling price must be computed by adding to the cost of the liquor the state markup as designated by the department. The license tax must be figured in the same manner as the state excise tax and is in addition to the state excise tax.

Distribution:

Excise tax revenue, less amounts distributed to the tribes, is deposited in the enterprise fund for transfer to the general fund.
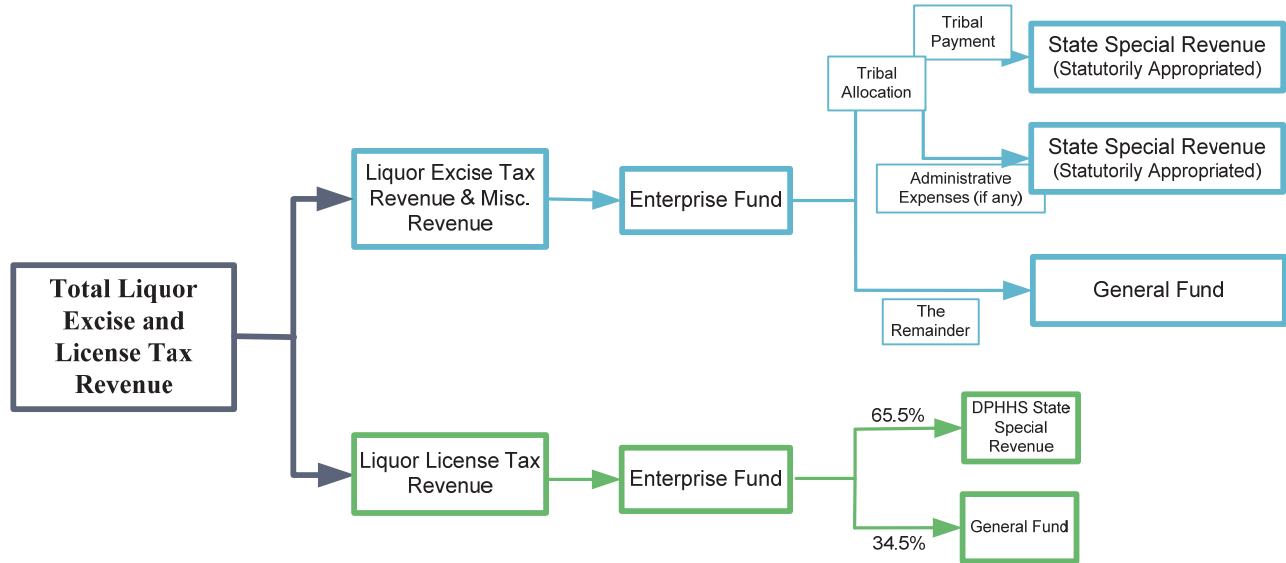
License tax revenue is allocated to the enterprise fund for transfer 34.5 % to the general fund and 65.5% to the Department of Public Health and Human Services (DPHHS) for alcohol treatment and rehabilitation programs.

Distribution Chart:

Collection Frequency: Both the liquor excise tax and the license tax on liquor are collected at the time of the sale and delivery of liquor. Deposits to the general fund are made monthly.

% of Total General Fund Revenue:

FY 2004 – 0.78%	FY 2007 – 0.76%	FY 2010 – 0.96%
FY 2005 – 0.75%	FY 2008 – 0.76%	FY 2011 – 0.90%
FY 2006 – 0.74%	FY 2009 – 0.70%	FY 2012 – 0.91%

Revenue Estimate Methodology:

Data

The liquor excise and the liquor license tax estimates are based on data obtained from DOR, IHS, and the state accounting system (SABHRS). The DOR data provides the details of monthly liquor sales and costs, IHS projects the change in the consumer price index (CPI), and historic tax revenue data from SABHRS confirms the adequacy of the estimates.

Total liquor taxes are made up of two taxes, an excise tax and a license tax. While each tax has a different rate, both taxes are assessed on the retail sales price of the commodity. The tax rate is lower for companies that produce less than 200,000 gallons; however, for the purpose of estimating future liquor taxes, these lower tax rates are not considered. The rate of the excise tax is estimated at 16% of the price and the license tax is estimated at 10% of the price.

Analysis

Analysis shows a constant upward trend in liquor sales in Montana, as demonstrated in the figure below. Accordingly, unit sales is regressed in a linear trend model to determine the future unit sales. The model provides an R^2 rating of 0.970, which means the linear trend explains 97.0% of the variability unit sales in Montana, when all other impacts are held constant.*

Legislative Fiscal Division
Revenue Estimate Profile
Liquor Excise and License Tax
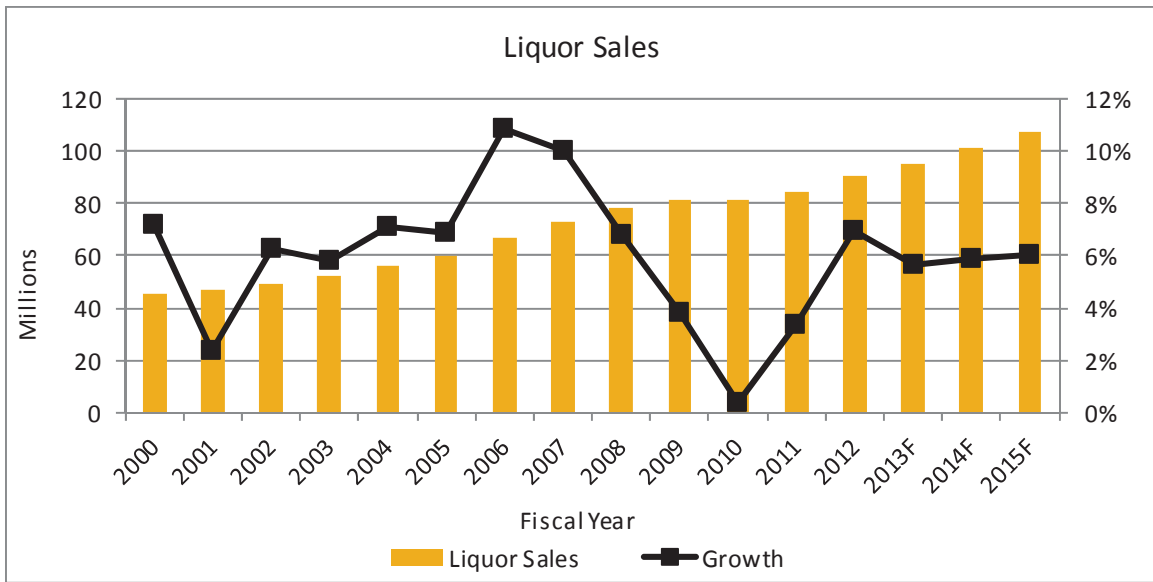
Liquor Sales

The liquor taxes estimate is calculated by applying growth rates to base year values of both the number of liquor units sold and the per unit price of liquor. The sales of liquor units are estimated by applying a three-year average growth factor. The annual growth factor for the forecast period is 2.85%. The growth rate for the price per liquor unit is estimated using the past year price as the base. This price is adjusted in subsequent years by the change in the CPI, adjusted by the long term ratio of the change in the cost of liquor units to the change in the CPI. The calculated growth rates are 1.0% in FY 2011, 1.3% in FY 2012, and 1.5% in FY 2013.

When total units and sales per unit are multiplied, total estimated gross liquor sales in Montana are estimated to be $93.3 million, $97.1 million, and $101.2 million for FY 2011 through 2013, respectively. The final step is to apply both tax rates to the estimate of liquor sales to determine the estimate for the combined liquor excise and license taxes.

Adjustment and Distribution
Liquor taxes are distributed to the general fund after a reduction for tribal reimbursements. Three of the seven tribal governments—Blackfeet, Fort Belknap, and Fort Peck—receive liquor tax dollars. These tribal governments adhere to the Montana liquor tax laws. The state of Montana collects the tribes' portion of the liquor taxes and quarterly distributes those collections based on a formula (per capita liquor consumption times tribal membership times the Montana tax rate). After reducing the excise tax revenue by the tribal distribution, the revenue is distributed to the enterprise fund and then to the general fund. The license tax is distributed to the enterprise fund and then to the general fund and DPHHS.

*For additional information concerning the statistics of fit for the model used for this projection, contact the Legislative Fiscal Division.

Forecast Methodology:

Gross Sales X Excise + License Tax Rates → **Total Liquor Excise & License Tax Revenue**

Legislative Fiscal Division
Revenue Estimate Profile
Liquor Excise and License Tax

Revenue Estimate Assumptions:

	t Fiscal	Total Tax Millions	GF Tax Millions	Tribal Millions	Gross Sales - Taxes Millions	Excise Rate Percent	License Rate Percent	GF License Allocation Percent
Actual	2002	12.896	9.514	0.133	49.615	16.0%	10.0%	34.5%
Actual	2003	13.644	10.042	0.165	52.479	16.0%	10.0%	34.5%
Actual	2004	14.615	10.718	0.216	56.212	16.0%	10.0%	34.5%
Actual	2005	15.619	11.468	0.217	60.069	16.0%	10.0%	34.5%
Actual	2006	17.312	12.709	0.242	66.600	16.0%	10.0%	34.5%
Actual	2007	19.042	13.982	0.264	73.255	16.0%	10.0%	34.5%
Actual	2008	20.335	14.925	0.288	78.250	16.0%	10.0%	34.5%
Actual	2009	17.325	12.651	0.310	81.224	16.0%	10.0%	34.5%
Actual	2010	21.308	15.626	0.314	81.535	16.0%	10.0%	34.5%
Actual	2011	21.792	15.989	0.313	84.196	16.0%	10.0%	34.5%
Actual	2012	23.222	17.037	0.335	89.987	16.0%	10.0%	34.5%
Forecast	2013	24.774	18.196	0.337	95.283	16.0%	10.0%	34.5%
Forecast	2014	26.235	19.269	0.357	100.902	16.0%	10.0%	34.5%
Forecast	2015	27.814	20.433	0.374	106.974	16.0%	10.0%	34.5%

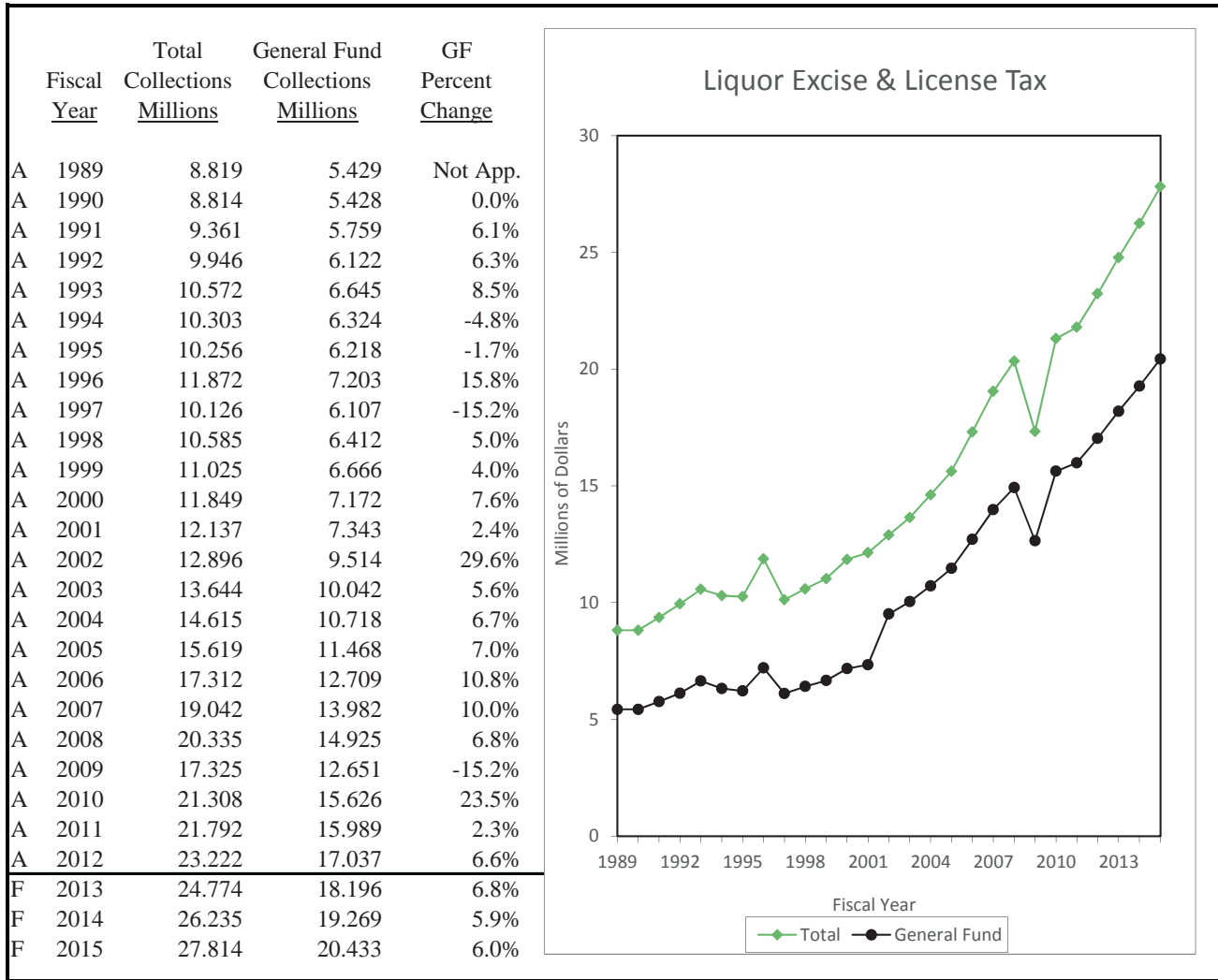Total Tax = Gross Sales × Excise Rate + Gross Sales × License Rate

