EXHIBIT 2
DATE 2/17/09
HB 2

Department of Transportation

C-142	**PL 1503 Computer Services Contract**				
	62000 Operating Expenses	202,357	225,108	427,465	LFD Issue on page C-143, **Enhancements Drive Up Maintenance Costs**
	02422 Highways Special Revenue	202,357	225,108	427,465	
C-143	**PL 1506 IT Maintenance Costs**				
	62000 Operating Expenses	40,952	40,952	81,904	
	02422 Highways Special Revenue	40,952	40,952	81,904	
C-165	**Proprietary rates for: Highway Equipment Fund 06508**				LFD issue: 60-day working capital is not a rate, it is an accounting term
C-178	**NP 2212 MCS Enforcement Bureau Realignment**				LFD issue: May be a candidate for performance monitoring
	61000 Personal Services	464,306	480,932	945,238	
	62000 Operating Expenses	35,508	35,508	71,016	
	02422 Highways Special Revenue	499,814	516,440	1,016,254	
C-191	**NP 5006 Highway Traffic Safety Section 408**				
	61000 Personal Services	81,575	83,838	165,413	
	62000 Operating Expenses	450,000	300,000	750,000	
	03828 Traffic Safety	531,575	383,838	915,413	

Department of Livestock

C-232	**601 Brands - 10 year re-record - OTO**			
	61000 Personal Services	0	70,521	70,521
	62000 Operating Expenses	0	109,460	109,460
	02425 Inspection and Control	0	179,981	179,981

Department of Natural Resources and Conservation

C-264 Coal Tax Shared Account, OTO Grants

Section C Comparison of Legislative Action to Governor's Request

16-Feb-09

	FY 2010			FY 2011			2011 Biennium		
FWP	LEG	GOV	DIF	LEG	GOV	DIF	LEG	GOV	DIF
FTE	687.85	692.08	(4.23)	687.85	692.08	(4.23)	687.85	692.08	(4.23)
Personal Services	$38,619,553	$38,746,205	($126,652)	$38,753,642	$38,880,301	($126,659)	$77,373,195	$77,626,506	($253,311)
Operating Expenses	30,335,161	30,484,742	(149,581)	30,381,941	30,532,679	(150,738)	60,717,102	61,017,421	(300,319)
Equipment & Intangible Assets	915,212	915,212	0	915,212	915,212	0	1,830,424	1,830,424	0
Capital Outlay	166,889	166,889	0	166,889	166,889	0	333,778	333,778	0
Local Assistance	0	0	0	0	0	0	0	0	0
Grants	985,521	985,521	0	985,521	985,521	0	1,971,042	1,971,042	0
Claims	4,850	4,850	0	4,850	4,850		9,700		
Transfers	99,652	99,652	0	99,652	99,652	0	199,304	199,304	0
Total Costs	$71,126,838	$71,403,071	($276,233)	$71,307,707	$71,585,104	($277,397)	$142,434,545	$142,978,475	($553,630)
Funding									
General Fund	0	0	0	0	0	0	0	0	0
State Special	55,763,921	56,147,425	(383,504)	55,867,053	56,264,706	(397,653)	111,630,974	112,412,131	(781,157)
Federal Special	15,316,476	15,255,643	60,833	15,394,213	15,320,398	73,815	30,710,689	30,576,041	134,648
Total Funding	$71,080,397	$71,403,068	($322,671)	$71,261,266	$71,585,104	($323,838)	$142,341,663	$142,988,172	($646,509)

