Legislative Fiscal Division General Fund Revenue Update

The January end General Fund Revenue update has been released by the Legislative Fiscal Division. The key points of this report are as follows:

- Total general fund revenue collections through January are showing further weakness when compared to the revenue estimates used by the 61st Legislature for FY2010.

- Total general fund revenues [for the 2011 Biennium] are now estimated to be $349.9 million less than anticipated by the 61st Legislature, or about 9.7 percent of the HJ2 revenue estimates.

- The 61st Legislature adopted a policy to maintain a $282.4 million general fund ending balance for the 2011 Biennium in the event of revenue shortfalls. In addition, the 2009 Biennium ending funds balance included $5.0 million more than projected.

- Given the above, the Legislative Fiscal Division's current projected ending fund balance is a negative $62.5 million.

Other observations to keep in mind are as follows:

- The Legislative Fiscal Division projection is based upon an assumption that the FY2010 shortfall will be larger than that in FY2011.

- Individual Income Tax collections constitute over 47% of the state's total general fund revenue. The year-to-date collections are about 15% below projections; however, the January month-end collections were over 24% below projections.

Upcoming Events

February 18, 2010 Legislative Revenue Committee to hear testimony from Governor's Budget Director and from LFD Revenue Analyst – and then develop Committee recommendation on the Governor’s Revenue Estimate Report

February 19, 2010 Governor to submit his formal, specific 5% Budget Reversion Plan to Legislative Committees

March 3, 2010 Legislative Fiscal Division to conduct a day-long Budget Training session, in Helena, for Legislators

March 4 & 5, 2010 Regents meeting in Dillon

Legislative Fiscal Division will release its February-end State Revenue Status report

Legislative Finance Committee will meet, to review the LFD's current revenue projection and the Governor's current budget spending reduction plan