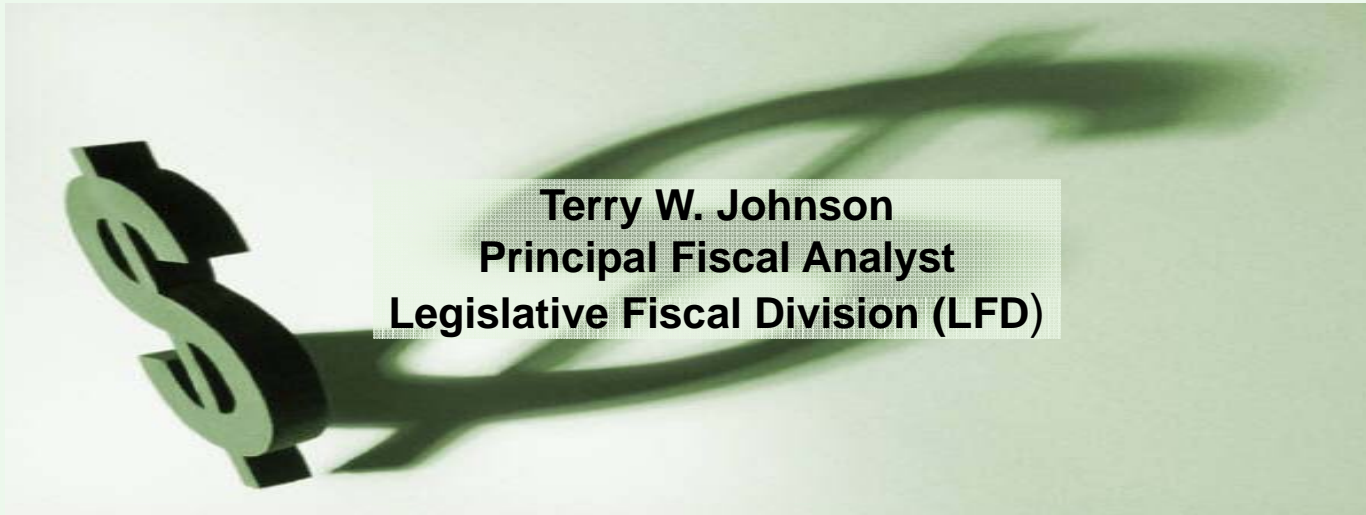




General Fund Outlook 2011 and 2013 Biennium



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September 1, 2010

Montana Petroleum Association



Presentation Outline

- **State Government Fund Structure**
- **State Revenues & Expenditures**
- **Current Revenue Trends**
- **Revised 2011 Biennium Ending Fund Balance**
- **2013 Biennium General Fund Outlook**
- **Long-term Outlook & Summary**