GF Tax = Gross Sales × Excise Rate - Tribal + Gross Sales × License Rate × GF License Allocation

Legislative Fiscal Division
Revenue Estimate Profile
Liquor Excise and License Tax

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1989	8.819	5.429	Not App.
A	1990	8.814	5.428	0.0%
A	1991	9.361	5.759	6.1%
A	1992	9.946	6.122	6.3%
A	1993	10.572	6.645	8.5%
A	1994	10.303	6.324	-4.8%
A	1995	10.256	6.218	-1.7%
A	1996	11.872	7.203	15.8%
A	1997	10.126	6.107	-15.2%
A	1998	10.585	6.412	5.0%
A	1999	11.025	6.666	4.0%
A	2000	11.849	7.172	7.6%
A	2001	12.137	7.343	2.4%
A	2002	12.896	9.514	29.6%
A	2003	13.644	10.042	5.6%
A	2004	14.615	10.718	6.7%
A	2005	15.619	11.468	7.0%
A	2006	17.312	12.709	10.8%
A	2007	19.042	13.982	10.0%
A	2008	20.335	14.925	6.8%
A	2009	17.325	12.651	-15.2%
A	2010	21.308	15.626	23.5%
A	2011	21.792	15.989	2.3%
A	2012	23.222	17.037	6.6%
F	2013	24.774	18.196	6.8%
F	2014	26.235	19.269	5.9%
F	2015	27.814	20.433	6.0%

Liquor Excise & License Tax

Data Source(s): SABHRS, Department of Revenue

Contacts: Department of Revenue

Legislative Fiscal Division
Revenue Estimate Profile
Liquor Profits

Revenue Description: The Department of Revenue (DOR) is authorized to sell liquor and fortified wine to retail liquor establishments throughout the state. These sales result in profits that are deposited in the general fund. Tax revenues generated from liquor excise and license taxes, as well as wine taxes, are estimated under separate methodologies.

Liquor profits received by the state are primarily generated by a mark-up on the sale of liquor and fortified wine, less costs such as commissions and discounts. House Bill 348 enacted by the 2001 Legislature phased-in liquor store commission increases based on sales volume over a three-year period beginning FY 2003. A 40.0% mark-up is added to the state's base cost for liquor. The state's mark-up percentage on the base cost of fortified wine (more than 16% but no greater than 24% alcohol by volume) is 51%. The mark-up percentage for both liquor and wine is determined by administrative rule (see ARM 42.11.104).

Statutory Reference:

> Tax Rate – Authority to markup the price is found in 16-1-404(2) and ARM 42.11.104
> Tax Distribution (MCA) – 16-2-108(4)
> Date Due – NA

Applicable Tax Rate(s): N/A

Distribution: Liquor profits are deposited in the general fund annually.

Distribution Chart:
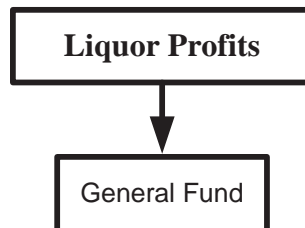
Collection Frequency: Payment for liquor purchases is due within 60 days of the invoice date and revenue is deposited into an enterprise fund**.**

% of Total General Fund Revenue:

FY 2004 – 0.47%	FY 2007 – 0.45%	FY 2010 – 0.55%
FY 2005 – 0.43%	FY 2008 – 0.45%	FY 2011 – 0.50%
FY 2006 – 0.44%	FY 2009 – 0.40%	FY 2012 – 0.51%

Revenue Estimate Methodology:

Data

The liquor profits estimate is based on data obtained from DOR, the state budget system (MBARS), and the state accounting system (SABHRS). DOR provides monthly historical data for the total liquor sales, the number of units of liquor sold, and the average price for each unit of liquor. MBARS provides the present law operational budget for the DOR liquor division. SABHRS data provides a historic breakout of liquor expenses and is used as a comparison to check the adequacy of the estimate.
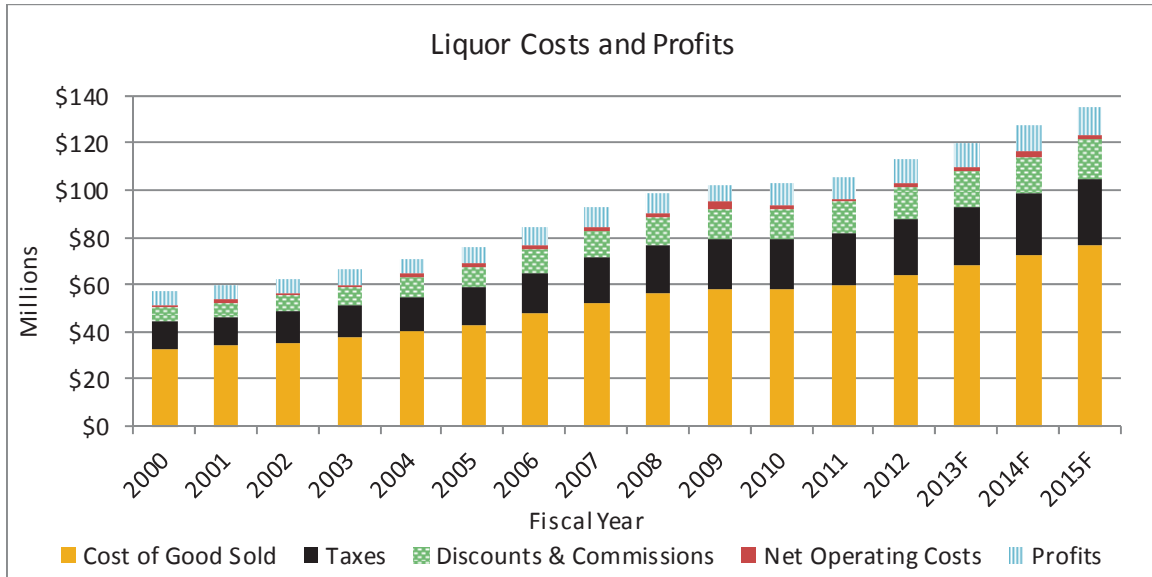
Legislative Fiscal Division
Revenue Estimate Profile
Liquor Profits

Analysis
As seen in the figure below, the profits are a small part of the total liquor sales. Since FY 2000, profits have averaged about 9.2% of total tax included liquor sales. In the forecast period, profits are expected to be approximately 8.1% of total tax included sales.

The starting point in estimating liquor profits is the gross sales of liquor. The steps in determining the liquor profits are as follows:

- Determine units
- Determine total sales value (units $\times$ price per unit)
- Determine costs of goods sold (units $\times$ cost per unit)
- Calculate discounts and commissions
- Obtain operating budgets
- Calculate taxes

Liquor profits are estimated by reducing total tax included liquor sales (for the methodology of total liquor sales, see the "Liquor Excise and License Tax" revenue section) by all the costs of doing business. For the purpose of estimating liquor profits, the cost of doing business includes the cost of the goods sold (cost of liquor and transportation), the taxes (excise and license), discounts and commissions, and net operating costs (program administration). These costs historically represent 91.1% of the cost of a unit of liquor. When costs are subtracted from total sales, the resulting amount is the estimate for liquor profits.

Forecast Methodology:

Gross Liquor Sales Including Taxes **+** Miscellaneous Income **−** Excise & License Taxes **−** Discounts & Commissions **−** Costs of Goods Sold **−** Liquor Operation Costs **→** **Total Liquor Profits Revenue**

Legislative Fiscal Division
Revenue Estimate Profile
Liquor Profits

Revenue Estimate Assumptions:

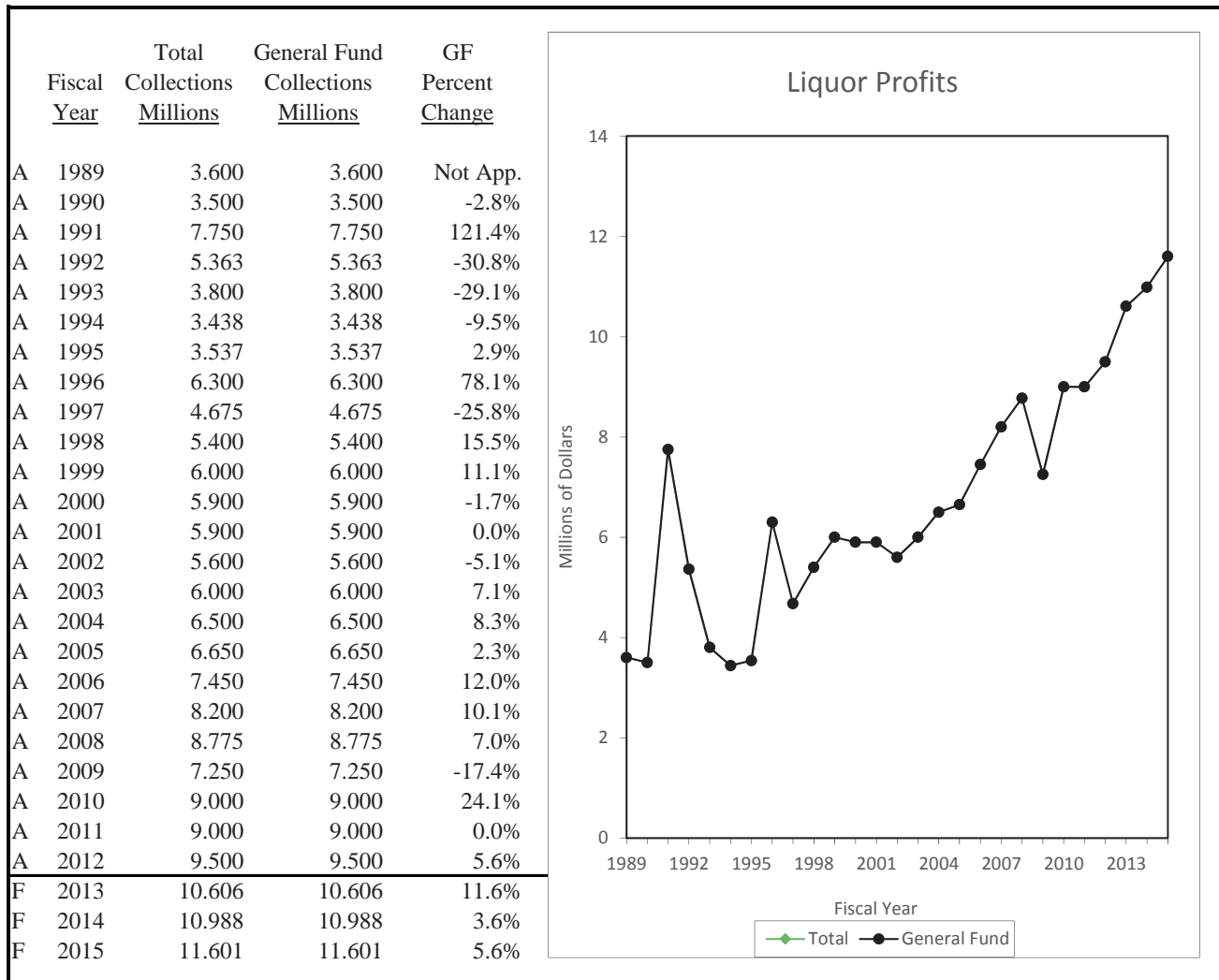|	t	GF Profit	Gross Sales + Taxes	Excise License Tax	Discount Commission	Cost of Goods	Operation Costs	Other Income
	Fiscal	Millions	Millions	Millions	Millions	Millions	Millions	Millions
Actual	2002	5.600	62.515	12.898	6.797	35.279	1.478	0.008
Actual	2003	6.000	66.124	13.643	7.433	37.321	1.485	0.008
Actual	2004	6.500	70.828	14.614	8.165	39.933	1.507	0.010
Actual	2005	6.650	75.687	15.616	9.162	42.693	1.553	0.000
Actual	2006	7.450	83.916	17.310	10.148	47.307	1.692	0.000
Actual	2007	8.200	92.301	19.039	11.131	52.142	1.736	0.000
Actual	2008	8.775	98.595	20.333	12.114	55.688	1.683	0.000
Actual	2009	7.250	102.342	21.107	12.558	57.704	3.396	-0.012
Actual	2010	9.000	102.734	21.159	12.617	57.881	1.796	-0.010
Actual	2011	9.000	106.087	21.792	13.112	59.761	1.643	-0.007
Actual	2012	9.500	113.383	23.223	14.013	63.924	1.923	-0.009
Forecast	2013	10.606	120.057	24.774	14.837	67.908	1.923	-0.009
Forecast	2014	10.988	127.136	26.234	15.712	72.089	2.103	-0.009
Forecast	2015	11.601	134.787	27.813	16.658	76.637	2.069	-0.009

