

MONTANA TAXPAYER



MONTANA TAXPAYERS ASSOCIATION

HELENA, MONTANA

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85th Annual Meeting of the Montana Taxpayers Association – December 5, Helena

Upcoming Meetings

- May 18 – 19 - [EQC](#)
 - May 26 – [Legislative Finance Committee](#)
 - June 5 – [Legislative Council](#)
 - June 8 and 9 – [Legislative Finance Committee](#)
 - June 8 and 9 – [Children, Families, Health & Human Services](#)
 - June 12 and 13 – [Education and Local Govt.](#)
 - June 20 – [Legislative Audit](#)
 - June 22 and 23 – [State Administration and Veterans' Affairs](#)
 - June 23 – [Montana Rail Service Competition](#)
 - June 29 and 30 – [Law and Justice](#), Butte
 - June 29 and 30 – [Revenue and Transportation](#)
 - July 14 – [Economic Affairs](#)
 - July 17 and 18 - [EQC](#)
- Details on meetings are available on our calendar [website](#): or at www.montax.org

Montana Taxation 2005

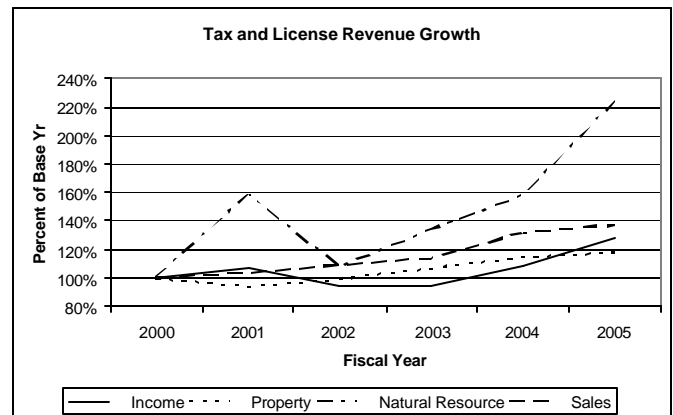
The publication 'Montana Taxation' will be completed in the next couple of weeks. This year we've expanded the section on the historical state and local revenue (see following article and enclosed spreadsheet). We are also including a survey to obtain your input on the information included in the publication. We would appreciate your feedback on what information you find useful, what additional information you would like included and what is not necessary or useful. A survey will also be available for download on our website.

State and Local Taxes

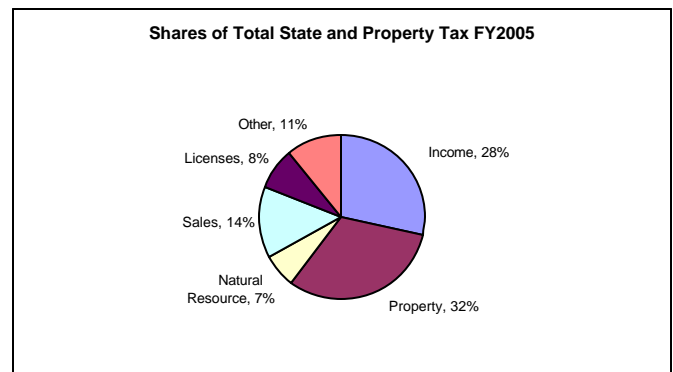
Contributed by Curt Nichols

Total State levied taxes and property taxes grew over 30 percent in the five year period from 2000 to 2005 exceeding inflation which grew 13.4 percent and personal income which grew 32.7 percent. The most dramatic increase occurred in natural resource taxes as rising drilling activity, expanded production and higher prices contributed to a 124 percent increase. Sales taxes grew 37.2 percent primarily driven by new or increased taxes for cigarettes, tobacco products, rental vehicles, lodging facilities, energy and telecommunications which

offset falling revenues from motor fuels taxes. Income taxes responded to changes in the state and national economies with revenues declining after the burst of the technology bubble in 2001 then recovering strongly in 2004 and 2005. Income taxes grew 28.4 percent over the five year period however it declined to 2003 after which its growth was 37.3 percent in the last two years.