State Government Fund Structure



- **General Fund**
- **State Special Revenue**
- **Federal Special Revenue**

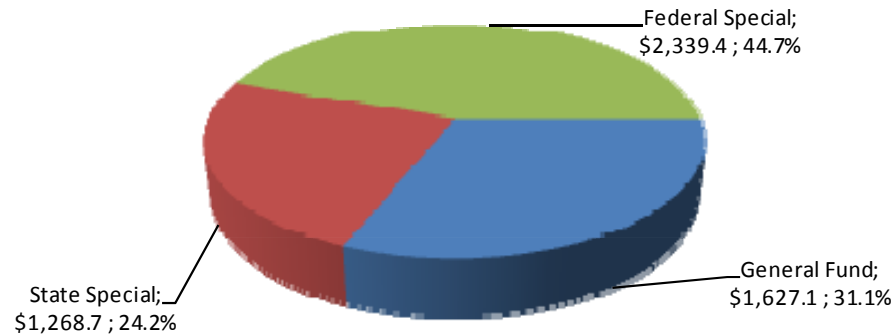




Fiscal 2010 State Revenue Collections



Total Revenues - FY 2010 \$5235.2 Million

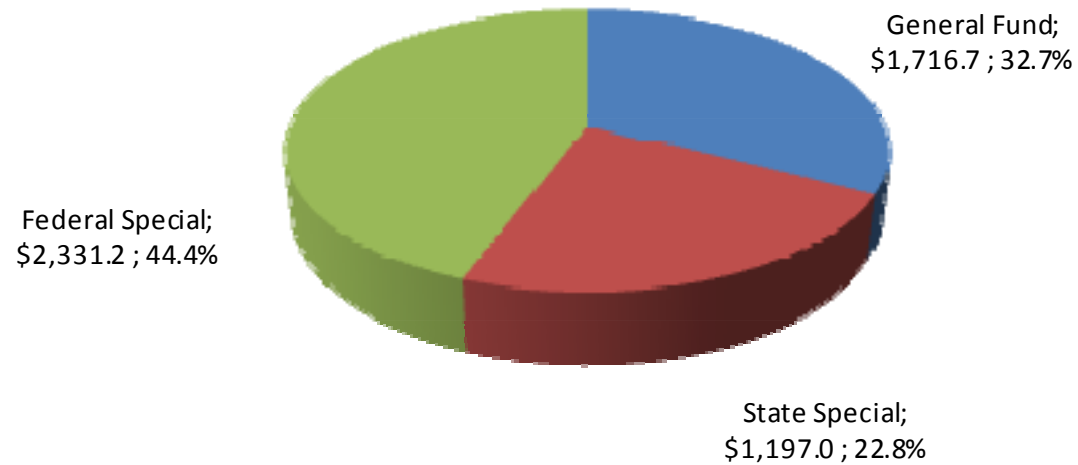




Fiscal 2010 State Expenditures



Total Expenditures - FY 2010 \$5244.9 Million

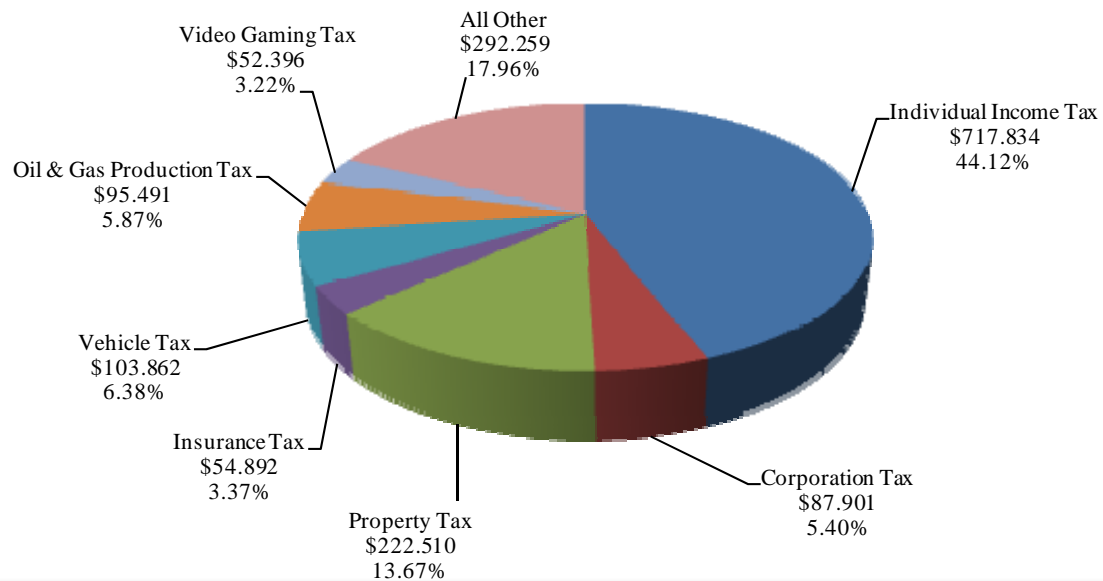




Where Does General Fund Revenue Come From



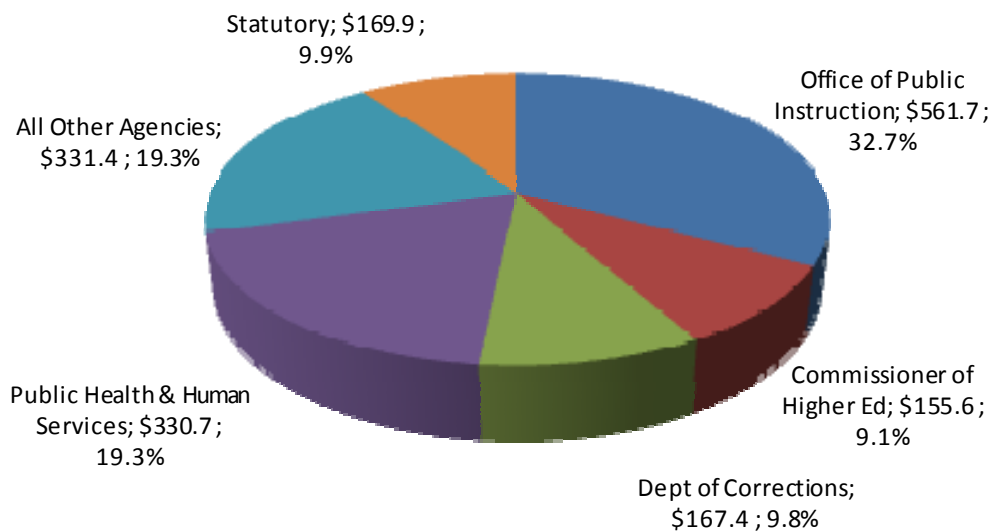
Total General Fund Revenue Fiscal 2010
Figures in Millions



Where is General Fund Revenue Spent



Total General Fund Expenditures - FY 2010 \$1716.7 Million



Why is Revenue Down?

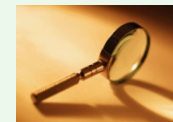
- Unemployment
- Wage Income
- Non-Wage Income Components
 - Capital Gains Income
 - Interest, Dividend and Other Investment Income
 - Business & Partnership Income
- Corporate Profitability

Fiscal 2010 & FY 2011 Summary Estimated Revenue Changes



Estimated Revenue Changes From HJ 2 (Millions)				
Category	Actual Dif. 2010	Est. Dif. 2010	Est. Dif. 2011	Est. Dif. Biennium
