

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	110.25	110.25	107.25	107.25	110.25	107.25	(3.00)	(2.72)%
Personal Services	5,227,727	5,744,295	5,911,894	5,936,958	10,972,022	11,848,852	876,830	7.99 %
Operating Expenses	2,914,787	2,926,162	2,902,885	2,874,648	5,840,949	5,777,533	(63,416)	(1.09)%
Total Costs	\$8,142,514	\$8,670,457	\$8,814,779	\$8,811,606	\$16,812,971	\$17,626,385	\$813,414	4.84 %
General Fund	7,797,661	8,360,565	8,567,655	8,563,184	16,158,226	17,130,839	972,613	6.02 %
State/Other Special Rev. Funds	307,883	271,915	208,444	208,419	579,798	416,863	(162,935)	(28.10)%
Proprietary Funds	36,970	37,977	38,680	40,003	74,947	78,683	3,736	4.98 %
Total Funds	\$8,142,514	\$8,670,457	\$8,814,779	\$8,811,606	\$16,812,971	\$17,626,385	\$813,414	4.84 %

Program Description

The Citizen Services and Resource Management Division (CSRM) focuses on providing services to citizens, including the advancement of free electronic filing, and support services to the other divisions of the department. CSRM includes the Financial and Asset Management Bureau, the Citizen Services Bureau, the Collections Bureau, and the Information Management Bureau. The division integrates the department's accounting, purchasing, safety and security, and statewide facility functions through the Financial and Asset Management Bureau. This bureau ensures state tax collections and department expenses are properly accounted for, supports the efficient and safe operation of department facilities, and conducts disaster and emergency preparedness and continuity of government activities. The division's Citizen Services Bureau assists taxpayers by answering questions through the department's call center, coordinates the eStop business licensing program to create efficiencies and reduced costs to businesses, returns unclaimed property that has been remitted to the state to the rightful owners, and strives to create tax forms and instructions that are thorough and understandable. The Collections Bureau establishes payment plans or initiates forced collections using legal actions to resolve delinquent tax liabilities and provides collection services to other state and local agencies for recovery of bad debts. The bureau includes the Bankruptcy Unit responsible for filing and recoveries of debt through bankruptcy proceedings. The Information Management Bureau ensures secure handling and processing of taxpayer information, payments, and data in electronic or paper form. The bureau is organized into four units including Account Maintenance and Cashiering, Information Capture, Electronic Services (E-Services), and Mail and Imaging.

Program Highlights

Citizen Services & Resource Management Program Major Budget Highlights
<ul style="list-style-type: none"> • The budget increase in the Citizen Services and Resource Management Program was driven entirely by increases in personal services due to present law adjustments. • The legislature approved the reorganization of the Information and Technology Division into the Director's Office and Citizen Services and Resource Management Division.

Funding

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

Department of Revenue, 05-Citizen Services & Resource Management Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	17,130,839	0	0	17,130,839	8.82 %	
02008 Tobacco And Cig. Tribal Agree.	0	0	5,702,768	5,702,768	3.23 %	
02025 Unclaimed Property	323,915	0	0	323,915	0.18 %	
02083 Oil & Gas Local Assistance	0	0	6,802,000	6,802,000	3.85 %	
02088 SSR ADMINISTRATIVE FUNDS	92,948	0	0	92,948	0.05 %	
02168 MT Oil Production Tax	0	0	153,790,000	153,790,000	87.09 %	
02169 Bentonite Production Tax	0	0	4,800,000	4,800,000	2.72 %	
02511 Oil Gas and Coal Natural Res	0	0	4,204,000	4,204,000	2.38 %	
02966 Tribal Agreement - Alcohol	0	0	880,232	880,232	0.50 %	
State Special Total	\$416,863	\$0	\$176,179,000	\$176,595,863	90.95 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
06005 Liquor Division	78,683	0	0	78,683	17.60 %	
06554 CSC Collection Services	0	368,360	0	368,360	82.40 %	
Proprietary Total	\$78,683	\$368,360	\$0	\$447,043	0.23 %	
Total All Funds	\$17,626,385	\$368,360	\$176,179,000	\$194,173,745		

The Citizens Services and Resource Management Division is funded primarily by the general fund. State special revenue funds the division’s administration of livestock per capita fee, and for support of the unclaimed property program. The finances of the Collections Services Program are not shown in the HB 2 tables because it is funded with proprietary funds. The Collections Services Program is discussed in the Proprietary Rates Section that follows the HB 2 discussion.

As seen in the figure above, the Citizen Services and Resource Management program is also responsible for the statutorily appropriated distributions of various tax revenues to local and tribal governments.

Budget Summary by Category

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

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	3,584,757	3,584,757	7,169,514	41.85 %	3,845,828	3,845,828	7,691,656	43.64 %
PL Adjustments	4,982,898	4,978,427	9,961,325	58.15 %	4,968,951	4,965,778	9,934,729	56.36 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$8,567,655	\$8,563,184	\$17,130,839		\$8,814,779	\$8,811,606	\$17,626,385	