GF Profits = Gross Sales - Excise/License Tax - Discount/Commission - Cost of Goods
- Operation Costs + Other

Legislative Fiscal Division
Revenue Estimate Profile
Liquor Profits

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1989	3.600	3.600	Not App.
A	1990	3.500	3.500	-2.8%
A	1991	7.750	7.750	121.4%
A	1992	5.363	5.363	-30.8%
A	1993	3.800	3.800	-29.1%
A	1994	3.438	3.438	-9.5%
A	1995	3.537	3.537	2.9%
A	1996	6.300	6.300	78.1%
A	1997	4.675	4.675	-25.8%
A	1998	5.400	5.400	15.5%
A	1999	6.000	6.000	11.1%
A	2000	5.900	5.900	-1.7%
A	2001	5.900	5.900	0.0%
A	2002	5.600	5.600	-5.1%
A	2003	6.000	6.000	7.1%
A	2004	6.500	6.500	8.3%
A	2005	6.650	6.650	2.3%
A	2006	7.450	7.450	12.0%
A	2007	8.200	8.200	10.1%
A	2008	8.775	8.775	7.0%
A	2009	7.250	7.250	-17.4%
A	2010	9.000	9.000	24.1%
A	2011	9.000	9.000	0.0%
A	2012	9.500	9.500	5.6%
F	2013	10.606	10.606	11.6%
F	2014	10.988	10.988	3.6%
F	2015	11.601	11.601	5.6%

Liquor Profits

Data Source(s): SABHRS, MBARS, Department of Revenue

Contacts: Department of Revenue

Legislative Fiscal Division
Revenue Estimate Profile
Lottery Profits

Revenue Description: The Montana state lottery was enacted by legislative referendum and became effective January 1, 1987. The first lottery game began in June 1987. A lottery is generally defined as "any procedure in which one or more prizes are distributed among persons who have paid for a chance to win a prize". The games are administered by the Department of Administration. By law, a minimum of 45.0% of the money paid for tickets or chances must be paid out as prizes.

Lottery revenue is derived from ticket sales, sales agents license fees, and unclaimed prizes. Sales revenue is initially deposited into an enterprise fund known as the state lottery fund. After paying prizes, ticket costs, commissions, and other operating costs, profits are transferred to the general fund.

Statutory Reference:

> Tax Rate – NA
> Distribution (MCA) – 23-7-402(3)
> Date Due – quarterly (23-7-402(3))

Applicable Tax Rate(s): There is no actual tax rate involved. However, applicants for sales agent licenses are charged a $50.00 fee to cover the cost of investigating and processing the applications.

Distribution: All gross lottery revenue not used for prizes, commissions, administration, and operating expenses, together with the interest earned (on the gross revenue while the gross revenue is in the enterprise fund), is considered net revenue. This net revenue is transferred to the general fund. Senate Bill 55, passed by the 1999 Legislature, requires the Department of Commerce to submit a biennium budget for the state lottery fund for appropriation by the legislature. By determining the amount appropriated, the legislature has better control over the amount transferred to the general fund.

Distribution Chart:

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  ┌─────────────────────┐
  │   Lottery Profits   │
  └─────────────────────┘
            │
            ▼
  ┌─────────────────────┐
  │    General Fund     │
  └─────────────────────┘
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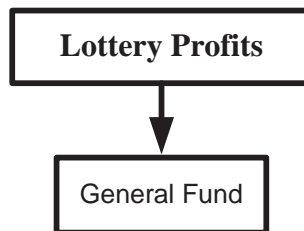
Collection Frequency: Lottery revenues are collected on an on-going basis. Transfers to the general fund are usually made quarterly.

% of Total General Fund Revenue:

FY 2004 – 0.59%	FY 2007 – 0.62%	FY 2010 – 0.65%
FY 2005 – 0.41%	FY 2008 – 0.56%	FY 2011 – 0.60%
FY 2006 – 0.53%	FY 2009 – 0.56%	FY 2012 – 0.70%

Revenue Estimate Methodology:

The estimate for lottery profits is derived by estimating the various sources of revenue to the enterprise fund and then estimating the various expenses of the fund. Revenues less expenses are considered net revenue (profits).

Data

Data from the state accounting system (SABHRS) provide a history of the enterprise fund revenues and expenditures. Annual reports received from the Montana Lottery Commission provide additional financial information about the fund. Lottery personnel are contacted for their views on trends in lottery tickets sale and other factors that may influence revenues or expenditures. The state budgeting system is used to obtain estimates of appropriated administrative expenses. Montana population statistics from IHS (see "Montana Population" in the Overview section) are used to derive per capita ticket sales.

Analysis

The estimate for lottery profits is difference between the four revenue components and the two expenditure components, each of which are forecast separately.

Revenue
1. Ticket sales – This is the largest component of lottery revenue. Per capita ticket sales are modeled on a time trend with an adjustment for unusually low sales in FY 2005, and multiplied by the forecast of Montana's population to produce future ticket sales.
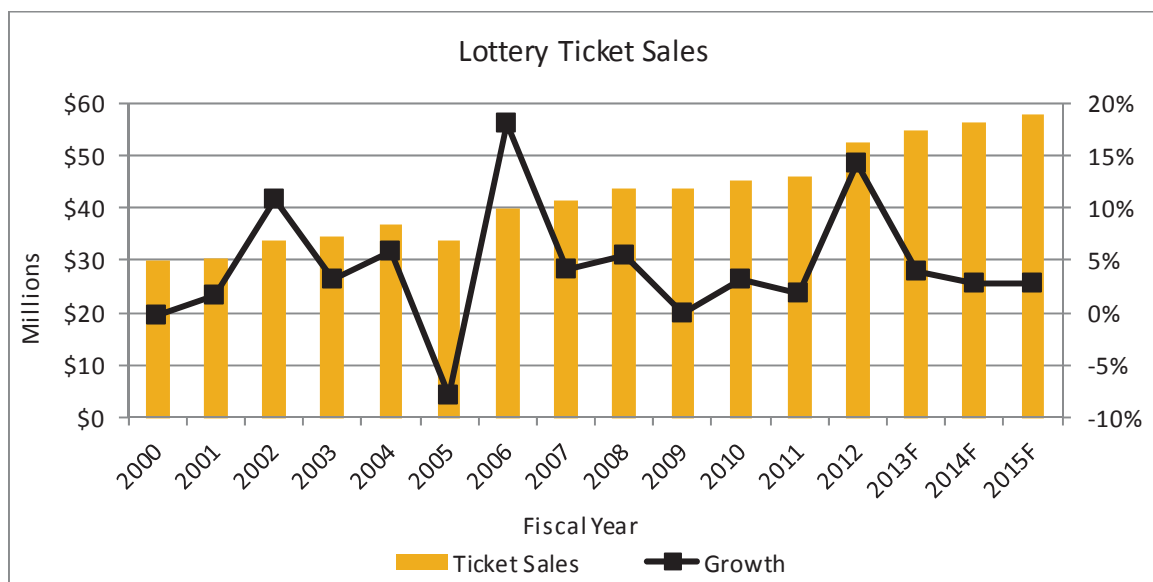
2. Licenses – Applicants who apply for a sales agent license pay a $50 license fee. The amount from the last known fiscal year is used for all subsequent years.
3. Interest earnings – Money in the lottery enterprise fund, as well as Montana's share of money held by the Multi-State Lottery Association, earns interest at the short-term interest rate and is deposited to the enterprise fund. To estimate interest earnings, the average daily balance is multiplied by the short-term interest rate. The average daily balance is determined by:
   a. Deriving the balance for the last known fiscal year by dividing known interest earnings by the known short-term interest rate
   b. Developing a balance ratio between the balance derived from (a) and ticket sales from the last known fiscal year
   c. Multiplying the balance ratio by the ticket sales estimate for each subsequent year to derive the average daily balance.
   Once the balance has been estimated, it is multiplied by the applicable short-term interest rate (see the "Treasury Cash Account" revenue source for details on the development of this rate).

Lottery Enterprise Fund Average Daily Balance
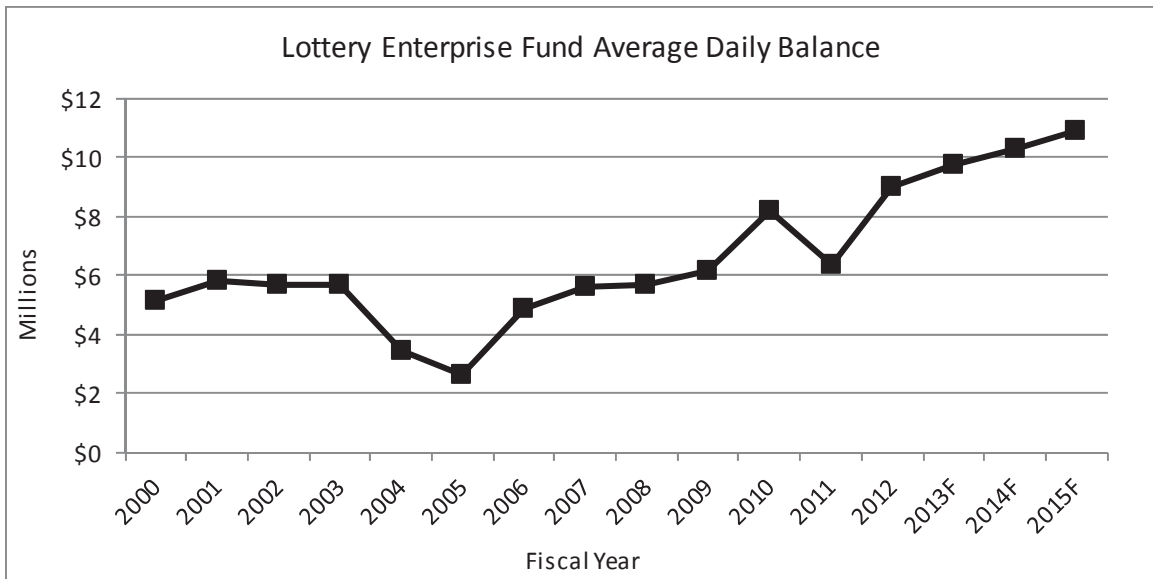
4. Other – The small amount of miscellaneous revenue from the last known fiscal year is used for all subsequent years.

Expenditures
1. Prizes and Commissions – The ratio of prizes and commissions to ticket sales is relatively constant, so an average ratio is computed for all years with actual data. This ratio is multiplied by the estimated amount of ticket sales (see above) for each corresponding fiscal year to derive the estimate of prizes and commissions.

Prizes & Commissions vs. Ticket Sales
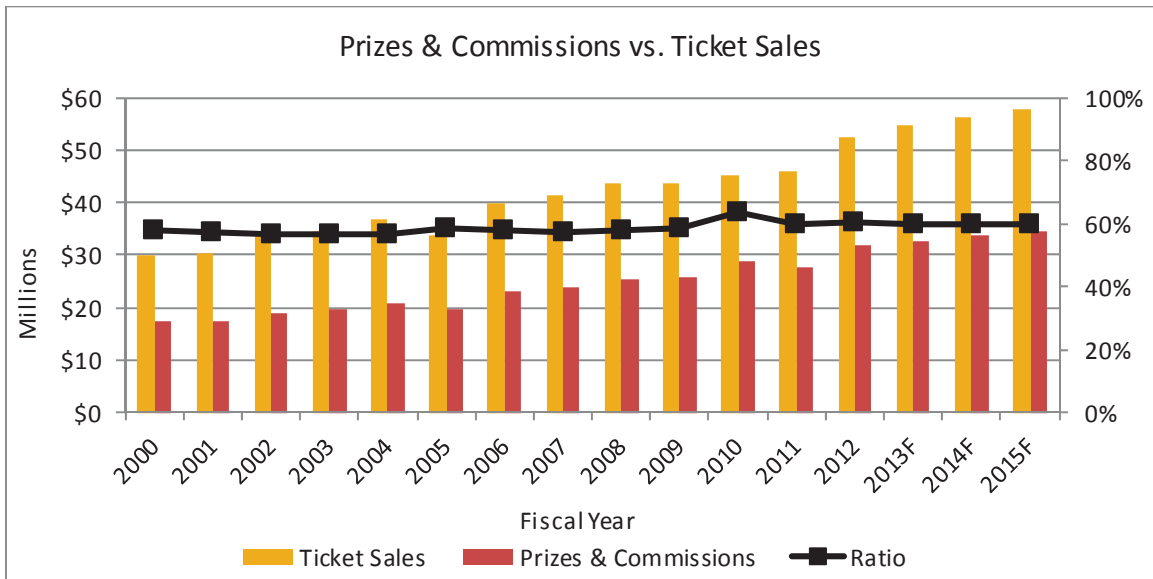
2. Operations – Operational costs are estimated using the budget submissions by the Lottery Commission, as shown on the state budgeting system.