Property taxes have grown 18.3 percent in the five year period driven, as discussed in further detail later, by growth in market value of property offset by changes in tax rates and coverage. Property taxes provide the largest share of revenues to state and local governments at 32 percent in FY2005 followed closely by Income taxes at 28%.



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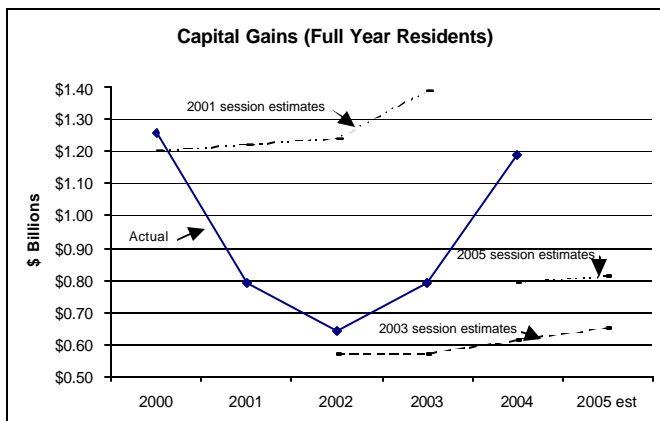
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Driving Forces

Revenues fluctuate because of economic conditions, changes in tax laws increasing, decreasing, enacting new or repealing old taxes and numerous other factors. During the last five years the economy, both in its bad times and good times, has been clearly the most dominant driving force affecting governmental revenues.

A noteworthy example of economic effects beyond the ability of the state legislature to control or even accurately predict is the change in capital gains income over the past five years as illustrated in the following chart.



Capital gains reported by full year resident taxpayers after reaching \$1.26 billion in tax year 2000 plunged \$622 million by tax year 2002 then rebounded \$556 million to \$1.19 billion by 2004. The plunge 2001 and 2002 created a difficult challenge for the administration and legislature while the recent rapid rebound gives

opportunities to the current administration and legislature.

State government which operates on a budget appropriated by the legislature every odd number year often faces deficits and surpluses due to revenue fluctuations. Usually the fluctuations are not adequately foreseen resulting in executive action to cut expenditures to bring the budget into balance or special legislative session that may make expenditure reductions but also increase revenues and transfer funds between accounts.

During the five year period from 2000 to 2005 reductions in income taxes have been more than offset by growth in the tax base in spite of the bursting of the dot com bubble during this period. The table lists the major changes to income tax laws enacted in the five year period. Major income tax reform was enacted in the 2003 session.

Year	Action	Estimated Revenue Gain (Loss)
2000	Repeal of estate tax by voter referendum	(\$19 mil/yr) fully implemented
2001	Extend qualified endowment credit	(\$5 mil/yr)
2003	Revise rates, federal tax deductibility Add capital gains credit ¹	(\$46 mil/yr) fully implemented
2005	Small Business Health Ins. Tax Credit	(\$4 mil/yr) fully implemented

¹offset by cigarette, tobacco, rental vehicle, and accommodations taxes

Property taxes have been reduced by changes in tax laws (reduced property assessment of telecommunications and generation property, homestead and comstead exemptions, capital gains credit) and increased by the growth in the value, addition of new taxable property and local property tax rates. The 1999 session was very active in property tax reform as indicated in the following table.

Year	Action	Estimated Revenue Gain (Loss)
1999	Homestead and commercial exemption	(\$111 mil/yr) fully implemented ²
1999	Reduce Business Equipment 6% to 3%	(included in \$111 mil/yr) ²
1999	Reduce electrical generation 12% to 6% ¹	(included in \$111 mil/yr) ²
1999	Reduce telecommunication 12% to 6% ¹	(included in \$111 mil/yr) ²
1999	Phased reduction Class 4 3.71% to 3.46%	(included in \$111 mil/yr) ²

¹impact offset by enactment of telecommunications and energy taxes
²impact to schools and local governments offset by state reimbursements (source: Legislative Fiscal Division and fiscal notes).

Sales taxes are the example of taxes that have recently been more influenced by tax policy changes than by the economy. Numerous changes to sales taxes have been implemented the table below lists the major changes.

