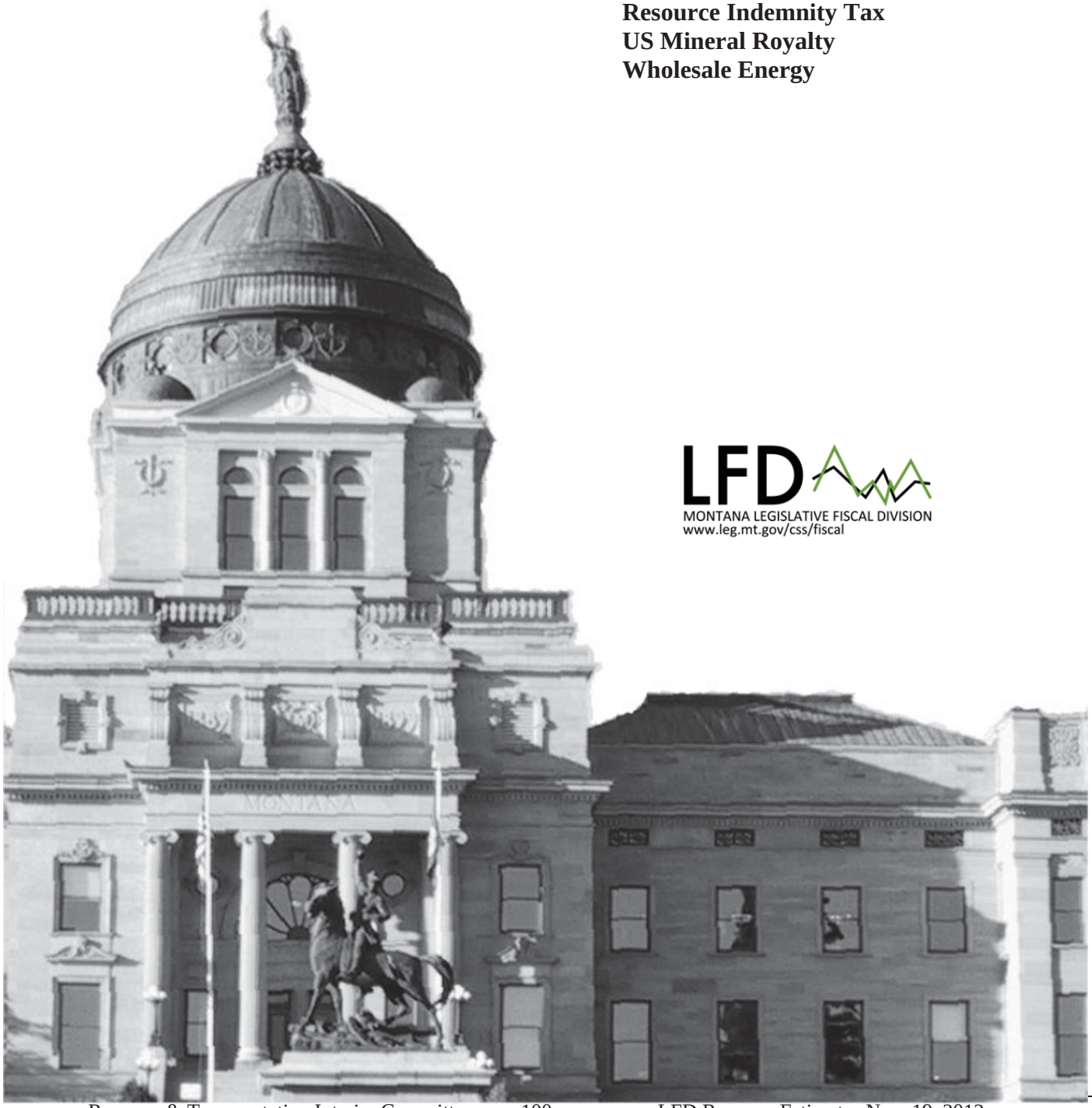
Natural Resource Taxes

Coal Severance Tax
Electrical Energy Tax
Federal Forest Receipts
Metalliferous Mines Tax
Oil & Natural Gas Production Tax
Resource Indemnity Tax
US Mineral Royalty
Wholesale Energy



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MONTANA LEGISLATIVE FISCAL DIVISION
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Legislative Fiscal Division

Revenue Estimate Profile

Coal Severance Tax

Revenue Description: For large producers, the coal severance tax is imposed on all coal production in excess of 20,000 tons per company per calendar year. However, producers of 50,000 tons or less in any calendar year are exempt from the tax.

Statutory Reference:

Tax Rate (MCA) – 15-35-103
Tax Distribution (MCA) – Montana Constitution, Article IX, Section 5; 15-35-108; 17-5-703
Date Due – the report to the Department of Revenue and tax is due 30 days following the close of the quarter (15-35-104)

Applicable Tax Rate(s):

10.0% - on the value of surfaced mined coal with a heating quality < 7,000 BTU
15.0% - on the value surfaced mined coal with a heating quality ≥ 7,000 BTU
3.0% - on the value underground mined coal with a heating quality < 7,000 BTU
4.0% - on the value underground mined coal with a heating quality ≥ 7,000 BTU
3.75% - on the value of auger mined coal with a heating quality < 7,000 BTU
5.0 % - on the value of auger mined coal with a heating quality ≥ 7,000 BTU

Distribution: (Percentage)

Coal Severnce Tax Distribution

Account Name	FY 1998-1999	FY 2000-2002	FY 2003	FY 2004-2005	FY 2006-2007	FY 2008-2013*
Permanent Trust	25.0%	0.0%	0.0%	12.5%	0.0%	0.0%
Treasure State Endowment	25.0%	37.5%	37.5%	25.0%	25.0%	25.0%
TSEP Regional Water	0.0%	12.5%	12.5%	12.5%	12.5%	12.5%
Big Sky Economic Development	0.0%	0.0%	0.0%	0.0%	12.5%	12.5%
LRBP-Cash Account	12.0%	12.0%	10.0%	12.0%	12.0%	12.0%
Coal Natural Resource *	0.0%	0.0%	0.0%	0.0%	2.9%	5.8%*
Shared Account * *	8.4%	8.4%	6.0%	7.8%	5.5%	5.5%
Park Acquisition Trust	1.3%	1.3%	0.0%	1.3%	1.3%	1.3%
Water Development	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Cultural Trust	0.0%	0.6%	0.0%	0.6%	0.6%	0.6%
Coal & Uranium	0.0%	0.0%	0.0%	0.0%	0.0%	$250,000
LRBP-Debt Service	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Cultural & Aesthetic Projects	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%
General Fund	25.3%	26.8%	33.0%	27.4%	26.8%	Remainder

* Allocation reduced to 2.90% after September 30, 2013

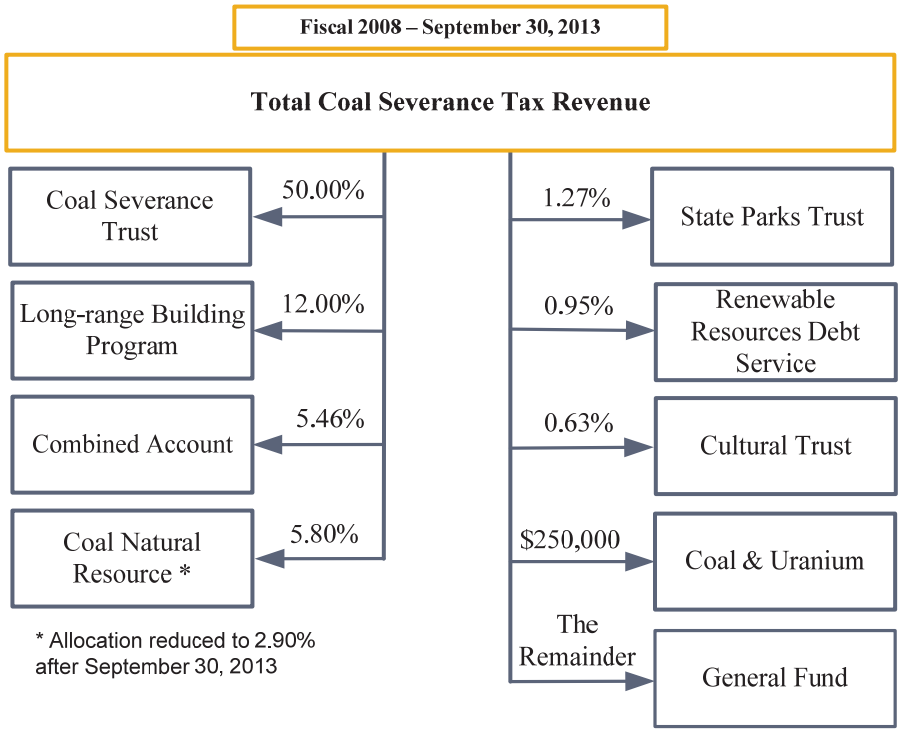
** Used for Growth Through Agriculture, State Library, Conservation Districts, Coal Board (before FY 2006), and County Land Planning (before FY 2004)

Legislative Fiscal Division

Revenue Estimate Profile

Coal Severance Tax

Distribution Chart:



Collection Frequency: Quarterly: The coal severance tax is due 30 days after the end of the quarter.

% of Total General Fund Revenue:

FY 2004 – 0.63%	FY 2007 – 0.59%	FY 2010 – 0.63%
FY 2005 – 0.67%	FY 2008 – 0.61%	FY 2011 – 0.72%
FY 2006 – 0.56%	FY 2009 – 0.72%	FY 2012 – 0.66%

Revenue Estimate Methodology:

The coal severance tax is applied to the value of coal produced. The coal severance tax estimate is developed by estimating the annual contract sales price and production for each producing coal company and any company anticipated to be producing within the 3-year period in question. From these estimates, taxable value can be determined to which the tax rate is applied. Since all production and price information is reported on a calendar year basis, the resulting calendar year estimates are converted into fiscal year estimates.

Data

Major coal companies are surveyed for anticipated production levels and general indications of coal prices. In addition, a review is performed of historical trends and current literature on coal prices. Data from quarterly reports produced by DOR provide a history of production and prices for individual coal companies. These companies are:

Decker Coal Company
Spring Creek Coal Company
Rosebud (Western Energy Company)
Westmoreland Savage Corporation
Signal Peak Energy LLC

Legislative Fiscal Division

Revenue Estimate Profile

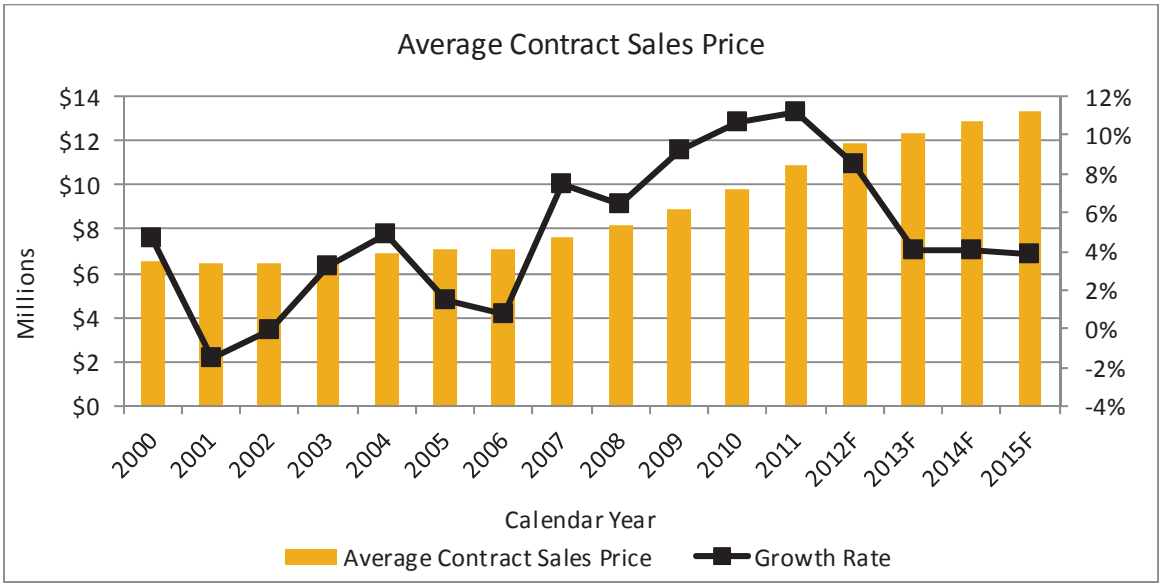
Coal Severance Tax

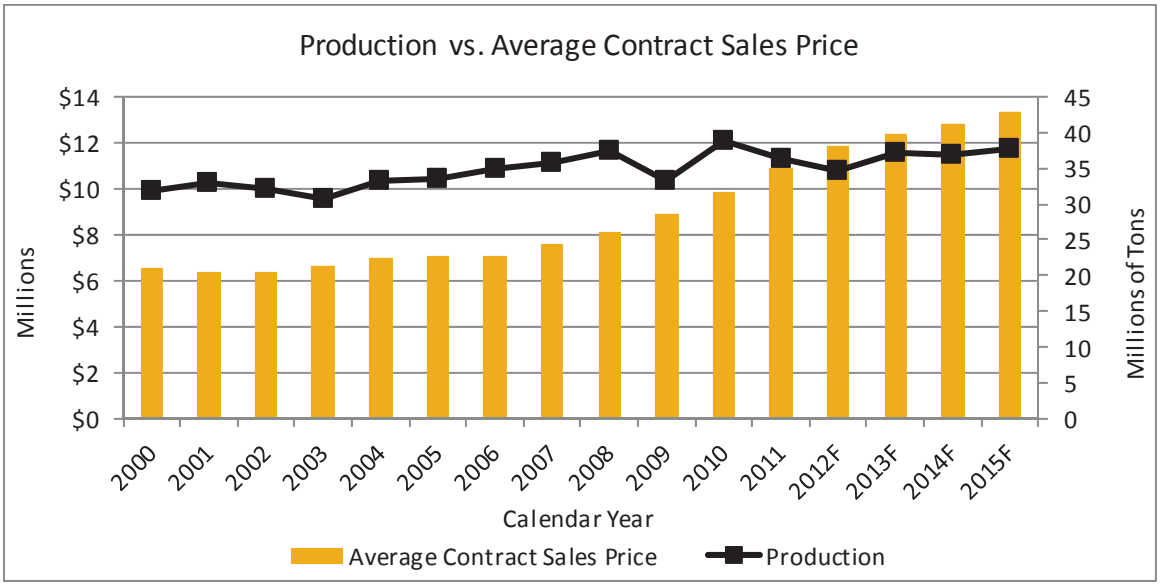
Analysis

The taxable value of coal is determined in a three-step process:

1. The future coal production for each company, as reported on the survey, is reduced by the exempt amount of 20,000 tons to get taxable tons.
2. To determine the future price for each company's coal, the company's average contract sales price for the last year increased by 1.7%, the average price increase in FY 2010. The average contract sales price for all companies is shown in the figure below.
3. The estimated production and price for each company are multiplied together and the product for all companies summed to obtain the total taxable value.

The taxable value is multiplied by the applicable tax rate (3, 3.75, 4, 5, 10 or 15%) to determine total coal severance tax revenue. At this point the total represents estimates for calendar years. To convert the estimates to a fiscal year basis, half the previous calendar year's estimate is added to the half of the current calendar year's estimate.

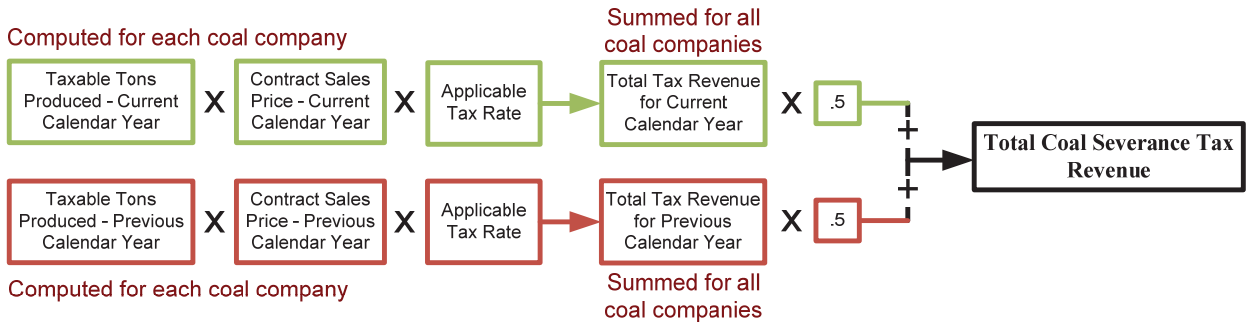




Adjustments and Distribution

Once total tax revenue for each fiscal year is determined, the applicable distribution percentages are applied.