Lottery Operating Expenses
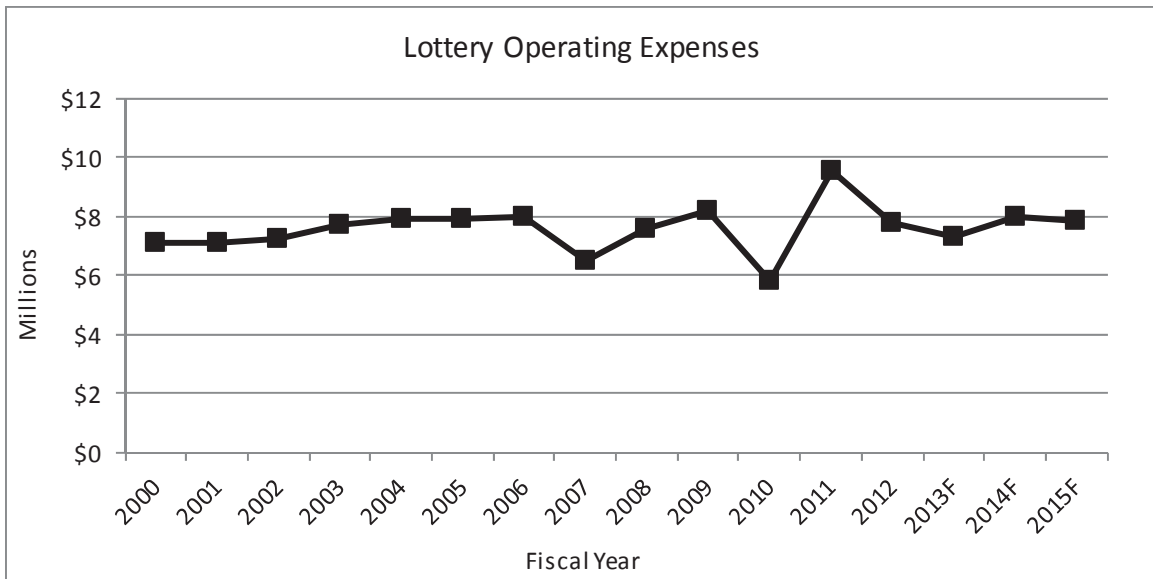
Adjustments and Distribution

All profits are deposited to the general fund.

Forecast Methodology:

Ticket Sales + Interest Earnings + Other Revenue − Lottery Operation Costs − Prize & Commissions → **Total Lottery Profits Revenue**
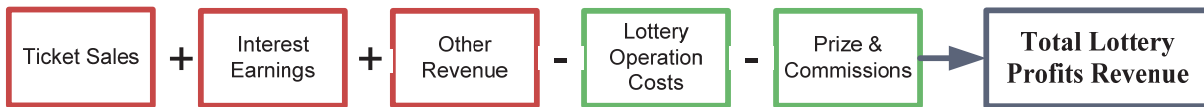
Legislative Fiscal Division

Revenue Estimate Profile

Lottery Profits

Revenue Estimate Assumptions:

	t Fiscal	Total Profit Millions	GF Profits Millions	Sales Millions	Interest Millions	Other Millions	Operating Millions	Prizes Millions
Actual	2002	7.467	7.467	33.632	0.146	0.039	7.264	19.086
Actual	2003	7.453	7.453	34.682	0.077	0.014	7.722	19.599
Actual	2004	8.116	8.116	36.738	0.044	0.003	7.898	20.771
Actual	2005	6.223	6.223	33.811	0.063	0.030	7.913	19.769
Actual	2006	9.110	9.110	39.918	0.200	0.011	7.962	23.056
Actual	2007	11.420	11.420	41.565	0.267	0.004	6.529	23.886
Actual	2008	11.029	11.029	43.822	0.179	0.006	7.575	25.403
Actual	2009	10.136	10.136	43.827	0.059	0.025	8.177	25.598
Actual	2010	10.631	10.631	45.193	0.017	0.021	5.825	28.775
Actual	2011	10.611	10.611	46.035	0.009	1.638	9.577	27.494
Actual	2012	13.061	13.061	52.602	0.011	0.015	7.807	31.761
Forecast	2013	14.563	14.563	54.628	0.015	0.015	7.290	32.805
Forecast	2014	14.518	14.518	56.195	0.016	0.015	7.963	33.746
Forecast	2015	15.283	15.283	57.740	0.053	0.015	7.853	34.674

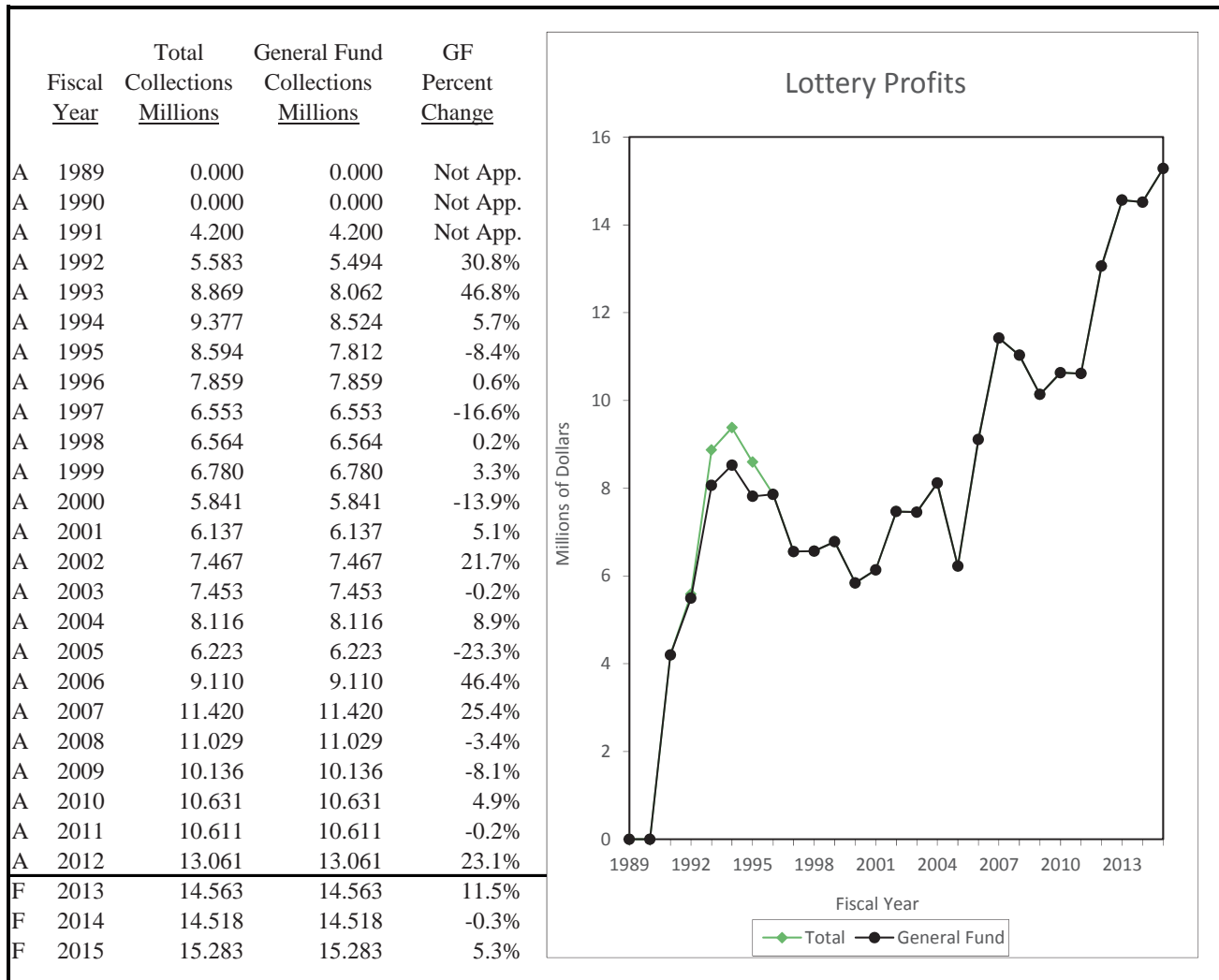Total Profits = Sales + Interest + Other - Operating - Prizes
GF Profits = Total Profits

Legislative Fiscal Division

Revenue Estimate Profile
Lottery Profits

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1989	0.000	0.000	Not App.
A	1990	0.000	0.000	Not App.
A	1991	4.200	4.200	Not App.
A	1992	5.583	5.494	30.8%
A	1993	8.869	8.062	46.8%
A	1994	9.377	8.524	5.7%
A	1995	8.594	7.812	-8.4%
A	1996	7.859	7.859	0.6%
A	1997	6.553	6.553	-16.6%
A	1998	6.564	6.564	0.2%
A	1999	6.780	6.780	3.3%
A	2000	5.841	5.841	-13.9%
A	2001	6.137	6.137	5.1%
A	2002	7.467	7.467	21.7%
A	2003	7.453	7.453	-0.2%
A	2004	8.116	8.116	8.9%
A	2005	6.223	6.223	-23.3%
A	2006	9.110	9.110	46.4%
A	2007	11.420	11.420	25.4%
A	2008	11.029	11.029	-3.4%
A	2009	10.136	10.136	-8.1%
A	2010	10.631	10.631	4.9%
A	2011	10.611	10.611	-0.2%
A	2012	13.061	13.061	23.1%
F	2013	14.563	14.563	11.5%
F	2014	14.518	14.518	-0.3%
F	2015	15.283	15.283	5.3%

Data Source(s): SABHRS, MBARS, Department of Revenue, Department of Administration - Montana Lottery

Contacts: Department of Administration

Legislative Fiscal Division
Revenue Estimate Profile
Tobacco Tax

Revenue Description: The tobacco tax is an excise tax on tobacco products sold in Montana. Cigarettes are not subject to the tobacco tax. The tax is considered a direct tax on retail consumers, but is collected by the wholesaler. Tobacco products shipped from Montana and destined for retail sale and consumption outside the state are not subject to the tax.

Beginning May 1, 2003, the Fifty-eighth Legislature passed SB 407 that doubled the tax on all tobacco products other than cigarettes and moist snuff from 12.5% to 25.0% of the wholesale price. Furthermore, moist snuff is now taxed individually, increasing the rate from the equivalent of $0.28 an ounce to $0.35 an ounce. Beginning January 1, 2005, the electorate approved I-149 that raised the tax on other tobacco products to 50% of the wholesale price and moist snuff to $0.85 per ounce. Wholesalers are allowed a discount of 1.5%, to cover collection and administrative expenses. The wholesaler is entitled to a refund for tobacco products that remain unsold. I-149 adjusted distributions to allow half of the tax revenues to flow into the state general fund and half to flow into a new state special revenue fund for health and Medicaid initiatives.

The state has tobacco revenue sharing agreements with five tribes in Montana. In the agreements with the Blackfeet, Fort Belknap, Fort Peck, Chippewa Cree, and Crow tribes, the state collects the tax imposed by the tribes and distributes the revenue to the tribes on a quarterly basis. Indian consumers of tobacco on other reservations are exempt from paying the tobacco tax.