<u>Year</u>	<u>Action</u>	<u>Estimated Revenue Gain (Loss)</u>
1999	Enact Telecommunications Excise Tax ¹	\$26 mil/yr fully implemented
1999	Repeal Telephone License Tax	(\$7 mil/yr)
1999	Wholesale Energy Tax ¹	\$3 mil/yr fully implemented
2003	Cigarette Tax 18 to 70 cents ²	\$29 mil/yr
2003	Tobacco products 12.5% to 25% ²	\$1 mil/yr
2003	Enact 4% rental vehicle tax ²	\$2 mil/yr
2003	Increase Accommodations Tax 3% ²	\$9 mil/yr
2004	Cigarette Tax increase 70 cents to \$1.70 by voter referendum	\$44 mil/yr

¹Offset by property tax reductions

²Offset by income tax reductions

Oil and Gas Windfall

In a recent television news interview an oil company executive was asked about the large profits oil companies were making and if they would be used responsibly. Suggestions were made of implementing a windfall profits tax. The executive responded that his company was spending heavily to find new oil and increase refining capacity and that they were also making investments in alternative energy technologies.

The State and local governments with much less notoriety are already receiving a windfall. Through the oil and gas severance taxes, corporate and personal income taxes, property taxes and royalty, bonus and lease payments on state and federal mineral lands the State and local governments are experiencing significant revenue growth driven by high oil and natural gas prices and the subsequent growth in production as energy companies respond to the higher prices. The impacts of oil and natural gas on income and property taxes has not been specifically identified, yet it is believed to be one of the major causes of the \$224 million rise of corporation and individual income tax revenues between fiscal 2003 and fiscal 2005. This rise appears to be continuing in fiscal 2006. Revenues to the State and local governments from the Oil and Gas production tax and federal and state leasing have tripled from \$65 million in fiscal 2000 to \$193 million in fiscal 2005. Large but not growing are the motor fuels and diesel taxes applied to consumers of refined products totaling \$190 million in fiscal 2005.

One might ask the same question of state and local governments as is publicly being asked of oil companies - - will this windfall be used responsibly? At the state level should the windfall be:

- 1) put in trust funds (a favorite of many politicians witness the tobacco trust, coal trust, cultural trust, resource indemnity trust, parks acquisition trust, etc) if so does government just live off the interest or can

they use the trust in times of bust? (looking at the experience when Governor Martz proposed using coal trust during the downturn of 2001 it may be a false hope to think legislators could cooperate in such an endeavor);

- 2) used to expand education and human services (but who will pay for this expansion if the oil boom goes bust);
- 3) used to offset the negative impacts of higher oil prices by subsidizing highway construction (rather than increasing the gasoline and diesel taxes);
- 4) used to increase aid to schools and state institutions for transportation and other energy costs or funding low income energy assistance (can this be done in such a way that if the boom in energy prices fades the cost of the no longer needed aid can be reduced as well?);
- 5) returned to the citizens of Montana who must deal with the impacts of higher energy prices (if so, how can this be efficiently and fairly done).

Certainly the worst our governments could do would be to apply these boom time revenues to expand their appetites for tax revenues leaving the income and property tax payer the bill when the oil boom is gone and government is bloated by the boom time revenues.

Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA 2005)

(source: GiftLaw, May 18, Charles Schultz, editor)

Both the House and Senate have passed the Tax Income Protection and Reconciliation Act of 2005 (TIPRA 2005). The tax act will save \$70 billion over a five-year period. There are two major sections to the tax bill. The first increases exemptions for alternative minimum tax (AMT) and is expected to remove over 15 million taxpayers from the AMT in 2006. The second major provision extends the 15% tax rate for dividends and capital gains until the year 2009.

President Bush strongly supported the Tax Act. He stated, "By extending key capital gains and dividend tax relief, the House has taken an important step to continue to help hard-working Americans and to keep our economy strong and growing." Treasury Secretary Snow also was pleased with TIPRA. He noted, "Today, more Americans are working than at any time in our past, more Americans own their own homes, and the unemployment rate at 4.7% is lower than the average of the 1960's, 1970's, 1980's and 1990's."

(ed. Note: Senator Burns' news release also hailed the passage of the Act. "Montana is befitting everyday from the pro-growth, low-tax policies that we have implemented. This tax relief package is substantial, but we must remember that tax relief increased federal revenue because it stimulates economic activity."