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

Coal Severance Tax

Revenue Estimate Assumptions:

	t Fiscal	Total Tax Millions	GF Tax Millions	GF Allocation Percent	Tons (FY) Millions	CSP (FY) Dollars	Fiscal Effective Rate	Coal/ Uranium Millions
Actual	2002	31.614	8.469	0.0%	33.149	6.380	14.9%	
Actual	2003	29.424	9.722	33.0%	30.246	6.487	15.0%	
Actual	2004	31.545	8.643	27.4%	31.834	7.218	13.7%	
Actual	2005	37.635	10.312	27.4%	34.191	6.993	15.7%	
Actual	2006	35.822	9.597	26.8%	34.107	7.005	15.0%	
Actual	2007	40.759	10.919	26.8%	34.611	7.552	15.6%	0.000
Actual	2008	45.332	11.894	26.2%	37.404	8.133	14.5%	0.250
Actual	2009	49.564	13.028	26.3%	35.263	8.851	14.7%	0.250
Actual	2010	44.177	10.322	23.4%	35.921	9.861	14.0%	0.250
Actual	2011	54.971	12.883	23.4%	37.505	10.906	13.3%	0.250
Actual	2012	52.743	12.350	23.4%	35.407	11.850	12.9%	0.250
Forecast	2013	54.845	12.851	23.9%	35.774	12.345	12.4%	0.250
Forecast	2014	57.899	14.842	26.1%	37.001	12.830	12.2%	0.250
Forecast	2015	60.297	15.903	26.8%	37.309	13.330	12.1%	0.250

	t Cal	Tons (CY) Millions	CSP (CY) Dollars	Tax Rate	Tax Rate	Calendar Tax	Calendar Effective Rate
Actual	2002	31.981	6.583	15.0%	10.0%	31.442	14.9%
Actual	2003	30.802	6.681	15.0%	10.0%	30.701	14.9%
Actual	2004	33.365	7.234	15.0%	10.0%	36.030	14.9%
Actual	2005	33.632	6.889	15.0%	10.0%	34.553	14.9%
Actual	2006	34.904	7.339	15.0%	10.0%	37.919	14.8%
Actual	2007	35.638	7.949	15.0%	10.0%	42.153	14.9%
Actual	2008	37.373	8.326	15.0%	10.0%	46.255	14.9%
Actual	2009	33.153	9.443	15.0%	10.0%	45.768	14.6%
Actual	2010	38.690	10.219	15.0%	10.0%	53.376	13.5%
Actual	2011	36.321	11.639	15.0%	10.0%	55.478	13.1%
Actual	2012	34.493	12.072	15.0%	10.0%	52.624	12.6%
Forecast	2013	37.056	12.599	15.0%	10.0%	57.067	12.2%
Forecast	2014	36.946	13.062	15.0%	10.0%	58.732	12.2%
Forecast	2015	37.671	13.592	15.0%	10.0%	61.862	12.1%

Total Tax = Tons(FY) × CSP(FY) × Fiscal Effective

GF Tax = (Tons(FY) × CSP(FY) × Fiscal Effective - Coal/Uranium) × GF Allocation

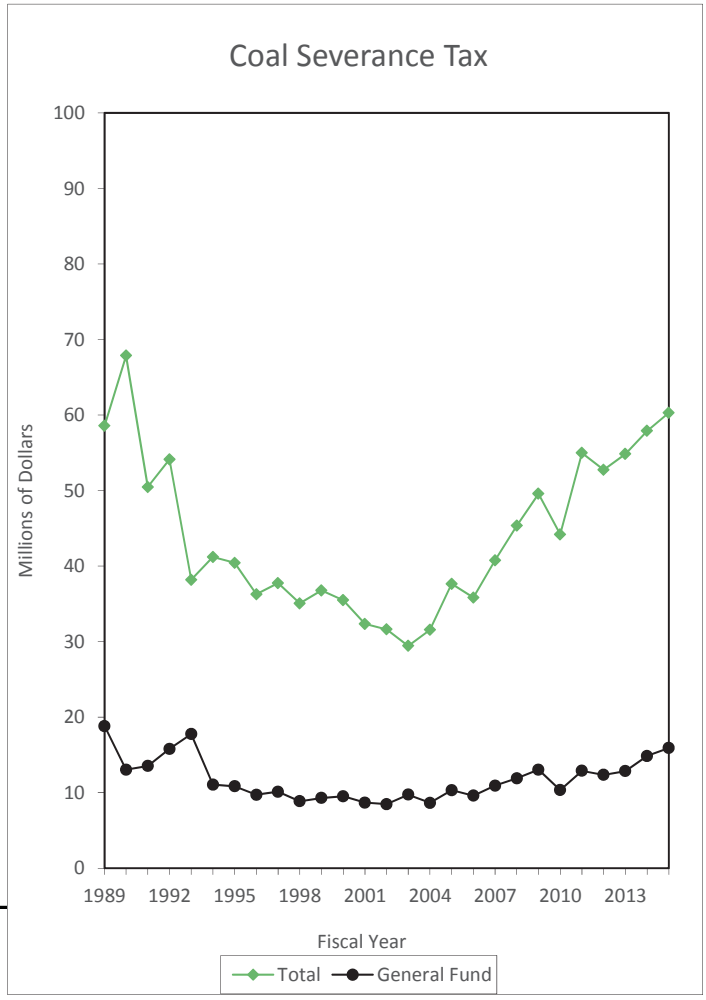
Legislative Fiscal Division

Revenue Estimate Profile

Coal Severance Tax

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1989	58.566	18.805	Not App.
A	1990	67.871	13.024	-30.7%
A	1991	50.458	13.518	3.8%
A	1992	54.114	15.778	16.7%
A	1993	38.181	17.744	12.5%
A	1994	41.201	11.046	-37.8%
A	1995	40.416	10.828	-2.0%
A	1996	36.261	9.714	-10.3%
A	1997	37.740	10.111	4.1%
A	1998	35.045	8.849	-12.5%
A	1999	36.767	9.284	4.9%
A	2000	35.470	9.502	2.4%
A	2001	32.337	8.663	-8.8%
A	2002	31.614	8.469	-2.2%
A	2003	29.424	9.722	14.8%
A	2004	31.545	8.643	-11.1%
A	2005	37.635	10.312	19.3%
A	2006	35.822	9.597	-6.9%
A	2007	40.759	10.919	13.8%
A	2008	45.332	11.894	8.9%
A	2009	49.564	13.028	9.5%
A	2010	44.177	10.322	-20.8%
A	2011	54.971	12.883	24.8%
A	2012	52.743	12.350	-4.1%
F	2013	54.845	12.851	4.1%
F	2014	57.899	14.842	15.5%
F	2015	60.297	15.903	7.2%



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

Contacts: Coal Companies' Financial Personnel

Legislative Fiscal Division

Revenue Estimate Profile

Electrical Energy Tax

Revenue Description: The electrical energy license tax is imposed on each person or organization engaged in generating, manufacturing, or producing electrical energy in Montana. This tax is in addition to the wholesale energy transaction tax enacted by the 1999 legislature (HB 174).

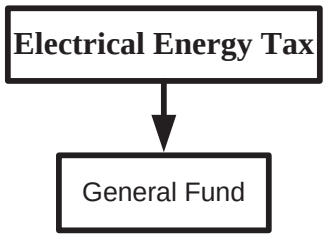
Statutory Reference:

Tax Rate MCA) – 15-51-101
Tax Distribution (MCA) – 17-2-124(2), 15-51-103
Date Due – 30 days after the calendar quarter (15-51-101, 15-51-102)

Applicable Tax Rate(s): The tax of $0.0002 per kilowatt-hour (or $0.20 per megawatt-hour) is levied against all electrical energy produced within the state. A deduction is allowed for "actual and necessary" energy use by the plant for the production of the energy.

Distribution: All proceeds are deposited into the general fund.

Distribution Chart:



Collection Frequency: Quarterly: The electrical energy tax is due 30 days after the end of the quarter.

% of Total General Fund Revenue:

FY 2004 – 0.34%	FY 2007 – 0.25%	FY 2010 – 0.29%
FY 2005 – 0.27%	FY 2008 – 0.26%	FY 2011 – 0.24%
FY 2006 – 0.27%	FY 2009 – 0.27%	FY 2012 – 0.24%

Revenue Estimate Methodology:

The electrical energy tax is applied to the number of kilowatt hours of electricity produced. The estimate for the tax revenue is derived by estimating the annual taxable kilowatt hours produced by each company and any company anticipated to be producing within the 3-year period in question. From these production estimates, the tax rate is applied.

Data

All electrical energy producing companies were surveyed for anticipated kilowatt hours produced, anticipated new production, and anticipated downtime or reduced production. Although the accuracy in the results of the survey was questionable, the raw data were used to develop growth rates. Data from quarterly reports produced by DOR provide a history of kilowatt hours produced for each individual company.

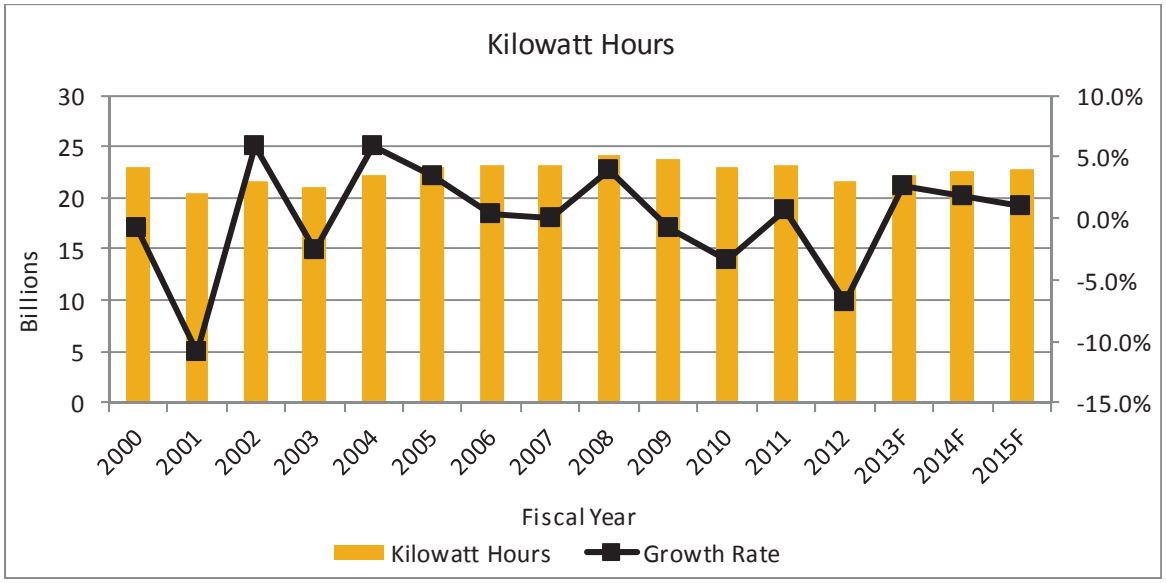
Legislative Fiscal Division

Revenue Estimate Profile

Electrical Energy Tax

Analysis

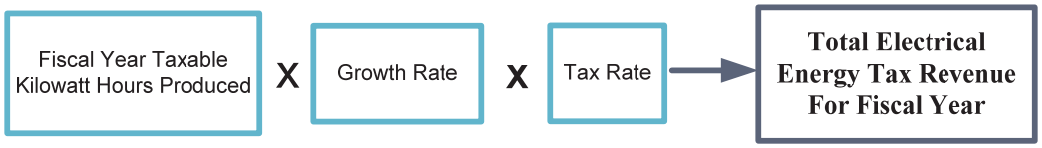
A growth rate based on the change in total yearly production from the actual/estimated year to the amount provided by the surveys was applied to the previous production amount. Taxable kilowatt hours are then multiplied by the tax rate to derive total revenue from this source.



Adjustments and Distribution

Once total tax revenue for each fiscal year is determined, the applicable distribution percentage, 100% to the general fund, is applied.

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

Electrical Energy Tax

Revenue Estimate Assumptions:

	t Fiscal	Total Tax Millions	GF Tax Millions	KWH Fiscal Millions	Credits Millions	Tax Rate
Actual	2002	4.197	4.197	21,642.219	0.000	0.02%
Actual	2003	4.130	4.130	21,068.970	0.000	0.02%
Actual	2004	4.661	4.661	22,310.179	0.000	0.02%
Actual	2005	4.074	4.074	23,065.262	0.000	0.02%
Actual	2006	4.645	4.645	23,156.213	0.000	0.02%
Actual	2007	4.564	4.564	23,159.175	0.000	0.02%
Actual	2008	5.179	5.179	24,081.011	0.000	0.02%
Actual	2009	4.825	4.825	23,872.111	0.000	0.02%
Actual	2010	4.713	4.713	23,078.519	0.000	0.02%
Actual	2011	4.332	4.332	23,221.915	0.000	0.02%
Actual	2012	4.481	4.481	21,624.098	0.000	0.02%
Forecast	2013	4.442	4.442	22,207.522	0.000	0.02%
Forecast	2014	4.521	4.521	22,604.971	0.000	0.02%
Forecast	2015	4.565	4.565	22,824.278	0.000	0.02%

Total Tax = KWH Fiscal × Tax Rate - Credits
GF Tax = Total Tax

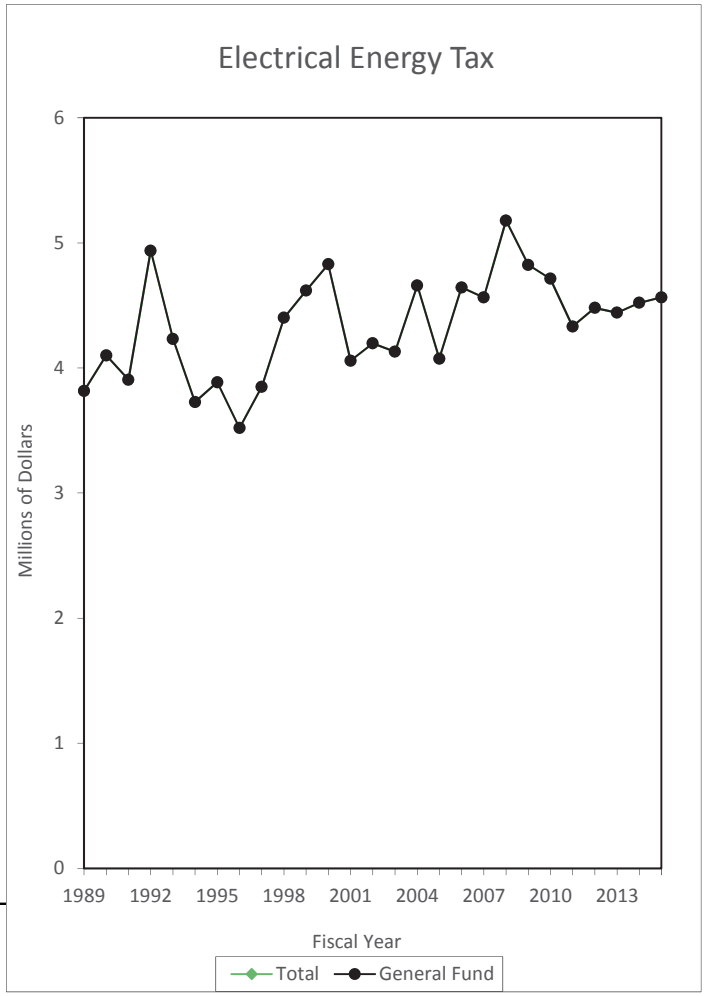
Legislative Fiscal Division

Revenue Estimate Profile

Electrical Energy Tax

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1989	3.816	3.816	Not App.
A	1990	4.101	4.101	7.5%
A	1991	3.906	3.906	-4.7%
A	1992	4.938	4.938	26.4%
A	1993	4.232	4.232	-14.3%
A	1994	3.728	3.728	-11.9%
A	1995	3.886	3.886	4.2%
A	1996	3.520	3.520	-9.4%
A	1997	3.849	3.849	9.3%
A	1998	4.402	4.402	14.4%
A	1999	4.618	4.618	4.9%
A	2000	4.829	4.829	4.6%
A	2001	4.058	4.058	-16.0%
A	2002	4.197	4.197	3.4%
A	2003	4.130	4.130	-1.6%
A	2004	4.661	4.661	12.9%
A	2005	4.074	4.074	-12.6%
A	2006	4.645	4.645	14.0%
A	2007	4.564	4.564	-1.7%
A	2008	5.179	5.179	13.5%
A	2009	4.825	4.825	-6.8%
A	2010	4.713	4.713	-2.3%
A	2011	4.332	4.332	-8.1%
A	2012	4.481	4.481	3.4%
F	2013	4.442	4.442	-0.9%
F	2014	4.521	4.521	1.8%
F	2015	4.565	4.565	1.0%



Data Source(s): SABHRS, Department of Revenue Electrical Energy Tax Returns

Contacts: Electrical Companies' Financial Personnel

Legislative Fiscal Division

Revenue Estimate Profile

Federal Forest Receipts

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

The previous formula for distributing federal forest payments terminated in FY 2008. In the federal Emergency Economic Stabilization Act of 2008 (the Bailout Bill), a new formula for the distribution of forest receipts was enacted. The new formula for FY 2009 through FY 2012 considers acres of federal land within an eligible county, the average three highest 25% payments made to each eligible state for each eligible county under the previous formula, and an income adjustment based on the per capita personal income for each county. As before, not more than 20% but at least 15% must be used by county governments for projects on federal lands. Beginning in FY 2013, because the federal law will sunset, it is assumed that the old method of distributing these monies will prevail – 25% of the value of timber sold averaged over the prior 3 years. As a result, the state share of federal forest receipts distributed to the 55 mills is expected to decline around $4 million per year.

Statutory Reference:

Tax Rate – NA
Tax Distribution MCA) – 17-3-211, 17-3-212
Date Due – the state treasurer distributes the funds within 30 days after receiving full payment

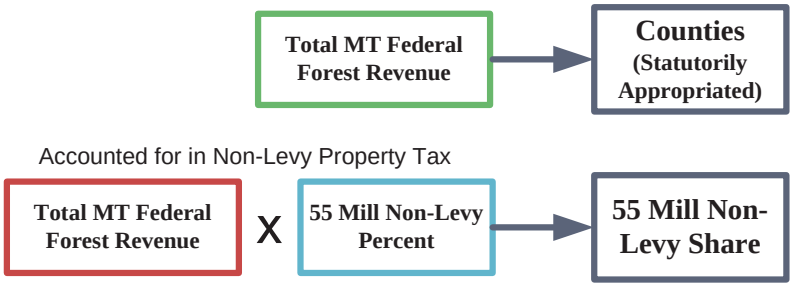
Applicable Tax Rate(s): N/A

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

- 66 2/3% to the general fund of the county
- 33 1/3% to the following county wide accounts, based on the mill ratios of each to total mills in the current year:
  - the county equalization accounts (55 mills)
  - the county transportation account
  - the county retirement accounts

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

Distribution Chart:



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

% of Total General Fund Revenue: Non levy is included in "Property Tax: 55 mills".

Legislative Fiscal Division

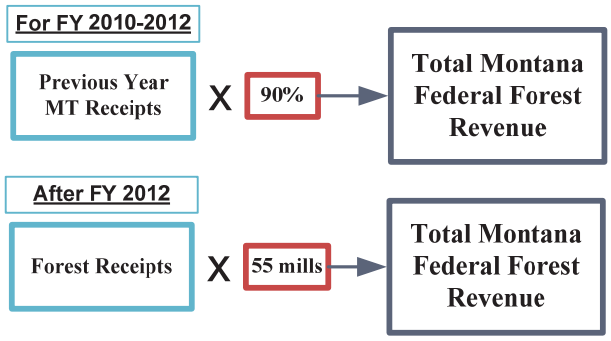
Revenue Estimate Profile

Federal Forest Receipts

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

With the passage of the federal Emergency Economic Stabilization Act of 2008 (the Bailout Bill), the amount available to each county for FY 2009 is known and declines 10% per year until FY 2012, after which the act sunsets. The general fund share will vary because of this and as a result of changes in the 55 mill share as a percent of the total countywide school mills. Beginning in FY 2013, because the federal law will sunset, it is assumed that the old method of distributing these monies will prevail – 25% of the value of timber sold averaged over the prior 3 years. As a result, the state share of federal forest receipts distributed to the 55 mills is expected to decline around $4 million per year.

