

Overview of Montana Budget and Tax Structure



Heather O'Loughlin

Co-director

Rose Bender

Deputy Director of Research

What is the Montana Budget & Policy Center?

The logo for the Montana Budget & Policy Center is a dark blue circle containing the text "MONTANA BUDGET & POLICY CENTER" in white, sans-serif, uppercase letters. The text is arranged in four lines: "MONTANA" on the first line, "BUDGET" on the second, "& POLICY" on the third, and "CENTER" on the fourth.

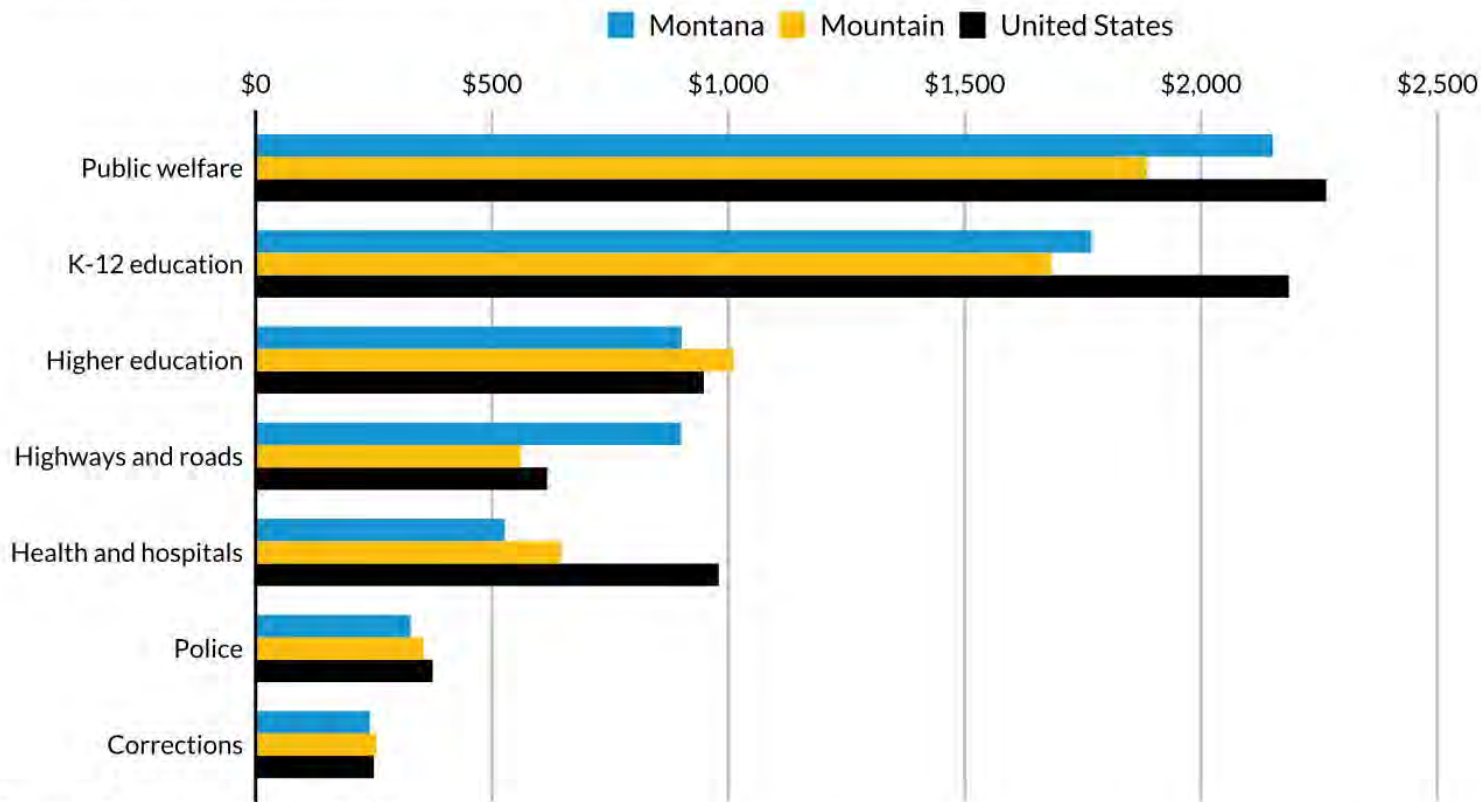
MONTANA
BUDGET
& POLICY
CENTER

It is our **MISSION** to advance responsible tax, budget, and economic policies through **credible research and analysis** in order to promote opportunity and fairness for **all Montanans**.

Montana's expenditures focus on K-12 education and public welfare.

Montana's State and Local Per Capita Expenditures, Fiscal Year 2019

Compared with national and regional averages



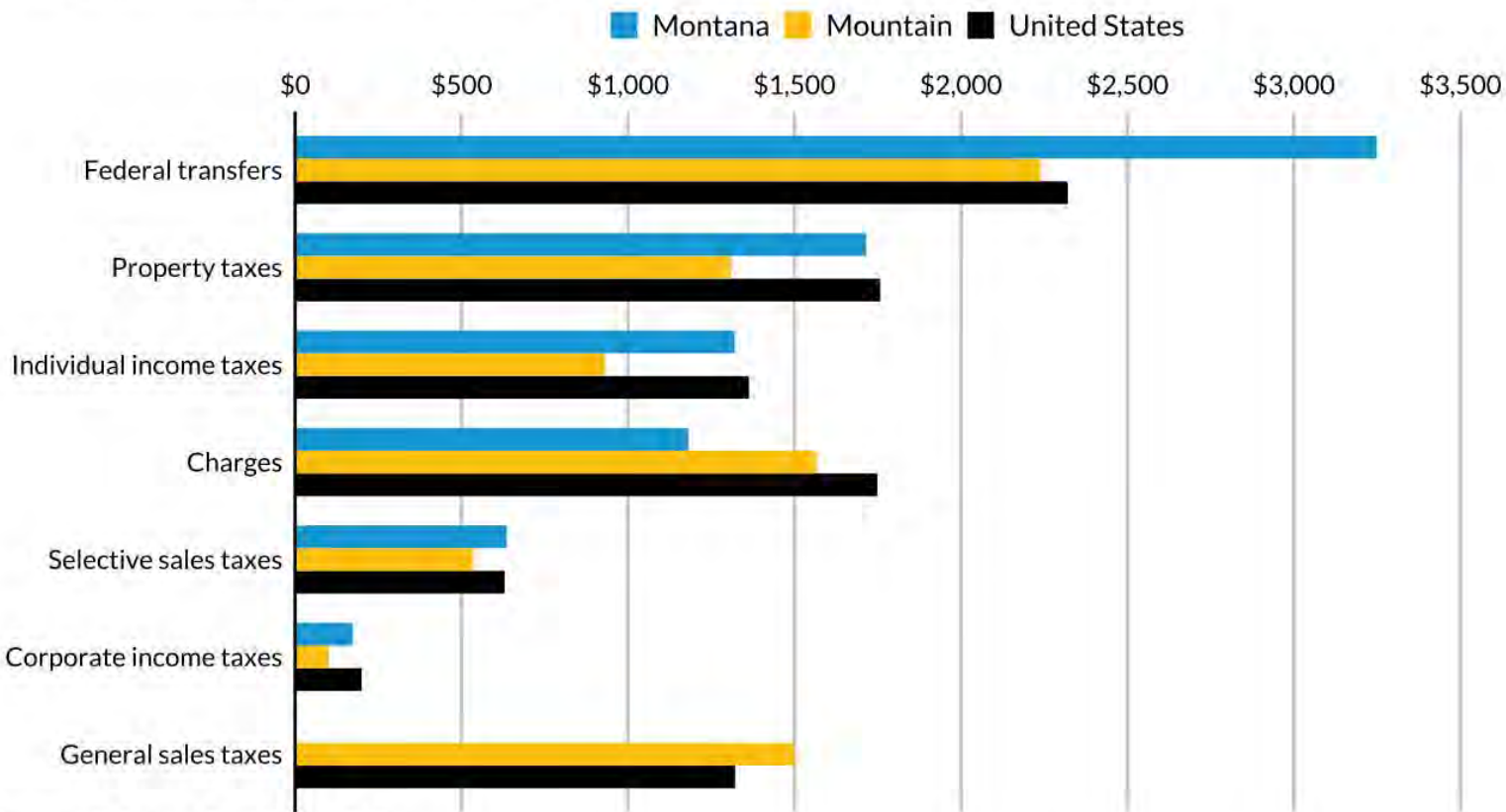
Source: US Census, Fiscal Year 2019.