Democratic senators had a different perspective on the Act. While they recognize that the \$70 billion tax cut will reduce

taxes, their concerns were about the items left out of the tax bill. Ranking member of the Senate Finance Committee Max Baucus (D-MT) was very concerned about the tax provisions that were not included in the Act. With a budget of \$70 billion for the Act, the House-Senate Conference Committee was not able to include many provisions that had been requested. Sen. Baucus noted, "But unfortunately for the businesses waiting for their expired research credit or welfare-higher credits, for the school teachers waiting on their expired deduction for classroom expenses, and for the parents depending on the tuition deduction to keep their kids in college," they will need to wait for another tax bill.

Sen. Baucus continued, "I have said repeatedly since last fall that we needed to do first things first in this bill, but this deal mostly puts last things first. These are not wise choices or even fair choices for the American people."

Sen. Grassley (R-IA) of the Senate Finance Committee and Chairman Thomas (R-CA) of the House Ways and Means Committee are now working on a second tax bill that could include many of these tax provisions.

Specifics:

The House Committee on Ways and Means released an analysis of the specific tax cuts in TIPRA. While the 15% dividend and capital gains tax extension and AMT relief have received the most publicity, there are a number of other additional tax cuts in TIPRA.

Alternative minimum tax relief -- AMT exemption for 2006 will be \$62,550 joint filers and \$42,500 for single persons.

15% dividend and capital gain rate - will be extended through the end of 2009.

Sec. 179 small business expensing - the expensing option up to \$100,000 of depreciable property for small businesses (plus indexed additions) is extended for two years.

Self-created musical works - previously have been ordinary income but now may be sold by the artist at capital gain rates. The capital gain characterization does not extend to charitable gifts of musical works by the artist.

Kiddie Tax - the Kiddie Tax formerly applied to minors under age 14, and will now apply to minors under age 18. The unearned income over a specified floor will be taxed at the parent's marginal rate for these children.

Roth IRA Conversion - taxpayers with higher incomes will be permitted to convert in the year 2010 from a regular IRA to a Roth IRA. They will be required to pay income tax in equal installments in 2011 and 2012.

Charities involved in tax shelters - there will be new penalty taxes levied on charities that are "accommodation parties" in prohibited tax shelters.

U.S. Supreme Court in DaimlerChrysler Case Revives Tax Credit (Source, Bloomberg, May 15, Greg Stohr)

The U.S. Supreme Court reinstated an Ohio manufacturing tax credit given to DaimlerChrysler AG, issuing a ruling that may shield billions of dollars in corporate tax breaks from legal attack. The justices, voting unanimously, today said a group of Ohio and Michigan taxpayers and businesses lacked the legal right to challenge the Ohio credit. The decision overturned a federal appeals court that had said the state's credit illegally discriminated against Ohio corporate taxpayers that invested in other states.

The lower court ruling had raised questions about similar tax breaks around the country. Forty-six of the 50 states offer some form of investment tax credit, and six states alone -- California, Illinois, Massachusetts, Michigan, New York and Texas -- grant an average of \$844 million a year in credits. The cases are DaimlerChrysler v. Cuno, 04-1704, Wilkins v. Cuno, 04-1724.