Forecast Methodology:



Revenue Estimate Assumptions:

	t Fiscal	Total Tax Millions	GF Tax Millions	CPI Percent Change	50% CPI % Change	Secure Rural Schools Millions
Actual	2002	13.475	0.000	1.6%		
Actual	2003	12.479	0.000	2.3%	0.8%	
Actual	2004	12.491	0.000	2.7%	1.1%	
Actual	2005	12.431	0.000	3.4%	1.3%	
Actual	2006	12.800	0.000	3.2%	1.7%	
Actual	2007	12.935	0.000	2.8%	1.6%	
Actual	2008	13.028	0.000	3.9%	1.4%	
Actual	2009	28.175	0.000	-0.3%	1.9%	
Actual	2010	24.619	0.000	1.6%	-0.2%	
Forecast	2011	23.345	0.000	3.1%	0.8%	
Forecast	2012	20.487	0.000	2.1%	1.6%	
Forecast	2013	18.101	0.000	1.3%	1.0%	
Forecast	2014	2.284	0.000	1.8%	0.7%	
Forecast	2015	2.138	0.000	1.7%	0.9%	

Total Tax = Secure Rural Schools Act - Federal Legislation

Total Tax = Total Tax Previous Year × (1+50% CPI %)

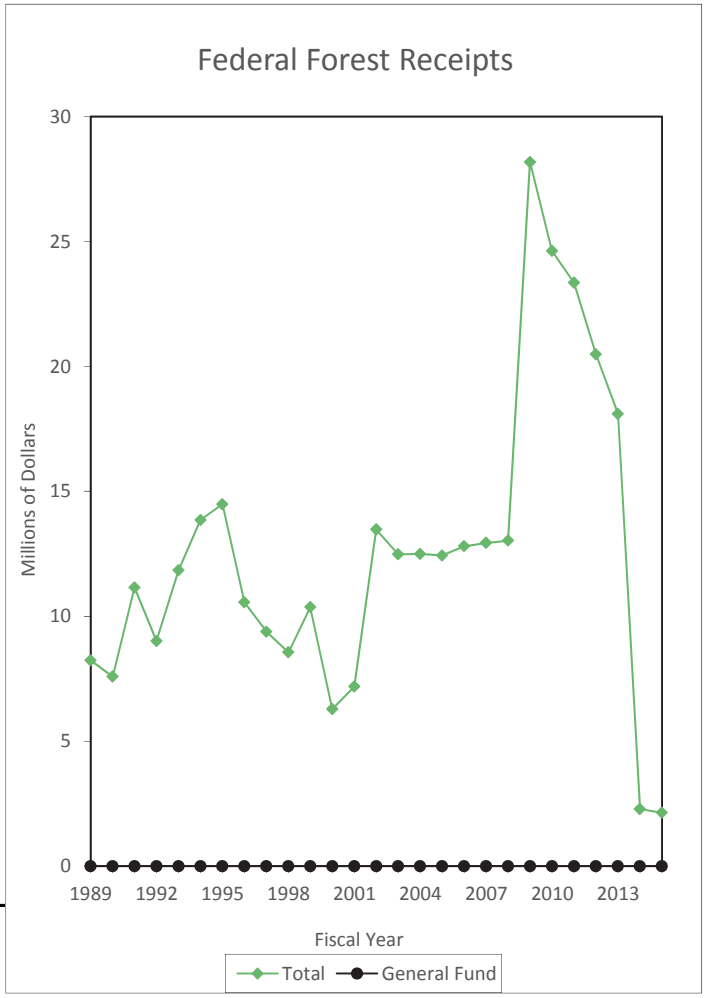
Legislative Fiscal Division

Revenue Estimate Profile

Federal Forest Receipts

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1989	8.239	0.000	Not App.
A	1990	7.582	0.000	Not App.
A	1991	11.150	0.000	Not App.
A	1992	9.009	0.000	Not App.
A	1993	11.839	0.000	Not App.
A	1994	13.855	0.000	Not App.
A	1995	14.482	0.000	Not App.
A	1996	10.556	0.000	Not App.
A	1997	9.383	0.000	Not App.
A	1998	8.558	0.000	Not App.
A	1999	10.367	0.000	Not App.
A	2000	6.283	0.000	Not App.
A	2001	7.185	0.000	Not App.
A	2002	13.475	0.000	Not App.
A	2003	12.479	0.000	Not App.
A	2004	12.491	0.000	Not App.
A	2005	12.431	0.000	Not App.
A	2006	12.800	0.000	Not App.
A	2007	12.935	0.000	Not App.
A	2008	13.028	0.000	Not App.
A	2009	28.175	0.000	Not App.
A	2010	24.619	0.000	Not App.
A	2011	23.345	0.000	Not App.
A	2012	20.487	0.000	Not App.
F	2013	18.101	0.000	Not App.
F	2014	2.284	0.000	Not App.
F	2015	2.138	0.000	Not App.



Data Source(s): SABHRS, Department of Labor

Contacts: Montana Department of Labor, Montana Association of Counties

Legislative Fiscal Division

Revenue Estimate Profile

Metalliferous Mines Tax

Revenue Description: The metalliferous mines license tax is imposed on the production of metals, gems or stones in the state. The tax rate is applied to the gross value of the product, which is defined as the market value of the commodity multiplied by the quantity produced. Senate Bill 30, enacted in the August 2002 special legislative session, revised the payment of taxes from once to twice a year. The first $250,000 of value is exempt from taxation. A company taxed at both rates can claim both exemptions.

Statutory Reference:

Tax Rate (MCA) – 15-37-103
Tax Distribution (MCA) –15-37-117, 17-2-124(2)
Date Due – August 15th for period January through June, March 31st for period July through December (15-37-105)

Applicable Tax Rate(s): The tax rate for a 6-month period is as follows:

Gross value is defined as monetary amounts or refined metal received for the products less:

1. Basic treatment and refinery charges
2. Transportation costs from the mine to a mill or other processor
3. Quantity and price deductions
4. Interest
5. Penalty metal, impurity and moisture deductions

Metalliferous Mines Tax Rates		
	Gross Value	Tax Rate
For concentrates shipped to a smelter, mill or reduction work:	$0-$250,000	Exempt
	$250,000+	1.81%
For gold, silver, or any platinum group metal that is dore*, bullion, or matte* and that is shipped to a refinery:	$0-$250,000	Exempt
	$250,000+	1.6%

Distribution: The distribution of the metal mines tax has been altered several times since the 1990s. Prior to the 2005 Legislature, the most recent change had been enacted by the 2001 Legislature in Senate Bill 484 (effective July 1, 2002) that created a hard-rock mining reclamation debt service fund to pay debt service on the $8.0 million of bonds authorized for state costs related to hard-rock mining reclamation, operation, and maintenance. The 8.5% allocation of metalliferous mines tax revenue previously allocated to the orphan share account was allocated to the hard-rock mining reclamation debt service fund. The 2005 Legislature increased the allocation to counties from 24% to 25% and decreased the general fund allocation from 58% to 57%. The table below shows recent historical distributions of the tax revenue.

Metalliferous Mines Tax Distribution						
Account Name	FY 1998-1999	FY 2000-2002	FY 2003	FY 2004-2005	FY 2006-2007	FY 2008 & Beyond
General Fund	58.0%	58.0%	58.0%	65.0%	58.0%	57.0%
Counties *	25.0%	25.0%	24.0%	24.0%	24.0%	25.0%
Hard Rock Reclamation Debt Service	0.0%	0.0%	0.0%	8.5%	8.5%	8.5%
Natural Resources Operations**	0.0%	4.8%	7.0%	0.0%	7.0%	7.0%
Hard Rock Mining	1.5%	1.5%	2.5%	2.5%	2.5%	2.5%
RIT Trust	15.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Groundwater Assessment	0.0%	2.2%	0.0%	0.0%	0.0%	0.0%
Abandoned Mines	0.0%	8.5%	0.0%	0.0%	0.0%	0.0%
Orphan Share	0.0%	0.0%	8.5%	0.0%	0.0%	0.0%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

* Statutorily appropriated

**Name changed by HB 116 in the 2007 session

Legislative Fiscal Division

Revenue Estimate Profile

Metalliferous Mines Tax

Collection Frequency: Biannually

% of Total General Fund Revenue:

FY 2004 – 0.23%	FY 2007 – 0.49%	FY 2010 – 0.40%
FY 2005 – 0.34%	FY 2008 – 0.55%	FY 2011 – 0.45%
FY 2006 – 0.41%	FY 2009 – 0.33%	FY 2012 – 0.54%

Revenue Estimate Methodology:

The metalliferous mines tax is applied to the taxable gross value of production. The metalliferous mines tax estimate is developed by estimating the annual sales price for each type of metal produced and the anticipated production quantity of each metal by company. From these estimates, taxable gross value can be determined to which an effective tax rate is applied. Since all production and price information is reported on a calendar year basis, the resulting calendar year estimates are converted into fiscal year estimates.

Data

Mining companies are surveyed for anticipated production levels, general indications of applicable metal prices, and any possible changes in production due to expansion or contraction. Historical and future prices are obtained from various sources depending on the metal. Common sources include COMEX, NYMEX, and KITCO. In addition, a review is performed of historical trends, current literature on metals and metal prices, and companies' 10-Q reports. Data from biannual reports produced by DOR provide a history of production and prices by commodity and taxable gross value for each mining company. In FY 2012 these companies were:

* Golden Sunlight Mines	* Bear Creek Placer	* Tags Realty	*Grant Hartford
* Stillwater Mining	* Troy Mine	* Mammoth	* Mark Runkle Black Friday
* Montana Resources	* RX Gold & Silver	* Coronado Resources	* Steel Resources
* Elkhorn Gold Fields			

Analysis

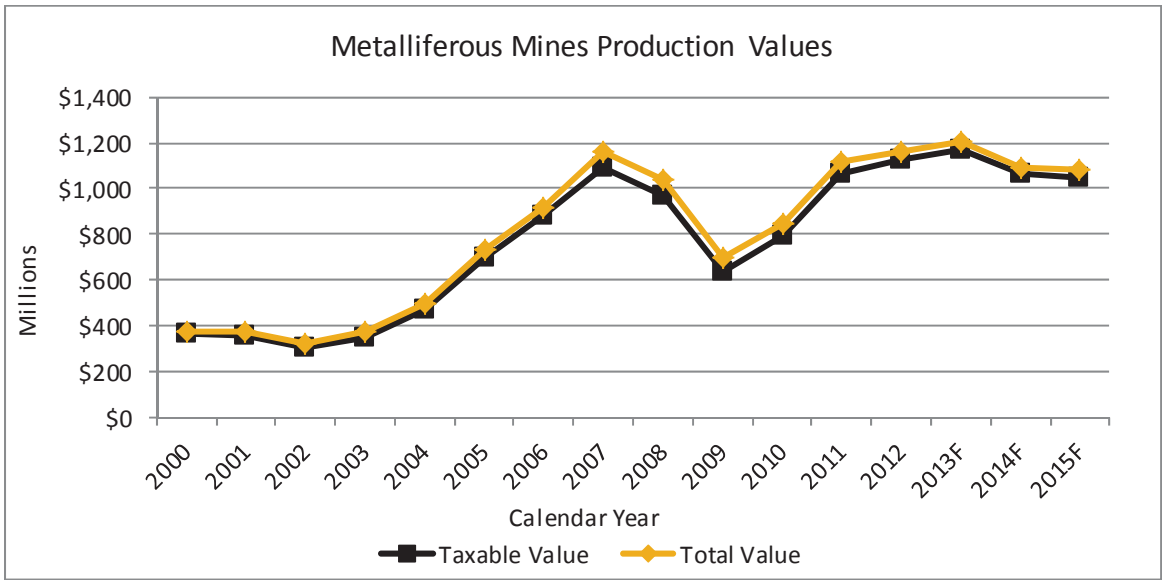
The taxable value of metals is determined in a four-step process:

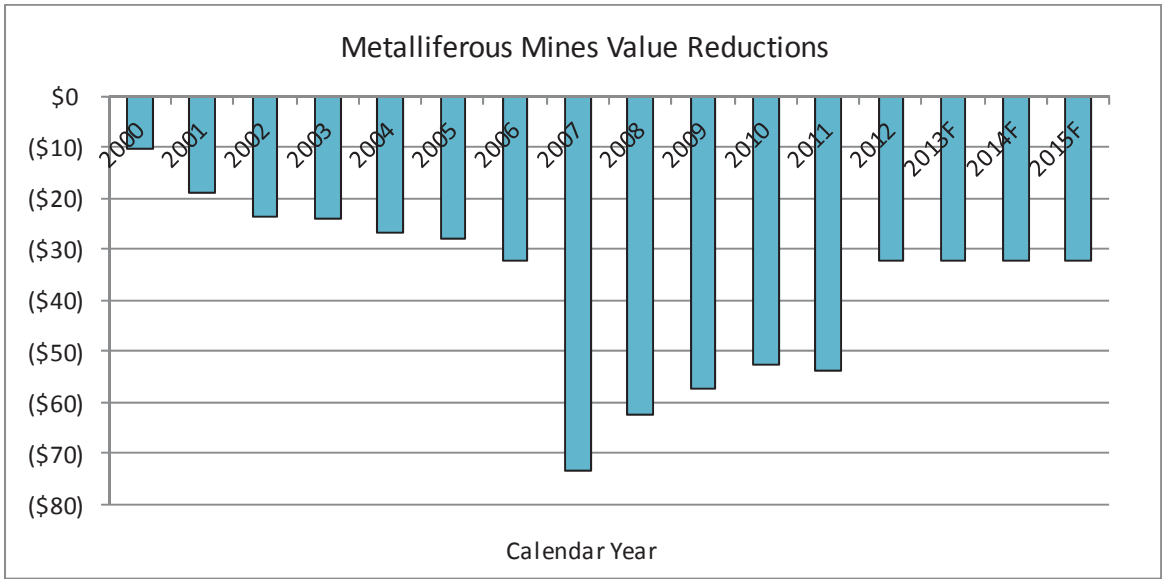
- As reported on the survey, future metals production for each company is summed by commodity. Amounts may be adjusted to fit with historical trends or if major changes are expected from historical production.
- To determine the future price for each metal, different techniques are used depending on the commodity and the reasonableness of future prices based on research of the literature and directions of future markets.
    - Gold – the future prices are used for all the forecast years
    - Copper, silver – the most current futures price is multiplied by the ratio of Montana's price for the last known or forecast year to the most current futures price
    - Molybdenum – the current market price is carried forward for all forecast years
    - Lead, Zinc – the price from 2008 is carried forward for all forecast years
    - Palladium, platinum, rhodium, nickel – the price for the last known calendar year is used for all future years.
- The estimated production amount for each metal for all companies is summed and multiplied by the estimated price for that metal. This is done for each metal and the products summed to yield a total gross value.
- Total taxable value is obtained by reducing the total gross value by: a) the tax exempt amount of $250,000/year for each company; and b) allowable treatment, refinery, transportation, and other costs.

Legislative Fiscal Division

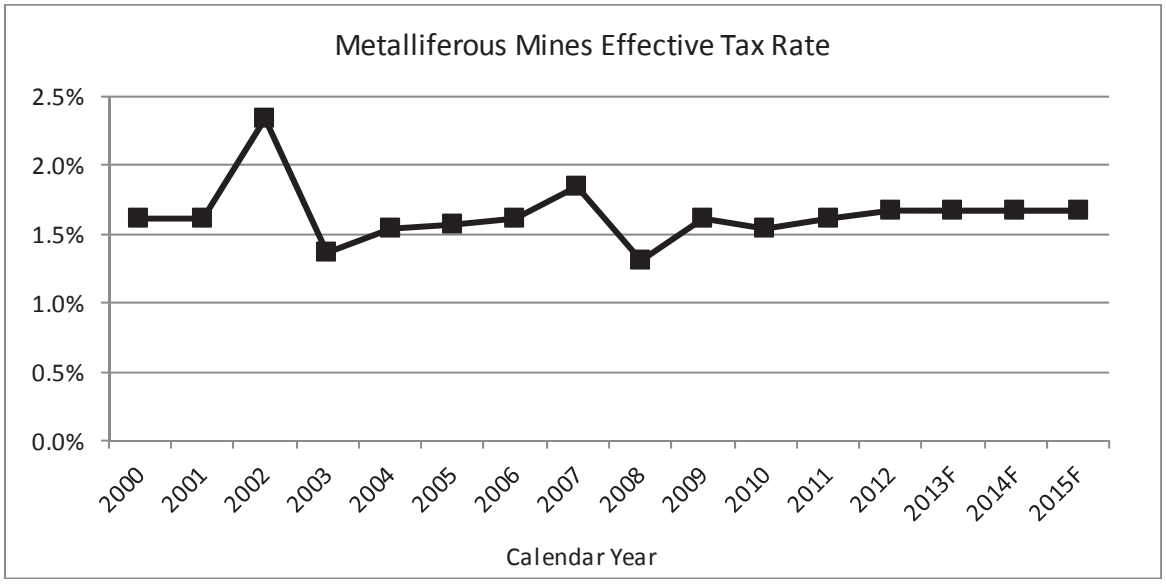
Revenue Estimate Profile

Metalliferous Mines Tax





Taxable value is multiplied by an effective tax rate. Since a company's taxable value could be subject to two tax rates - 1.81% for concentrates shipped to a smelter, mill or reduction work and 1.6% for dore, bullion, or matte that is shipped to a refinery - an effective tax rate is used to capture both these rates. The effective tax rate for FY 2010 was rounded and used for the estimate. The rate is consistent with previous years. The estimate is obtained by multiplying the total taxable value by the effective tax rate.



At this point the total represents estimates for calendar years. To convert the estimates to a fiscal year basis, half the previous calendar year's estimate is added to the half of the current calendar year's estimate.