DEQ	LEG	GOV	DIF	LEG	GOV	DIF	LEG	GOV	DIF
FTE	382.29	384.29	(2.00)	382.29	384.29	(2.00)	382.29	384.29	(2.00)
Personal Services	$25,342,422	$25,591,747	($249,325)	$25,424,956	$25,674,357	($249,401)	$50,767,378	$51,266,104	($498,726)
Operating Expenses	36,468,709	37,401,716	(933,007)	36,322,932	36,304,394	18,538	72,791,641	73,706,110	(914,469)
Equipment & Intangible Assets	151,561	151,561	0	150,527	150,521	6	302,088	302,082	6
Capital Outlay	141,304	141,304	0	141,304	141,304	0	282,608	282,608	0
Local Assistance	0	0	0		0	0	0	0	0
Grants	2,033,416	2,033,416	0	2,033,416	2,033,416	0	4,066,832	4,066,832	0
Claims	0	0	0	0	0		0		
Transfers	0	0	0	0	0	0	0	0	0
Total Costs	$64,137,412	$65,319,744	($1,182,332)	$64,073,135	$64,303,992	($230,857)	$128,210,547	$129,623,736	($1,413,189)
Funding									
General Fund	5,756,434	5,915,015	(158,581)	5,777,868	5,940,515	(162,647)	11,534,302	11,855,530	(321,228)
State Special	35,363,328	36,301,861	(938,533)	35,243,073	35,223,942	19,131	70,606,401	71,525,803	(919,402)
Federal Special	23,017,649	23,102,868	(85,219)	23,052,194	23,139,547	(87,353)	46,069,843	46,242,415	(172,572)
Total Funding	$64,137,411	$65,319,744	($1,182,333)	$64,073,135	$64,304,004	($230,869)	$128,210,546	$129,623,748	($1,413,202)

	FY 2010								
DOT	LEG	GOV	DIF	LEG	GOV	DIF	LEG	GOV	DIF
FTE	2,111.26	2,145.96	(34.70)	2,111.26	2,145.96	(34.70)	2,111.26	2,145.96	(34.70)
Personal Services	$134,665,186	$136,785,332	($2,120,146)	$135,183,381	$137,323,160	($2,139,779)	$269,848,567	$274,108,492	($4,259,925)
Operating Expenses	394,984,549	376,052,457	18,932,092	388,987,785	383,789,082	5,198,703	783,972,334	759,841,539	24,130,795
Equipment & Intangible Assets	3,032,975	3,032,975	0	2,086,440	2,086,440	0	5,119,415	5,119,415	0
Capital Outlay	15,979,768	15,979,768	0	15,979,768	15,979,768	0	31,959,536	31,959,536	0
Local Assistance	447,116	447,113	3	447,116	447,116	0	894,232	894,229	3
Grants	17,077,140	17,077,140	0	15,227,140	15,227,140	0	32,304,280	32,304,280	0
Transfers	13,701	13,701	0	13,701	13,701	0	27,402	27,402	0
Total Costs	$566,200,435	$549,388,486	$16,811,949	$557,925,331	$554,866,407	$3,058,924	$1,124,125,766	$1,104,254,893	$19,870,873
Funding									
General Fund	2,600,000	0	2,600,000	0	0	0	2,600,000	0	2,600,000
State Special	230,298,883	229,974,326	324,557	227,161,384	228,337,831	(1,176,447)	457,460,267	458,312,157	(851,890)
Federal Special	333,301,552	319,414,163	13,887,389	330,763,947	326,528,576	4,235,371	664,065,499	645,942,739	18,122,760
Total Funding	$566,200,435	$549,388,489	$16,811,946	$557,925,331	$554,866,407	$3,058,924	$1,124,125,766	$1,104,254,896	$19,870,870