MONTANA STATE & LOCAL REVENUE 1999-2005

Source	1994-1995	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	10yrs	5yrs	1yr
Public School Tax	429,262,771	330,837,989	304,661,704	328,684,290	369,053,288	399,694,972	404,117,271	-5.9%	22.1%	1.1%
95 Mills		181,809,147	159,613,015	161,397,918	163,631,935	164,829,338	169,732,812		-6.6%	3.0%
Community College and VoTech		4,407,037	4,392,661	4,549,969	4,602,778	5,308,272	5,793,523		31.5%	9.1%
County Tax	128,712,816	151,044,194	150,070,876	169,656,560	182,248,928	195,833,855	208,654,790	62.1%	38.1%	6.5%
State Assumption Welfare	14,778,184	7,026,916	6,464,832	237,859						
City and Town Tax	80,465,453	64,580,025	64,802,819	66,590,272	72,722,870	78,282,448	84,464,121	5.0%	30.8%	7.9%
University		11,482,683	10,080,822	10,193,553	10,334,649	10,410,274	10,719,967		-6.6%	3.0%
Miscellaneous Taxes	50,879,056	22,792,517	22,712,261	23,011,161	24,098,969	28,354,743	32,217,555	-36.7%	41.4%	13.6%
Total Property Taxes	704,098,280	773,980,508	722,798,990	764,321,582	826,693,417	882,713,902	915,700,039	30.1%	18.3%	3.7%
SIDs and Fees	71,104,931	71,641,879	71,641,879	80,601,199	83,033,029	86,593,666	98,787,612		38.9%	14.1%
Total Property Taxes/SIDs/Fees	704,098,280	845,085,439	794,440,869	844,922,781	909,726,446	969,307,568	1,014,487,651	44.1%	20.0%	4.7%
Revenue to Schools From Other Sources		163,290,070	163,807,411	130,886,875	143,683,963	131,982,908	135,367,548		-17.1%	2.6%
Income Taxes										
Individual Income Tax										
Withheld		366,445,198	393,209,335	403,857,414	428,364,605	457,863,199	484,094,505		32.1%	5.7%
All other		149,816,713	162,805,219	113,710,277	107,466,059	147,485,222	228,186,510		52.3%	54.7%
Total Individual Income Tax	371,902,910	516,261,911	556,014,554	517,567,691	535,830,664	605,348,421	712,281,015	91.5%	38.0%	17.7%
Corporation License Tax	75,519,940	99,088,870	103,670,487	68,173,254	44,137,518	67,722,940	98,213,717	30.1%	-0.9%	45.0%
Inheritance Tax	15,382,449	19,038,785	20,285,642	14,983,893	13,305,983	11,431,103	4,190,613	-72.8%	-78.0%	-63.3%
Total Income Taxes	462,805,299	634,389,566	679,970,683	600,724,838	593,274,165	684,502,464	814,685,345		28.4%	19.0%
License Tax Collections										
Vehicle Licenses	43,888,002	56,934,832	54,941,641	128,835,919	131,793,135	147,418,245	146,553,905	233.9%	157.4%	-0.6%
Drivers Licenses	3,259,640	3,958,526	3,206,312	4,350,214	3,594,098	5,050,428	5,672,326	74.0%	43.3%	12.3%
Alcoholic Beverages	1,526,962	1,702,439	1,716,920	2,148,811	1,746,880	1,963,901	1,634,817	7.1%	-4.0%	-16.8%
