

Agency Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	670.28	670.28	651.55	651.55	670.28	651.55	(18.73)	(2.79)%
Personal Services	38,139,750	40,872,977	42,629,679	42,692,281	79,012,727	85,321,960	6,309,233	7.99%
Operating Expenses	15,724,956	15,928,539	15,741,122	15,333,838	31,653,495	31,074,960	(578,535)	(1.83)%
Equipment & Intangible Assets	467,853	55,604	467,853	471,151	523,457	939,004	415,547	79.39%
Transfers	0	0	0	0	0	0	0	0.00%
Debt Service	42,562	35,552	37,864	37,864	78,114	75,728	(2,386)	(3.05)%
Total Costs	\$54,375,121	\$56,892,672	\$58,876,518	\$58,535,134	\$111,267,793	\$117,411,652	\$6,143,859	5.52%
General Fund	50,016,486	52,581,114	54,067,068	53,996,524	102,597,600	108,063,592	5,465,992	5.33%
State/Other Special Rev. Funds	1,120,067	1,078,894	1,252,050	1,042,050	2,198,961	2,294,100	95,139	4.33%
Federal Spec. Rev. Funds	250,054	268,095	241,426	241,426	518,149	482,852	(35,297)	(6.81)%
Proprietary Funds	2,988,514	2,964,569	3,315,974	3,255,134	5,953,083	6,571,108	618,025	10.38%
Total Funds	\$54,375,121	\$56,892,672	\$58,876,518	\$58,535,134	\$111,267,793	\$117,411,652	\$6,143,859	5.52%

Mission Statement

The quality of life for all Montanans is better because we excel at public service and effective administration of the tax and liquor laws. We do this by ensuring that revenues intended by the legislature to be raised are collected to serve Montanans, advancing equity and integrity in taxation, providing innovative and respectful service, protecting the public health and safety and achieving efficiency in liquor administration, and improving public understanding of Montana's revenue system.

For additional information, please refer to the agency profile.

<http://leg.mt.gov/fbp-2017.asp>

Agency Highlights

Department of Revenue Major Budget Highlights
<ul style="list-style-type: none"> • The budget would increase in the next biennium due primarily to increases in personal services. These increases in personal service costs are a result of statewide present law adjustments • Increases in the equipment budget are almost entirely offset by decreases in the operating expenses budget. These increases in equipment are expected in the Liquor Control Division as well as in anticipated increases in storage server capacity within the Director's Office.

Agency Discussion*Agency Decision Packages*New FTE

The executive budget includes increases in DOR personal services with decision packages that would add 6.00 FTE requested in present law. The requests are detailed in the figure below.

DOR FTE Present Law Requests 2017 Biennium						
Program	Decision Package #	Total FTE Request	FTE Cost FY 16	FTE Cost FY 17	Total Cost	
Director's Office	DP 102	3.00	-\$18,415	-\$22,971	-\$41,386	
Director's Office	DP 105	1.00	\$70,660	\$68,843	\$139,503	
Liquor Control Division	DP 302	1.00	\$72,379	\$70,165	\$142,544	
Citizen Services & Resource Mgt.	DP 502	1.00	\$53,536	\$51,010	\$104,546	
Business and Income Taxes	N/A	0.00	\$0	\$0	\$0	
Property Assessment Division	N/A	0.00	\$0	\$0	\$0	
Grand Total		6.00	\$178,160	\$167,047	\$345,207	

In the figure above, DP 102 would replace contract developers with three new FTE. This would decrease general fund spending over the biennium. Decision packages 105, 302, and 502 would each add one additional FTE to pursue tax compliance. These additional compliance specialists were requested due to increased workloads within the department.

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2017 biennium 5% plan submitted for this agency is in the appendix. The total reduction for this agency would be \$2,496,066 general fund and \$56,003 state special revenue funds over the biennium.