Note: Medicaid spending is allocated to both public welfare and health and hospitals, with the majority of dollars allocated to the former. Census's definition of the Mountain region includes Arizona, Colorado, Idaho, Minnesota, New Mexico, Nevada, Utah, and Wyoming.

Montana relies on federal funds, individual income tax, and property tax to fund state and local services.

Montana's State and Local Per Capita Revenue, Fiscal Year 2019

Compared with national and regional averages

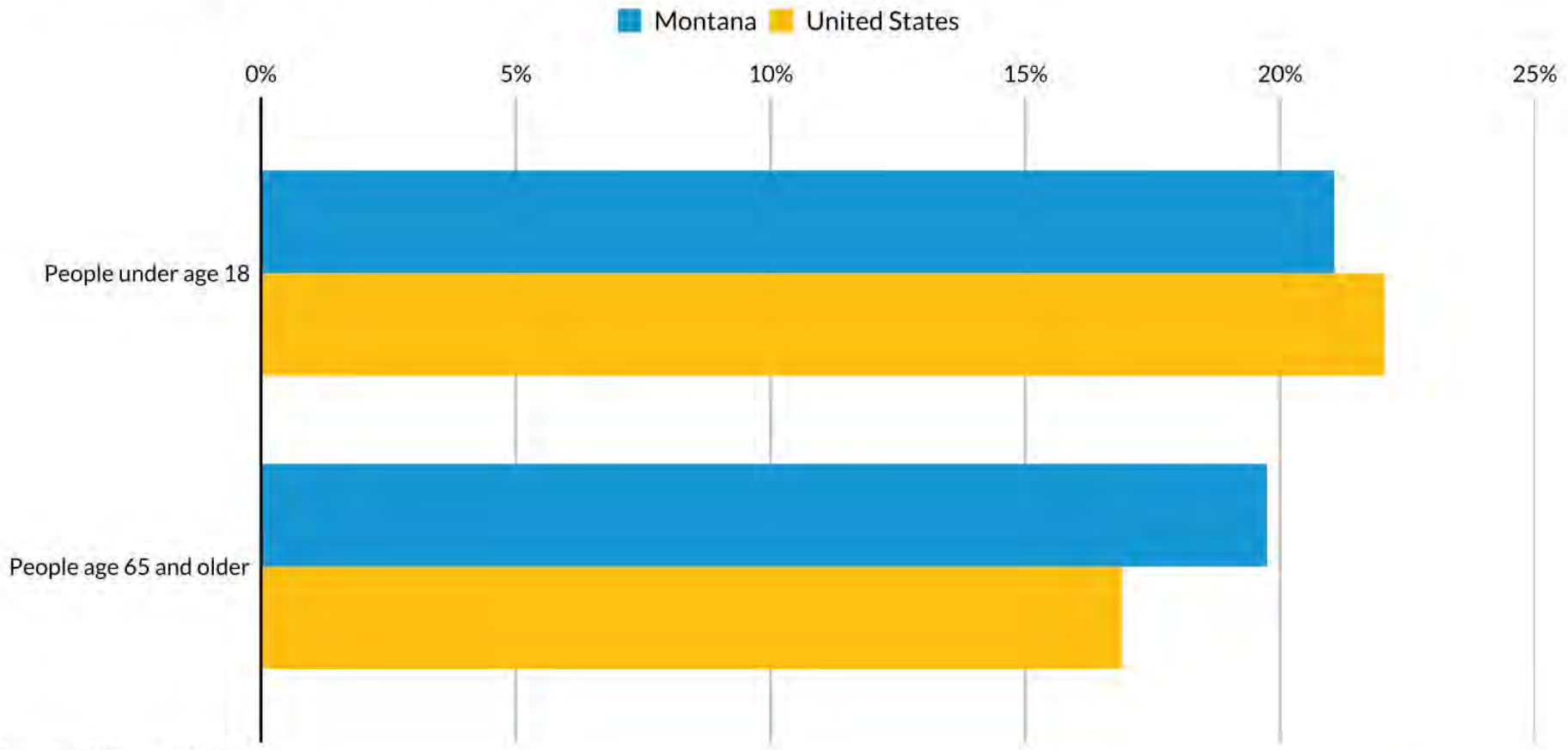


Source: US Census, Fiscal Year 2019.

Note: Census's definition of the Mountain region includes Arizona, Colorado, Idaho, Minnesota, New Mexico, Nevada, Utah, and Wyoming.

Montana's population is older than national average.

Montana's Age Demographics, 2020
Compared with national averages



Source: US Census Bureau.

Montana Economy (At a Glance)

Montana's top five industries (by share of GDP):

- Finance/Real Estate
- Government (federal, state, and local)
- Health Care
- Manufacturing
- Retail Trade

Montana's top five industries (by employment):

- Government (federal, state, and local)
- Health Care
- Retail Trade
- Accommodation and Food Services
- Construction

Over 56% of government employment is at the local level, including teachers in local schools.

Key Budget Terms

Fiscal Year: A 12-month period used for accounting purposes. Montana's fiscal year runs from July 1 - June 30.

- **FY22:** July 1, 2021 – June 30, 2022
- **FY23:** July 1, 2022 – June 30, 2023

Biennium: A two-year period. Montana's legislative biennium is named for the second fiscal year in the biennium.