Individual Income Tax	(\$122.4)	(\$118.1)	(\$95.0)	(\$213.1)
Corporation Income Tax	(27.7)	(58.2)	(52.7)	(110.9)
Oil & Gas Production Tax	28.6	21.3	12.3	33.6
TCA Interest	(5.3)	(4.5)	(6.4)	(10.9)
Video Gaming Tax	(16.6)	(11.5)	(11.1)	(22.6)
Vehicle Fees/Taxes	(6.4)	(7.0)	(4.8)	(11.8)
Remaining Sources	<u>4.1</u>	<u>(4.1)</u>	<u>(10.1)</u>	<u>(14.2)</u>
Current Estimate	(\$145.8)	(\$182.1)	(\$167.8)	(\$349.9)

*Not updated with current trends for FY 2011



Individual Income Tax Comparison

Individual Income Tax Comparison - FY 2009 to FY 2010				
Revenue Description	Actual FY 2009	Actual FY 2010	Dollar Change	Percent Change
Withholding	646,910,709	644,991,064	(1,919,645)	-0.30%
Mineral Withholding	17,574,261	15,703,393	(1,870,868)	-10.65%
Estimated Payments	247,228,513	180,497,517	(66,730,996)	-26.99%
Current Year Payments	131,893,651	112,312,664	(19,580,987)	-14.85%
Audit Revenue	34,743,381	35,293,432	550,051	1.58%
Refunds	<u>(263,212,323)</u>	<u>(270,963,699)</u>	<u>(7,751,376)</u>	<u>2.94%</u>
Total	\$815,138,192	\$717,834,371	(\$97,303,821)	-11.94%

