

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	7.50	7.50	5.50	5.50	7.50	5.50	(2.00)	(26.67)%
Personal Services	388,508	491,795	505,316	485,915	880,303	991,231	110,928	12.60 %
Operating Expenses	161,843	86,802	169,223	168,849	248,645	338,072	89,427	35.97 %
Local Assistance	6,374	15,764	15,764	15,764	22,138	31,528	9,390	42.42 %
Total Costs	\$556,725	\$594,361	\$690,303	\$670,528	\$1,151,086	\$1,360,831	\$209,745	18.22 %
General Fund	556,725	594,361	690,303	670,528	1,151,086	1,360,831	209,745	18.22 %
Total Funds	\$556,725	\$594,361	\$690,303	\$670,528	\$1,151,086	\$1,360,831	\$209,745	18.22 %

Program Description

The Montana Tax Appeal Board (board), established by Article VIII, Section 7, of the Montana Constitution and 15-2-101, MCA, provides a tax appeal system for all actions of the Department of Revenue and other taxing agencies. The board consists of three members, appointed by the Governor and approved by the Senate, who hear appeals as full time state employees, with two support staff. The board hears appeals from decisions of the 56 county tax appeal boards, primarily involving residential and commercial property valuation, and takes original jurisdiction in matters involving income taxes, corporate taxes, severance taxes, centrally-assessed property and new industry property, motor fuels taxes, vehicle taxes, and cabin site leases. The Montana Tax Appeal Board directs the county tax appeal board secretaries, and pays their salaries and employee benefits from its personal services appropriation. In addition, the board pays the board member stipends and clerical-related expenses for all 56 county tax appeal boards, including supplies, postage, and copies, but excluding office equipment.

Program Highlights

Montana Tax Appeal Board Major Budget Highlights
<ul style="list-style-type: none"> • The legislature provided a 2017 biennium budget that is 16.4% above the 2015 biennium legislative appropriation • The board is entirely supported by general fund • The legislature eliminated 1.50 FTE from the aggregate secretarial positions used to fund the operational costs of the county tax appeal boards • Increased funding for the 2015 reappraisal cycle was provided

Program Narrative

The legislature provided increased operating expenses over the biennium including:

- \$130,000 to address anticipated increases in tax appeals due to the statewide reappraisal effective January 1, 2015, the first in six years for residential, commercial, agricultural, and timberland property
- \$91,000 for rent costs associated with the move into an ADA compliant building
- \$79,000 for increased operation costs including supplies and materials, communications, travel, and training costs

The legislature also provided for increased personal services for annualization of the state share of employee insurance benefits and pay raised provided in FY 2015. These were offset by reduction of 1.50 FTE from an aggregate secretarial

position. The position had been used to fund the personal services costs for the county tax appeals boards. Review of the usage of the position showed that only a small percentage of the appropriation were utilized by the board.

Funding

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

Department of Administration, 37-Montana Tax Appeal Board Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	1,360,831	0	0	1,360,831	100.00 %	
State Special Total	\$0	\$0	\$0	\$0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$1,360,831	\$0	\$0	\$1,360,831		

The board is fully funded with general fund. In addition, general fund provides support for travel expenses, compensation, and all other incidental expenses of county tax boards, except that counties fund office and equipment expenses of their respective county boards.

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	594,361	594,361	1,188,722	87.35 %	594,361	594,361	1,188,722	87.35 %
PL Adjustments	154,694	134,810	289,504	21.27 %	154,694	134,810	289,504	21.27 %
New Proposals	(58,752)	(58,643)	(117,395)	(8.63)%	(58,752)	(58,643)	(117,395)	(8.63)%
Total Budget	\$690,303	\$670,528	\$1,360,831		\$690,303	\$670,528	\$1,360,831	

The legislature provided increases in personal services and operating expenses a part of its present law adjustments for this program. Included in the increased costs for operating expenses were general fund for in the following amounts:

- \$130,000 for increased expenses anticipated due to property tax reappraisal
- \$91,000 for additional rent costs in the 2017 biennium