Occupation	15,746,121	17,550,212	17,654,023	17,567,743	18,332,352	19,197,175	18,839,943	19.6%	7.3%	-1.9%
Business		5,994,473	5,891,850	6,530,394	7,073,799	7,715,358	8,642,464		44.2%	12.0%
Hunting and Fishing	27,256,505	30,865,095	31,747,203	33,800,974	35,925,337	37,420,723	38,722,660	42.1%	25.5%	3.5%
Agriculture	3,640,783	7,729,786	10,698,603	6,093,530	8,245,649	9,137,260	9,224,517	153.4%	19.3%	1.0%
Weights and Measures		629,374	639,411	669,612	647,083	668,878	678,686		7.8%	1.5%
Other License Taxes	14,298,023	762,181	668,058	670,385	672,768	705,115	828,256	-94.2%	8.7%	17.5%
Total License Taxes	109,616,036	126,126,919	127,164,021	200,667,583	208,031,102	229,277,082	230,797,574		83.0%	0.7%
Natural Resource Taxes										
Coal Severance	40,416,416	29,469,791	32,337,172	31,614,049	29,423,546	31,544,681	37,634,510	-6.9%	27.7%	19.3%
Resource Indemnity Trust	2,860,827	5,081,465	1,077,072	1,224,307	1,225,611	1,250,528	1,436,378	-49.8%	-71.7%	14.9%
Total Oil and Gas	34,704,332	43,770,846	92,395,790	50,303,611	73,389,377	92,676,049	137,754,331	296.9%	214.7%	48.6%
Metal Mines	5,259,335	4,661,369	5,923,752	5,740,242	7,055,900	5,572,192	9,076,338	72.6%	94.7%	62.9%
Cement, Gypsum, Mica	141,685	142,205	136,301	163,893	145,126	132,604	158,974	12.2%	11.8%	19.9%
Total Natural Resource Taxes	83,382,595	83,125,676	131,870,087	89,046,101	111,239,559	131,176,054	186,060,531	123.1%		
Selective Sales Taxes										
Motor Fuels	162,779,405	130,551,885	127,754,609	131,730,649	131,269,074	132,962,344	125,076,433	-23.2%	-4.2%	-5.9%
Diesel Tax		56,454,757	54,048,083	58,260,741	60,133,456	63,181,143	65,366,712		15.8%	3.5%
Wine and Hard Cider	1,374,298	1,767,654	1,786,403	1,815,798	1,976,257	2,104,356	2,217,968	61.4%	25.5%	5.4%
Liquor Excise Tax	6,309,139	7,292,796	7,472,654	7,936,782	8,395,319	8,992,427	9,609,132	52.3%	31.8%	6.9%
Liquor License Tax	3,943,211	4,560,286	4,668,407	4,961,565	5,248,155	5,621,399	6,007,218	52.3%	31.7%	6.9%
Beer Tax	3,215,598	3,613,076	3,614,271	3,673,818	3,680,560	3,852,302	3,903,377	21.4%	8.0%	1.3%
Cigarette	13,114,640	11,766,271	11,628,458	11,052,174	16,093,023	41,582,823	54,765,356	317.6%	365.4%	31.7%
Tobacco Products	1,446,101	2,042,241	2,097,590	2,228,524	2,360,471	3,625,893	6,452,429	-50.8%	215.9%	78.0%
Insurance	30,397,287	37,777,232	41,253,633	46,430,291	49,868,105	55,326,963	57,090,160	87.8%	51.1%	3.2%
Public Utility Taxes										
Telecommunications Excise		6,366,299	18,838,200	19,593,501	20,804,524	20,890,335	21,144,420		232.1%	1.2%