- Last budget cycle was the **2023 Biennium**, which included FY20 and FY21.
- This upcoming budget cycle is the **2025 Biennium**, which includes FY22 and FY23.

Key Budget Terms

General Fund: Primary fund for the state budget, and unlike other funds, is not a specific purpose fund.

Federal Special Revenue: Accounts deposited in the state treasury from federal sources, to be used for operation of state government.

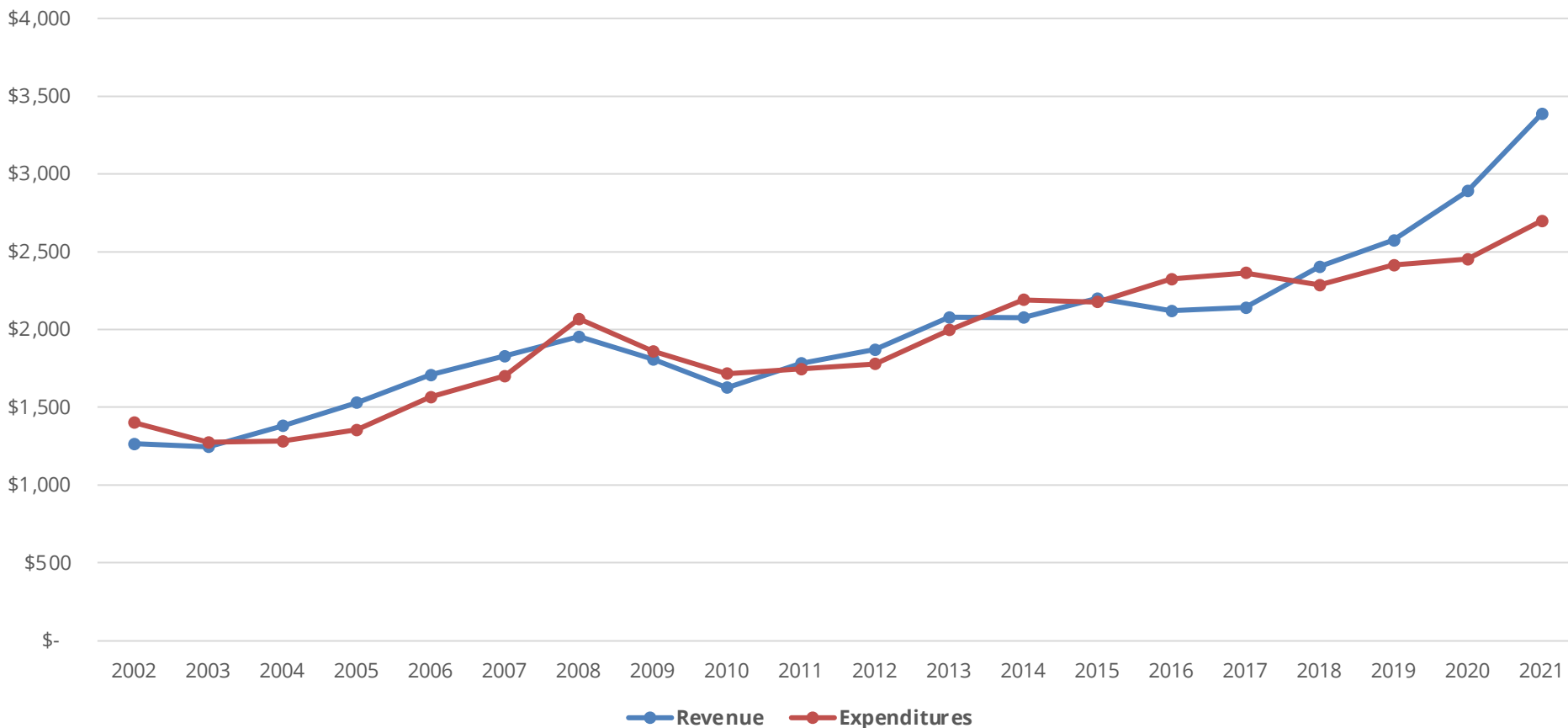
State Special Revenue: State and other nonfederal sources that are earmarked for a particular purpose or restricted by law.

HB 2: The General Appropriations Act to authorize funding for the operation of state government.

Statutory Appropriation: Funds appropriated in permanent law rather than a temporary bill, such as HB 2, and listed in 17-7-502, MCA.

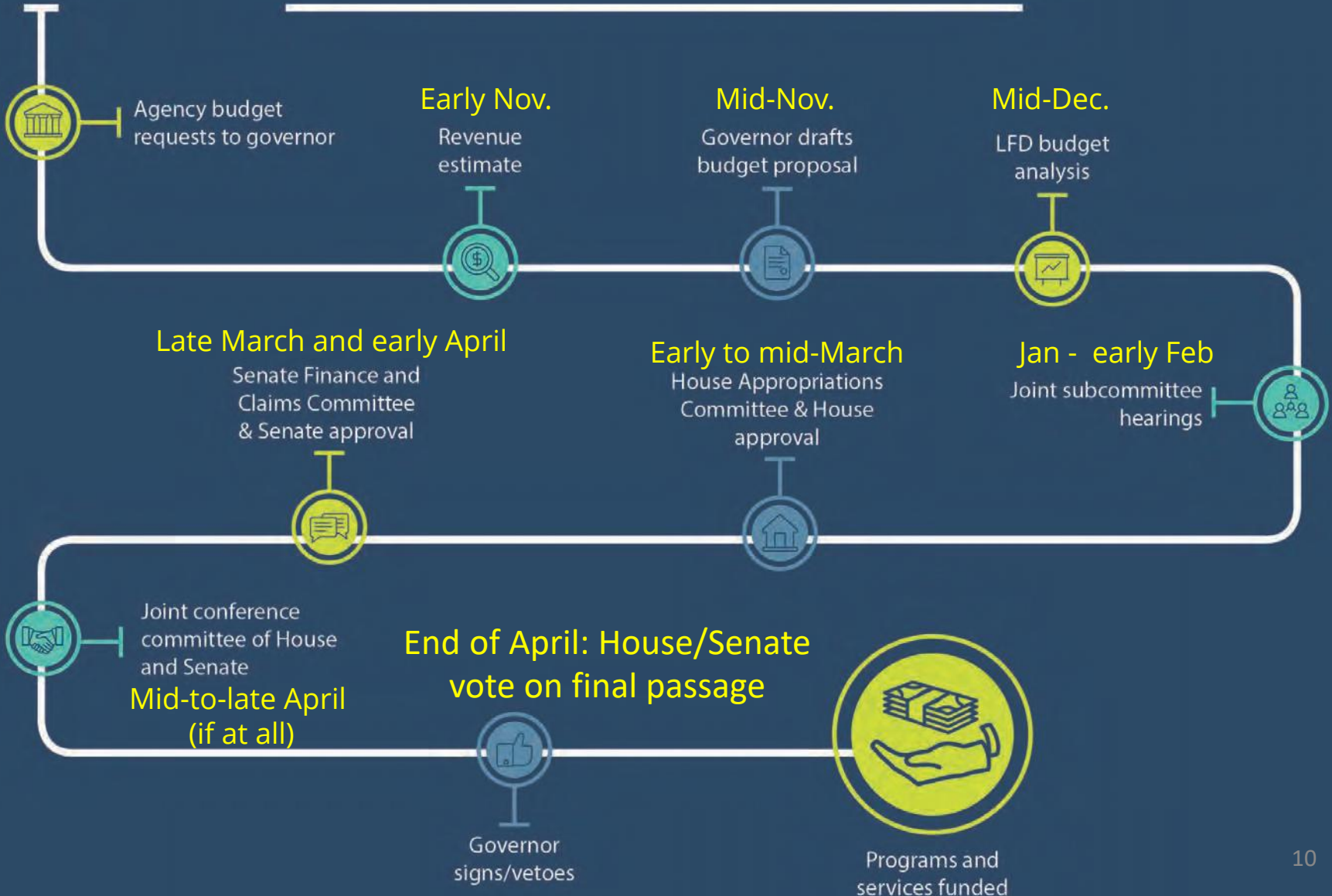
Overall, state revenue and expenditures have grown at the same rate.