* FY 2009 Includes a large estimated payment received in January



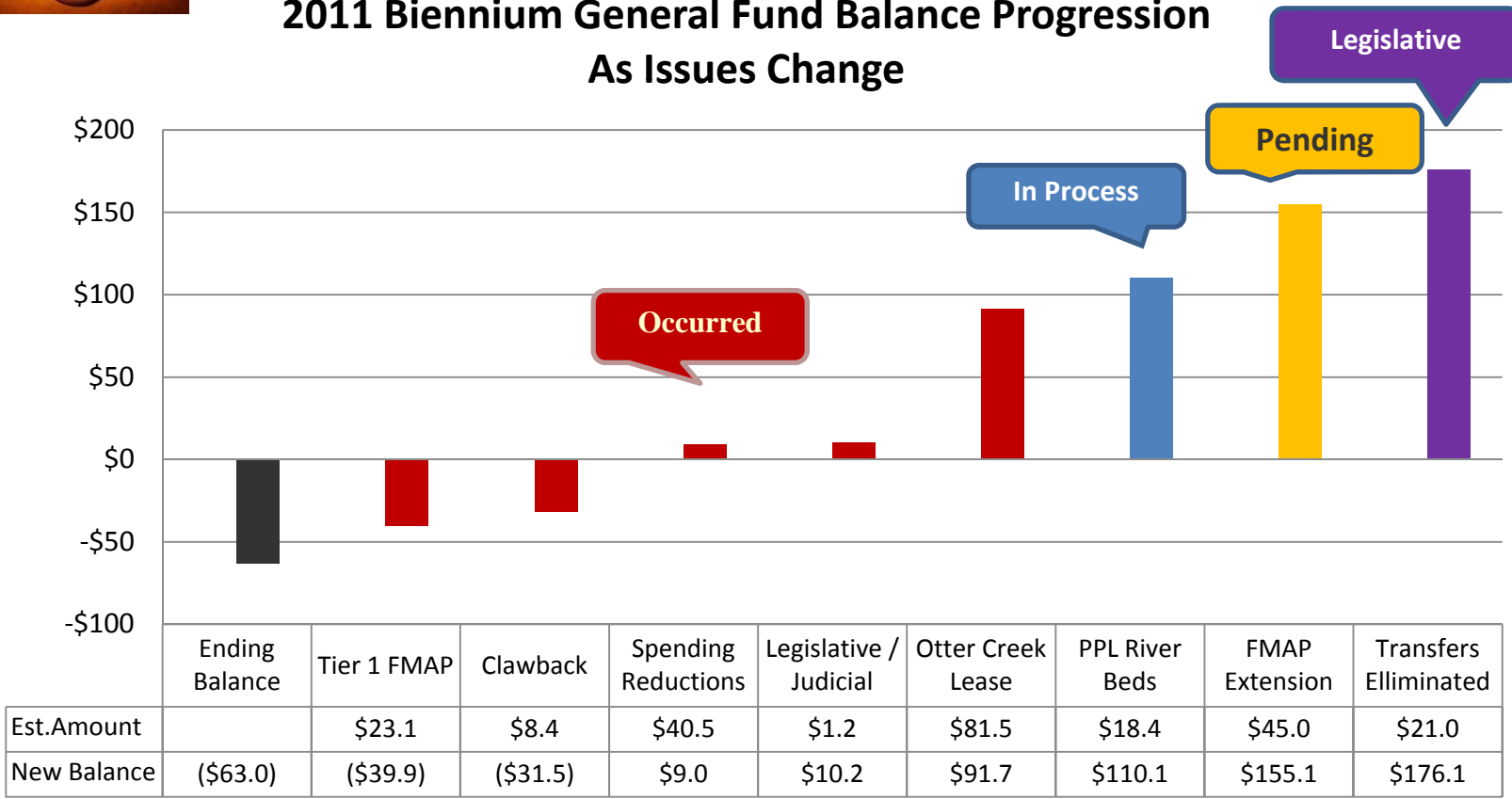
Corporation Income Tax Comparison

Corporation Income Tax Comparison - FY 2009 to FY 2010				
Revenue Description	Actual FY 2009	Actual FY 2010	Change	Change
Current Year Payments	45,608,755	36,909,143	(8,699,612)	-19.07%
