

Montana

From 2002 to 2008, Montana's spending increased the most in the parks and recreation (131%), administration (66%) and corrections (58%) categories. The increase in parks and recreation spending was the fifth-greatest in the nation in terms of percentage. The spending categories that saw the least growth were health (+30%), police (+9%) and hospitals (-10%). The state's overall general spending increase of 43% placed it in the top one-third of states, ranking 12th-highest.

Montana's total overall revenue growth of 59% ranked 13th for the period, and its total tax revenue growth of 70% ranked fourth. Corporate income taxes were the fastest growing tax revenue category, increasing 137% and ranking 18th-highest. The 68% increase in personal income tax revenue ranked seventh. These high tax growth rates were due, in part, to the lack of a general sales tax in Montana.

Spending (Spending and revenue numbers are in thousands of dollars)	2002	2002 Per Capita Rank	2008	2008 Per Capita Rank	Difference in Rank	2002–2008 Increase/Decrease	2002–2008 Increase/Decrease Rank
Corrections	106,311	30	168,127	18	+12	58%	6
Education	1,289,328	23	1,839,799	23	0	43%	24
Government Administration	218,190	8	362,540	5	+3	66%	6
Health	253,857	7	329,501	8	-1	30%	30
Highways	452,804	7	617,439	4	+3	36%	14
Hospitals	50,060	38	44,955	41	-3	-10%	45
Interest on Debt	142,663	13	209,308	12	+1	47%	21
Natural Resources	182,521	3	279,698	3	0	53%	11
Parks and Recreation	6,468	46	14,950	36	+10	131%	5
Police Protection	43,257	13	47,166	17	-4	9%	39
Public Welfare	659,976	43	888,748	48	-5	35%	32
Salaries and Wages	672,507	18	879,718	18	0	31%	28
Direct Expenditures	2,873,857	13	4,104,857	13	0	43%	16
General Expenditures	3,784,702	19	5,423,506	17	+2	43%	12
Total Expenditures	4,265,076	22	6,137,669	16	+6	44%	13
Taxes (Spending and revenue numbers are in thousands of dollars)	2002	2002 Per Capita Rank	2008	2008 Per Capita Rank	Difference in Rank	2002–2008 Increase/Decrease	2002–2008 Increase/Decrease Rank
Personal Income Tax ¹	517,568	33	870,064	24	+9	68%	7
General Sales Tax ²	0	N/A	0	N/A	N/A	N/A	N/A
Corporate Income Tax ³	68,173	18	161,713	16	+2	137%	18
Total Taxes	1,442,731	39	2,457,929	23	+16	70%	4
Total Revenue	4,033,180	13	6,402,859	10	+3	59%	13

¹ Personal income tax per capita rankings are out of 43 since seven states do not collect personal income taxes.

² General sales tax per capita rankings are out of 45 since five states do not collect general sales taxes.

³ Corporate income tax per capita rankings are out of 46 since four states do not collect corporate income taxes.

Comparison to Baseline Growth

One sound rule of thumb is that government expenditures should not increase more than the combined increase in population and inflation growth. This allows the government to maintain service levels and accommodate increased costs due to an expanding population and rises in the cost of living. For the 2002–2008 period, the Consumer Price Index, used to measure inflation, increased approximately 20% and Montana’s population increased by 6%. This yields a “baseline” growth of 26% for the period. The figure below compares the difference in Montana’s expenditures and revenue for the period to this baseline for 15 spending and five revenue categories.