Adjustments and Distribution

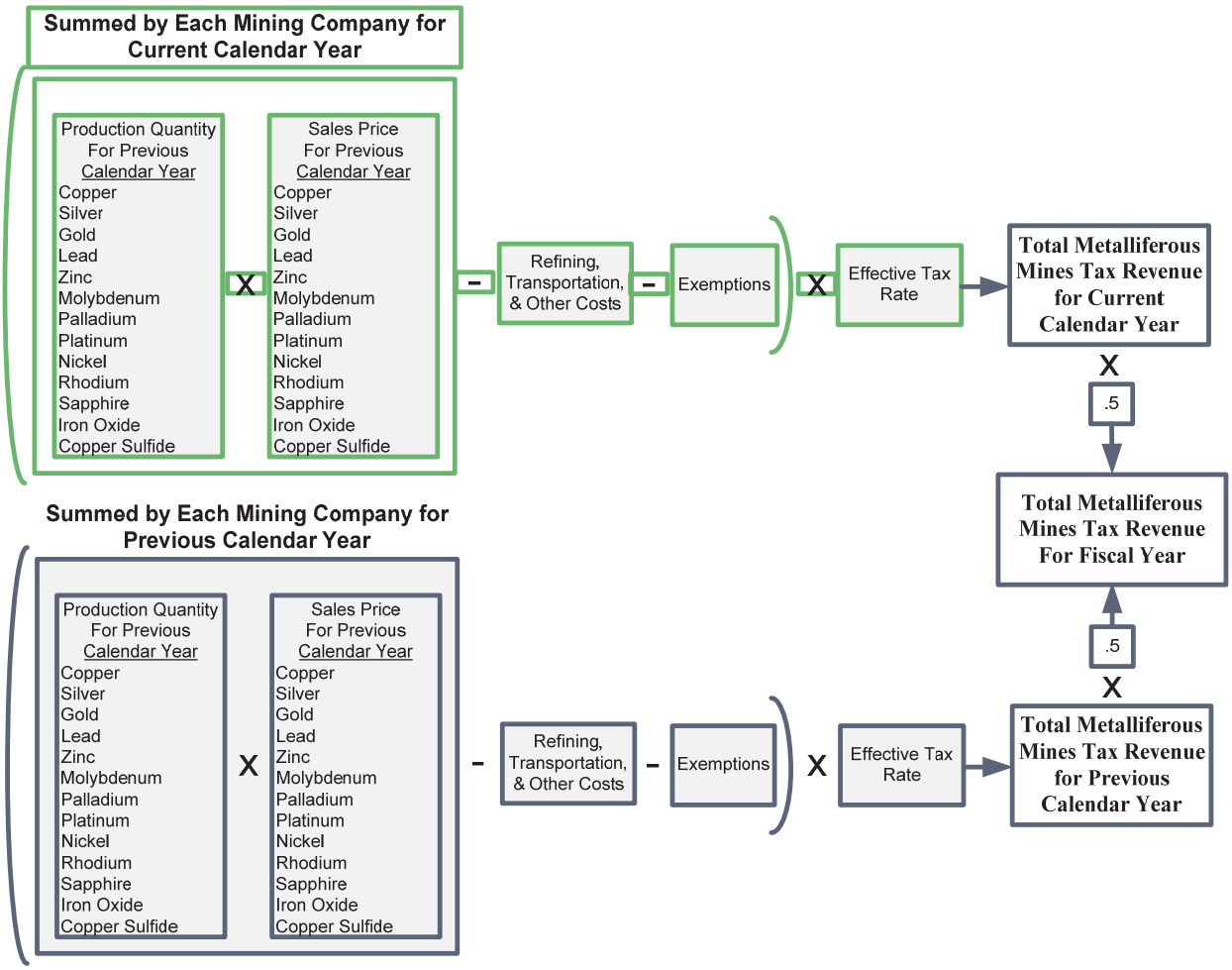
Once total tax revenue for each fiscal year is determined, the applicable distribution percentages are applied.

Legislative Fiscal Division

Revenue Estimate Profile

Metalliferous Mines Tax

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

Metalliferous Mines Tax

Revenue Estimate Assumptions:

	t Fiscal	Total Tax Millions	GF Tax Millions	Tax Value CY Millions	Effective CY Rate	GF Allocation Percent
Actual	2002	5.740	3.329	303.045		58.0%
Actual	2003	7.056	4.586	347.630		65.0%
Actual	2004	5.572	3.232	472.985	1.7%	58.0%
Actual	2005	9.076	5.264	702.353	1.7%	58.0%
Actual	2006	12.435	7.028	880.571	1.7%	56.5%
Actual	2007	15.774	8.991	1087.728	1.7%	57.0%
Actual	2008	18.902	10.774	970.936	1.7%	57.0%
Actual	2009	10.514	5.993	638.071	1.7%	57.0%
Actual	2010	11.476	6.541	791.496	1.7%	57.0%
Actual	2011	14.204	8.097	1061.164	1.7%	57.0%
Actual	2012	17.562	10.010	1127.344	1.7%	57.0%
Forecast	2013	19.129	10.904	1168.536	1.7%	57.0%
Forecast	2014	18.588	10.595	1062.376	1.7%	57.0%
Forecast	2015	17.613	10.039	1051.499	1.7%	57.0%

Total Tax = (Copper Prod. × Copper Price + Silver Prod. × Silver Price + Gold Prod. × Gold Price + Lead Prod. × Lead Price + Zinc Prod. × Zinc Price + Moly Prod. × Moly Price + Palladium Prod. × Palladium Price + Platinum Prod. × Platinum Price + Nickel Prod. × Nickel Price + Rodium Prod. × Rodium Price + Deduction + Refining) × Effective CY Rate

GF Tax = (Previous Cal. Total Tax + Current Cal. Total Tax) × .5 × GF Allocation

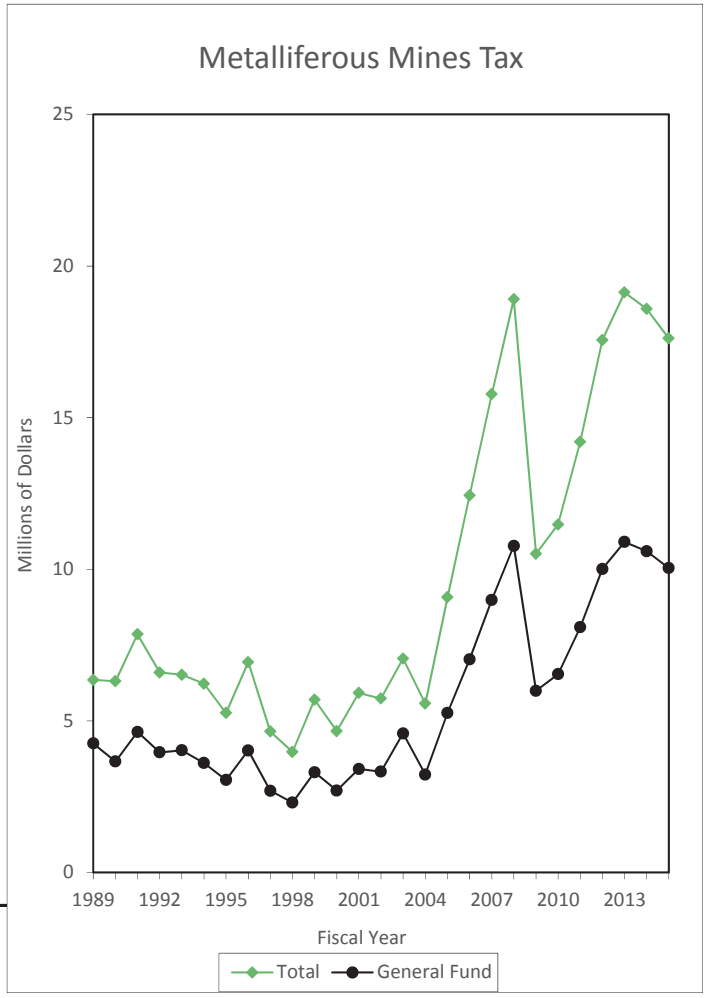
Legislative Fiscal Division

Revenue Estimate Profile

Metalliferous Mines Tax

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1989	6.355	4.258	Not App.
A	1990	6.306	3.665	-13.9%
A	1991	7.855	4.639	26.6%
A	1992	6.595	3.966	-14.5%
A	1993	6.521	4.031	1.7%
A	1994	6.230	3.613	-10.4%
A	1995	5.259	3.050	-15.6%
A	1996	6.941	4.026	32.0%
A	1997	4.649	2.696	-33.0%
A	1998	3.978	2.307	-14.4%
A	1999	5.700	3.306	43.3%
A	2000	4.661	2.703	-18.2%
A	2001	5.924	3.417	26.4%
A	2002	5.740	3.329	-2.6%
A	2003	7.056	4.586	37.8%
A	2004	5.572	3.232	-29.5%
A	2005	9.076	5.264	62.9%
A	2006	12.435	7.028	33.5%
A	2007	15.774	8.991	27.9%
A	2008	18.902	10.774	19.8%
A	2009	10.514	5.993	-44.4%
A	2010	11.476	6.541	9.2%
A	2011	14.204	8.097	23.8%
A	2012	17.562	10.010	23.6%
F	2013	19.129	10.904	8.9%
F	2014	18.588	10.595	-2.8%
F	2015	17.613	10.039	-5.3%



Data Source(s): SABHRS, Department of Revenue, *Wall Street Journal*, KITCO, COMEX, NYMEX, company 10K and 10Q reports

Contacts: Major Producers

Legislative Fiscal Division

Revenue Estimate Profile

Oil and Natural Gas Production Tax

Revenue Description: The oil and natural gas production tax is imposed on the production of petroleum and natural gas in the state. Gross taxable value of oil and natural gas production is based on the type of well and type of production. A portion of the revenue from the tax may be returned to Indian tribes per agreements between the Department of Revenue and the tribes.

Statutory Reference:

Tax Rate (MCA) – 15-36-304. Privilege and license tax – 82-11-131, Administrative Rules 36.72.1242
Tax Distribution (MCA) – 15-36-331(4), 15-36-332(2&3) (to taxing units)
Date Due – within 60 days after the end of the calendar quarter (15-36-311(1))

Applicable Tax Rate(s): The oil and natural gas production tax has numerous tax rates depending on several factors. These factors include whether the oil or gas is produced from a stripper well, a stripper incentive well, from a well initially drilled before 1999 or after, from a well newly drilled within the last year or 18 months, and whether the interest being taxed is the working interest or the royalty interest. The Board of Oil and Gas Conservation imposes an additional privilege and license (P & L) tax on all oil and natural gas tax rates. Starting October 2006 as set by the Board, the P&L tax rate is 0.09%. Based on this rate, HB 758 enacted by the 2005 Legislature allows an additional tax rate of 0.17% to generate revenue for local impacts for local governments. The two taxes may not exceed 0.3%. The following table shows tax rate percentages for each type of pre-1999 oil and post-1999 oil, excluding the P & L tax and the new Local Impact tax. The quarterly tax rates on stripper production and on incremental production are lower than that for regular production unless the price of West Texas Intermediate averages above $30 for the quarter. Similarly, the quarterly tax rate for stripper well exemption production (1-3 barrels a day) is lower than that for regular production unless the price of West Texas Intermediate averages above $38 for the quarter.

Oil Tax Rates 15-36-304(5), MCA	
Working Interest	
Primary recovery production	
First 12 months of qualifying production	0.5%
After 12 months:	
pre-1999 wells	12.5%
post-1999 wells	9.0%
Stripper oil production (>3 and < 15 barrels/day if oil<$30)	
1 through 10 barrels a day production	5.5%
>10 through 14 barrels a day production	9.0%
Stripper oil production (>3 and < 15 barrels/day if oil>=$30)	*
Stripper wells (3 barrels or less/day)	
Stripper well exemption production (if oil <$38)	0.5%
Stripper well bonus production (if oil >=$38)	6.0%
Horizontally completed well production	
First 18 months of qualifying production	0.5%
After 18 months	
pre-1999 wells	12.5%
post-1999 wells	9.0%
Incremental production (if oil <$30/barrel)	
New or expanded secondary recovery production	8.5%
New or expanded tertiary production	5.8%
Incremental production (if oil >=$30/barrel)	
Pre-1999 wells	12.5%
Post-1999 wells	9.0%
Horizontally recompleted well	
First 18 months	5.5%
After 18 months	
pre-1999 wells	12.5%
post-1999 wells	9.0%
Nonworking Interest	14.8%

* No stripper tax rate. Taxed at primary recovery rates. See 15-36-303(22a)

Natural Gas Tax Rates 15-36-304(2), MCA	
Working Interest	
Qualified production	
First 12 months	0.5%
After 12 months	
pre-1999 wells	14.8%
post-1999 wells	9.0%
Stripper natural gas pre-1999 wells	11.0%
Horizontally completed well production	
First 18 months of qualifying production	0.5%
After 18 months	9.0%
Nonworking Interest	14.8%

Legislative Fiscal Division

Revenue Estimate Profile

Oil and Natural Gas Production Tax

Distribution: Once the oil and natural gas production taxes have been collected, the revenue is first distributed based on the amounts collected from the P & L and Local Impact taxes. The amounts from the P & L tax are distributed to the Board of Oil and Gas Conservation. The amounts from the Local Impact tax are distributed to the oil and gas natural resource state special revenue account. The amounts received by the Board and the oil and gas natural resource account vary based on a sliding tax scale based on the P & L tax set by the Board. Counties producing oil and natural gas receive the next share of total revenue with each county having its own statutory distribution percentage of total revenue, including the revenue generated by the P & L and Local Impact taxes. A portion of the revenue may be returned to Indian tribes per agreements between the Department of Revenue and the tribes. The remainder of the revenue is distributed to other state accounts in the following manner:

FY 2008 though FY 2011

- Coal bed methane account – 1.23%
- Natural resources projects account – 1.45%
- Natural resources operations account – 1.45%
- Orphan share account – 2.99%
- University system 6 mill levy account – 2.65%
- General fund – the remainder (90.23%)

The distributions of county shares and the amount of oil and natural gas production tax revenue deposited in the oil and gas natural resource account are statutorily appropriated and are based on the statutorily set percentages for each county.

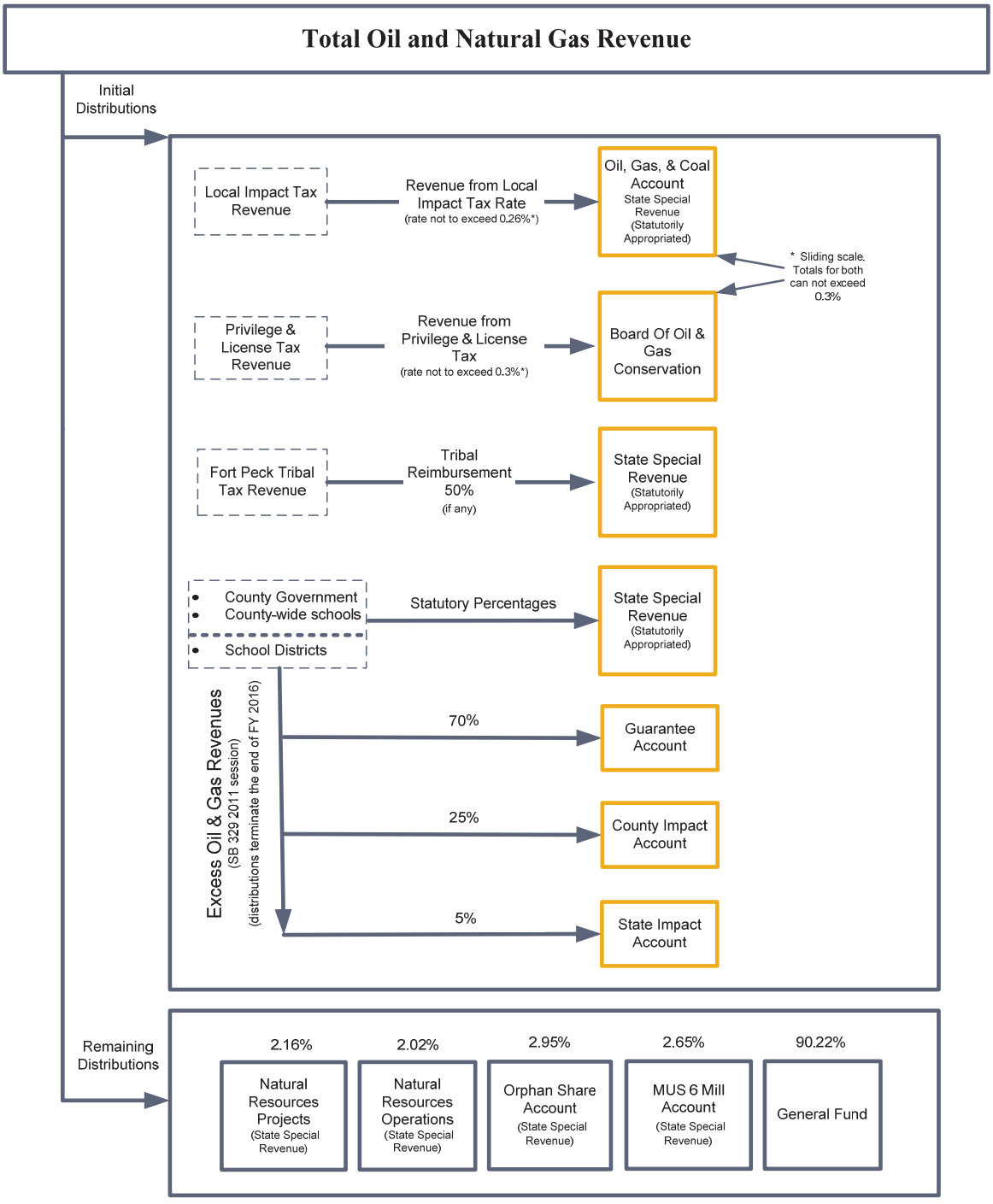
Distribution Chart:

Legislative Fiscal Division

Revenue Estimate Profile

Oil and Natural Gas Production Tax

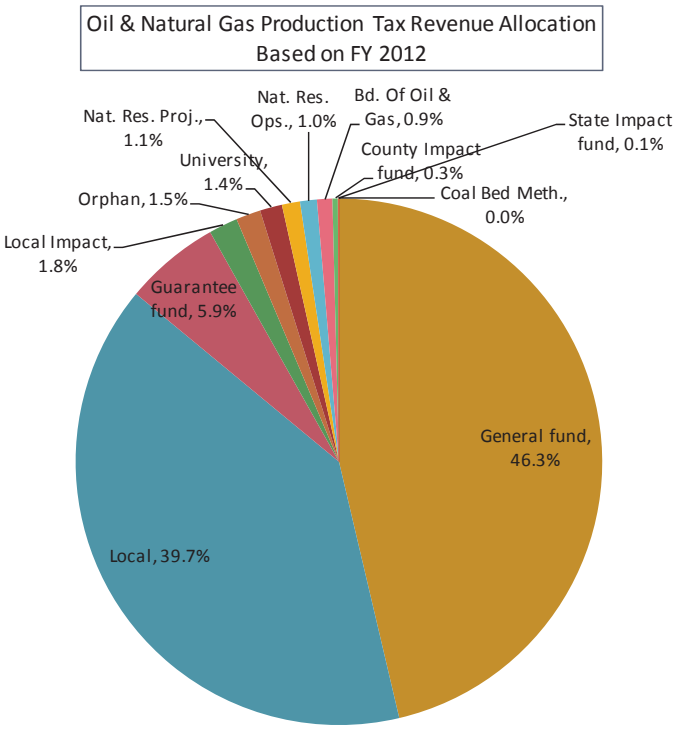
Fiscal Years Beginning 2013



Legislative Fiscal Division

Revenue Estimate Profile

Oil and Natural Gas Production Tax



Because the exact distribution of oil & natural gas revenue varies depending on various factors, the chart only reflects FY 2012 actual distributions. Please see the table above for exact distribution percentages.

Collection Frequency: Quarterly: The oil and natural gas production tax is due 60 days after the end of the production quarter.

% of Total General Fund Revenue:

FY 2004 – 2.99%	FY 2007 – 5.25%	FY 2010 – 5.87%
FY 2005 – 4.09%	FY 2008 – 7.64%	FY 2011 – 5.60%
FY 2006 – 5.42%	FY 2009 – 5.56%	FY 2012 – 5.21%

Revenue Estimate Methodology:

The estimate for oil and natural gas revenue is derived from estimating the price and specific production subject to varying tax rates from which value can be obtained. Specific statutory tax rates are used for the types of oil and natural gas that are taxed differently.