DOL	LEG	GOV	DIF	LEG	GOV	DIF	LEG	GOV	DIF
FTE	138.99	141.49	(2.50)	138.99	143.49	(4.50)	138.99	143.49	(4.50)
Personal Services	$6,841,164	$6,841,181	($17)	$6,859,093	$6,929,634	($70,541)	$13,700,257	$13,770,815	($70,558)
Operating Expenses	4,311,404	3,962,595	348,809	4,340,805	4,102,895	237,910	8,652,209	8,065,490	586,719
Equipment & Intangible Assets	223,028	223,028	0	209,778	209,778	0	432,806	432,806	0
Capital Outlay	0	0	0	0	0	0	0	0	0
Local Assistance	0	0	0	0	0	0	0	0	0
Grants	0	0	0	0	0	0	0	0	0
Claims	0	0	0	0	0		0		
Transfers	0	0	0	0	0	0	0	0	0
Total Costs	$11,375,596	$11,026,804	$348,792	$11,409,676	$11,242,307	$167,369	$22,785,272	$22,269,111	$516,161
Funding									
General Fund	1,636,804	1,386,804	250,000	1,386,239	1,136,239	250,000	3,023,043	2,523,043	500,000
State Special	8,098,279	8,209,487	(111,208)	8,377,624	8,670,255	(292,631)	16,475,903	16,879,742	(403,839)
Federal Special	1,640,513	1,430,513	210,000	1,645,813	1,435,813	210,000	3,286,326	2,866,326	420,000
Total Funding	$11,375,596	$11,026,804	$348,792	$11,409,676	$11,242,307	$167,369	$22,785,272	$22,269,111	$516,161

DNRC	LEG	GOV	DIF	LEG	GOV	DIF	LEG	GOV	DIF
FTE	555.69	553.69	2.00	555.69	553.69	2.00	554.69	553.69	1.00
Personal Services	$31,567,043	$31,698,216	($131,173)	$31,695,009	$31,793,921	($98,912)	$63,262,052	$63,492,137	($230,085)
Operating Expenses	15,302,031	15,408,480	(106,449)	15,343,886	15,442,054	(98,168)	30,645,917	30,850,534	(204,617)
Equipment & Intangible Assets	1,557,518	1,337,518	220,000	1,565,477	1,345,477	220,000	3,122,995	2,682,995	440,000
Capital Outlay	69,788	69,788	0	69,788	69,788	0	139,576	139,576	0
Local Assistance	200,000	200,000	0	200,000	200,000	0	400,000	400,000	0
Grants	1,410,342	1,610,342	(200,000)	1,410,342	1,610,342	(200,000)	2,820,684	3,220,684	(400,000)
Claims	1,218,390	1,218,390	0	1,228,444	1,228,444		2,446,834		
Transfers	478,067	478,067	0	478,067	478,067	0	956,134	956,134	0
Total Costs	$51,803,179	$52,020,801	($217,622)	$51,991,013	$52,168,093	($177,080)	$103,794,192	$101,742,060	($394,702)
Funding									
General Fund	22,902,848	22,975,073	(72,225)	22,971,132	23,002,944	(31,812)	45,873,980	45,978,017	(104,037)
State Special	26,804,094	26,949,491	(145,397)	26,940,226	27,085,494	(145,268)	53,744,320	54,034,985	(290,665)
Federal Special	2,096,237	2,096,237	0	2,079,655	2,079,655	0	4,175,892	4,175,892	0
Total Funding	$51,803,179	$52,020,801	($217,622)	$51,991,013	$52,168,093	($177,080)	$103,794,192	$104,188,894	($394,702)

AG	LEG	GOV	DIF	LEG	GOV	DIF	LEG	GOV	DIF
FTE	120.54	120.54	0.00	120.54	120.54	0.00	120.54	120.54	0.00
Personal Services	$6,421,261	$6,421,261	$0	$6,434,123	$6,434,123	$0	$12,855,384	$12,855,384	$0
Operating Expenses	4,423,604	4,423,604	0	4,161,302	4,161,302	0	8,584,906	8,584,906	0
Equipment & Intangible Assets	720,876	720,876	0	350,876	350,876	0	1,071,752	1,071,752	0
Capital Outlay	0	0	0	60	60	0	60	60	0
Local Assistance	0	0	0	0	0	0	0	0	0
Grants	6,123,078	6,123,078	0	6,126,828	6,126,828	0	12,249,906	12,249,906	0
Claims	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Debt Service	2,281	2,281	0	2,281	2,281	0	4,562	4,562	0
Total Costs	$17,691,100	$17,688,819	$0	$17,075,470	$17,075,470	$0	$34,766,570	$34,762,008	$0
Funding									
General Fund	1,405,325	1,405,325	0	1,365,972	1,365,972	0	2,771,297	2,771,297	0
State Special	13,281,271	13,281,271	0	12,712,019	12,712,019	0	25,993,290	25,993,290	0
Federal Special	2,395,251	2,395,251	0	610,645	610,645	0	3,005,896	3,005,896	0
	609,253	609,253							
Total Funding	$17,691,100	$17,081,847	$0	$14,688,636	$14,688,636	$0	$31,770,483	$31,770,483	$0