Statutory Reference:

Tax Rate (MCA) – 16-11-111(7)
Tax Distribution (MCA) – 16-11-114(2), 16-11-119(3)
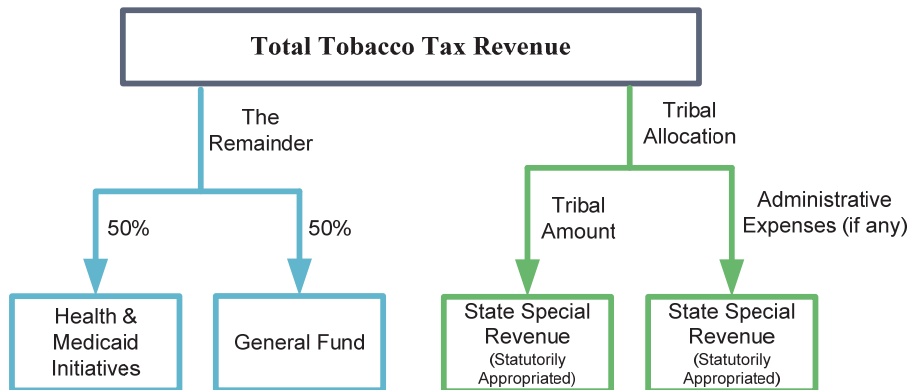Date Due (MCA) – 16-11-111(8)

Applicable Tax Rate(s):

- Tobacco products - 50.0% of the wholesale price
- Moist snuff - $0.85 per ounce

Distribution:

After amounts allocated for expenses and tribal distributions:
- 50% to a state special revenue fund to be used of health and Medicaid initiatives
- 50% to the general fund

Distribution Chart:

Collection Frequency: Monthly

Legislative Fiscal Division
Revenue Estimate Profile
Tobacco Tax

% of Total General Fund Revenue:

|		
FY 2004 – 0.26%	FY 2007 – 0.25%	FY 2010 – 0.33%
FY 2005 – 0.26%	FY 2008 – 0.24%	FY 2011 – 0.31%
FY 2006 – 0.26%	FY 2009 – 0.28%	FY 2012 – 0.31%

Revenue Estimate Methodology:

Data

Data are obtained from the state accounting system (SABHRS), the Department of Revenue (DOR), U.S. Census Bureau, and IHS is used to forecast tobacco tax revenues. The tobacco tax is made up of two taxes on the consumption of tobacco products. The tax on moist snuff (the largest component of the tax) is assessed on the number of ounces sold, and the tax on all other tobacco products (not including cigarettes) is assessed on the wholesale value of the product. The DOR provides information, by distributor and month, on the number of ounces of snuff and the value of the tobacco products sold in each month and the records of tribal distributions. Other data provided by DOR include the amount of discounts and credits given to tobacco distributors. Historic observations of tax collections are available through SABHRS, projections for Montana population greater than or equal to 21 years of age are supplied by the Census Bureau, and IHS supplies projections of the consumer price index (CPI).

DOR provides monthly data on the sales of snuff, in ounces, and the wholesale value of the sales of other tobacco products purchased in Montana. To prepare the data for analysis, the monthly data is summed across all distributor purchases and over the fiscal years. For the estimate of moist snuff tax, the data is divided by the estimate of the Montana population of ages 21 or greater. The per-capita consumption estimate is then used later to determine the total taxes paid on moist snuff. DOR data includes administrative discounts and credits, provided to the distributors for collecting the tax, which is used later in the process. The actual SABHRS data serves as a comparative check against the collection data provided by the DOR.

Analysis

For the first full year in FY 2004, the tobacco tax assessment distinguished between moist snuff and other tobacco products. In the 58th Legislature, the taxation of moist snuff was changed. A new tax rate is now imposed on the ounces of snuff sold instead of on value, as other tobacco products are taxed. Consequently, the method used to estimate tobacco tax collections was changed to reflect the changes in the law. The figure below shows the number of ounces of moist snuff sold to wholesalers since FY 2004 and the projected sales of ounces through the forecast period. Additionally, the figure shows the wholesaler sales and projected sales of other tobacco products (value) over the same period.
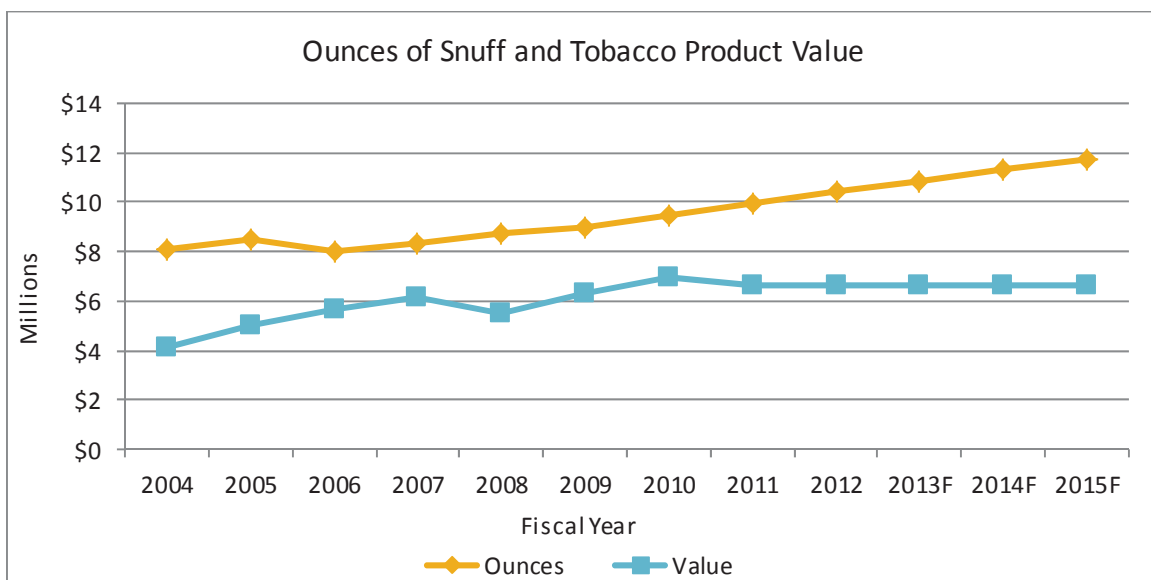
Analysis shows that sales of moist snuff and other tobacco products are not consistent. In recent years, the consumption of moist snuff has increased at a slower rate than the "value" of other tobacco products. Consequently, the estimate for the tobacco taxes is derived using unique growth factors of the proxy of each moist snuff and other tobacco products.

The forecast for the consumption of moist snuff is obtained by increasing the per-capita consumption of moist snuff by the recent rate of increased consumption, 2.8%, and allowing the consumption to increase further with the growth of the population of 21 and up. The number of ounces of snuff sold in Montana is expected to be 9.8 million in FY 2011, 10.2 million in FY 2012, and 10.6 million in FY 2013.

The forecast for the value of other tobacco products sold in Montana is obtained by applying the rate of growth incurred in FY 2010, 10.2%, to the base year of FY 2010 and forward. The value of the sales of tobacco products is expected to be $7.7 million in FY 2011, $8.5 million in FY 2012, and $9.4 million in FY 2013.

To finish the estimate, the individual tax rates are applied to the consumption/value forecasts to create a gross tax estimate. This methodology produces gross tax estimates of total tobacco tax collections of $11.8 million in FY 2011, $12.6 million in FY 2012, and $13.3 million in FY 2013.

Adjustment and Distribution
The estimates for gross collections of the tobacco taxes are adjusted for discounts and credits provided to the distributors. Finally, calculations are made for the distribution of the tobacco tax. Tobacco taxes are distributed 50% to a state special revenue fund to be used of health and Medicaid initiatives and 50% to the general fund. The general fund distribution is then reduced by tribal reimbursements. At this time, five of the seven tribal governments receive tobacco tax dollars: Blackfeet, Fort Belknap, Fort Peck, Chippewa Cree, and Crow. These tribal governments adhere to Montana tobacco tax laws. The state of Montana collects the tribes' portion of the tax and quarterly distributes the collections based on a formula (per capita tobacco products consumption times 150% times tribal membership times the Montana tax rate).

Forecast Methodology:
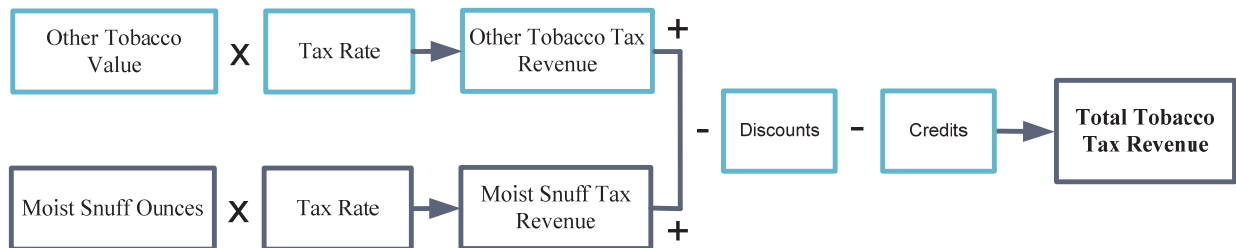
Legislative Fiscal Division
Revenue Estimate Profile
Tobacco Tax

Revenue Estimate Assumptions:

	t Fiscal	Total Tax Millions	GF Tax Millions	Tribal Millions	Other Value Millions	Tax Rate Percent	Snuff Ounces Millions	Tax Rate Per Ounce
Actual	2002	2.229	2.183	0.046	17.828	12.5%		
Actual	2003	2.360	2.305	0.056	18.884	12.5%		
Actual	2004	3.626	3.562	0.064	4.160	25.0%	8.080	0.35
Actual	2005	6.452	4.024	0.087	5.000	37.5%	8.460	0.60
Actual	2006	9.119	4.360	0.399	5.697	50.0%	7.982	0.85
Actual	2007	9.810	4.670	0.471	6.129	50.0%	8.305	0.85
Actual	2008	9.872	4.699	0.475	5.513	50.0%	8.758	0.85
Actual	2009	10.479	4.990	0.498	6.320	50.0%	8.965	0.85
Actual	2010	11.210	5.334	0.541	6.972	50.0%	9.453	0.85
Actual	2011	11.492	5.477	0.538	6.664	50.0%	9.924	0.85
Actual	2012	12.024	5.709	0.606	6.649	50.0%	10.398	0.85
Forecast	2013	12.231	5.830	0.571	6.656	50.0%	10.829	0.85
Forecast	2014	12.605	6.015	0.576	6.656	50.0%	11.280	0.85
Forecast	2015	12.974	6.193	0.589	6.656	50.0%	11.725	0.85

	t Fiscal	Discount Millions	Credits Millions	GF Allocation Percent
Actual	2002			
Actual	2003			
Actual	2004	0.096	0.092	98.2%
Actual	2005	0.120	0.098	62.4%
Actual	2006	0.144	0.425	47.8%
Actual	2007	0.152	0.222	47.6%
Actual	2008	0.153	0.200	47.6%
Actual	2009	0.161	0.207	47.6%
Actual	2010	0.173	0.105	47.6%
Actual	2011	0.176	0.097	47.7%
Actual	2012	0.182	0.125	47.5%
Forecast	2013	0.187	0.115	50.0%
Forecast	2014	0.193	0.119	50.0%
Forecast	2015	0.198	0.122	50.0%

Total Tax = Snuff Ounces × Tax Rate Per Ounce + Other Value × Tax Rate Percent - Discount - Credit

GF Tax = (Total Tax - Tribal) × GF Allocation

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1989	0.803	0.000	Not App.
A	1990	0.893	0.000	Not App.
A	1991	1.007	0.000	Not App.
A	1992	1.225	0.000	Not App.
A	1993	1.309	0.000	Not App.
A	1994	1.329	0.000	Not App.
A	1995	1.446	0.000	Not App.
A	1996	1.580	0.000	Not App.
A	1997	1.702	0.000	Not App.
A	1998	1.801	1.779	Not App.
A	1999	1.816	1.791	0.7%
A	2000	2.042	2.017	12.6%
A	2001	2.098	2.048	1.6%
A	2002	2.229	2.183	6.6%
A	2003	2.360	2.305	5.6%
A	2004	3.626	3.562	54.6%
A	2005	6.452	4.024	13.0%
A	2006	9.119	4.360	8.4%
A	2007	9.810	4.670	7.1%
A	2008	9.872	4.699	0.6%
A	2009	10.479	4.990	6.2%
A	2010	11.210	5.334	6.9%
A	2011	11.492	5.477	2.7%
A	2012	12.024	5.709	4.2%
F	2013	12.231	5.830	2.1%
F	2014	12.605	6.015	3.2%
F	2015	12.974	6.193	3.0%