Data

Data from the Board of Oil and Gas Conservation are used extensively to isolate monthly historical production of oil and natural gas by field and by individual well. IHS provides future estimates of West Texas Intermediate oil and national well head natural gas prices. Production, price, value, and revenue collections, by oil type, are provided on a quarterly basis by the Department of Revenue.

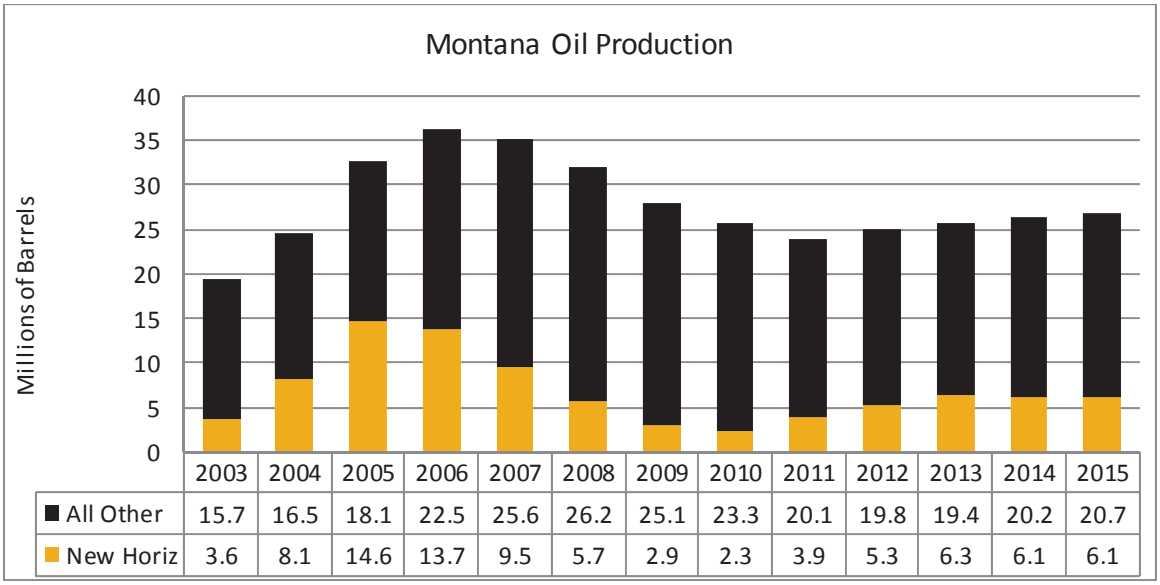
Oil Analysis

- Production - The estimate is developed on a quarterly basis with production from horizontal wells separate from all other production. Analysis of the data indicates that the majority of the increased production is from horizontal wells. The importance of horizontal production can be seen in the figure below.

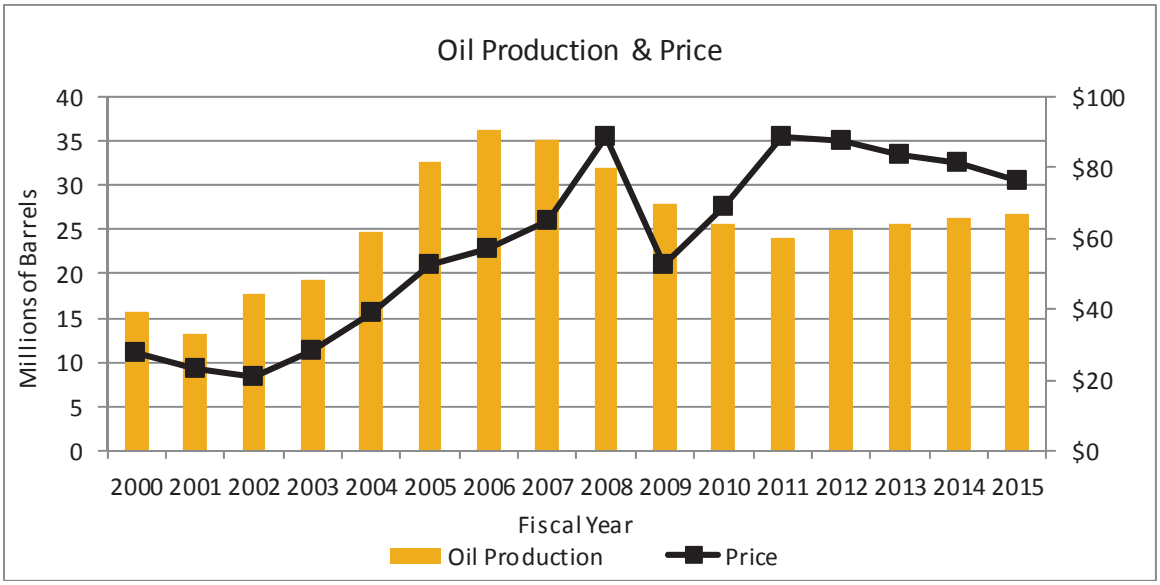
Legislative Fiscal Division

Revenue Estimate Profile

Oil and Natural Gas Production Tax



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
All Other	15.7	16.5	18.1	22.5	25.6	26.2	25.1	23.3	20.1	19.8	19.4	20.2	20.7
New Horiz	3.6	8.1	14.6	13.7	9.5	5.7	2.9	2.3	3.9	5.3	6.3	6.1	6.1



Existing horizontal wells will follow a production decline curve unique to the characteristics of these wells. Future production from completed wells can be estimated by developing a normalized production decline curve from the producing wells. In doing so, the difficulty of having different starting time for each well can be eliminated by averaging each well's production from a common time point. The result is a curve that represents the average production of horizontal wells by month of production. Production from future wells can be estimated by applying the production curve coefficients to an estimate of future spudded wells. Knowing monthly production from each well and the date it was placed into production is essential for estimating oil tax revenue because tax rates vary based on the length of time a well has been in production. The dynamics in the timing of when wells enter and fall out of the various tax rates and the changes in production at the various stages is complex, but needs to be modeled to ensure accurate estimates.

Production from all other wells is also estimated on an annual basis and by the different taxation types. For each year, the estimate is derived by multiplying the previous year by the ratio of the results of a regression analysis for the current and the previous year. The results for each tax type are then summed by year.

- Price – The price for each quarter is estimated by adjusting the IHS West Texas Intermediate oil price for that quarter by the ratio of the previous three year average Montana price to the three year average of the IHS price.

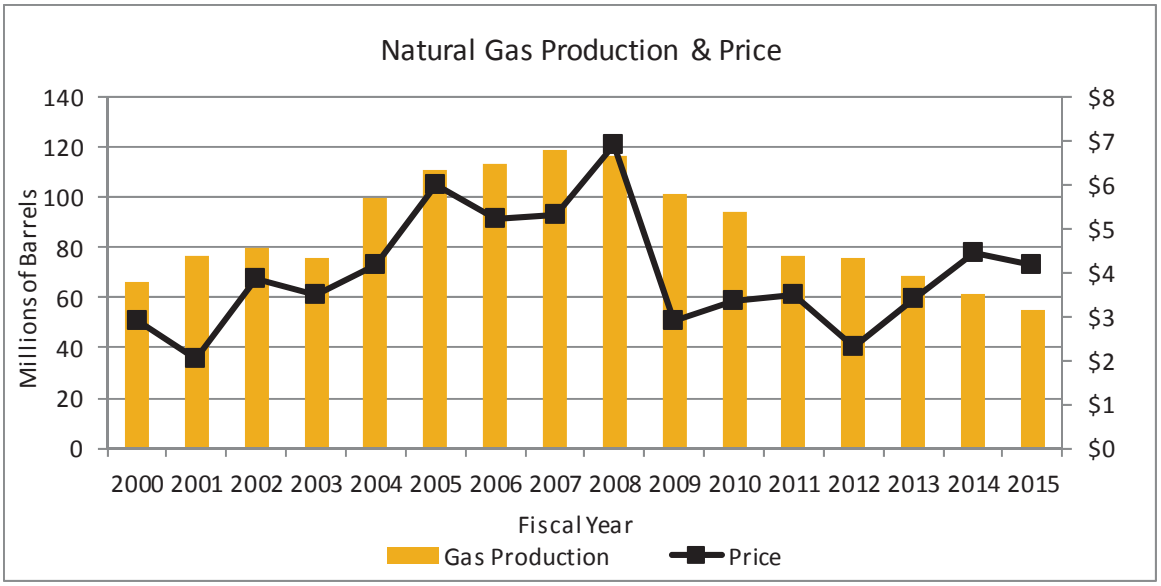
Once production and prices have been estimated, the value can be calculated by the product of the two. The quarterly value of each tax type is then multiplied by the applicable tax rate to obtain the estimate. The sum of the revenue from all tax types for each fiscal year determines the oil production revenue estimate.

Natural Gas Analysis

- Production - The estimate is developed on quarterly basis with data from the Board of Oil and Gas Conservation. Existing wells will follow a production decline curve unique to the characteristics of these wells. Future production from completed wells can be estimated by developing a normalized production decline curve from the producing wells. In doing so, the difficulty of having different starting time for each well can be eliminated by averaging each well's production from a common time point. The result is a curve that represents the average production of wells by month of production. Production from future wells can be estimated by applying the production curve coefficients to an estimate of future spudded wells. Knowing monthly production from each well and the date it was placed into production is essential for estimating gas tax revenue because tax rates vary based on the length of time a well has been in production. The dynamics in the timing of when wells enter and fall out of the various tax rates and the changes in production at the various stages is complex, but needs to be modeled to ensure accurate estimates.

  Production from all wells is estimated on an annual basis and by the different taxation types. For each year, the estimate is derived by multiplying the previous year by the ratio of the results of a regression analysis for the current and the previous year. The results for each tax type are then summed by year.

- Price – The price for each quarter is estimated by adjusting the IHS West Texas national well head price for that quarter by the ratio of the previous three year average Montana price to the three year average of the IHS price.



Once production and prices have been estimated, the value can be calculated by the product of the two. The quarterly value of each tax type is then multiplied by the applicable tax rate to obtain the revenue. The sum of the revenue from all tax types for each fiscal year determines the natural gas revenue estimate.

Adjustments and Distribution

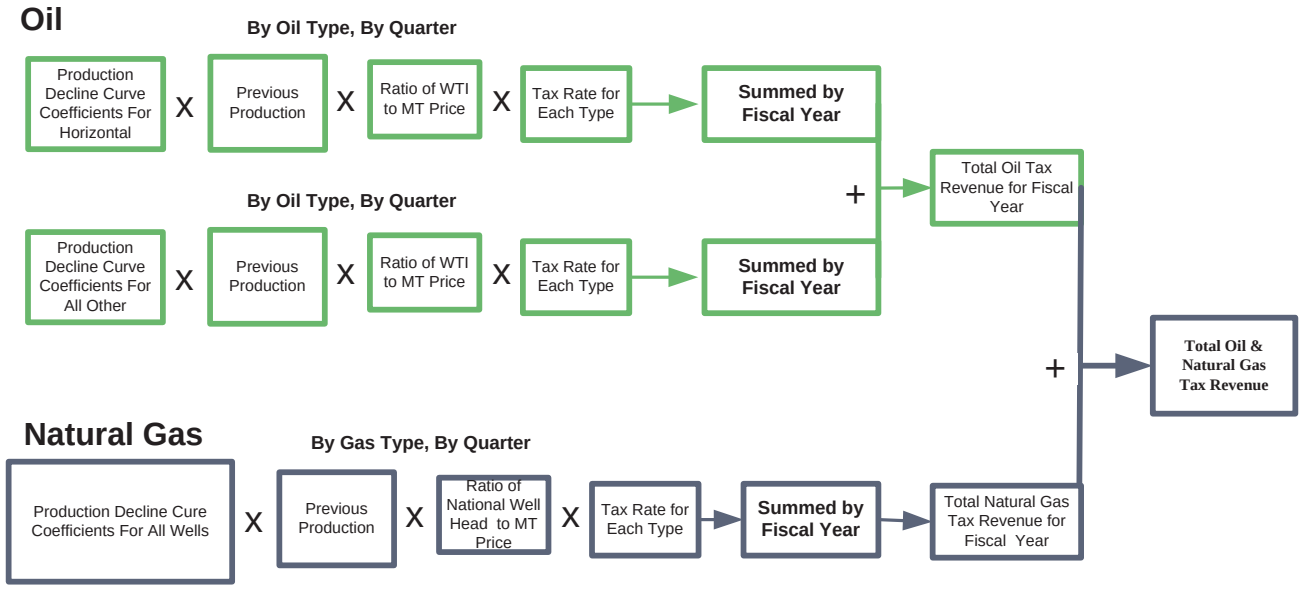
Once the oil and natural gas estimates have been summed, the distribution formula is applied with the amounts to the Board of Oil and Gas and to local governments distributed first and the remainder subject to statutory percentages.

Legislative Fiscal Division

Revenue Estimate Profile

Oil and Natural Gas Production Tax

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

Oil and Natural Gas Production Tax

Revenue Estimate Assumptions:

	t Fiscal	Total Tax Millions	GF Tax Millions	GF Allocation Percent	Audits Millions	Total Tax Oil Millions	Total Tax Gas Millions
Actual	2002	50.304	12.902	25.6%			
Actual	2003	73.389	29.086	39.6%	2.436		
Actual	2004	92.676	41.324	44.6%	1.688		
Actual	2005	137.754	62.626	45.5%	1.127		
Actual	2006	203.681	92.563	45.4%	1.429	140.641	51.586
Actual	2007	209.946	96.335	45.9%	1.242	174.193	48.858
Actual	2008	324.311	149.994	46.3%	3.168	227.099	57.400
Actual	2009	218.425	100.491	46.0%	5.221	203.277	46.279
Actual	2010	206.286	95.491	46.3%	1.395	160.377	28.668
Actual	2011	215.130	99.764	46.4%	1.254	188.114	27.486
Actual	2012	210.644	97.560	46.3%	0.737	199.126	20.747
Forecast	2013	215.806	98.266	45.5%	0.737	195.545	19.525
Forecast	2014	219.313	99.857	45.5%	0.737	194.228	24.349
Forecast	2015	215.717	98.226	45.5%	0.737	191.020	23.960

Oil	t Fiscal	Barrels Millions	Price Per Barrel	Gross Value Millions	Effective Tax Rate	Tax Millions	Non-Tax Value Millions
Actual	2002						
Actual	2003						
Actual	2004						
Actual	2005						
Actual	2006	34.438	55.06	1896.214	7.6%	140.641	48.525
Actual	2007	35.654	60.89	2170.999	8.2%	174.193	54.924
Actual	2008	33.501	76.22	2553.434	9.1%	227.099	65.224
Actual	2009	29.929	71.92	2152.399	9.7%	203.277	56.681
Actual	2010	26.790	60.47	1620.102	10.2%	160.377	43.691
Actual	2011	24.781	78.58	1947.329	9.9%	188.114	51.144
Actual	2012	24.481	88.21	2159.382	9.5%	199.126	55.693
Forecast	2013	25.332	85.57	2167.661	9.3%	195.545	56.257
Forecast	2014	25.997	82.48	2144.073	9.3%	194.228	55.645
Forecast	2015	26.573	78.80	2093.921	9.4%	191.020	54.343

Legislative Fiscal Division

Revenue Estimate Profile

Oil and Natural Gas Production Tax

Gas	t Fiscal	MCF's Millions	Price Per MCF	Gross Value Millions	Effective Tax Rate	Tax Millions	Non-Tax Value Millions
Actual	2002						
Actual	2003						
Actual	2004						
Actual	2005						
Actual	2006	111.998	5.60	627.347	8.6%	51.586	29.763
Actual	2007	116.096	5.26	610.131	8.4%	48.858	27.796
Actual	2008	117.397	6.09	715.213	8.4%	57.400	31.173
Actual	2009	108.884	5.03	547.756	8.8%	46.279	24.422
Actual	2010	97.972	3.12	305.969	9.8%	28.668	14.269
Actual	2011	85.445	3.42	291.906	9.9%	27.486	13.262
Actual	2012	76.080	2.90	220.641	9.9%	20.747	10.149
Forecast	2013	71.991	2.83	204.028	10.0%	19.525	9.373
Forecast	2014	64.930	3.90	253.128	10.1%	24.349	11.629
Forecast	2015	58.273	4.32	251.467	10.0%	23.960	11.553

Oil	t Cal	Barrels Millions	Price Per Barrel	Gross Value Millions	Effective Tax Rate	Total Tax Millions	Non-Tax Value Millions
Actual	2002						
Actual	2003						
Actual	2004						
Actual	2005	32.679	52.76	1,724.104	7.5%	125.296	43.861
Actual	2006	36.196	57.14	2,068.324	7.7%	155.985	53.189
Actual	2007	35.112	64.75	2,273.674	8.7%	192.402	56.659
Actual	2008	31.890	88.84	2,833.194	9.5%	261.795	73.789
Actual	2009	27.967	52.62	1,471.605	10.1%	144.759	39.573
Actual	2010	25.613	69.05	1,768.599	10.2%	175.995	47.808
Actual	2011	23.949	88.78	2,126.059	9.7%	200.233	54.480
Actual	2012	25.013	87.66	2,192.705	9.3%	198.019	56.907
Forecast	2013	25.651	83.53	2,142.617	9.3%	193.070	55.607
Forecast	2014	26.342	81.45	2,145.530	9.3%	195.386	55.682
Forecast	2015	26.804	76.19	2,042.312	9.4%	186.653	53.004

Legislative Fiscal Division

Revenue Estimate Profile

Oil and Natural Gas Production Tax

Gas	t Cal	MCF's Millions	Price Per MCF	Gross Value Millions	Effective Tax Rate	Total Tax Millions	Non-Tax Value Millions
Actual	2002						
Actual	2003						
Actual	2004						
Actual	2005	110.440	6.00	662.994	8.7%	55.016	31.675
Actual	2006	113.555	5.21	591.700	8.5%	48.156	27.851
Actual	2007	118.636	5.30	628.562	8.2%	49.560	27.740
Actual	2008	116.157	6.90	801.864	8.5%	65.240	34.606
Actual	2009	101.611	2.89	293.648	9.8%	27.317	14.238
Actual	2010	94.332	3.37	318.289	9.9%	30.020	14.300
Actual	2011	76.559	3.47	265.523	9.9%	24.952	12.223
Actual	2012	75.601	2.32	175.758	9.9%	16.541	8.074
Forecast	2013	68.381	3.40	232.297	10.2%	22.509	10.672
Forecast	2014	61.478	4.46	273.959	10.0%	26.188	12.586
Forecast	2015	55.068	4.16	228.975	9.9%	21.733	10.519