Estimated Payments	109,585,667	72,732,614	(36,853,053)	-33.63%
Audit Revenue	31,041,454	15,380,337	(15,661,117)	-50.45%
Refunds	<u>(19,881,362)</u>	<u>(37,121,182)</u>	<u>(17,239,820)</u>	<u>86.71%</u>
Total	\$166,354,514	\$87,900,912	(\$78,453,602)	-47.16%

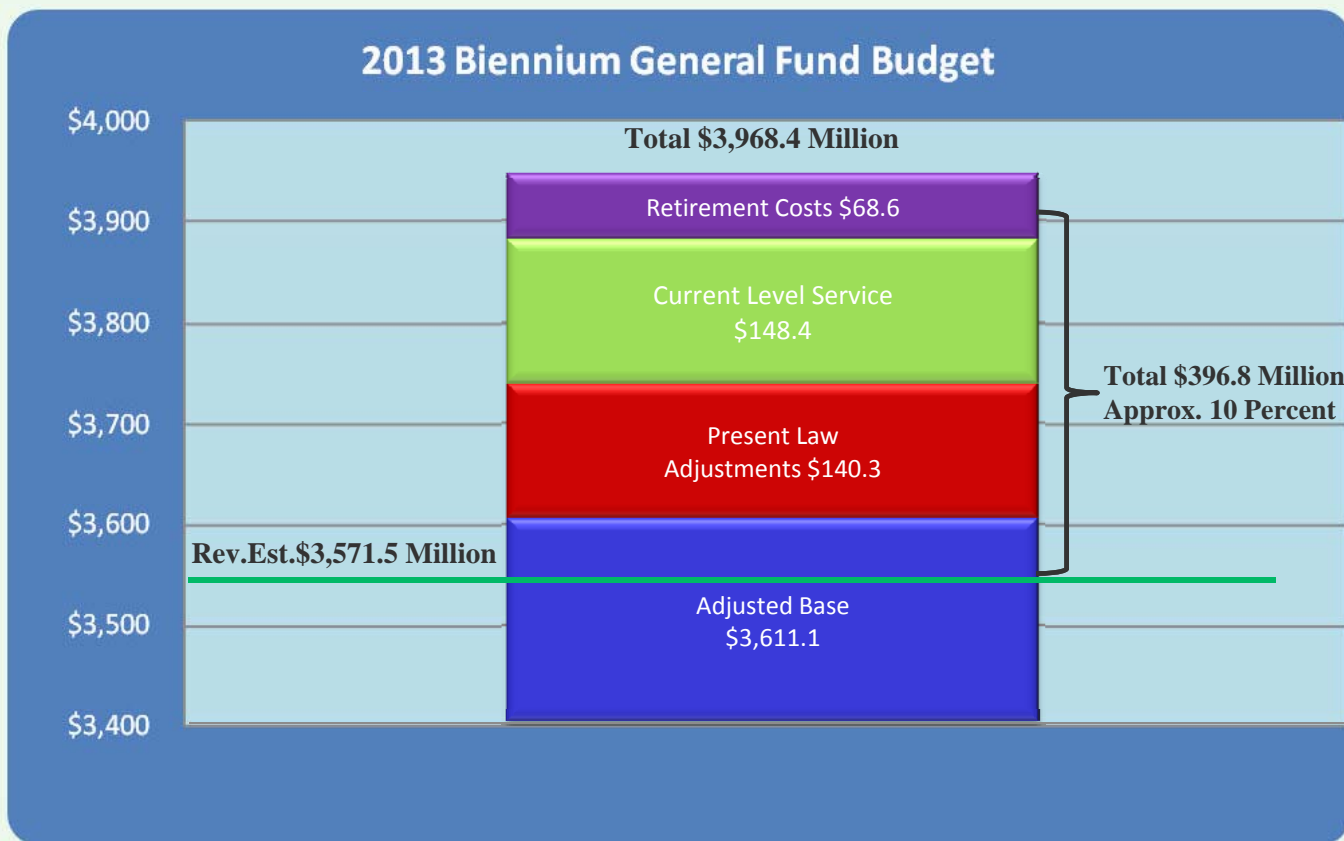
2011 Biennium General Fund Revenue Impact on Legislative Projected Balance