Tobacco Tax
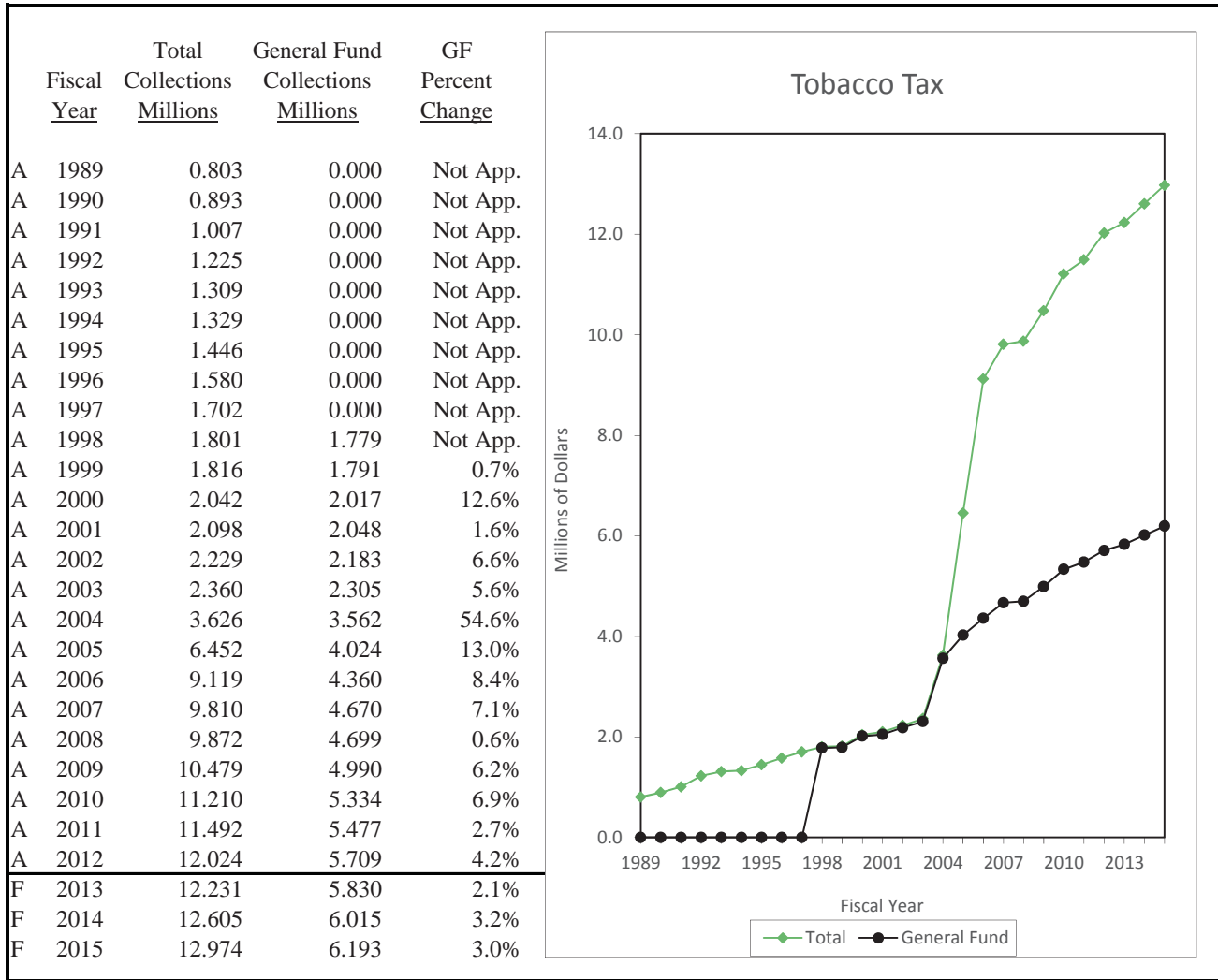
Data Source(s): SABHRS, Department of Revenue

Contacts: Department of Revenue

Revenue Description: Video gambling income is derived from two sources: license fees and video gambling taxes. There are three types of license fees that generate revenue. Numerous fees are paid by operators for both video gambling machines and for non-video games such as poker. In addition, persons pay an annual fee for the right to assemble, produce, or manufacture video gambling machines or associated equipment. The video gambling tax is paid by licensed video gambling machine operators. License holders are charged a tax of 15.0% of the gross income (defined as net of payouts) from each licensed video gambling machine. The Department of Justice (DOJ) issues video gambling licenses and permits and collects the fees and taxes. All video gambling tax revenue is deposited into the general fund.

Statutory Reference:

Tax Rate (MCA) – route operator license (23-5-129), gambling establishment operator license (23-5-177), card table fee (23-5-306(2)), bingo/keno permit (23-5-407), sports tab tax (23-5-502), video tax (23-5-610(1)), machine permit fee (23-5-612(2))

Tax Distribution (MCA) – card table fee (23-5-306(3&4)), bingo and keno tax (23-5-409), sports tab tax (23-5-502), video (23-5-610(6)), machine permit fee (23-5-612(3))

Date Due – card table fees due annually and distributed quarterly to local governments (23-5-306(1&4)), video tax due 15 and 25 days after the end of the quarter (23-5-610(5)(a&b)), machine permit fees due annually prorated on a quarterly basis (23-5-612(2a)), bingo and keno taxes due July 31.

Applicable Tax Rate(s):

License Fees
- Video Gambling Machine Permit - $220 annually (prorated basis), $25 machine transfer processing fee
- Video Gambling Manufacturer License - $1,000 annually. An additional application fee is charged manufacturers to cover processing costs of the initial application. The manufacture license may be waived by the DOJ if the manufacture is also a licensed distributor or route operator.
- Video Gambling Machine Examination Fee – An amount equal to actual DOJ costs of examining the electronic equipment
- Distributor License - $1,000 annually. The distributor license may be waived by the DOJ if the distributor is also a licensed operator or manufacturer. An additional application fee is charged distributors to cover processing costs of the initial application.
- Route Operator License - $1,000 annually. The operator license may be waived by the DOJ if the operator is also a licensed distributor or manufacturer. An additional application fee is charged operators to cover processing costs of the initial application.
- Bingo/Keno Manufacture License - $1,000 annually. An additional application fee is charged manufacturers to cover processing costs of the initial application.
- Gambling Establishment Operator License – An amount equal to the actual DOJ costs of determining licensure qualifications
- Antique Slot Machine Seller Permit - $50 annually
- Live Card Game Table - $250 annually for the first table and $500 for each additional table
- Card Game Dealer License - $75 for the first year, $25 for each subsequent year
- Pinochle Tournament Permit - $25
- Card Room Contractor License - $150 annually
- Bingo/Keno Permit - $250 annually
- Bingo/Keno Examination Fee – An amount equal to actual DOJ costs of examining the electronic equipment
- Sports Tab Game Seller License - $100 annually. An additional application fee is charged to cover processing costs of the initial application.
- Casino Night Permit - $25
- Associated Business - $100

Legislative Fiscal Division
Revenue Estimate Profile
Video Gambling Tax

Gambling Taxes
- Video – 15.0% of gross income (defined as net of payouts) per video gambling machine
- Bingo/Keno – 1.0% of gross proceeds
- Sport Tabs – $1.00 for each 100 sport tabs sold

Distribution:

License Fees
1. $100 of the live card game table fee and $100 of the video gambling machine permit fee (prorated basis) are statutorily appropriated for distribution to local governments.
2. All other license fee revenue is retained by DOJ to cover administrative costs.

Gambling Taxes
1. Video – All of video gambling tax receipts are deposited into the general fund.
2. Bingo/Keno – All collections are statutorily appropriated for distribution to the municipality or county in which the game is located.
3. Sport Tabs – All collections are retained by DOJ for administration purposes.

Distribution Chart:
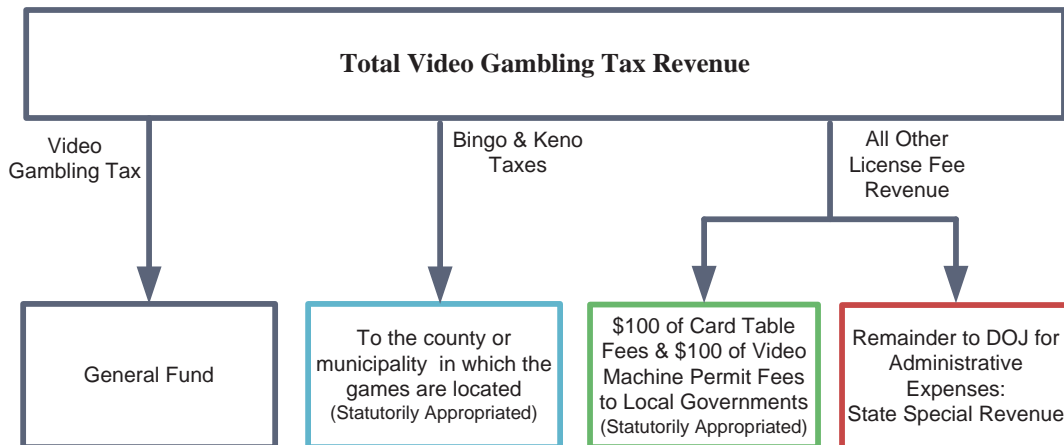
Collection Frequency: Video tax – quarterly, machine permit fees – quarterly, other fees – annually

% of Total General Fund Revenue:

FY 2004 – 3.69%	FY 2007 – 3.30%	FY 2010 – 3.22%
FY 2005 – 3.49%	FY 2008 – 3.22%	FY 2011 – 2.80%
FY 2006 – 3.35%	FY 2009 – 3.45%	FY 2012 – 2.88%

Revenue Estimate Methodology:

Video gambling revenue is comprised of many components. Because these components have separate distributions, the estimating methodology incorporates separate estimates for the components based on the type of revenue, either tax revenue or permit revenue.

Data

Monthly reports are no longer provided from the Department of Justice. Limited applicable data is available from the department's web site. The department provides quarterly statewide net income and average daily income by machine type (poker, keno, and multi-game) and other data upon request. Historic and current revenue collections are obtained from SABHRS. Montana population statistics are used to derive per capita video gambling machine gross income.
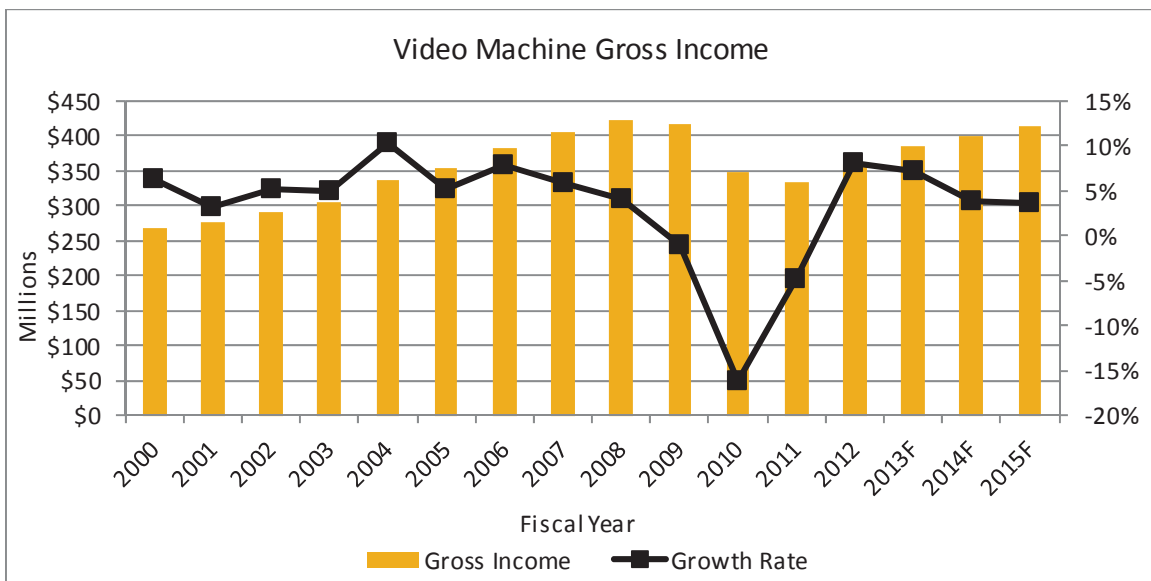
Legislative Fiscal Division
Revenue Estimate Profile
Video Gambling Tax

Analysis

The revenue estimate is determined in a three-step process:

1. Revenue from the tax on video gambling machine gross income (defined as net of payouts) is the largest component of this revenue source and all revenue from this tax is distributed to the general fund. To determine total gross income, gross income for poker, keno, and multiple-game machines are calculated from revenue collections. The amount from the most recently completed fiscal year and the estimates for each succeeding fiscal year are multiplied by a growth factor based on Montana personal income. The growth factor represents the rate of increase of per capita gross revenue between FY 1990 and FY 2010. FY 2010 gross income decreased 16.1% from FY 2009 due in part to the start of the smoking ban in bars. To account for this factor, the amount of the decline was isolated by developing a ratio of per capital play to Montana per capita income. It was determined income was reduced by $72.5 million. Future estimates based on the methodology above were each reduced by this amount. Once total gross income is estimated, the revenue estimate for this component is determined by multiplying total gross income by the tax rate. The total gross income and growth rates are shown in the chart below.