Total Tax = Barrels × Price × Tax Rate + MCF's × Price × Tax Rate + Audits

GF Rev = Total Tax × GF Allocation + Audits

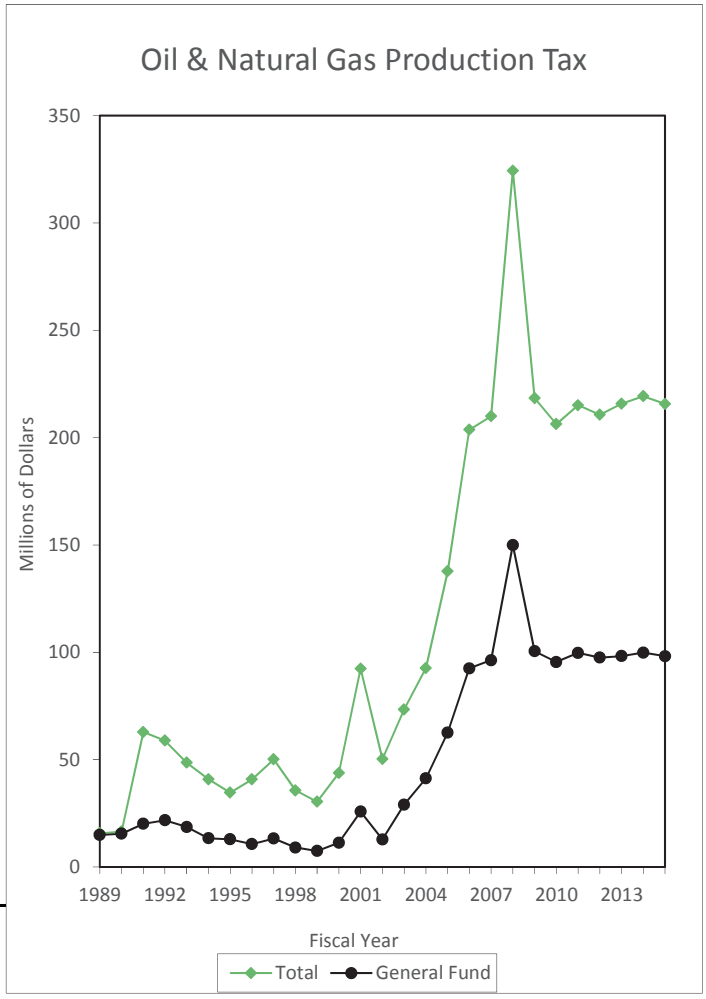
Legislative Fiscal Division

Revenue Estimate Profile

Oil and Natural Gas Production Tax

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1989	15.748	14.959	Not App.
A	1990	16.486	15.567	4.1%
A	1991	62.880	20.163	29.5%
A	1992	58.892	21.823	8.2%
A	1993	48.651	18.677	-14.4%
A	1994	40.871	13.403	-28.2%
A	1995	34.704	12.964	-3.3%
A	1996	40.826	10.666	-17.7%
A	1997	50.150	13.283	24.5%
A	1998	35.709	9.120	-31.3%
A	1999	30.447	7.506	-17.7%
A	2000	43.773	11.363	51.4%
A	2001	92.396	25.792	127.0%
A	2002	50.304	12.902	-50.0%
A	2003	73.389	29.086	125.4%
A	2004	92.676	41.324	42.1%
A	2005	137.754	62.626	51.6%
A	2006	203.681	92.563	47.8%
A	2007	209.946	96.335	4.1%
A	2008	324.311	149.994	55.7%
A	2009	218.425	100.491	-33.0%
A	2010	206.286	95.491	-5.0%
A	2011	215.130	99.764	4.5%
A	2012	210.644	97.560	-2.2%
F	2013	215.806	98.266	0.7%
F	2014	219.313	99.857	1.6%
F	2015	215.717	98.226	-1.6%



Data Source(s): SABHRS, Department of Revenue, IHS, *Wall Street Journal*

Contacts: Department of Revenue, Board of Oil & Gas

Legislative Fiscal Division

Revenue Estimate Profile

Resource Indemnity Tax

Revenue Description: The state imposes a resource indemnity and ground water assessment (RIGWA) tax on the gross value of coal (based on the contract sales price), as well as most minerals, but not gravel, metals, oil, and natural gas. Prior to July 1, 2002 when the Governor by executive order certified to the Secretary of State that the resource indemnity trust balance had reached $100 million, a portion of oil and natural gas taxes had been distributed under the same methodology as the RIGWA tax. Once the RIT balance reached $100 million, this portion of oil and natural gas taxes no longer has a connection to the RIGWA tax. The RIGWA tax on all other production is specific to each resource as described below.

Statutory Reference:

Tax Rate (MCA) – 15-38-104
Tax Distribution (MCA) – 15-38-106
Date Due from metal producers – March 31st following the end of the calendar year (15-38-105, 15-38-106(1))
Date Due from mineral producers – 60 days following the end of the calendar year (15-38-105, 15-38-106(1))

Applicable Tax Rate(s):

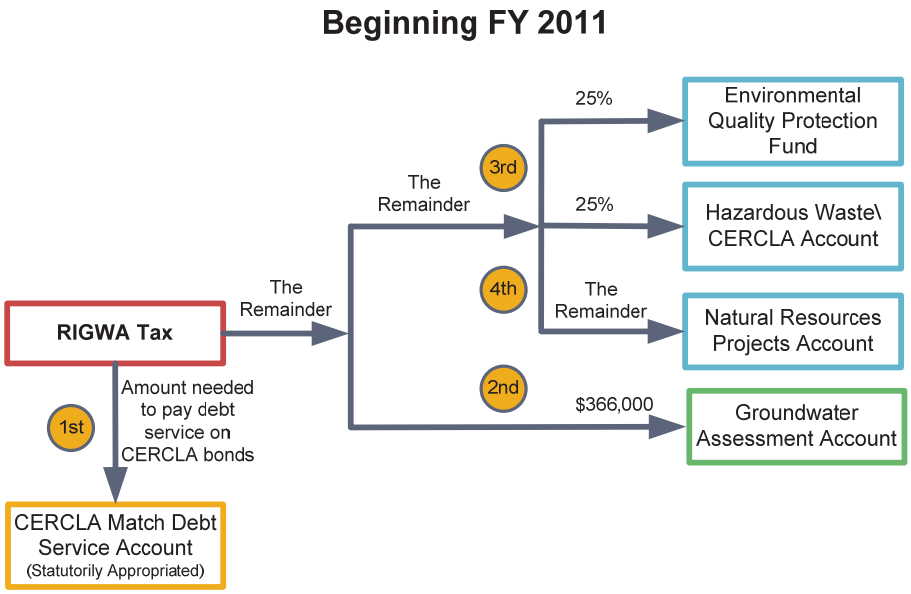
The applicable rates are as follows:

Coal: $25 plus 0.4% of the gross value of coal produced in the preceding year in excess of $6,250
Minerals: $25 plus 0.5% of the gross value of minerals (excluding gravel and metals, and excluding oil and natural gas since the resource indemnity trust has reached $100 million) produced in the preceding year in excess of $5,000
Talc: $25 plus 0.4% of the gross value of talc produced in the preceding year in excess of $625
Vermiculite: $25 plus 2.0% of the gross value of vermiculite produced in the preceding year in excess of $1,250
Limestone: $25 plus 10.0% of the gross value of limestone produced in the preceding year in excess of $250
Garnets: $25 plus 1.0% of the gross value of garnets produced in the preceding year in excess of $2,500

Distribution: Beginning FY 2004, the amount needed to cover debt service on CERCLA bonds (after amounts transferred from the CERCLA cost recovery account) is deposited to the CERCLA match debt service account. Beginning FY 2008, the remainder of RIGWA tax proceeds is distributed in the following order:

1. $366,000 each year to the ground water assessment account
2. $150,000 to the water storage account for the 2009 biennium only
3. 50.0% of the remainder split evenly between the environmental quality protection fund and the hazardous waster/CERCLA account
4. the remainder to the natural resources projects account

Distribution Chart:



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

% of Total General Fund Revenue: N/A

Revenue Estimate Methodology:

Data

The data used to estimate the resource indemnity and groundwater assessment (RIGWA) tax are obtained from the coal severance tax source, the property tax source, and the state accounting system (SABHRS). No adjustments are required on the raw data in preparation for analysis.

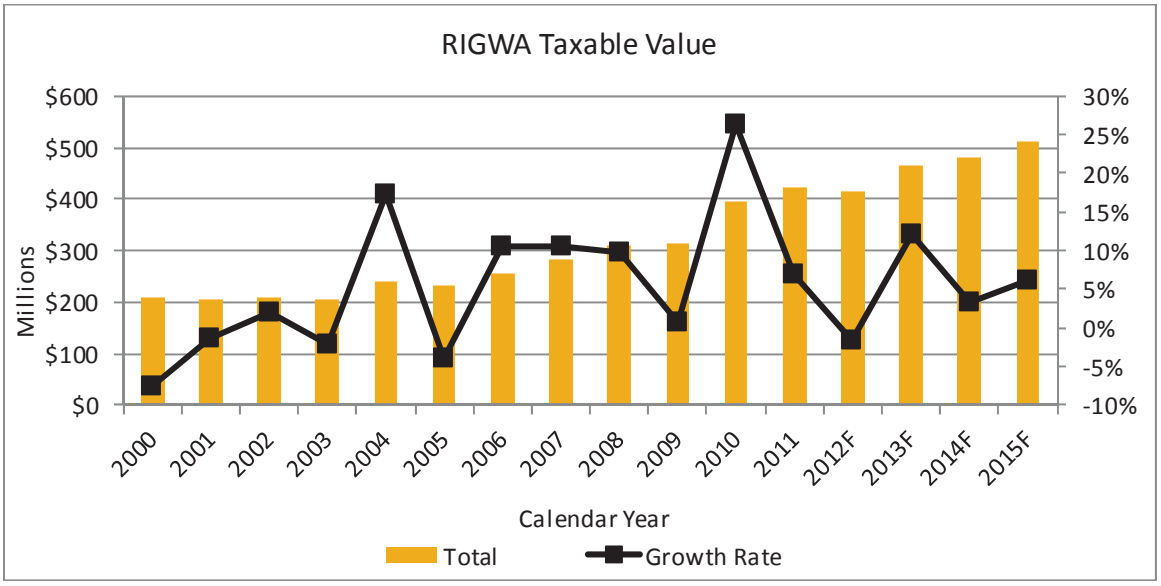
Legislative Fiscal Division

Revenue Estimate Profile

Resource Indemnity Tax

Analysis

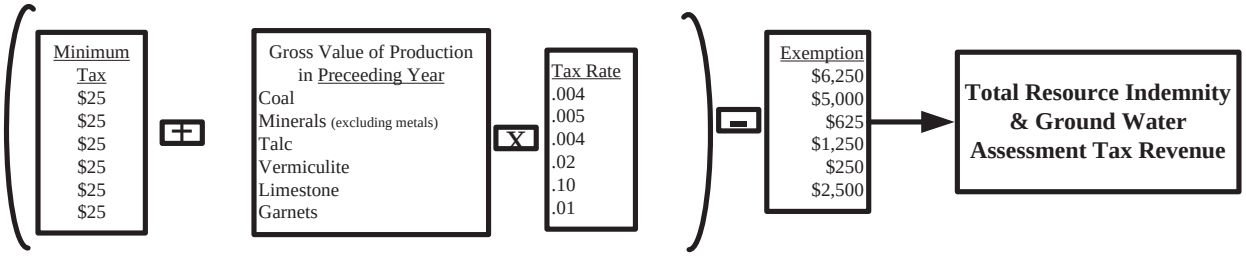
The RIGWA tax is imposed on the gross taxable value from the production of coal and miscellaneous mines. Before FY 2002, when Governor Martz certified that the resource indemnity trust had reached the required principal amount of $100 million, oil and natural gas production was also taxed under RIGWA, but the oil and natural gas component of the tax ended when the trust reached the limit. The gross value estimates prepared for the coal severance tax and class 1 property tax (miscellaneous minerals) are used in the estimate for the RIGWA tax.



The future taxable value of coal, produced by all mines, is estimated in the coal severance tax source. The estimate of coal value is $364.7 million, $506.7 million, and $497.9 million in FY 2009 through 2011, respectively. The future taxable value of other mineral production is estimated at the FY 2008 amount.

To develop the estimates for RIGWA tax collections, the tax rates are applied to the production value of each of the components, coal and other minerals. The tax estimates for the two components are summed to produce the total estimate of the RIGWA tax.

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

Resource Indemnity Tax

Revenue Estimate Assumptions:

	t Fiscal	Total Tax Millions	GF Tax Millions	Oil Millions	Natural Gas Millions	Coal Millions	Metals Millions	Other Millions
Actual	2002	2.201	0.000	0.976	0.000	0.999	0.000	0.225
Actual	2003	1.226	0.000	0.000	0.000	1.005	0.000	0.220
Actual	2004	1.251	0.000	0.002	0.000	0.966	0.000	0.285
Actual	2005	1.436	0.000	0.000	0.000	1.118	0.000	0.318
Actual	2006	1.456	0.000	0.000	0.000	1.087	0.000	0.370
Actual	2007	1.647	0.000	0.000	0.000	1.212	0.000	0.435
Actual	2008	1.926	0.000	0.000	0.000	1.346	0.000	0.580
Actual	2009	2.054	0.000	0.000	0.000	1.465	0.000	0.589
Actual	2010	1.712	0.000	0.000	0.000	1.459	0.000	0.253
Actual	2011	2.147	0.000	0.000	0.000	1.785	0.000	0.362
Actual	2012	2.344	0.000	0.000	0.000	1.915	0.000	0.429
Forecast	2013	2.210	0.000	0.000	0.000	1.780	0.000	0.429
Forecast	2014	2.538	0.000	0.000	0.000	2.109	0.000	0.429
Forecast	2015	2.618	0.000	0.000	0.000	2.189	0.000	0.429

	t Fiscal	Trust Other Millions	Trust Metal Millions	Renewable Millions	Ground Millions	Reclamation Millions	Orphan Millions
Actual	2002	1.589	0.000	0.000	0.300	0.156	0.156
Actual	2003	0.000	0.000	0.000	0.366	0.430	0.280
Actual	2004	0.000	0.000	0.000	0.366	0.442	0.442
Actual	2005	0.252	0.000	0.000	0.114	0.535	0.442
Actual	2006	0.000	0.000	0.000	0.366	0.451	0.451
Actual	2007	0.000	0.000	0.000	0.366	0.509	0.509
Actual	2008	0.000	0.000	0.000	0.366	0.000	0.000
Actual	2009	0.000	0.000	0.000	0.366	0.000	0.000
Actual	2010	0.000	0.000	0.000	0.366	0.000	0.000
Actual	2011	0.000	0.000	0.000	0.366	0.000	0.000
Actual	2012	0.000	0.000	0.000	0.366	0.000	0.000
Forecast	2013	0.000	0.000	0.000	0.366	0.000	0.000
Forecast	2014	0.000	0.000	0.000	0.366	0.000	0.000
Forecast	2015	0.000	0.000	0.000	0.366	0.000	0.000

Legislative Fiscal Division

Revenue Estimate Profile

Resource Indemnity Tax

	t Fiscal	Scholarship Millions	Debt Service Millions	Water Storage Millions	Protection Fund Millions	CERCLA Account Millions	Projects Account Millions	Trust Balance Millions
Actual	2002	0.000	0.000	0.000	0.000	0.000	0.000	102.066
Actual	2003	0.150	0.000	0.000	0.000	0.000	0.000	100.001
Actual	2004	0.000	0.000	0.000	0.000	0.000	0.000	100.002
Actual	2005	0.094	0.000	0.000	0.000	0.000	0.000	100.255
Actual	2006	0.000	0.188	0.000	0.000	0.000	0.000	100.023
Actual	2007	0.000	0.264	0.000	0.000	0.000	0.000	100.023
Actual	2008	0.000	0.273	0.150	0.284	0.284	0.568	100.023
Actual	2009	0.000	0.272	0.000	0.354	0.354	0.708	100.023
Actual	2010	0.000	0.272	0.150	0.231	0.231	0.462	100.023
Actual	2011	0.000	0.274	0.000	0.377	0.377	0.753	100.023
Actual	2012	0.000	0.267	0.150	0.390	0.390	0.780	100.023
Forecast	2013	0.000	0.296	0.000	0.387	0.387	0.774	100.023
Forecast	2014	0.000	0.296	0.000	0.469	0.469	0.938	100.023
Forecast	2015	0.000	0.296	0.000	0.489	0.489	0.978	100.023

Total Tax = Coal + Other

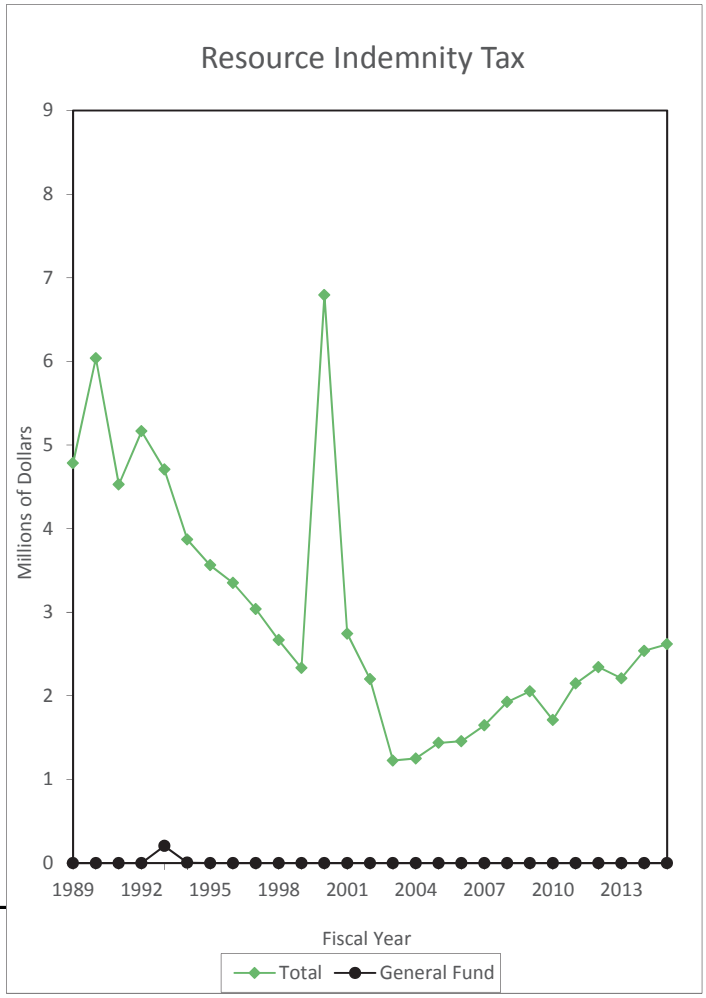
Legislative Fiscal Division

Revenue Estimate Profile

Resource Indemnity Tax

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1989	4.782	0.000	Not App.
A	1990	6.037	0.000	Not App.
A	1991	4.527	0.000	Not App.
A	1992	5.165	0.000	Not App.
A	1993	4.706	0.204	Not App.
A	1994	3.868	0.004	-97.9%
A	1995	3.561	0.000	-98.2%
A	1996	3.351	0.000	-100.0%
A	1997	3.036	0.000	Not App.
A	1998	2.667	0.000	Not App.
A	1999	2.332	0.000	Not App.
A	2000	6.793	0.000	Not App.
A	2001	2.744	0.000	Not App.
A	2002	2.201	0.000	Not App.
A	2003	1.226	0.000	Not App.
A	2004	1.251	0.000	Not App.
A	2005	1.436	0.000	Not App.
A	2006	1.456	0.000	Not App.
A	2007	1.647	0.000	Not App.
A	2008	1.926	0.000	Not App.
A	2009	2.054	0.000	Not App.
A	2010	1.712	0.000	Not App.
A	2011	2.147	0.000	Not App.
A	2012	2.344	0.000	Not App.
F	2013	2.210	0.000	Not App.
F	2014	2.538	0.000	Not App.
F	2015	2.618	0.000	Not App.