MONTANA STATE & LOCAL REVENUE 1999-2005

Source	1994-1995	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	10yrs	5yrs	1yr
Telephone License Tax		3,490,590	133,410	212,301	33,498	28,634	31,657		-99.1%	10.6%
Emergency Telephone 911		4,244,220	4,644,034	4,968,579	5,383,414	5,388,386	5,733,140		35.1%	6.4%
Electrical Energy Production		4,829,002	4,057,952	4,197,477	4,130,019	4,660,529	4,074,409		-15.6%	-12.6%
Wholesale Energy Transmission Tax		1,894,704	3,503,427	2,906,263	3,532,056	3,292,659	3,370,263		77.9%	2.4%
Public Service Commission Tax		2,347,280	2,851,306	2,296,111	2,041,709	2,875,741	3,050,213		29.9%	6.1%
Consumer Counsel Tax		929,731	1,049,394	855,308	858,819	1,303,597	1,860,324		100.1%	42.7%
Total Public Utilities	12,696,292	22,418,827	35,077,723	35,029,539	36,784,040	38,439,881	39,264,426	209.3%	75.1%	2.1%
Lodging Facility Use Tax					571,237	9,278,658	10,200,914			9.9%
Accommodations and Campgrounds Tax	8,684,736	11,184,192	11,348,328	12,015,697	12,045,407	13,573,172	14,441,179	66.3%	29.1%	6.4%
Rental Vehicles						2,485,989	2,565,554			3.2%
Total Selective Sales Taxes	243,960,707	291,112,216	300,750,158	315,135,580	328,425,105	381,027,349	396,960,858		36.4%	4.2%
Other Taxes										
Video Gaming	31,064,475	45,402,239	45,429,295	47,603,021	49,946,610	55,321,335	58,033,571	86.8%	27.8%	4.9%
Payroll Tax (OFLT)	47,117,119	1,892,209	171,552	107,227	63,552	67,976	-			
Contractors Tax	1,192,444	2,162,223	791,615	3,267,321	3,081,553	2,120,485	1,410,831	18.3%	-34.8%	-33.5%
Tramway Tax	21,966									
Rail Car Tax		2,100,600	1,555,747	1,489,813	1,484,264	1,567,868	1,604,005		-23.6%	2.3%
Fire Protection Tax		2,150,982	2,064,112	2,156,194	2,349,841	2,396,489	2,543,281		18.2%	6.1%
Nursing Facility Bed Tax		6,054,947	5,655,978	5,918,173	5,723,472	9,158,829	10,780,189		78.0%	17.7%
Hospital Utilization Fee						7,427,903	8,757,918			17.9%
Intermediate Care Utilization Fee					454,664	863,036	821,923			-4.8%
Total Other Taxes	79,396,004	59,763,201	55,668,298	60,541,748	63,103,955	78,923,922	83,951,718	5.7%	40.5%	6.4%
Total State Taxes	979,160,641	1,194,517,578	1,295,423,247	1,266,115,850	1,304,073,886	1,504,906,872	1,712,456,027	74.9%	43.4%	13.8%
Total State and Property Taxes	1,683,258,921	2,202,893,087	2,253,671,527	2,241,925,506	2,357,484,295	2,606,197,348	2,862,311,226	70.0%	29.9%	9.8%
State Revenue From Other Sources										
Abandoned Property		1,809,387	1,930,446	1,349,765	1,929,547	3,836,896	4,455,022		146.2%	16.1%
Liquor Profits		5,900,000	5,900,000	5,900,000	6,000,000	6,500,000	6,650,000		12.7%	2.3%
Lottery Profit		5,840,985	6,137,493	7,597,160	7,453,281	8,115,602	6,222,555		6.5%	-23.3%
Grants and Donations		59,156,908	61,370,225	71,343,839	72,739,143	61,414,314	64,983,367		9.8%	5.8%
Fees		126,170,603	144,045,191	129,430,083	100,052,726	179,472,983	141,385,895		12.1%	-21.2%
University Fees		129,696,531	133,384,640	149,292,585	174,420,070	185,583,499	201,773,166		55.6%	8.7%
Fines		142,296,937	19,473,085	18,440,172	18,362,967	23,656,335	9,468,411		-93.3%	-60.0%
Enterprise Funds		40,911,581	51,026,447	54,026,278	56,593,079	59,146,075	62,997,609		54.0%	6.5%
Misc State Sales		28,431,494	22,989,007	28,382,759	25,379,772	31,623,382	37,190,173		30.8%	17.6%
University Sales		56,622,292	59,026,321	61,660,021	58,210,324	62,898,494	66,014,845		16.6%	5.0%
Investment Earnings		275,072,582	303,054,027	299,761,687	238,079,874	231,194,380	245,829,015		-10.6%	6.3%
Rentals and Royalties		37,926,660	37,374,640	25,723,146	29,190,862	32,582,080	44,173,662		58.2%	35.6%
Miscellaneous Settlements		22,008,991	28,886,041	26,905,814	1,480,343	340,532	1,088,618		-95.1%	219.7%
Tobacco Settlement		34,804,411	26,639,851	31,079,018	31,166,018	26,672,073	27,070,703		-22.2%	1.5%
Total State Revenue From Other Sources		956,649,361	901,237,413	910,592,329	821,057,826	913,036,647	919,303,041		-3.9%	0.7%
State Revenue From Federal Government	847,818,161	1,245,156,232	1,330,613,640	1,482,660,617	1,616,877,746	1,685,638,249	1,748,836,794	106.3%	40.5%	3.7%
Grand Total Revenue	2,531,077,082	4,404,698,680	4,485,522,580	4,635,178,452	4,795,419,867	5,204,872,243	5,530,451,061	118.5%	25.6%	6.3%

Excludes prior year revenues recorded in a current year.

"Fees" exclude State internal service charges, "University Sales" exclude internal service sales

"Investment Earnings" exclude state pension trust funds

State aid, federal funds passed thru the state, district and county property tax revenues, transfers, bond proceeds and internal service funds for FY2000 through FY2005.

* In FY2002, vehicle license taxes were collected by the state rather than the counties. The schools and counties were give entitlements to replace this lost revenue (HB124, 2001 Legislative Session)

Sources: Montana Department of Administration; Montana Department of Revenue; Legislative Fiscal Division; Montana Tax Foundation.