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
-----Fiscal 2016-----						-----Fiscal 2017-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	3,402	0	0	3,402	0.00	3,402	0	0	3,402
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	9,471	0	0	9,471	0.00	9,471	0	0	9,471
DP 525 - Fixed Cost Adjustment	0.00	(19,433)	0	0	(19,433)	0.00	(19,424)	0	0	(19,424)
DP 529 - Longevity and Other adjustments	0.00	(600)	0	0	(600)	0.00	(110)	0	0	(110)
DP 550 - Motor Pool Rate Adjustment	0.00	(20)	0	0	(20)	0.00	(20)	0	0	(20)
DP 3700106 - Directors Office Costs	0.00	1,734	0	0	1,734	0.00	1,351	0	0	1,351
DP 3700210 - Additional operating expenses (OTO)	0.00	39,540	0	0	39,540	0.00	39,540	0	0	39,540
DP 3700300 - Rent - New Building Lease	0.00	26,684	0	0	26,684	0.00	26,684	0	0	26,684
DP 3700444 - Statewide 4% FTE Reduction - Program 37	(0.50)	0	0	0	0	(0.50)	0	0	0	0
DP 3703701 - 2015 Statewide Reappraisal Cycle	0.00	75,000	0	0	75,000	0.00	55,000	0	0	55,000
DP 3703702 - Rent - Base Funding	0.00	18,916	0	0	18,916	0.00	18,916	0	0	18,916
Grand Total All Present Law Adjustments	(0.50)	\$154,694	\$0	\$0	\$154,694	(0.50)	\$134,810	\$0	\$0	\$134,810

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Cost Adjustment -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 529 - Longevity and Other adjustments -

The legislature adopted personal service adjustments for unemployment insurance, workers compensation rates, longevity, retirement, and health benefits.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 3700106 - Directors Office Costs -

The legislature funded the division's share of department indirect/administrative costs for services provided by proprietary funded centralized service functions of the agency.

DP 3700210 - Additional operating expenses (OTO) -

The legislature provided additional support for operational expense such as supplies and materials, communications, travel, and training costs. The general fund is provided on a one-time-only basis.

DP 3700300 - Rent - New Building Lease -

The legislature approved additional rent costs associated with the Montana Tax Appeal Board moving into an ADA compliant building.

DP 3700444 - Statewide 4% FTE Reduction - Program 37 -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. Change package PL-3700444 includes a reduction of 0.50 FTE each year.

DP 3703701 - 2015 Statewide Reappraisal Cycle -

The legislature provided \$75,000 in general fund in FY 2016 and \$55,000 in FY 2017 is to address anticipated increases in tax appeals. Effective January 1, 2015, all residential, commercial, agricultural, and timberland property was revalued for tax purposes. This was the first revaluation in six years and is anticipated to generate an increased number of appeals. Property tax appeals are heard by the County Tax Appeal Boards before they are appealed to the Montana Tax Appeal Board. Because the County Tax Appeal Boards are funded through the Montana Tax Appeal Board budget, an increased allocation was provided to handle upcoming appeals.

DP 3703702 - Rent - Base Funding -

The legislature provided the Montana Tax Appeal Board \$18,916 each year of the biennium for office rent supported by general fund. The budgeting process eliminated the base funding for rent.

New Proposals

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals										
-----Fiscal 2016-----						-----Fiscal 2017-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 3700200 - Reduce FTE 1.50										
(1.50)	(58,752)	0	0	(58,752)		(1.50)	(58,643)	0	0	(58,643)
Total	(1.50)	(\$58,752)	\$0	\$0	(\$58,752)	(1.50)	(\$58,643)	\$0	\$0	(\$58,643)

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 3700200 - Reduce FTE 1.50 -

The legislature eliminated 1.50 FTE from an aggregate secretarial position used to fund the personal services costs for the county tax appeals boards. Review of the usage of the position showed that only a small portion of the funds appropriated for this purpose were utilized by the board.