General Fund Revenue & Expenditures by Fiscal Year
(in millions)



BUILDING A BUDGET

A GUIDE TO MONTANA'S PROCESS



Sections of the State Budget

Section A – Gen. Govt.

Legislative Branch
Consumer Counsel
Governor’s Office
Secretary of State
Commissioner of Political Practices
State Auditor
Revenue
Administration
Commerce
Labor and Industry
Military Affairs

Section B – Health and Human Services

Public Health and Human Services

Section C – Natl. Resources and Transp.

Fish, Wildlife and Parks
Environmental Quality
Transportation
Livestock
Natural Resources and Conservation
Agriculture

Section D – Justice

Judicial Branch
Board of Crime Control
Justice
Public Service Commission
State Public Defender
Corrections

Section E – Education

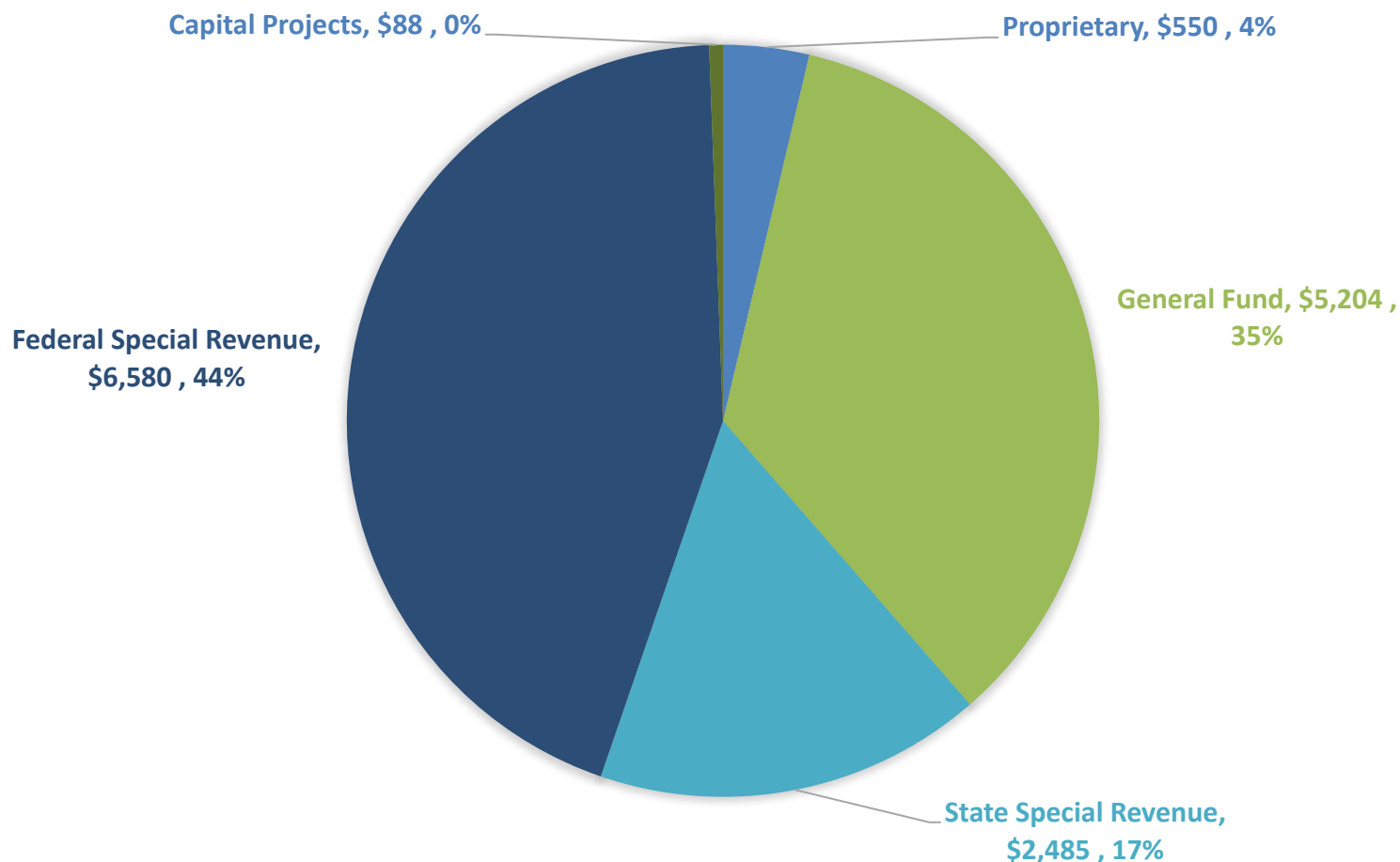
Public Instruction
Board of Public Ed
Higher Education
School for Deaf and Blind
Arts Council
State Library
Historical Society

Section F – Long-Range Planning

Long-Range Building Program
State Building Energy Conservation
Treasure State Endowment Program (TSEP)
Treasure State Regional Water Program
Quality Schools Facility Grant Program
Long-Range IT Program
Reclamation and Development Grant
Renewable Resource Grant and Loan Program
Cultural and Aesthetic Grant Program