2011 Biennium General Fund Balance Progression As Issues Change



2013 Biennium General Fund Budget (March Estimates)

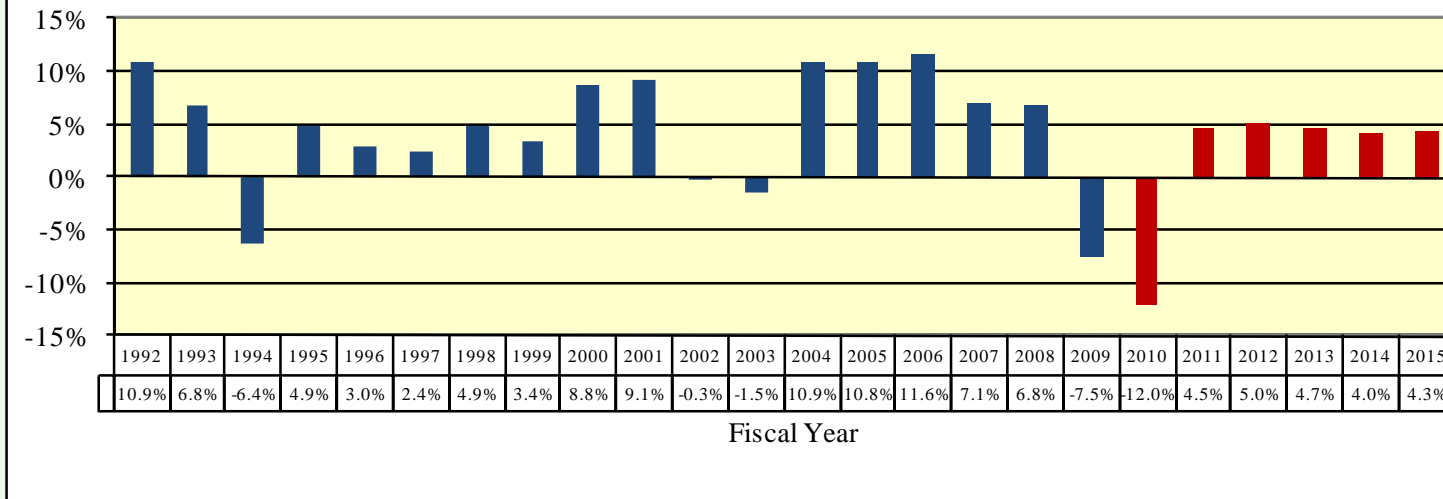




General Fund Revenue Year over Year Percent Change (March Estimates)