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	52,124	0	0	52,124	0.00	52,124	0	0	52,124	
DP 520 - Fully Fund 2015 Legislatively Authorized FTE										
0.00	108,110	0	0	109,692	0.00	108,110	0	0	109,692	
DP 525 - Fixed Cost Adjustments										
0.00	26,307	0	0	26,307	0.00	(17,417)	0	0	(17,417)	
DP 527 - Inflation/Deflation Adjustments										
0.00	(331)	0	0	(331)	0.00	(343)	0	0	(343)	
DP 532 - General Liability Insurance Rate Adjustment										
0.00	(2,114)	0	0	(2,114)	0.00	(2,114)	0	0	(2,114)	
DP 550 - Motor Pool Rate Adjustment										
0.00	(28)	0	0	(28)	0.00	(28)	0	0	(28)	
DP 500444 - Statewide 4% FTE Reduction- Program 5										
(3.00)	0	0	0	0	(3.00)	0	0	0	0	
DP 500504 - Reduce Hail Insurance Authority										
0.00	0	(42,381)	0	(42,381)	0.00	0	(42,381)	0	(42,381)	
DP 500505 - Longevity and Other Adjustments										
0.00	5,783	0	0	5,783	0.00	30,847	0	0	30,847	
DP 500506 - Operating Cost Adjustments										
0.00	(60,308)	27,731	0	(33,456)	0.00	(60,281)	27,706	0	(32,131)	
DP 500507 - Reorganization-Personal Services										
0.00	2,684,310	0	0	2,684,310	0.00	2,684,310	0	0	2,684,310	
DP 500508 - Reorganization-Operating Expenses										
0.00	2,140,318	0	0	2,140,318	0.00	2,140,318	0	0	2,140,318	
DP 500509 - CSRM Rent										
0.00	28,727	0	0	28,727	0.00	42,901	0	0	42,901	
Grand Total All Present Law Adjustments										
(3.00)	\$4,982,898	(\$14,650)	\$0	\$4,968,951	(3.00)	\$4,978,427	(\$14,675)	\$0	\$4,965,778	

***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 Adjustments -

The legislature adopted fixed cost adjustments.

DP 527 - Inflation/Deflation Adjustments -

The legislature adopted inflation/deflation adjustments.

DP 532 - General Liability Insurance Rate Adjustment -

The legislature reduced the rate assessed to state agencies for general liability insurance provided by the Risk Management and Tort Defense Division.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 500444 - Statewide 4% FTE Reduction- Program 5 -

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 500444 includes a reduction of 3.00 FTE each year.

DP 500504 - Reduce Hail Insurance Authority -

The legislature adopted the reduction of authority used to administer the hail insurance program that was transferred to the Department of Agriculture in SB 162 during the 2013 Legislative Session.

DP 500505 - Longevity and Other Adjustments -

The legislature adopted personal services adjustments for longevity, retirement, unemployment insurance, and workers compensation.

DP 500506 - Operating Cost Adjustments -

The legislature adopted all other operating cost adjustments.

DP 500507 - Reorganization-Personal Services -

The legislature adopted the personal services and operating reorganization of the Information Management and Technology Division into the Director's Office and Citizen Services and Resource Management Division.

DP 500508 - Reorganization-Operating Expenses -

The legislature adopted the personal services and operating reorganization of the Information Management and Technology Division into the Director's Office and Citizen Services and Resource Management Division.

DP 500509 - CSRM Rent -

The legislature approved \$28,727 in FY 2016 and \$42,901 in FY 2017 to cover the costs of increases in lease agreements for the Donovan Building.

Other Issues*Program Description*

Montana law authorizes the Department of Revenue to assist other agencies in the collection of delinquent accounts. The department retains a percentage of these collections for the costs of assistance in conjunction with 17-4-103 (3)(a), MCA. The department established the Collections Services Program, which includes 3.50 FTE, to administer its statutory responsibilities under Title 17, chapter 4, MCA. These responsibilities include providing collection services for the purpose of centralizing debt collection for the State of Montana.

Proprietary Revenue and Expenses

The department is currently authorized to charge a commission rate up to 5% for its collection services excluding the collection of overpaid child support payments made to custodial parents and collection of delinquent child support payments from noncustodial parents. The commissions collected are used to pay the expenses of the Collection Services Program.

Approximately 83% of the expenditures are paid in salaries and benefits with the remaining expenditures representing operating expenses of the program.

Administration of this program requires a minimum of a 9-month working capital balance due to the timing of program collections through offset of other state monies, as the program collects the largest amount of revenues on delinquent accounts during the income tax season and the hunting permitting season.

Proprietary Rate Explanation

The legislature approved a maximum commission rate of 5% continue into the 2017 biennium. Exempted from this rate is collection of overpaid child support payments made to custodial parents or collection of delinquent child support payments from noncustodial parents. Commissions associated with child support payments are charged against a separate general fund appropriation designated by the legislature in a prior legislative session.

For the 2017 biennium the following rates were adopted by the legislature. The rates charged in the base year are shown for comparison purposes.

CSRM Collection Services - 06554								
	Actual FY2014	Budgeted FY2015	Budgeted FY2016	Budgeted FY2017	2015 Bien	2017 Bien	Biennial Change	% Change
Operating Revenues:								
Fee revenue								
Charges for Services (non-DOR)	\$150,878	\$198,487	\$199,955	\$200,025	\$349,365	\$399,980	\$50,615	\$0
Charges for Services (DOR)	<u>50,214</u>	<u>2,605</u>	<u>1,137</u>	<u>1,067</u>	<u>52,819</u>	<u>2,204</u>	<u>(50,615)</u>	-95.8%
Total Fee/Operating Revenue	201,092	201,092	201,092	201,092	402,184	402,184	0	0.0%
Operating Expenses:								
Personal Services	142,826	160,000	160,000	160,000	302,826	320,000	17,174	5.7%
Other Post Employment Expense	11,118	11,118	11,118	11,118	22,236	22,236	0	0.0%
Other Operating Expenses	<u>22,041</u>	<u>22,041</u>	<u>22,041</u>	<u>22,041</u>	<u>44,082</u>	<u>44,082</u>	<u>0</u>	<u>0.0%</u>
Total Operating Expenses	\$175,985	\$193,159	\$193,159	\$193,159	\$369,144	\$386,318	\$17,174	4.7%
Operating Income (Loss)	\$25,107	\$7,933	\$7,933	\$7,933	\$33,040	\$15,866	(\$17,174)	

The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.