2. Permit and license fees are the second component to this revenue source, the revenue from which is deposited to the state special revenue fund and distributed to the Department of Justice to pay administrative costs and to local governments. There are three separate estimates for permit and license fees:

    a. Video gambling manufacturing license – The number of licenses from the last known fiscal year (2010) is multiplied by the $1,000 license fee and the product used as the estimate for all subsequent fiscal years.
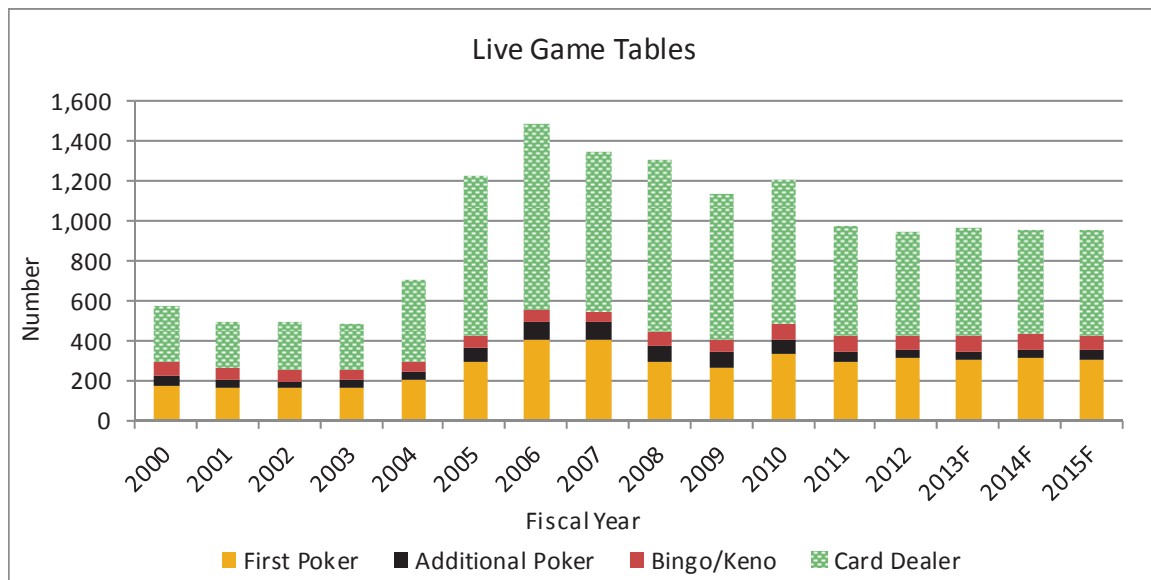
Video Gambling Manufacturing Licenses
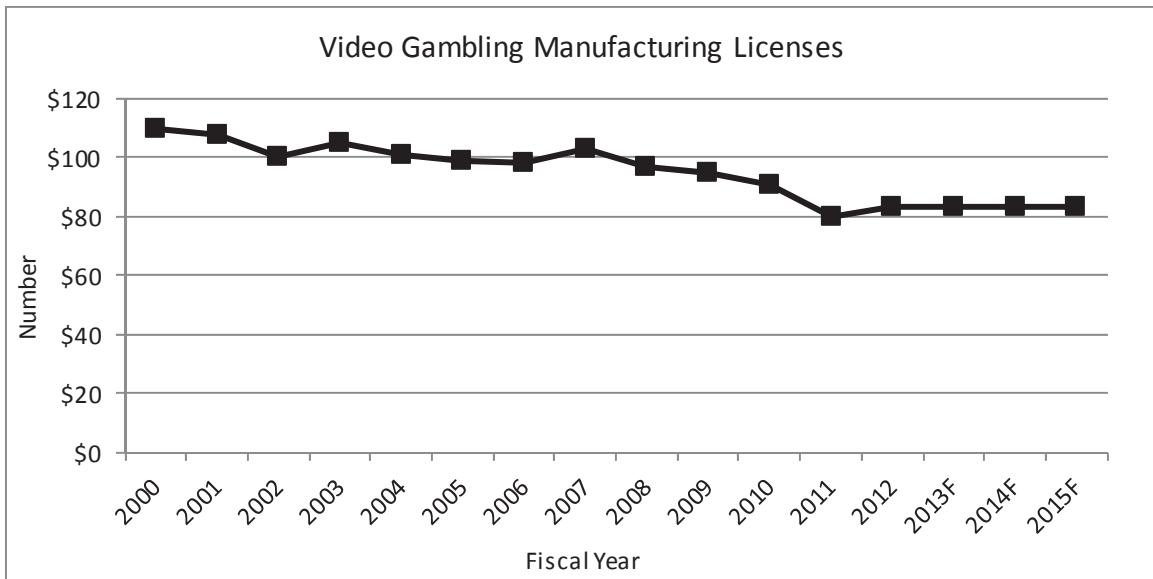
b. Live game permit/license fees – The amounts of "first" poker tables, "additional" poker tables, bingo/keno, and card dealers are estimated by the average of the prior two actual/estimated amounts beginning with fiscal years 2010 and 2009. The numbers are multiplied by the applicable fees of $250, $500, $250, and $75 respectively, and the product used for all subsequent fiscal years for each type.

Live Game Tables

Legend: First Poker · Additional Poker · Bingo/Keno · Card Dealer

c. Video gambling machine permit fees – The numbers of video, bingo/multi game, and keno machine permits for the last known fiscal year (2010) are summed. The sum is multiplied by the ratio of the amount of revenue deposited to DOJ gambling license account to the total amount of permit fee revenue for the last known fiscal year (this ratio is less than 1 and so reduces the total machine permit fees). This is done to adjust for discrepancies in the last known fiscal year between actual collections and totals derived by multiplying number of permits by the applicable permit/license fee. Once the total adjusted number of permits has been estimated, it is multiplied by the $220 fee.

Video Gambling Machine Permits
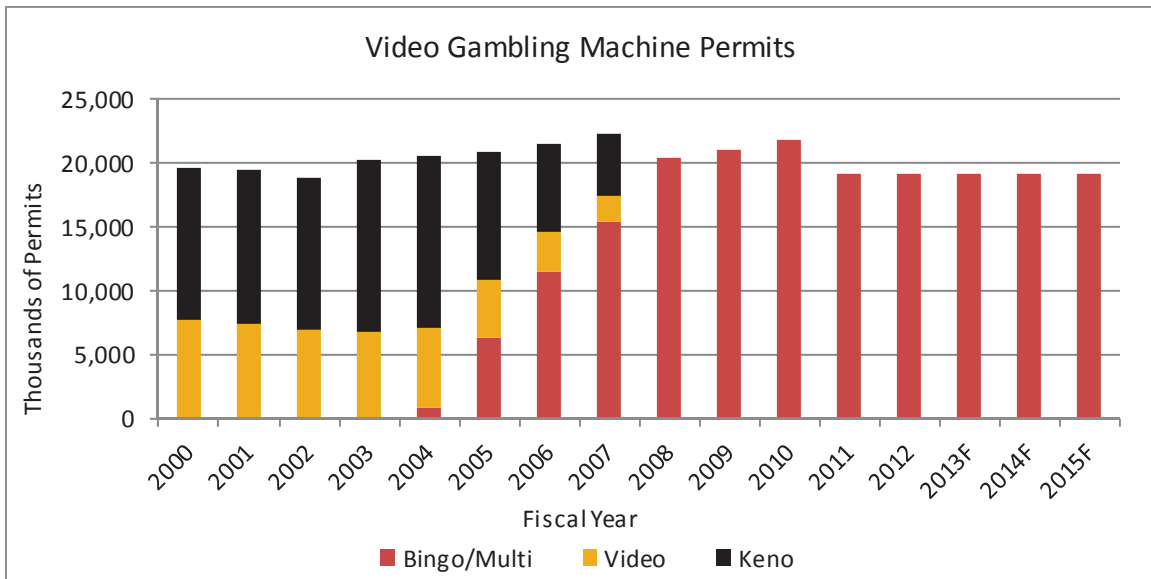
Adjustments and Distribution

Since the general fund and the state special revenue component are estimated under separate methodologies, the distribution of the revenue has already been done.

Forecast Methodology:

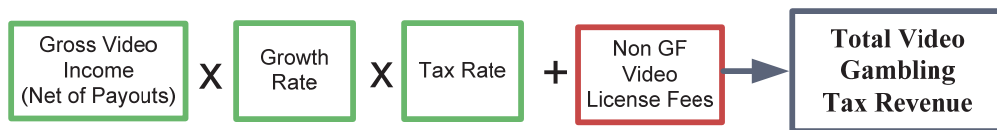Gross Video Income (Net of Payouts) **X** Growth Rate **X** Tax Rate **+** Non GF Video License Fees → **Total Video Gambling Tax Revenue**

Legislative Fiscal Division
Revenue Estimate Profile
Video Gambling Tax

Revenue Estimate Assumptions:

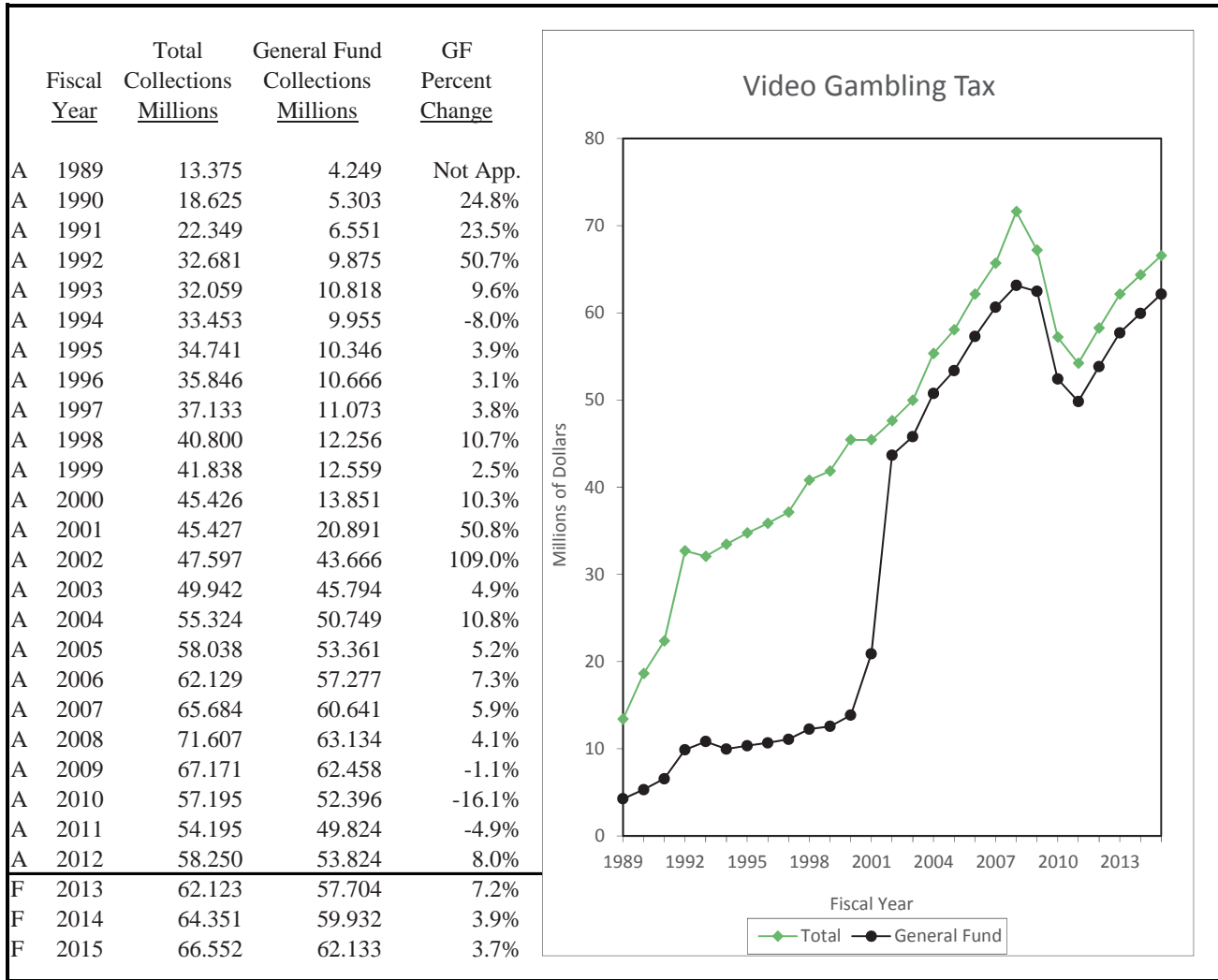|	t Fiscal	Total Tax Millions	GF Tax Millions	Net Income Millions	Tax Rate	Net Income Tax Millions	Non GF Fee Millions	Surtax Millions
Actual	2002	47.597	43.666	291.123	15.0%	43.668	3.929	
Actual	2003	49.942	45.794	305.443	15.0%	45.816	4.126	
Actual	2004	55.324	50.749	336.638	15.0%	50.769	4.555	0.273
Actual	2005	58.038	53.361	354.176	15.0%	53.401	4.637	0.274
Actual	2006	62.129	57.277	381.981	15.0%	57.297	4.832	0.000
Actual	2007	65.684	60.641	404.274	15.0%	60.641	5.043	0.000
Actual	2008	71.607	63.134	420.985	15.0%	63.148	8.459	0.000
Actual	2009	67.171	62.458	416.387	15.0%	62.458	4.713	0.000
Actual	2010	57.195	52.396	349.307	15.0%	52.396	4.799	0.000
Actual	2011	54.195	49.824	332.162	15.0%	49.824	4.370	0.000
Actual	2012	58.250	53.824	358.824	15.0%	53.824	4.427	0.000
Forecast	2013	62.123	57.704	384.696	15.0%	57.704	4.419	0.000
Forecast	2014	64.351	59.932	399.548	15.0%	59.932	4.419	0.000
Forecast	2015	66.552	62.133	414.220	15.0%	62.133	4.419	0.000