Total General Fund Revenue Year over Year Percent Change

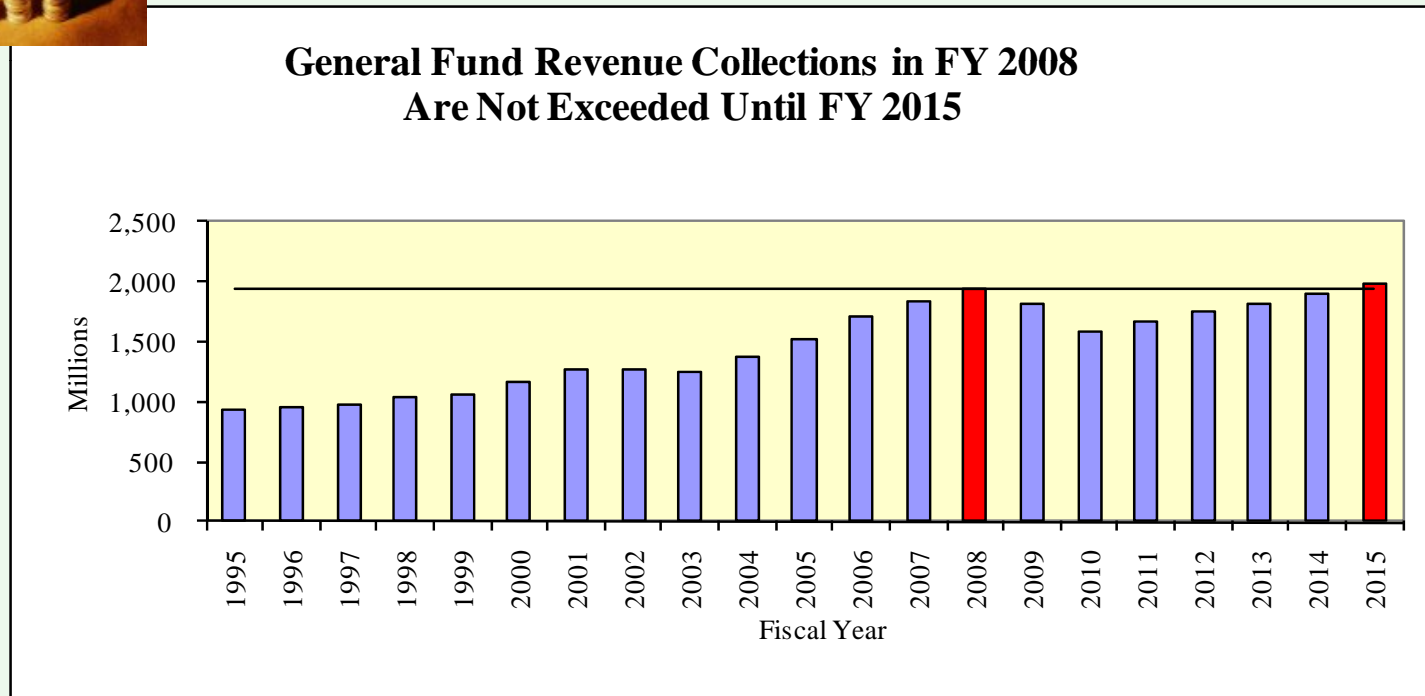





General Fund Revenue Collections by Year (March Estimates)



**General Fund Revenue Collections in FY 2008
Are Not Exceeded Until FY 2015**





Long-Term General Fund Outlook Considerations

- **Maintaining Structural Balance**
- **Maintaining An Adequate Ending Fund Balance**
- **Retirement System Funding**
- **Health Care Reform Impacts**
- **Loss of Federal Funds**
- **Aging Population Impacts**



Questions ?

Legislative Fiscal Division



www.leg.mt.gov/css/fiscal



2013 Biennium General Fund Outlook

2013 Biennium General Fund Outlook	
In Millions (March Estimates)	
	Biennium
Beginning Balance *	\$91.7
LFD Revenue Estimates	3,571.5
Adjusted Base	(3,611.1)
Present Law	(140.3)
Current Service Level	(148.4)
Retirement Costs	(68.6)
Supplementals	?
Fund Balance Reserve	(\$100)
Potential Deficit	(\$405.2)
Budget Gap	(\$396.9)

*Includes Otter Creek and spending reductions as proposed by the Governor.

*Excludes PPL, FMAP Extension, and Transfers.

