

Program Budget Comparison

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

Program 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	12.00	12.00	12.00	12.00	12.00	12.00	0.00	0.00 %
Personal Services	529,375	727,807	722,908	722,837	1,257,182	1,445,745	188,563	15.00 %
Operating Expenses	735,859	494,373	668,176	664,326	1,230,232	1,332,502	102,270	8.31 %
Equipment & Intangible Assets	12,000	25,500	12,000	12,000	37,500	24,000	(13,500)	(36.00)%
Total Costs	\$1,277,234	\$1,247,680	\$1,403,084	\$1,399,163	\$2,524,914	\$2,802,247	\$277,333	10.98 %
State/Other Special Rev. Funds	1,277,234	1,247,680	1,403,084	1,399,163	2,524,914	2,802,247	277,333	10.98 %
Capital Projects Funds	0	0	0	0	0	0	0	0.00 %
Total Funds	\$1,277,234	\$1,247,680	\$1,403,084	\$1,399,163	\$2,524,914	\$2,802,247	\$277,333	10.98 %

Program Description

The Montana Heritage Commission (MHC) manages three historic sites in Montana--Virginia City, Nevada City, and Reeder's Alley and the Pioneer Cabin in Helena.

In 1997, the Montana Legislature purchased Virginia City and Nevada City from the Bovey family. MHC is to promote and preserve these sites while encouraging Montanans, out-of-state visitors, and future generations to learn about the history of Montana. Virginia City and Nevada City represent authentic and tangible examples of the greatest gold strike in the Rocky Mountain West. Virginia City was the site of the state's first active territorial capital and the MHC offices now occupy the original Montana Legislative Offices.

MHC has two primary missions. The first is to operate and maintain the Virginia City, Nevada City, and Reeder's Alley properties and income-producing assets and artifacts with a goal of financial self-sufficiency. The second is to preserve the Virginia City and Nevada City artifacts and non-income producing assets (e.g., historical or cultural assets). The current value of all Virginia City, Nevada City, and Reeder's Alley assets, including land, buildings, and artifacts, is estimated to be \$41 million. MHC can move toward self-sufficiency primarily by increasing the number of visitors to its sites and by improving and expanding the visitor experiences at these sites.

Program Highlights

Montana Heritage Commission
<ul style="list-style-type: none"> 100% of the Montana Heritage Commission is funded with statutory appropriations including 12.00 FTE
Major LFD Issues
<ul style="list-style-type: none"> Revenue projections above projected trend lines thus increasing potential of operating losses

Program Discussion -

This program is entirely funded with statutory appropriations. As such, the legislature does not approve either the expenditures or the funding of the program. The table below shows the actual and proposed expenditures and funding for the program.

Department of Commerce Montana Heritage Commission				
	Actuals FY 2014	Appropriated FY 2015	Proposed FY 2016	Proposed FY 2017
Beginning Fund Balance	(\$13,105)	(\$50,952)	\$5,841	(\$36,854)
Revenues				
Taxes	665,871	627,395	627,395	627,395
Charges for Services	193,135	206,571	400,002	400,002
BOI Investment Earnings	66	2,005	2,005	2,005
Sales of Documents/Mdse/Property	32,279	55,395	55,395	55,395
Rentals/Leases/Royalties	158,202	229,936	229,936	229,936
Contributions/Premiums	505	220	220	220
Grants/Transfers/Misc	<u>189,119</u>	<u>183,475</u>	<u>45,436</u>	<u>45,436</u>
Total Revenues	1,239,177	1,304,997	1,360,389	1,360,389
Expenditures				
Personal Services	529,375	727,807	722,908	722,837
Operating Expenses	735,859	494,373	668,176	664,326
Equipment & Intangible Assets	<u>12,000</u>	<u>25,500</u>	<u>12,000</u>	<u>12,000</u>
Total Expenditures	1,277,234	1,247,680	1,403,084	1,399,163
Adjustments	<u>210</u>	<u>(524)</u>	<u>0</u>	<u>0</u>
Ending Fund Balance	<u>(\$50,952)</u>	<u>\$5,841</u>	<u>(\$36,854)</u>	<u>(\$75,628)</u>

As shown, funding for the program is projected to be below projected costs in both years of the 2017 biennium.

**LFD
ISSUE**
Revenue Projections Above Projected Trend Lines Thus Increasing Potential of Operating Losses

MHC forecasts that revenues from charges for services will increase 107% above FY 2014 actuals. Changes in total charges for services revenues from FY 2008 through FY 2014 are shown in the figure below.

Department of Commerce Montana Heritage Commission Charges for Services Revenues		
Fiscal Year	Revenues	% Change
FY 2008	176,062	
FY 2009	164,909	-6.33%
FY 2010	191,847	16.34%
FY 2011	136,395	-28.90%
FY 2012	113,744	-16.61%
FY 2013	176,397	55.08%
FY 2014	193,171	9.51%
7 year average	164,646	
3 year average	161,104	

As shown in the table, revenues from charges for services have varied considerably. However, in no period over the last seven years have the revenues increased by more than 55% over the previous year. If the legislature wishes to ensure that the state special revenue fund used to fund the Montana Heritage Commission has a positive fund balance at FYE 2017, it may wish to request that MHC update its proposal for funding and expenditures in the budgeting system to reflect revenues more closely aligned with recent trends and corresponding reductions in proposed expenditures for the program.

Legislative Option

Request that MHC update its proposal for funding and expenditures in the budgeting system to reflect revenues more closely aligned with recent trends and corresponding reductions in proposed expenditures for the program.

Funding

The following table shows proposed program funding by source from all sources of authority.

Department of Commerce, 80-Montana Heritage Commission Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0.00 %
02102 MT Heritage Pres & Development	0	0	2,802,247	2,802,247	100.00 %
State Special Total	\$0	\$0	\$2,802,247	\$2,802,247	100.00 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$0	\$0	\$2,802,247	\$2,802,247	

As shown, the Montana Heritage Commission is entirely funded with statutorily appropriated fundings. As shown on the table in the Montana Promotion Division narrative in this department, the funding from the lodging use facility tax is fixed at \$400,000 each year of the biennium. The remainder of the funding includes revenues from Virginia and Nevada cities and Reeder's Alley as well as funding from light vehicle registrations.

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	0	0	0	0.00 %	1,191,258	1,191,258	2,382,516	0.00 %
PL Adjustments	0	0	0	0.00 %	211,826	207,905	419,731	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$1,403,084	\$1,399,163	\$2,802,247	