



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Director
AMY CARLSON

DATE: June 21, 2010

TO: Economic Affairs Committee Members

FROM: Kris Wilkinson, Fiscal Analyst II
Matt Stayner, Associate Fiscal Analyst

RE: Solicitation of Legislative Input on Options Contained in the Reference Book

The Legislative Finance Committee (LFC) is identifying and reviewing options for closing the anticipated budget gap in the 2013 biennial budget. To that end, Senator Carol Williams and Representative Galen Hollenbaugh are representing the LFC and requesting the assistance of the Economic Affairs Interim Committee (EAIC) at 9:45 a.m. during the June 29, 2010 meeting. Specifically, they are requesting the Economic Affairs Committee:

- Provide legislative feedback on how staff should prioritize its time in doing further work on options
- Provide other ideas beyond those currently included in the reference book
- Provide public comment on the options included in the reference book

EAIC members may also wish to provide the LFC with feedback on interim committee work and potential legislation with fiscal impact.

The following table summarizes options presented to the Legislative Finance Committee that affect agencies monitored by the EAIC. Additional information on the items are available in the attachments or by going to the LFC website:

<http://leg.mt.gov/css/fiscal/reports/2009-2010-interim-reports.asp#june2010>

Table 1

Agency or Topic	Proposal	Projected general fund biennial savings/impact
Dept. of Agriculture	Eliminate general fund subsidy of \$250,000 to the Grain Lab. Increase or collect fees from industry.	\$250,000
Agriculture/Livestock	Merge Department of Livestock into Department of Agriculture & Livestock for savings in administrative structures or the ability to leverage state special revenue funds.	\$1,000,000
Dept. of Livestock	Revise self-reportable per capita fee collection.	more work needed
Dept. of Livestock	Eliminate general fund subsidy for diagnostic laboratory and replace either with per capita fees, lab fees, or a combination charge to users.	\$1,000,000
Governor's Office of Economic Development	Move the staff to the Dept. of Commerce, within the Montana Promotion Division, and expand the duties of the division so that the lodging facilities tax could be used for funding.	\$2,289,313
Dept. of Commerce	Sweep Lodging Facilities Use tax to general fund.	\$4 million
Dept. of Commerce	Eliminate the Energy Promotion and Development Division. For the past two biennia this program has had "one-time-only" funding.	\$910,000
Dept. of Commerce	Require that loan repayments/principal on loans made from the wood products revolving loan fund revert to the general fund. Current statute allows reversion to department for loans. Of original program funding of \$11.295 million, \$7.3 million came from general fund.	\$4.8 million
Dept. of Commerce	Reduce or eliminate funding for worker training program due to less use than expected. Analysis projects one-time only funding would be continued, even though not in base now. Businesses would have to finance own training fully or find other means.	\$3.753 million
Dept. of Commerce	Eliminate 2.9% increase in Coal Severance Tax Distribution to Coal Board for local impact grants. Reduction would keep local impact grants to coal areas at current level.	\$1.431 million
Dept. of Commerce	Sweep statutory funding for Research and Commercialization Board account to general fund.	\$1 million impact
Dept. of Labor and Industry	Reduce funding for the Jobs for Montana Graduates Program	More work needed

Economic Development Statutory Funding	Examine the statutory appropriations used to fund economic development programs and reduce or eliminate them.	\$613,000
Corporation tax credit elimination	There are 16 corporate tax credits that provided \$5.6 million in tax revenue reduction in FY 2008. Could reduce all credits by 10%, eliminate or suspend them.	up to \$1.11 million
Dept. of Labor and Industry	Replace general fund with state special revenue from Employment Security Account, affecting the Research and Analysis Bureau, the 21st Century Workforce Bureau, the hearings and legal bureau, and the Employment Relations Division.	\$3 million
Dept. of Labor and Industry	Alternatively, sweep the Employment Security Account into the general fund. (Comes from an assessment on employers and involves U.I. tax.)	\$5 million impact
Dept. of Labor and Industry	Eliminate the Community College Student Growth Account Program in the Workforce Services Division. Appropriation may not be spent.	\$550,000
Dept. of Labor and Industry	Sweep Workers' Compensation Regulation account (paid by assessments on employers for work comp losses) to general fund.	\$6 million impact
Dept. of Labor and Industry	Sweep the Uninsured Employer Fund (funded from fines on employers not carrying work comp) to the general fund.	\$13.7 million impact