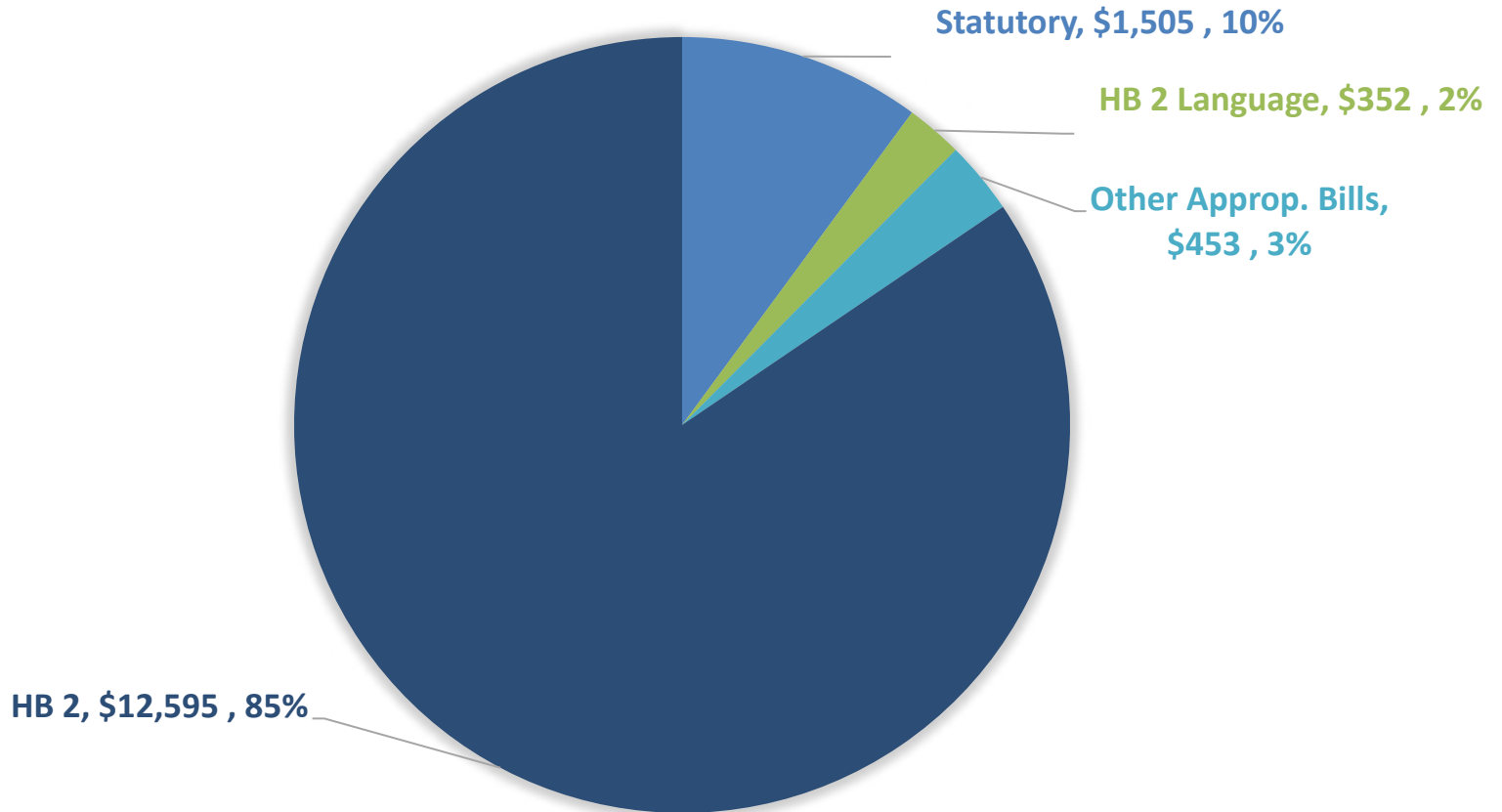
Federal funds comprise nearly half of revenue for Montana's state budget.

2023 BIENNIUM TOTAL BUDGET (WITHOUT FEDERAL COVID STIMULUS)
BY SOURCE OF FUNDING
TOTAL = \$14,905 (\$ MILLIONS)



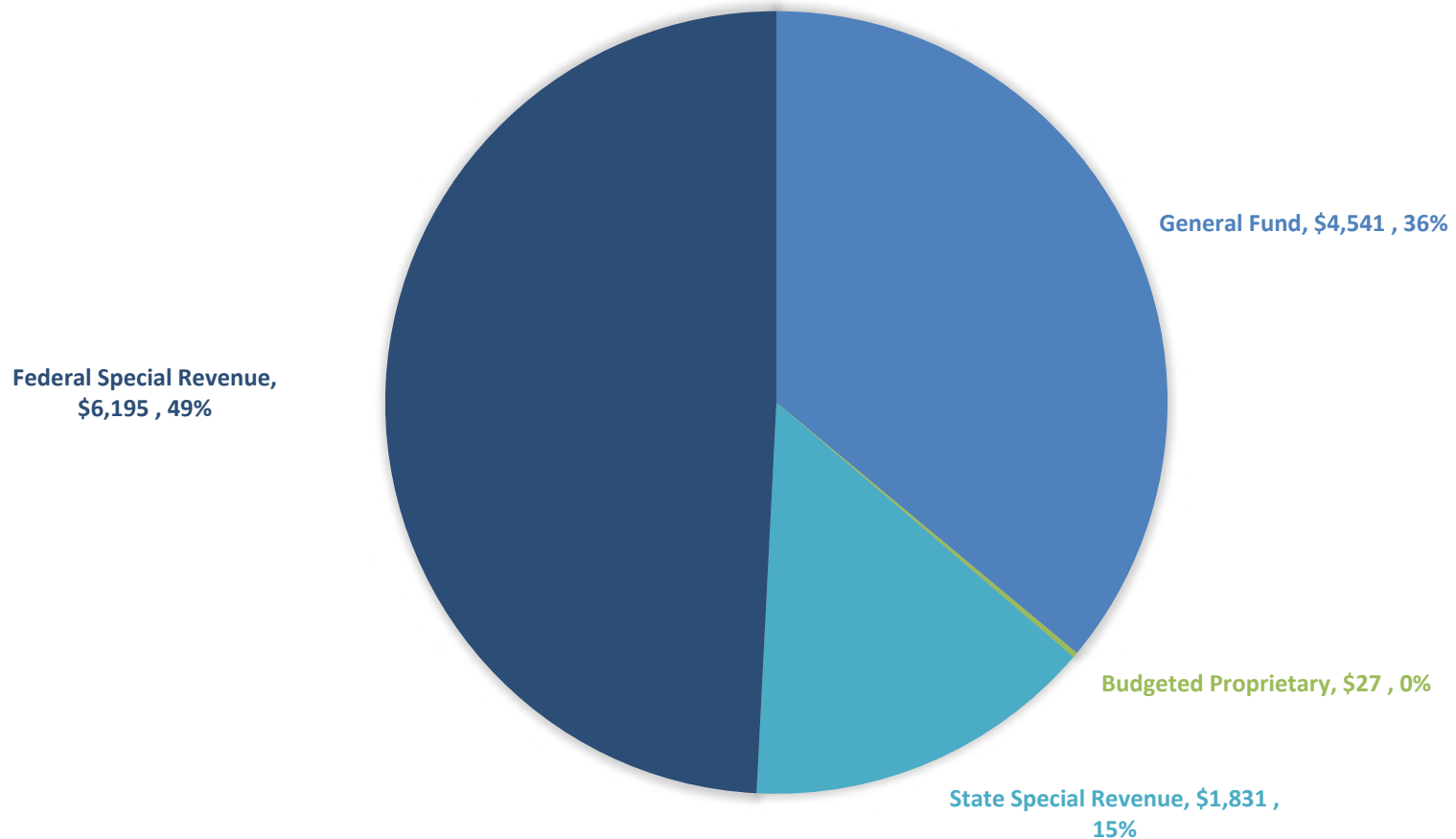
Most of the state budget is within HB 2.