Agency Personal Services

Overall, the agency does not have difficulty filling positions and most vacancies are filled in a timely fashion. Other information of the DOR personal services include:

- In 2013 the department's turnover rate was 11.2% compared to the State's turnover rate of 12.9% and the hire rate was 10.9% compared to the State's rate of 13.4%
- The overall vacancy savings based upon utilized hours in FY 2014 was 3.9%, compared to a budgeted 6%
- 183 staff representing 27.3% of budgeted FTE were given raises in FY 2014
 - Employees in pay band 1 through 4 did receive scheduled pay increases upon advancement to the next pay level because the Legislature approved and funded across the board pay increases for the biennium
 - Pay raises due primarily to reclassifications and longevity averaged 5.02%
 - The annualized amount of these pay increases is \$415,408, not including increased costs of taxes and insurances
- 46 FTE or 7.4% of the workforce are currently eligible for retirement

Comparison of FY 2015 Legislative Base to FY 2015 Appropriation

The following table highlights the differences between the FY 2015 appropriations as shown in the main table and the FY 2015 legislative appropriations used for purposes of the budget base, by program.

FY 2015 Appropriation Transactions - Department of Revenue						
Program	Legislative Appropriation	Legislative Approps OTO	Direct Transfers	Reorganizations	Total Implementation	Executive
Prgm. 1 Dir. Office	\$5,823,010	\$70,000	\$0	\$7,776,755	\$13,669,765	
Prgm. 2 Inf.Mgmt. & Tech.	12,677,746	-	(76,362)	(12,601,384)	-	
Prgm. 3 Liquor Control	2,556,599	-	-	-	2,556,599	
Prgm. 5 CSRM	3,845,828	-	-	4,824,629	8,670,457	
Prgm. 7 Bus. & Inc. Tax	10,279,979	-	-	-	10,279,979	
Prgm. 8 Prop. Assmt	20,760,646	987,660	(32,434)	-	21,715,872	
Agency Total	\$55,943,808	\$1,057,660	(\$108,796)	\$0	\$56,892,672	

Detailed discussions of each program are included in the corresponding program-level analyses.

Funding

The following table shows proposed agency funding by source of authority as proposed. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Department of Revenue Funding by Source of Authority 2017 Biennium Budget - Department of Revenue						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	108,063,592	0	265,676,565	373,740,157	62.41 %	
State Special Total	2,294,100	0	215,370,260	217,664,360	36.35 %	
Federal Special Total	482,852	0	0	482,852	0.08 %	
Proprietary Total	6,571,108	399,982	0	6,971,090	1.16 %	
Other Total	0	0	0	0	0.00 %	
Total All Funds	\$117,411,652	\$399,982	\$481,046,825	\$598,858,459		
Percent - Total All Sources	19.61 %	0.07 %	80.33 %			

The department is primarily funded with general fund, which is 62.4% of total funds in the 2017 biennium. Proprietary funds are 1.2% of total funds and support the operation of the Liquor Control Division and other divisions that support liquor control functions or the staff of the Liquor Control Division.

State special revenue, 36.3% of total funds, supports:

- Tobacco tax compliance activities under the Tobacco Master Settlement Agreement
- Appraisal, assessment, and taxation processes
- Administration of the unclaimed property program

State special revenue from the property valuation improvement fund is used for increasing the efficiency of the property appraisal, assessment, and taxation process through improvements in technology and administration.

Federal special revenue, 0.1% of total funds, supports federal mineral royalty audits.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	37,638,831	37,638,831	75,277,662	69.66 %	43,266,062	43,266,062	86,532,124	73.70 %
PL Adjustments	16,486,962	16,391,193	32,878,155	30.42 %	15,459,181	15,302,572	30,761,753	26.20 %
New Proposals	(58,725)	(33,500)	(92,225)	(0.09)%	151,275	(33,500)	117,775	0.10 %
Total Budget	\$54,067,068	\$53,996,524	\$108,063,592		\$58,876,518	\$58,535,134	\$117,411,652	

Language and Statutory Authority -

The Liquor Control Division requests the following language be included in HB 2:

"Liquor Control Division proprietary funds necessary to maintain adequate inventories, pay freight charges, and transfer profits and taxes to appropriate accounts are appropriated from the liquor enterprise fund (06005) to the department in the amounts not to exceed \$138 million in fiscal year 2016 and \$145 million in fiscal year 2017."