Total Tax = Net Income × Tax Rate + Non GF Fee + Surtax
GF Tax = Net Income × Tax Rate

Legislative Fiscal Division

Revenue Estimate Profile
Video Gambling Tax

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1989	13.375	4.249	Not App.
A	1990	18.625	5.303	24.8%
A	1991	22.349	6.551	23.5%
A	1992	32.681	9.875	50.7%
A	1993	32.059	10.818	9.6%
A	1994	33.453	9.955	-8.0%
A	1995	34.741	10.346	3.9%
A	1996	35.846	10.666	3.1%
A	1997	37.133	11.073	3.8%
A	1998	40.800	12.256	10.7%
A	1999	41.838	12.559	2.5%
A	2000	45.426	13.851	10.3%
A	2001	45.427	20.891	50.8%
A	2002	47.597	43.666	109.0%
A	2003	49.942	45.794	4.9%
A	2004	55.324	50.749	10.8%
A	2005	58.038	53.361	5.2%
A	2006	62.129	57.277	7.3%
A	2007	65.684	60.641	5.9%
A	2008	71.607	63.134	4.1%
A	2009	67.171	62.458	-1.1%
A	2010	57.195	52.396	-16.1%
A	2011	54.195	49.824	-4.9%
A	2012	58.250	53.824	8.0%
F	2013	62.123	57.704	7.2%
F	2014	64.351	59.932	3.9%
F	2015	66.552	62.133	3.7%

Video Gambling Tax

Data Source(s): SABHRS, Department of Justice

Contacts: Department of Justice

Legislative Fiscal Division
Revenue Estimate Profile
Wine Tax

Revenue Description: A wine tax is levied on table wines imported into Montana by wine distributors or by the Department of Revenue (DOR), who is authorized to sell wines to retail liquor establishments throughout the state. A tax is also imposed on hard cider imported by a table wine distributor or DOR. A portion of wine tax revenue is returned to Native American tribes per an agreement between DOR and the tribes.

**Statutory Reference:**

> Tax Rate (MCA) – 16-1-411(1), 16-2-301(2)
> Tax Distribution (MCA) – 16-1-411(3), 16-2-301(2)
> Date Due – 15th day of the month following the sale from the distributor's warehouse (16-1-411(2))

Applicable Tax Rate(s): A tax of $0.27 is imposed per liter of wine and a tax of $0.037 per liter is imposed on hard cider. An additional tax of $0.01 per liter is imposed on table wine sold by a table wine distributor to an agent.

Distribution: The $0.01 per liter tax is deposited into the general fund. After expenses and tribal allocations, other wine tax revenue is distributed 69.0% to the general fund and 31.0% to the Department of Public Health and Human Services (DPHHS) alcohol account. The general fund distribution is reduced by the amount of the tribal agreements.

Distribution Chart:
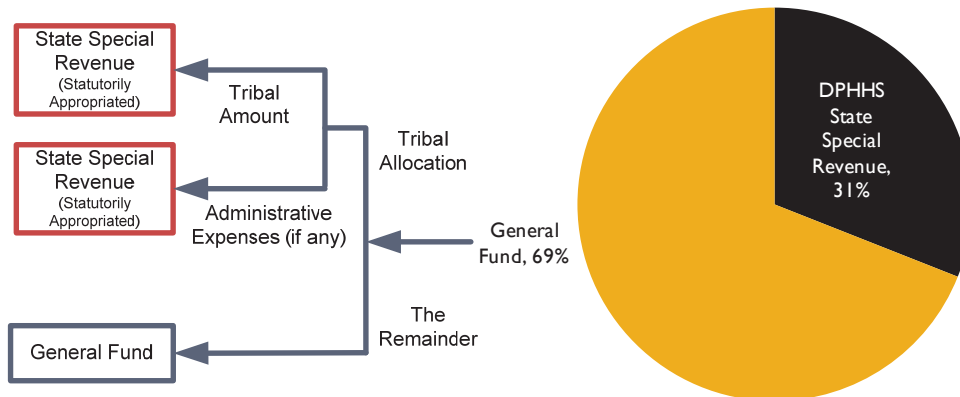
Collection Frequency: Monthly

% of Total General Fund Revenue:

FY 2004 – 0.10%	FY 2007 – 0.10%	FY 2010 – 0.12%
FY 2005 – 0.10%	FY 2008 – 0.09%	FY 2011 – 0.11%
FY 2006 – 0.10%	FY 2009 – 0.11%	FY 2012 – 0.11%

Revenue Estimate Methodology:

Data

The state accounting system (SABHRS) and DOR provide data for the wine tax estimates. The SABHRS data includes total fiscal year tax collection data. The DOR data provides the information related to historic tribal distributions.

Legislative Fiscal Division
## Revenue Estimate Profile
Wine Tax

Wine tax collections are made up of the collections of two taxes, the wine tax and the hard cider tax. Although each tax is individually established in statute, no distinction between the taxes is made when preparing the estimates. In the past several years, the cider tax has contributed no more than 0.09% of the total wine tax collections. In the future, if cider tax collections become more significant the wine tax methodology will be adapted to forecast hard cider tax.

Only one data transformation is required to forecast the future collections of the wine tax. Because wine projections are based on the number of liters of wine consumed in Montana, the data obtained through SABHRS must be used. This task is accomplished by dividing the total tax receipts by the wine tax rate, producing a proxy number of liters of wine.

The total tax receipts include those taxes that will be distributed to tribal governments.

Analysis
Growth in wine tax collections, measured in liters of wine, has followed a consistent upward trend through time. The trend is apparent in the figure below. Consequently, liters of wine are forecast using a linear regression model.
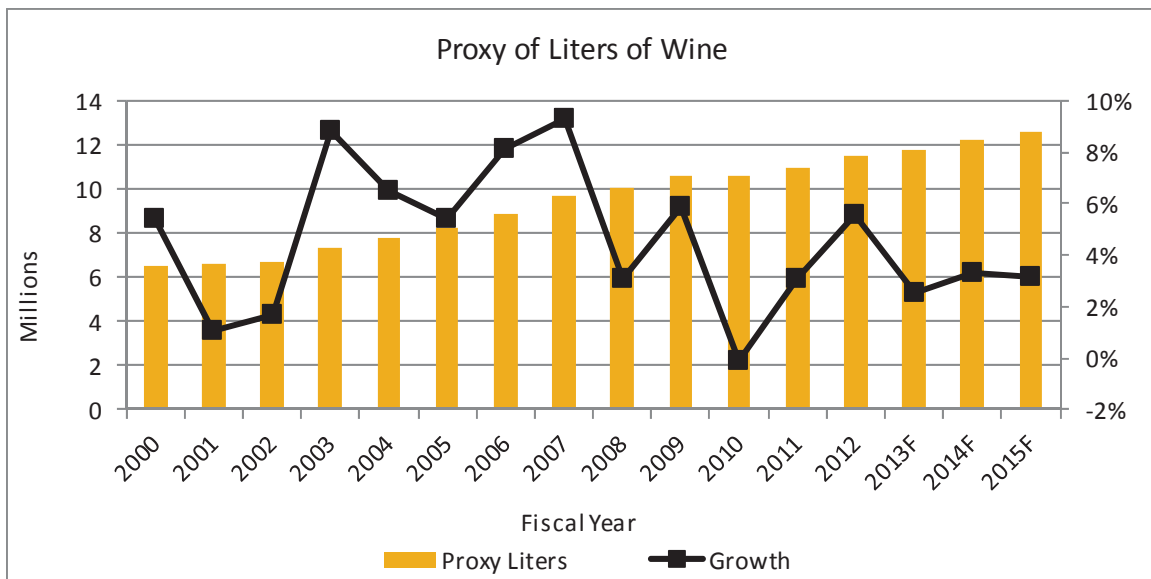
The model provides a good fit as shown by a R^2 rating of 0.982. This measure means that 98.2% of the variability in the change in liters of wine consumed in Montana can be explained by the passage of time, holding all other impacts constant.*

The model predicts that each year the consumption of wine in Montana will increase by approximately 4.5%, holding all other impacts constant. The growth rate developed in the model is then applied to the most recent actual wine consumption data available (FY 2010). Total wine consumption is expected to be 11.5 million liters in FY 2011, 12.0 million liters in FY 2012, and 12.5 million liters in FY 2013. Finally, the tax rate is applied to the estimate of proxy liters, resulting in estimates of $3.1 million, $ 3.2 million, and $3.4 million for FY 2009 through 2011, respectively.

Adjustment and Distribution
The wine taxes are distributed between two funds; the general fund receives 69% and the DPHHS alcohol state special revenue account receives 31%. The general fund distribution is reduced by tribal reimbursements. At this time, three of the seven tribal governments—Blackfeet, Fort Belknap, and Fort Peck—receive wine tax dollars. These tribal governments adhere to Montana wine tax laws. The state of Montana collects the tribes' portion of the tax, and quarterly distributes the collections based on a formula (per capita wine consumption times tribal membership times the Montana tax rate).

*For additional information concerning the statistics of fit for the model used for this projection, contact the Legislative Fiscal Division.

Legislative Fiscal Division

Revenue Estimate Profile

Wine Tax

Forecast Methodology:

Liters of Wine **X** Tax Rate per Liter → **Total Wine Tax Revenue**

Revenue Estimate Assumptions:

	t Fiscal	Total Tax Millions	GF Tax Millions	Liters Millions	Tax Rate $ Per Liter	Gf Allocation Percent	Tribal Millions
Actual	2002	1.816	1.232	6.725	0.27	69.0%	0.021
Actual	2003	1.976	1.340	7.319	0.27	69.0%	0.024
Actual	2004	2.104	1.423	7.794	0.27	69.0%	0.029
Actual	2005	2.218	1.503	8.215	0.27	69.0%	0.029
Actual	2006	2.398	1.624	8.880	0.27	69.0%	0.031
Actual	2007	2.620	1.775	9.703	0.27	69.0%	0.034
Actual	2008	2.701	1.829	10.005	0.27	69.0%	0.036
Actual	2009	2.860	1.936	10.592	0.27	69.0%	0.038
Actual	2010	2.857	1.933	10.580	0.27	69.0%	0.039
Actual	2011	2.945	1.994	10.907	0.27	69.0%	0.039
Actual	2012	3.109	2.104	11.515	0.27	69.0%	0.042
Forecast	2013	3.187	2.157	11.805	0.27	69.0%	0.042
Forecast	2014	3.292	2.229	12.195	0.27	69.0%	0.042
Forecast	2015	3.395	2.300	12.576	0.27	69.0%	0.043

Total Tax = Liters × Tax Rate

GF Tax = Liters × Tax Rate × GF Allocation - Tribal

Legislative Fiscal Division

Revenue Estimate Profile

Wine Tax

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1989	1.454	0.862	Not App.
A	1990	1.405	0.832	-3.4%
A	1991	1.347	0.805	-3.3%
A	1992	1.433	0.853	6.0%
A	1993	1.361	0.835	-2.2%
A	1994	1.289	0.764	-8.5%
A	1995	1.374	0.801	4.8%
A	1996	1.460	0.846	5.6%
A	1997	1.525	0.887	4.9%
A	1998	1.604	0.930	4.9%
A	1999	1.677	0.965	3.7%
A	2000	1.768	1.017	5.3%
A	2001	1.786	1.033	1.6%
A	2002	1.816	1.232	19.3%
A	2003	1.976	1.340	8.8%
A	2004	2.104	1.423	6.2%
A	2005	2.218	1.503	5.6%
A	2006	2.398	1.624	8.1%
A	2007	2.620	1.775	9.3%
A	2008	2.701	1.829	3.1%
A	2009	2.860	1.936	5.8%
A	2010	2.857	1.933	-0.2%
A	2011	2.945	1.994	3.2%
A	2012	3.109	2.104	5.6%
F	2013	3.187	2.157	2.5%
F	2014	3.292	2.229	3.3%
F	2015	3.395	2.300	3.2%

Data Source(s): SABHRS, Department of Revenue

Contacts: Department of Revenue