2023 BIENNIUM TOTAL BUDGET (WITHOUT FEDERAL COVID STIMULUS)
BY SOURCE OF APPROPRIATION AUTHORITY
TOTAL = \$14,905 (IN MILLIONS)



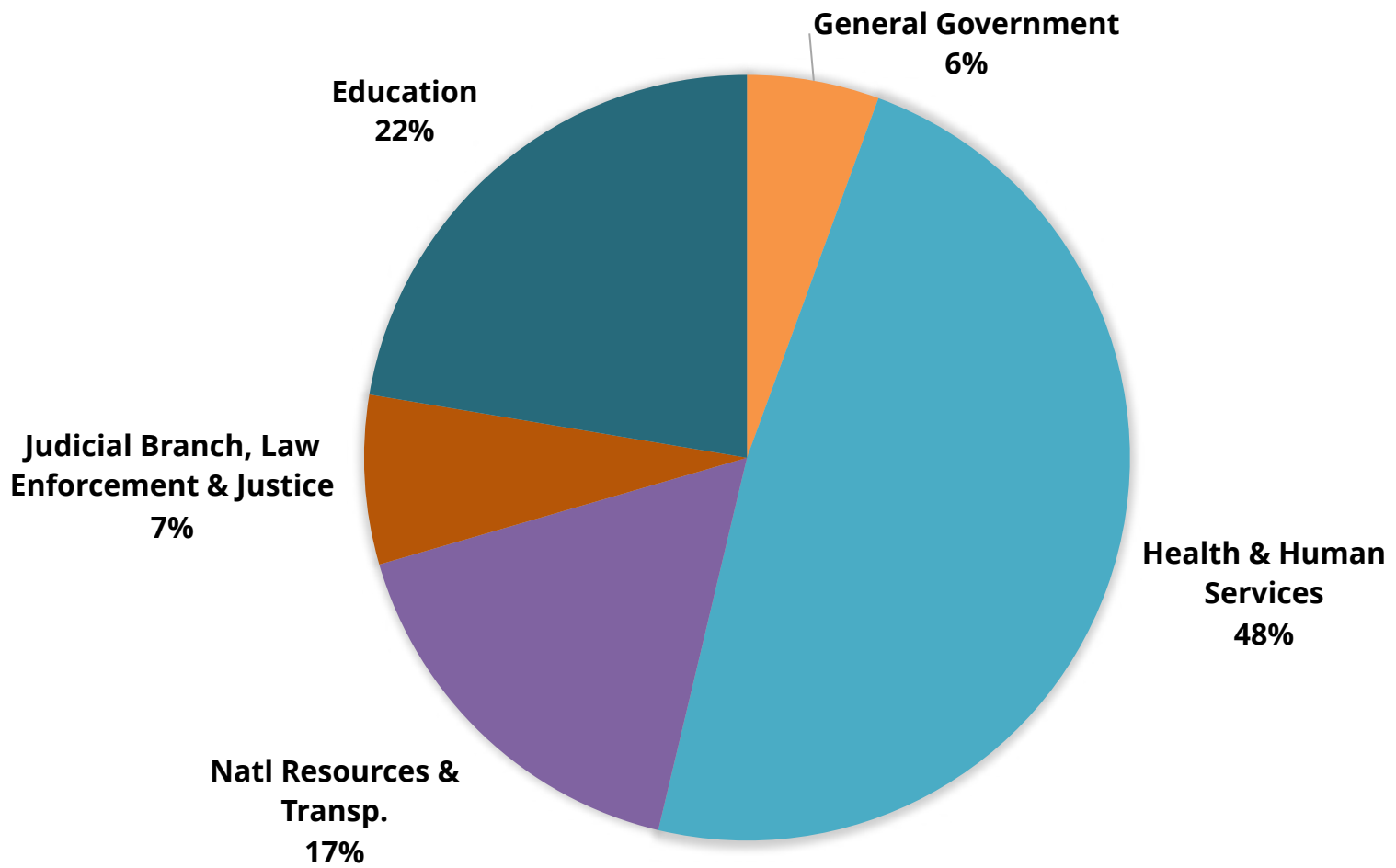
HB 2 is a mix of general fund, state special revenue, and federal funds.

2023 BIENNIUM BUDGET - BY FUND
TOTAL FUNDS - HB 2 ONLY = \$12,595
(IN MILLIONS)



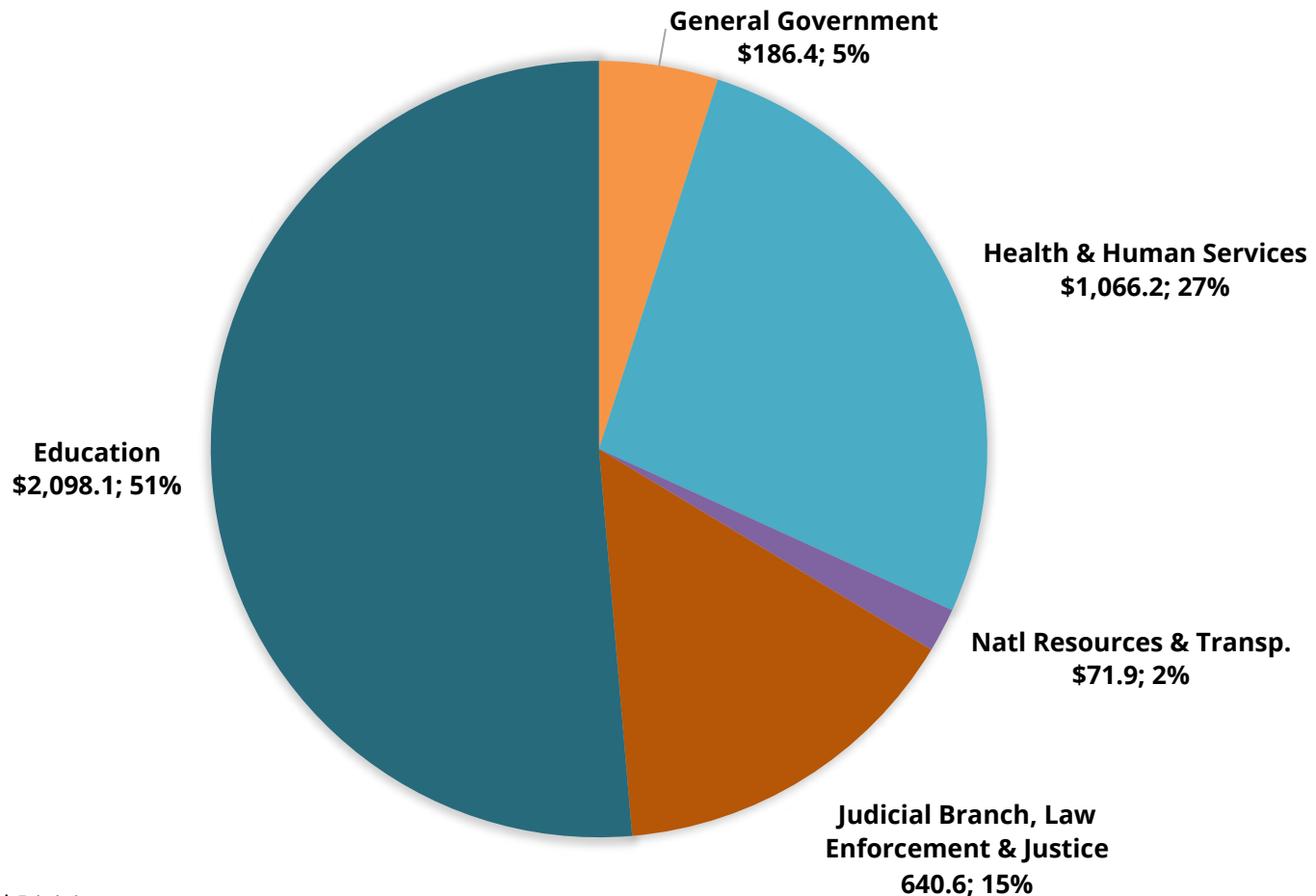
When factoring in federal funds, HHS makes up the biggest share of the budget.