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

Contacts: Department of Revenue

Legislative Fiscal Division

Revenue Estimate Profile

US Mineral Royalty

Revenue Description: Under the federal Mineral Lands Leasing Act (30 USC, Section 191), 50.0% of all sales, bonuses, royalties, and rentals received from federal lands in Montana must be paid to the state. However due to federal legislation, from October 2007 through the current year, state shares were 48.0%. Based on statements by Office of Natural Resources Revenue personnel, the reduced rate is assumed to continue. The money is to be used as the legislature may direct, giving priority to those subdivisions of the state socially or economically impacted by development of minerals leased under the federal act. The revenue produced on federal public lands includes royalties and bonuses from oil, gas, coal, and other mineral exploration and extraction.

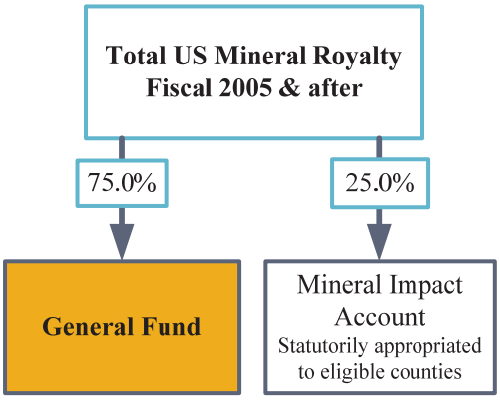
Statutory Reference:

Tax Rate – NA
Distribution – 17-3-240, MCA

Applicable Tax Rate(s): N/A

Distribution: With the enactment of Senate Bill 212 by the 2005 Legislature, receipts are deposited 75% to the general fund and 25% to the state special revenue mineral impact account. Money in the mineral impact account is statutorily appropriated for distribution to eligible counties in which the minerals were extracted.

Distribution Chart:



Collection Frequency: Monthly

% of Total General Fund Revenue:

FY 2004 – 2.08%	FY 2007 – 1.54%	FY 2010 – 1.86%
FY 2005 – 1.78%	FY 2008 – 1.85%	FY 2011 – 1.79%
FY 2006 – 1.72%	FY 2009 – 1.75%	FY 2012 – 1.66%

Revenue Estimate Methodology:

The estimate for Montana's share of mineral royalties and other mineral related income from its federal lands is derived from estimating each of the major sources of revenue, applying the applicable royalty rate for each, and multiplying by Montana's share of the revenue.

Data

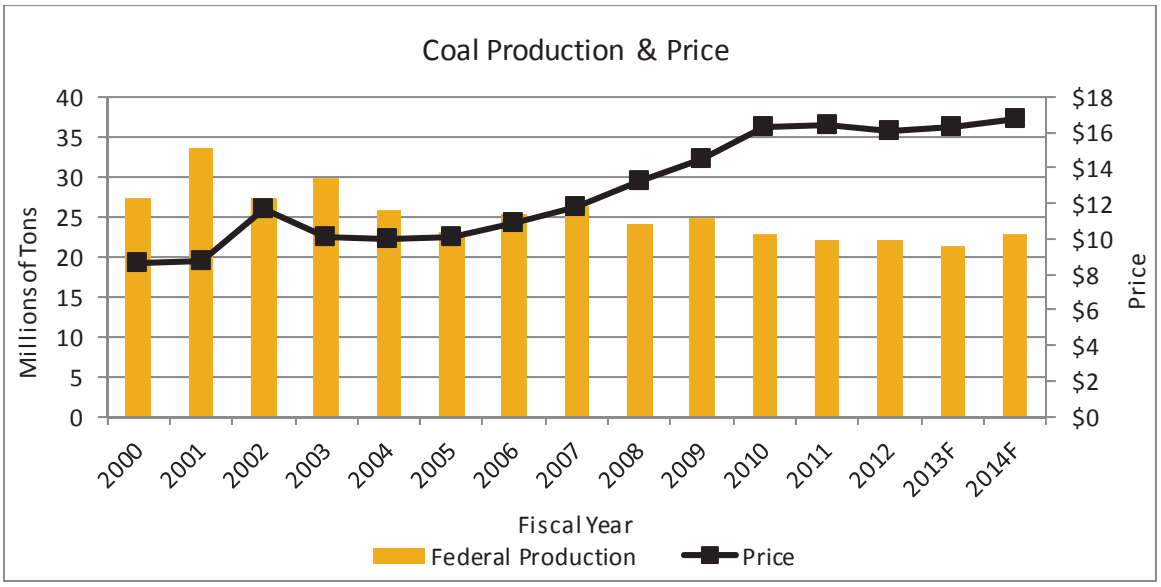
Data from which to base estimates for this revenues source have been sparse and incomplete. Up until October 2001, the Mineral Management Service (now called Office of Natural Resources Revenue) of the U.S. Department of Interior had provided data used to make the estimate. However, lawsuits and court orders have stifled the flow of data since then. Only recently has yearly data been available for federal fiscal years through 2009. The current estimates rely on these data, future prices of oil and natural gas, and coal production on federal land obtained from a survey of Montana's coal

companies.

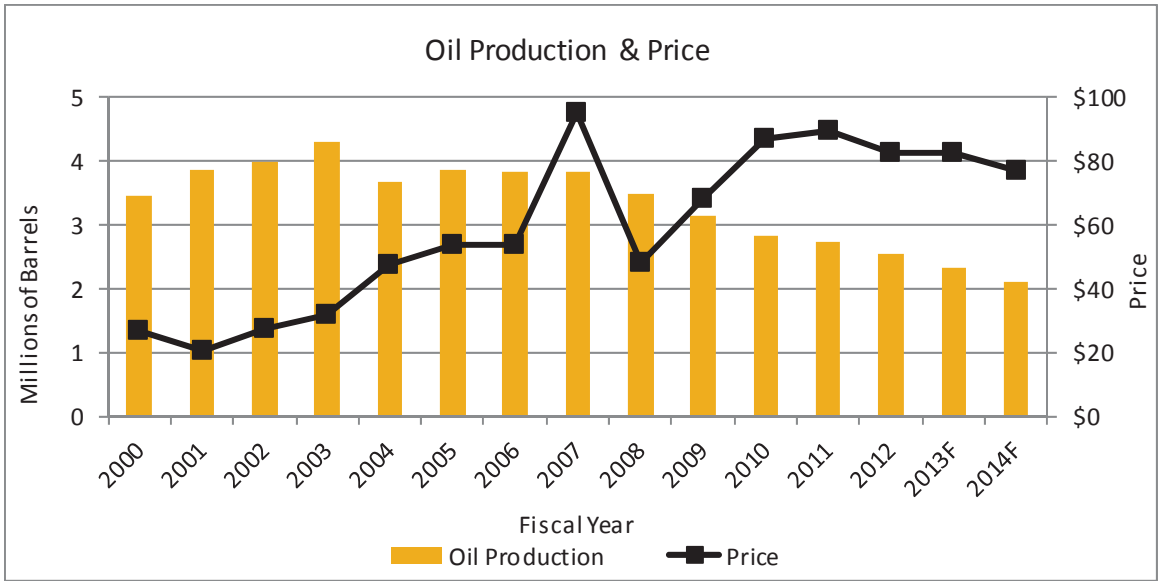
Analysis

The estimate is derived by first estimating the individual revenue components. The estimate for mineral royalties is obtained by multiplying together estimates for production, price, the applicable royalty rate, and Montana's percentage share.

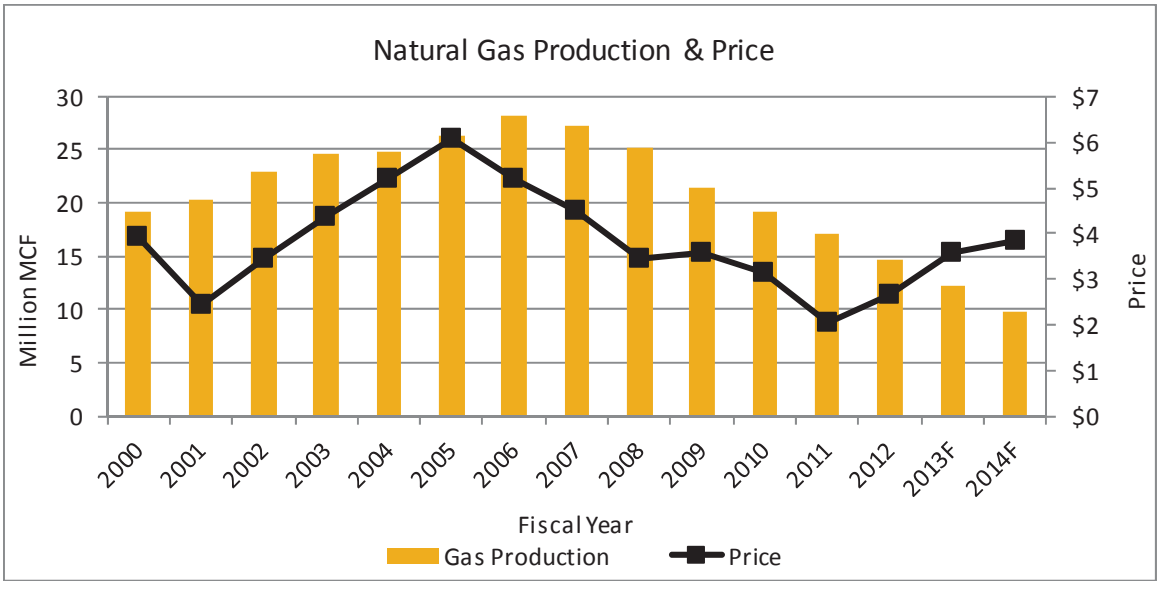
- Coal – Calendar year production is estimated by multiplying the calendar year production reported by each company on the coal survey by the percent of production each anticipated to be from federal lands multiplied by a federal fiscal year conversion factor. Price is determined by calculating a federal fiscal year growth by converting the calendar year Montana contract sales price into a federal fiscal year price and determining the growth between the current and previous years. Production multiplied by price yields value. The value is then multiplied by the royalty rate for the last known federal fiscal year. This royalty rate is used for all estimated years. Of the total calculated royalty, Montana receives 48%.



- Oil – Federal fiscal year production is estimated by multiplying the current year's amount by the growth between it and the previous year. Yearly prices are determined by first averaging quarterly future prices of West Texas Intermediate oil as forecast by IHS, based on the federal fiscal year, for the current and previous year. Price for the current federal fiscal year is determined by multiplying current year's IHS price by the ratio of the previous year's estimated (or actual) price to IHS price for the previous year. Production multiplied by price yields value. The value is then multiplied by the royalty rate. The actual royalty rate for federal FY 2009 is used for all estimated years. Of the total calculated royalty, Montana receives 48%.



- Natural Gas – Calendar year production is estimated by multiply the previous year's production by the growth rate of the two previous years. Yearly prices are determined by first averaging quarterly future prices of well head natural gas as forecast by IHS, based on the federal fiscal year, for the current and previous year. The current year price is then multiplied by the ratio of the previous year's price to the previous year's estimated (or actual) price. Production multiplied by price yields value. The value is then multiplied by the royalty rate. The actual royalty rate for federal FY 2009 is used for all estimated years. Of the total calculated royalty, Montana receives a portion. Of the total calculated royalty, Montana receives 48%.



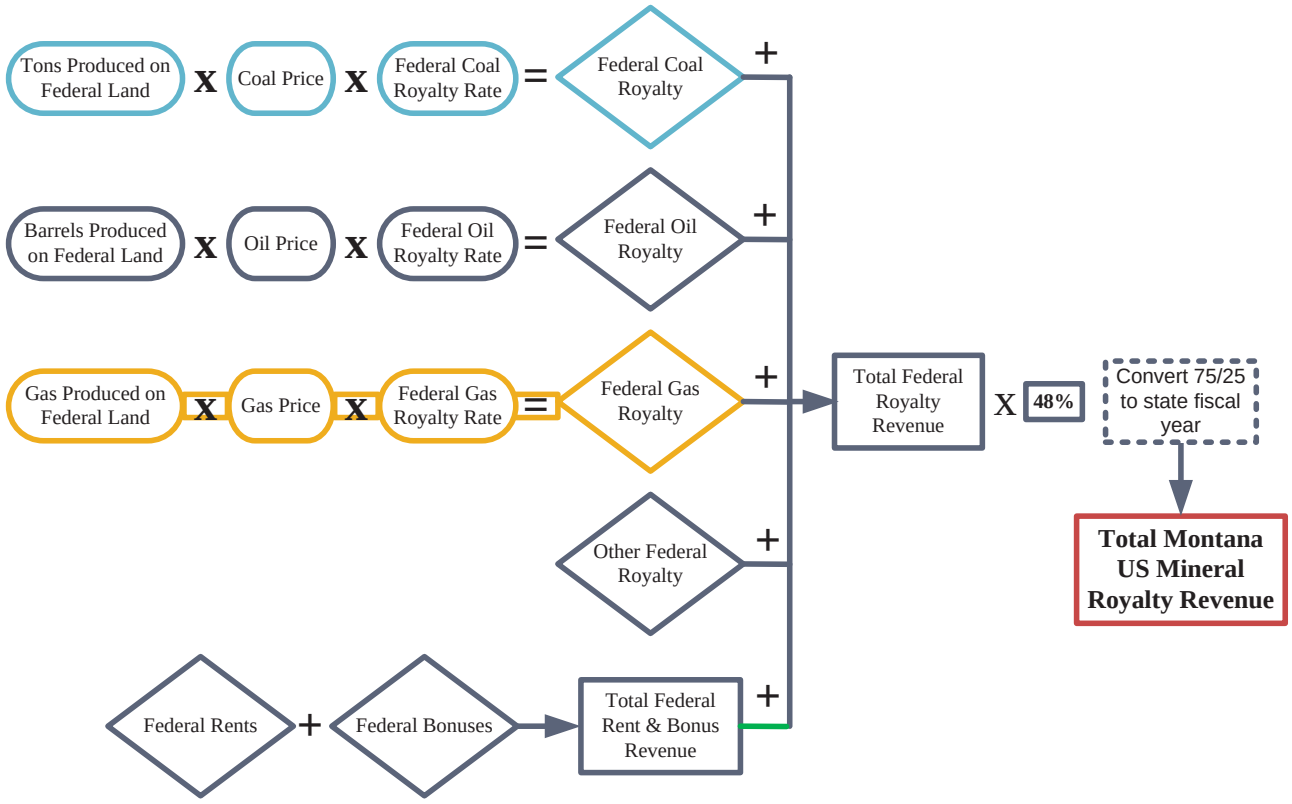
- Natural Gas Liquid – Federal fiscal year production is estimated by changing the previous year's amount by the percentage change in the last two years for all of the estimated years. Yearly prices are determined by first averaging quarterly future prices of well head natural gas as forecast by IHS, based on the federal fiscal year, for the current and previous year. The current year price is then multiplied by the ratio of the previous year's price to the previous year's estimated (or actual) price. Production multiplied by price yields value. The value is then multiplied by the royalty rate. The actual royalty rate for federal FY 2009 is used for all estimated years. Of the total calculated royalty, Montana receives 48%.

- Methane – Federal fiscal year production is estimated by changing the 2009 amount and each forecast year by the average annual change between 2005 and 2009. Yearly prices are determined by first averaging quarterly future prices of national well head natural gas as forecast by IHS, based on the federal fiscal year, for the current and previous year. The current year price is then multiplied by the ratio of the previous year's price to the previous year's estimated (or actual) price. Production multiplied by price yields value. The value is then multiplied by the royalty rate. The actual royalty rate for federal FY 2009 is used for all estimated years. Of the total calculated royalty, Montana 48%.
- Rents, Bonuses, and Other – The amounts from actual federal FY 2009 are used for all estimated years. Montana's portion is 48%.

Adjustments and Distribution

Since the estimates are based on the federal fiscal year a 25/75 split is used to convert to a state fiscal year. The total amount of anticipated revenue is distributed 75% to the general fund and 25% to the state special revenue fund.