Subcommittee Request

Department of Natural Resources and Conservation
Coal Tax Shared State Special Revenue

	FY 2008	FY 2009	FY 2010	FY 2011
Beginning Balance	$251,805	$938,395	$1,324,241	$621,417
Expenditures				
Montana State Library - base	550,007	550,007	550,007	550,007
Montana State Library - OTO	0	0	140,000	140,000
Natural Resources & Conservation - base	866,781	866,779	1,560,936	1,610,409
Natural Resources & Conservation OTO	0	0	140,000	140,000
Agriculture - base	371,742	614,368	538,476	509,494
Agriculture - OTO	0	0	300,000	300,000
Total Expenditures	1,788,530	2,031,154	3,229,419	3,249,910
12/15 Executive Reductions	0	0	(9,595)	(9,716)
Revenues	2,475,120	2,417,000	2,517,000	2,636,000
Ending Fund Balance	$938,395	$1,324,241	$621,417	$17,223

Note: To implement requires reduced OTO appropriations in DNRC and Library @ $140,000 per year.

	Department of Livestock												
	Brand Rerecord Transition												
				Fiscal Years									
	FY 2011			2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	Year Zero												
	Brands	Rate	Total										
600,000	6000	10	60,000	600,000									
	6000	20	120,000		600,000								
	6000	30	180,000			600,000							
	6000	40	240,000				600,000						
	6000	50	300,000					600,000					
	6000	60	360,000						600,000				
	6000	70	420,000							600,000			
	6000	80	480,000								600,000		
	6000	90	540,000									600,000	
	6000	100	600,000										600,000
Revenue			3,300,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Expenses			180,000	25,000	25,750	26,523	27,318	28,138	28,982	29,851	30,747	31,669	32,619
Net Revenue to Fund			$3,120,000	$575,000	$574,250	$573,478	$572,682	$571,862	$571,018	$570,149	$569,253	$568,331	$567,381

This is an option for the Department of Livestock to transition brand rerecord from once every ten years to an annual activity. **The assumptions made for this model include 60,000 brands at a rerecord price of $100.00 per brand and that all brands rerecord.**

1. Fiscal year 2011 is the transition year and is determined to be year zero.
2. The Department of Livestock would divide the number of brands currently recorded (60,000) by ten years and assign this number of brands for each year starting in FY 2012 through 2021.
3. From this scheduled, the department could set the rate for FY 2011. The brands set to re-record in FY 2012 would be charged $10.00 for FY 2011, and then would pay $100 for the ten year brand in FY 2012 etc. This is shown in the shaded portion of the spreadsheet. This allows the department to collect for FY 2011and establishes a system to collect again in ten years.
4. This method allows the department to collect $3.3 million in FY 2011 and $600,000 each year after.
5. The net revenue for this method is $3.12 million in FY 2011 and approximately $570,000 each year there after. Subsequent operational costs for fiscal years 2012 through 2021 were calculated at $25,000 plus a 3 percent inflationary factor each year.

The items that would need to be accomplished to do this are:

1. Change statute. Title 81, Chapter 3 Part1 addresses rerecord. This would require a committee bill, or an appropriate bill draft request on hold.
2. Change the price for recording in statute to $100.00
3. Establish an appropriation in HB 2 for the 2011 for the year zero transition period.