2023 BIENNIUM BUDGET
TOTAL FUNDS - HB 2 ONLY - \$12,595
(IN MILLIONS)



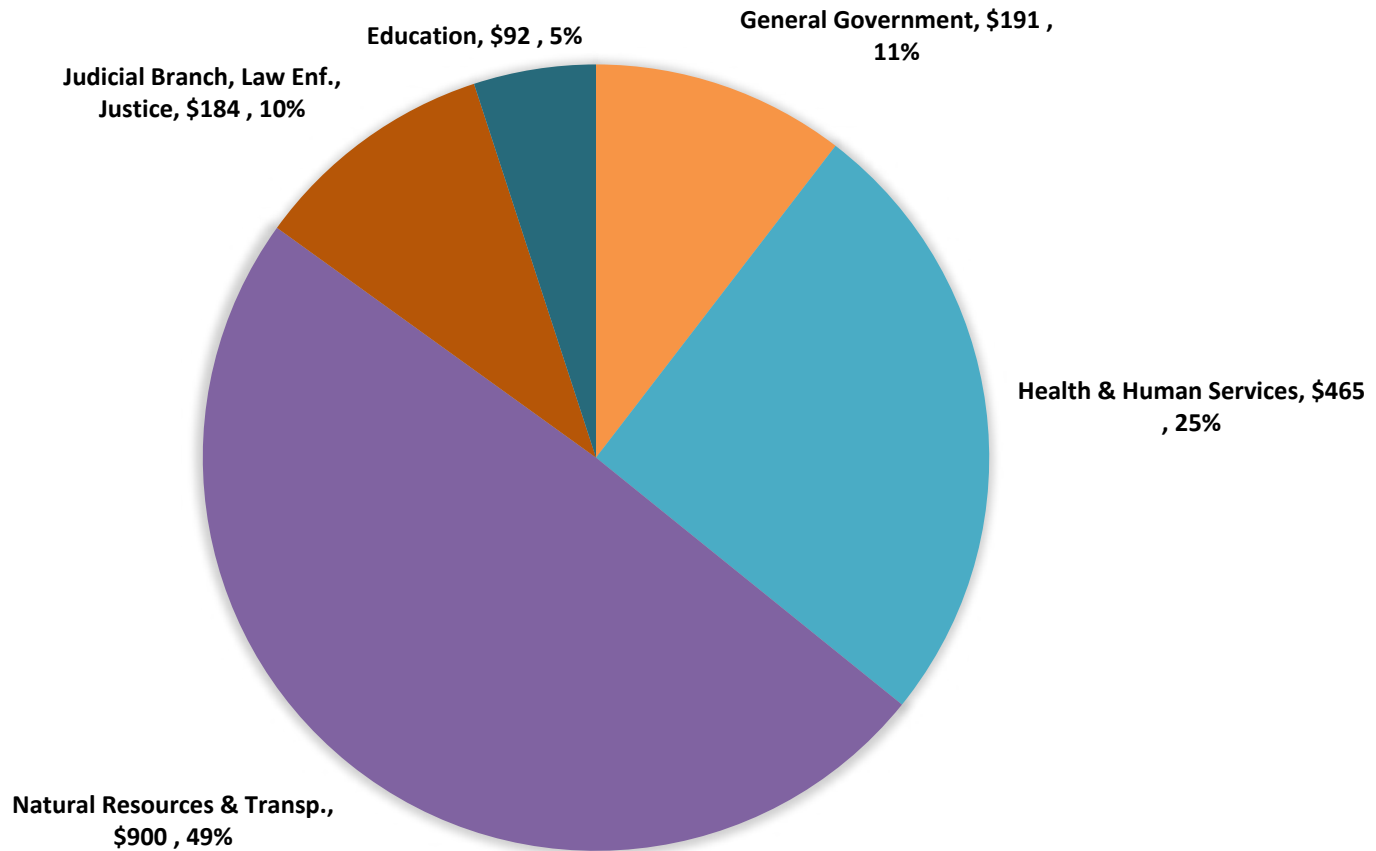
Education funding makes up half of *general fund* appropriations.