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

US Mineral Royalty

Revenue Estimate Assumptions:

	t Fiscal	Total Rev. Millions	GF Rev. Millions	One-Time Settlement Millions	Mineral Impact Millions	GF Allocation Percent
Actual	2002	19.772	19.772	0.000		100.0%
Actual	2003	25.990	25.990	0.000		100.0%
Actual	2004	28.736	28.736	0.000		100.0%
Actual	2005	36.392	27.294	0.000	9.098	75.0%
Actual	2006	39.071	29.304	0.000	9.768	75.0%
Actual	2007	37.628	28.221	0.000	9.407	75.0%
Actual	2008	48.518	36.389	0.000	12.130	75.0%
Actual	2009	42.098	31.573	0.000	10.524	75.0%
Actual	2010	40.384	30.288	0.000	10.096	75.0%
Actual	2011	42.564	31.923	0.000	10.641	75.0%
Actual	2012	41.409	31.057	0.000	10.352	75.0%
Forecast	2013	45.715	34.286	0.000	11.429	75.0%
Forecast	2014	39.157	29.368	0.000	9.789	75.0%
Forecast	2015	36.860	27.645	0.000	9.215	75.0%

	t Cal	Oil Barrels Millions	Coal Tons Millions	Gas MCF's Millions	Oil Price	Coal Price	Gas Price
Actual	2002	3.863	33.491	20.392	20.66	8.79	2.42
Actual	2003	3.975	27.206	23.003	27.51	11.71	3.45
Actual	2004	4.296	29.781	24.538	31.98	10.05	4.36
Actual	2005	3.679	25.938	24.767	47.47	10.04	5.21
Actual	2006	3.845	23.192	26.324	53.70	10.12	6.09
Actual	2007	3.836	25.440	28.181	53.82	10.94	5.19
Actual	2008	3.820	26.286	27.199	95.08	11.74	4.49
Actual	2009	3.483	23.985	25.138	47.72	13.28	3.43
Actual	2010	3.138	24.940	21.489	68.26	14.47	3.58
Actual	2011	2.832	22.842	19.090	86.67	16.31	3.16
Actual	2012	2.743	22.020	17.052	89.34	16.37	2.03
Forecast	2013	2.529	22.147	14.663	82.69	16.02	2.65
Forecast	2014	2.315	21.259	12.274	82.63	16.33	3.60
Forecast	2015	2.100	22.720	9.885	76.94	16.78	3.84

Legislative Fiscal Division

Revenue Estimate Profile

US Mineral Royalty

	t Cal	Oil Roy. Rate	Coal Roy. Rate	Gas Roy. Rate	Oil Revenue Millions	Coal Revenue Millions	Gas Revenue Millions
Actual	2002	11.3%	11.6%	12.4%	9.052	34.182	6.121
Actual	2003	11.3%	11.8%	12.4%	12.385	37.486	9.803
Actual	2004	11.2%	11.4%	12.1%	15.336	34.201	12.884
Actual	2005	10.8%	12.2%	11.7%	18.877	31.761	15.082
Actual	2006	11.1%	12.2%	11.2%	22.979	28.687	17.962
Actual	2007	11.1%	12.1%	11.1%	22.984	33.709	16.196
Actual	2008	10.6%	12.2%	16.4%	38.614	37.539	20.085
Actual	2009	10.6%	12.0%	11.0%	17.550	38.197	9.483
Actual	2010	10.8%	11.6%	11.0%	23.165	41.926	8.499
Actual	2011	10.8%	11.6%	11.1%	26.417	43.261	6.697
Actual	2012	10.8%	11.6%	11.1%	26.375	41.862	3.855
Forecast	2013	10.8%	11.6%	11.1%	22.507	41.188	4.312
Forecast	2014	10.8%	11.6%	11.1%	20.585	40.316	4.906
Forecast	2015	10.8%	11.6%	11.1%	17.395	44.262	4.215

	t Cal	Other Royalty Millions	Rent&Bonus Revenue Millions	Other Revenue Millions	Total Revenue Millions	State Share Millions	State Share Percent
Actual	2002	0.681	3.183	0.293	53.512	22.329	41.7%
Actual	2003	1.018	7.105	1.572	69.369	25.535	36.8%
Actual	2004	0.505	5.009	1.800	69.736	30.295	43.4%
Actual	2005	4.413	4.752	0.976	75.861	35.406	46.7%
Actual	2006	4.014	4.616	1.097	79.355	38.001	47.9%
Actual	2007	2.342	4.318	2.106	81.655	39.157	48.0%
Actual	2008	16.752	7.857	-0.521	120.325	48.938	40.7%
Actual	2009	1.894	8.036	-0.462	74.698	46.551	62.3%
Actual	2010	2.190	13.533	0.148	89.462	43.762	48.9%
Actual	2011	1.745	11.501	6.082	95.704	43.144	45.1%
Actual	2012	0.876	20.577	0.148	93.691	44.972	48.0%
Forecast	2013	0.898	26.703	0.148	95.756	45.963	48.0%
Forecast	2014	0.969	9.927	0.148	76.851	36.889	48.0%
Forecast	2015	0.826	9.927	0.148	76.772	36.850	48.0%

Total Rev. = (Oil Barrels × Oil Price × Oil Roy. Rate + Coal Tons × Coal Price × Coal Roy. Rate + Gas MCF's × Gas Price × Gas Roy. Rate + Other Royalty + Rent&Bonus Revenue + Other Revenue) × State Share

GF Rev. = Total Rev × GF Allocation

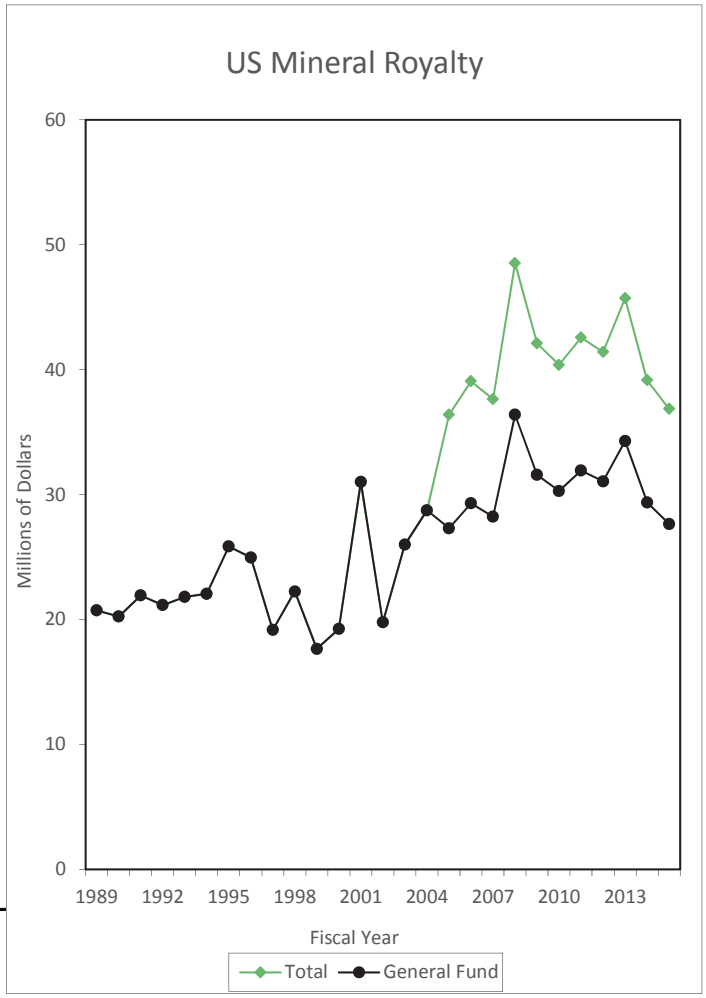
Legislative Fiscal Division

Revenue Estimate Profile

US Mineral Royalty

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1989	20.727	20.727	Not App.
A	1990	20.241	20.241	-2.4%
A	1991	21.928	21.928	8.3%
A	1992	21.150	21.150	-3.6%
A	1993	21.800	21.800	3.1%
A	1994	22.052	22.052	1.2%
A	1995	25.848	25.848	17.2%
A	1996	24.959	24.959	-3.4%
A	1997	19.161	19.161	-23.2%
A	1998	22.241	22.241	16.1%
A	1999	17.650	17.650	-20.6%
A	2000	19.243	19.243	9.0%
A	2001	31.008	31.008	61.1%
A	2002	19.772	19.772	-36.2%
A	2003	25.990	25.990	31.5%
A	2004	28.736	28.736	10.6%
A	2005	36.392	27.294	-5.0%
A	2006	39.071	29.304	7.4%
A	2007	37.628	28.221	-3.7%
A	2008	48.518	36.389	28.9%
A	2009	42.098	31.573	-13.2%
A	2010	40.384	30.288	-4.1%
A	2011	42.564	31.923	5.4%
A	2012	41.409	31.057	-2.7%
F	2013	45.715	34.286	10.4%
F	2014	39.157	29.368	-14.3%
F	2015	36.860	27.645	-5.9%



Data Source(s): SABHRS, Department of Revenue

Contacts: U.S. Minerals Management Service

Legislative Fiscal Division

Revenue Estimate Profile

Wholesale Energy Tax

Revenue Description: The wholesale energy transaction tax, enacted by the 1999 Legislature (HB 174 effective January 1, 2000) is imposed on the amount of electricity transmitted by a transmission services provider in the state.

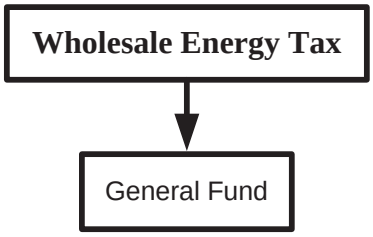
Statutory Reference:

Tax Rate (MCA) – 15-72-104(1)
Tax Distribution (MCA) – 15-72-106(3)
Date Due – 30th day of the month following the end of the calendar quarter (15-72-110)

Applicable Tax Rate(s): The tax rate of 0.015 cent is applied to the number of kilowatt hours transmitted (or $0.15 per megawatt). If the electricity is produced in-state and sold out-of-state, the taxpayer is the person(s) owning the electrical generation property, and the tax is collected by the transmission services provider. If the electricity is produced in-state for delivery in-state, or is produced outside the state for delivery in-state, the taxpayer is the distribution services provider, and the tax is collected by the transmission services provider. The tax does not apply to: 1) electricity that is transmitted through the state that is neither produced nor consumed in the state; 2) electricity generated in the state by an agency of the federal government for delivery outside the state; 3) electricity delivered to a distribution services provider that is a municipal utility or a rural electric cooperative which opts out of competition under HB 390 (1997 legislature); 4) electricity delivered to a purchaser that received its power directly from a transmission or distribution facility owned by an entity of the US government; 5) electricity meeting certain contractual requirements that is delivered by a distribution services provider that was first served by a public utility after December 31, 1996; 6) electricity that has been subject to the transmission tax in another state; and 7) a 5% line loss exemption for transmission of electricity produced in the state for delivery outside of the state.

Distribution: All proceeds are deposited into the general fund.

Distribution Chart:



Collection Frequency: Quarterly

% of Total General Fund Revenue:

FY 2004 – 0.24%	FY 2007 – 0.20%	FY 2010 – 0.22%
FY 2005 – 0.22%	FY 2008 – 0.20%	FY 2011 – 0.22%
FY 2006 – 0.22%	FY 2009 – 0.21%	FY 2012 – 0.18%

Revenue Estimate Methodology:

The wholesale energy transaction tax is applied to the number of kilowatt hours transmitted less 5% for line loss on out-of-state transmissions. The estimate for the tax revenue is derived by estimating the annual taxable kilowatt hours transmitted for each company and any company anticipated to be transmitting within the 3-year period in question. From these estimates, the tax rate is applied. Since all kilowatt hours transmitted is reported on a calendar year basis, the resulting calendar year estimates are converted into fiscal year estimates.

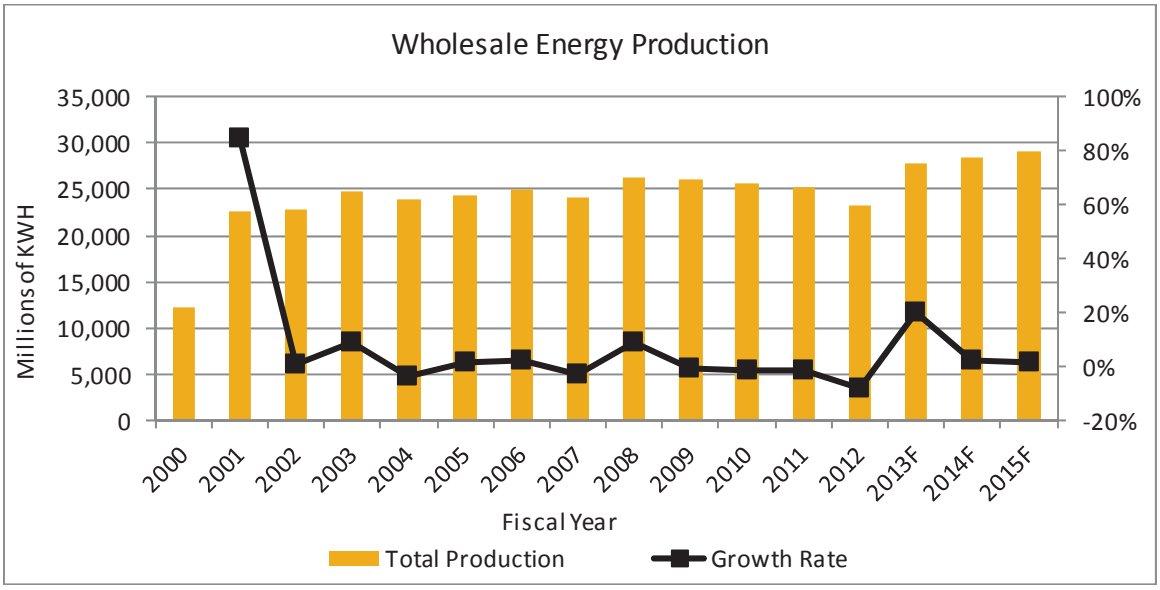
Data

All energy transmitting companies are surveyed for anticipated kilowatt hours transmitted, anticipated new transmissions,

anticipated downtime or reduced transmission, and a percentage split between in-state and out-of-state transmissions. Although the accuracy in the results of the survey was questionable, the raw data were used to develop growth rates. Data from quarterly reports produced by DOR provide a history of in-state and out-of-state kilowatt hours transmitted by each individual company.

Analysis

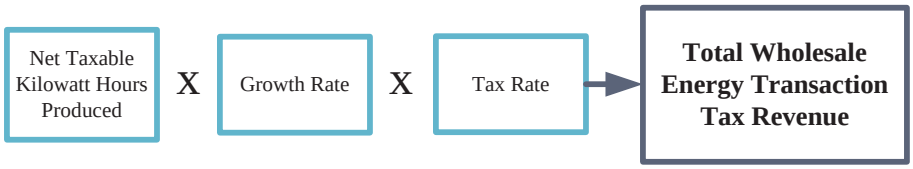
A number of different techniques can be used to develop the revenue estimate for this source. Choosing a technique depends on whether the technique passes the "reasonable" test. The technique based on historical data was used in this analysis. A growth rate based on the change in total yearly production from the actual/estimated year to the amount provided by the surveys was applied to the previous gross production amount. The totals are added for each year and allowable line loss is calculated and subtracted from the yearly total. Net taxable kilowatt hours are multiplied by the tax rate to derive total revenue from this source.



Adjustments and Distribution

Once total tax revenue for each fiscal year is determined, the applicable distribution percentage, 100% to the general fund, is applied.

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

Wholesale Energy Tax

Revenue Estimate Assumptions:

	t Fiscal	Total Tax Millions	GF Tax Millions	KWH Fiscal Millions	Line Loss Fiscal Millions	Credits Millions	Tax Rate
Actual	2002	2.906	2.906	22,775.158	697.796	0.000	0.015%
Actual	2003	3.532	3.532	24,780.402	730.789	0.000	0.015%
Actual	2004	3.293	3.293	23,961.126	725.187	0.000	0.015%
Actual	2005	3.370	3.370	24,326.536	749.863	0.000	0.015%
Actual	2006	3.813	3.813	24,870.822	758.471	0.000	0.015%
Actual	2007	3.651	3.651	24,070.521	709.589	0.000	0.015%
Actual	2008	3.856	3.856	26,192.843	796.685	0.000	0.015%
Actual	2009	3.865	3.865	26,004.638	783.005	0.000	0.015%
Actual	2010	3.556	3.556	25,546.398	774.161	0.000	0.015%
Actual	2011	3.946	3.946	25,240.578	759.051	0.000	0.015%
Actual	2012	3.427	3.427	23,182.689	663.193	0.000	0.015%
Forecast	2013	4.038	4.038	27,762.064	840.774	0.000	0.015%
Forecast	2014	4.140	4.140	28,461.344	861.952	0.000	0.015%
Forecast	2015	4.217	4.217	28,992.297	878.032	0.000	0.015%

Total Tax = (KWH Fiscal - Line Loss Fiscal) × Tax Rate - Credits
GF Tax = Total Tax

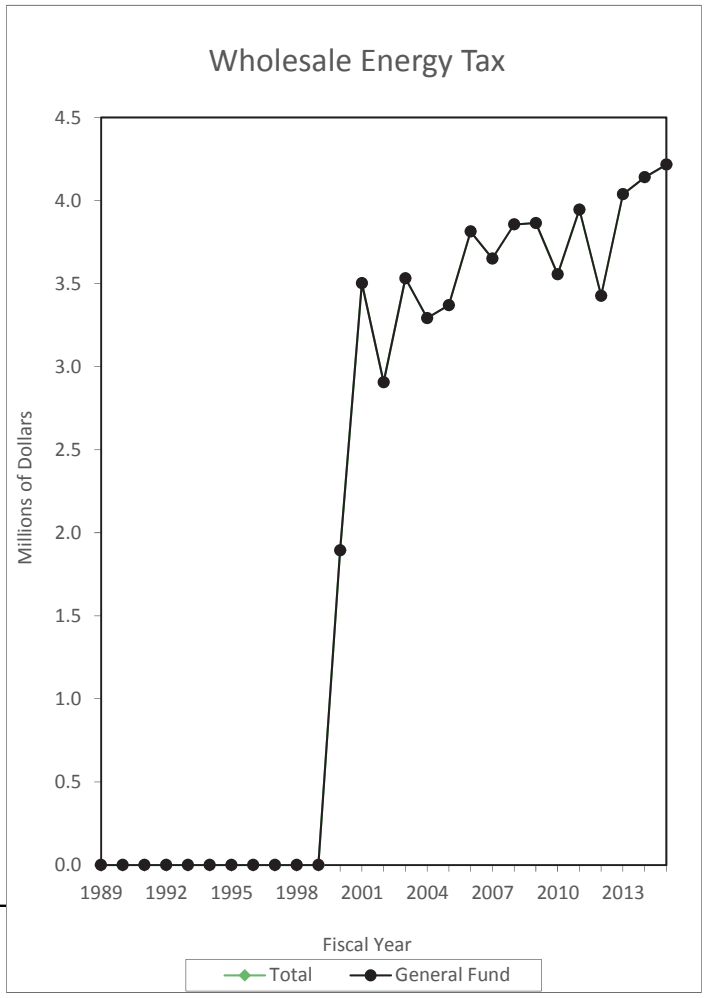
Legislative Fiscal Division

Revenue Estimate Profile

Wholesale Energy Tax

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	0.000	0.000	Not App.
A	1992	0.000	0.000	Not App.
A	1993	0.000	0.000	Not App.
A	1994	0.000	0.000	Not App.
A	1995	0.000	0.000	Not App.
A	1996	0.000	0.000	Not App.
A	1997	0.000	0.000	Not App.
A	1998	0.000	0.000	Not App.
A	1999	0.000	0.000	Not App.
A	2000	1.895	1.895	Not App.
A	2001	3.503	3.503	84.9%
A	2002	2.906	2.906	-17.1%
A	2003	3.532	3.532	21.5%
A	2004	3.293	3.293	-6.8%
A	2005	3.370	3.370	2.4%
A	2006	3.813	3.813	13.2%
A	2007	3.651	3.651	-4.3%
A	2008	3.856	3.856	5.6%
A	2009	3.865	3.865	0.2%
A	2010	3.556	3.556	-8.0%
A	2011	3.946	3.946	11.0%
A	2012	3.427	3.427	-13.1%
F	2013	4.038	4.038	17.8%
F	2014	4.140	4.140	2.5%
F	2015	4.217	4.217	1.9%



Data Source(s): SABHRS, Department of Revenue Wholesale Energy Tax Returns, IHS, *Wall Street Journal*

Contacts: Transmission companies' financial personnel, Department of Revenue