2023 BIENNIUM BUDGET
GENERAL FUND - HB 2 ONLY - \$4,541
(IN MILLIONS)



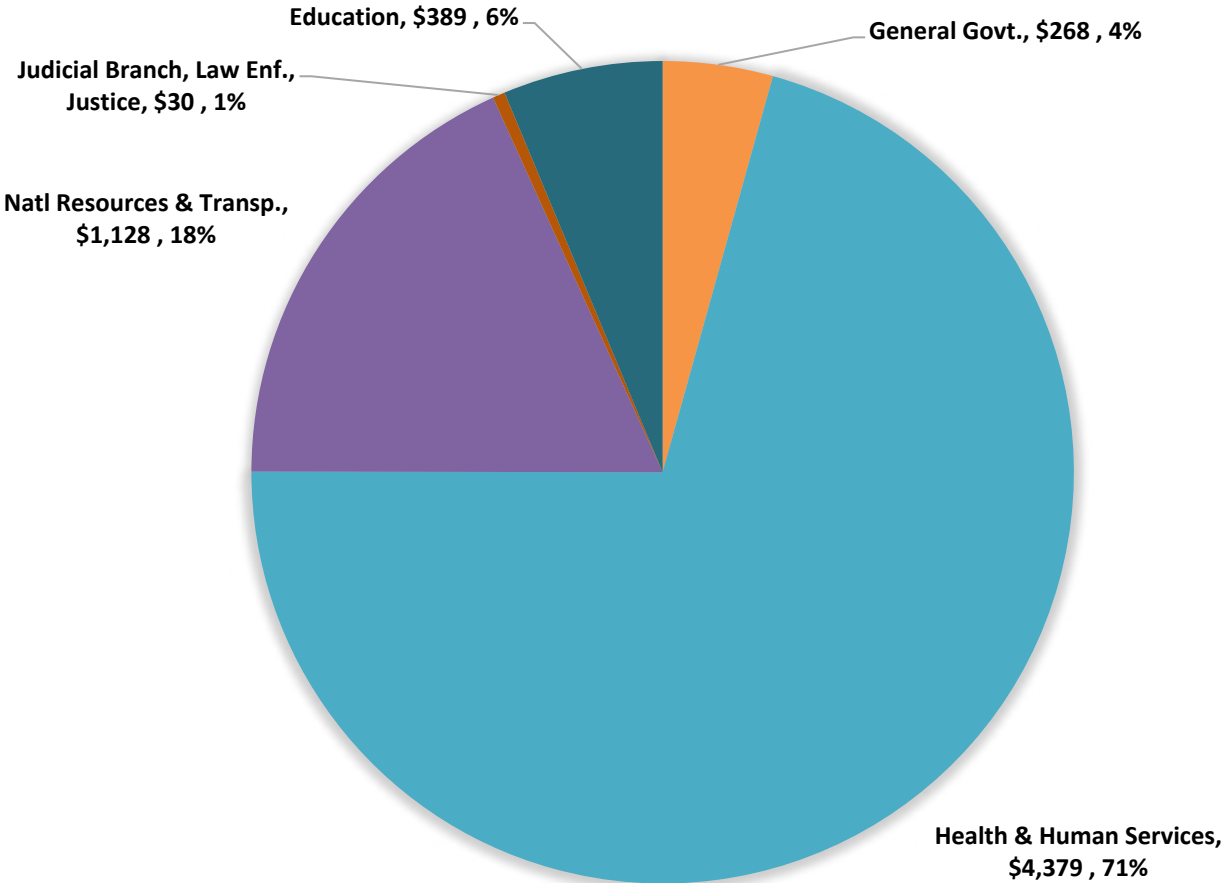
Natural resources and transportation make up half of *state special revenue* funds.

2023 BIENNIUM BUDGET
STATE SPECIAL REVENUE - HB 2 ONLY = \$1,831
(IN MILLIONS)



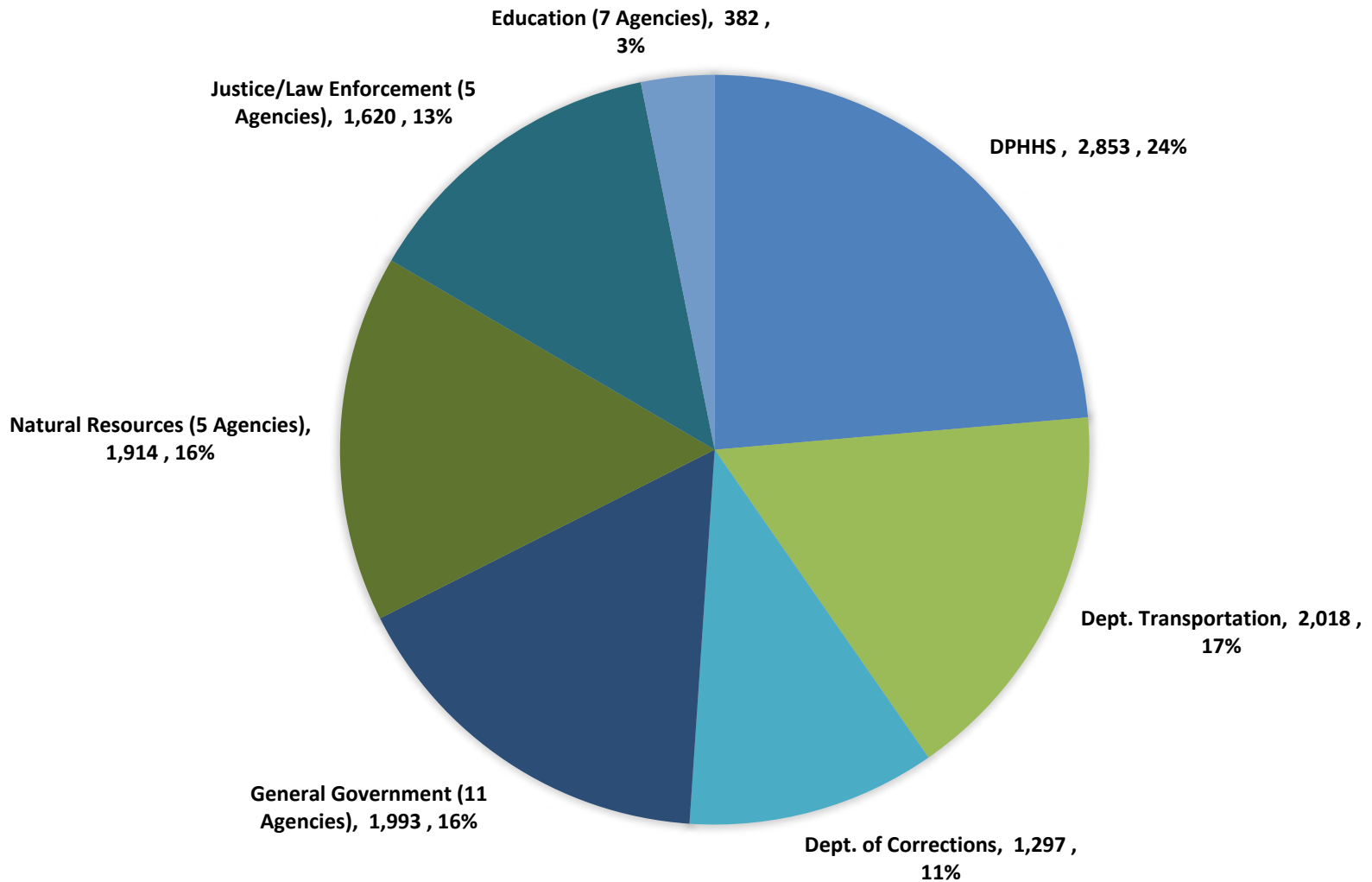
Most *federal funding* goes toward health services, highways, and education.

2023 BIENNIUM BUDGET
FEDERAL SPECIAL REVENUE - HB 2 ONLY = \$6,195
(IN MILLIONS)



FTE by Department

FTE FUNDED IN HB 2 - FY2023
(12,078 TOTAL)



Questions?



Heather O'Loughlin

Co-director

Montana Budget and Policy Center

www.montanabudget.org