

### 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	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00 %
Personal Services	0	48,000	0	0	48,000	0	(48,000)	(100.00)%
Operating Expenses	0	60,000	105,000	105,000	60,000	210,000	150,000	250.00 %
Equipment & Intangible Assets	0	0	0	0	0	0	0	0.00 %
Grants	0	20,000	0	0	20,000	0	(20,000)	(100.00)%
<b>Total Costs</b>	<b>\$0</b>	<b>\$128,000</b>	<b>\$105,000</b>	<b>\$105,000</b>	<b>\$128,000</b>	<b>\$210,000</b>	<b>\$82,000</b>	<b>64.06 %</b>
Federal Spec. Rev. Funds	0	128,000	105,000	105,000	128,000	210,000	82,000	64.06 %
<b>Total Funds</b>	<b>\$0</b>	<b>\$128,000</b>	<b>\$105,000</b>	<b>\$105,000</b>	<b>\$128,000</b>	<b>\$210,000</b>	<b>\$82,000</b>	<b>64.06 %</b>

### Page Reference

Legislative Budget Analysis, A-55

### Executive Budget Comparison

The following table compares the legislative budget for the 2017 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2014	Executive Budget Fiscal 2016	Legislative Budget Fiscal 2016	Leg — Exec. Difference Fiscal 2016	Executive Budget Fiscal 2017	Legislative Budget Fiscal 2017	Leg — Exec. Difference Fiscal 2017	Biennium Difference Fiscal 16-17
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Personal Services	0	0	0	0	0	0	0	0
Operating Expenses	0	105,000	105,000	0	105,000	105,000	0	0
Equipment & Intangible Assets	0	0	0	0	0	0	0	0
Grants	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$0</b>	<b>\$105,000</b>	<b>\$105,000</b>	<b>\$0</b>	<b>\$105,000</b>	<b>\$105,000</b>	<b>\$0</b>	<b>\$0</b>
Federal Spec. Rev. Funds	0	105,000	105,000	0	105,000	105,000	0	0
<b>Total Funds</b>	<b>\$0</b>	<b>\$105,000</b>	<b>\$105,000</b>	<b>\$0</b>	<b>\$105,000</b>	<b>\$105,000</b>	<b>\$0</b>	<b>\$0</b>

The legislative budget for the office is unchanged from that proposed by the executive.

### Agency Highlights

**Secretary of State  
Major Budget Highlights**

- No FY 2014 ongoing funding exists for the office as the 2013 Legislature designated the \$256,000 in federal Help America Vote Act (HAVA) funds appropriated for the 2015 bienium as one-time-only (OTO)
- The legislature provided HB 2 funding for operating costs associated with elections with HAVA funds and has again designated those funds as OTO
- The remainder of the office funding is derived from non-budgeted proprietary funds which are not reflected in the preceding table

**Page Reference**

Legislative Budget Analysis, A-57

**Funding**

The operations of the Secretary of State’s Office are primarily funded with proprietary funds derived from fees for services, document sales, and other fees established in statute. For further discussion regarding these funds refer to the “Proprietary Rate” section of the narrative.

In recent years, the federal Help America Vote Act of 2002 has provided federal revenues for election reform initiatives. Since expenditure of HAVA interest funds in the base were designated as one-time-only, these expenditures were removed from the base and no base exists. Interest accrued on deposit of HAVA funds remains unspent and funding from these funds is proposed for the 2017 biennium.

**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 %	0	0	0	0.00 %	
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %	
New Proposals	0	0	0	0.00 %	105,000	105,000	210,000	0.00 %	
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$105,000</b>	<b>\$105,000</b>	<b>\$210,000</b>		

**New Proposals -**

The "New Proposals" table shows the changes from the legislative appropriation for FY 15 to the proposed budget.

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 100002 - HAVA Interest - (OTO)	0.00	0	0	105,000	105,000	0.00	0	0	105,000	105,000
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$105,000</b>	<b>\$105,000</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$105,000</b>	<b>\$105,000</b>

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

**DP 100002 - HAVA Interest - (OTO) -**

The legislature provided authority for interest generated from federal Help America Vote Act (HAVA) funds as an one-time-only, restricted appropriation. HAVA money assists the office and counties with HAVA regulations and compliance.

**Other Issues -**

**Proprietary Rates**

**Business and Government Services - 06053**

**Program Description**

The Secretary of State conducts its daily operations through a single program, the Business and Government Services Program. It provides the following major functions:

- Election administration
- Registration and document filing of Montana businesses
- Publication and distribution of administrative rules
- Records management of public documents generated by state and local governments
- Centralized services for the Secretary of State's Office

While for budgeting purposes the SOS only has one program, SOS does have five divisions, one for each of the described functions above.

*Program Discussion*Revenues

Revenues are received from fees charged to: 1) businesses and corporations for corporate filings, registration of assumed business names, and trademarks; 2) state agencies and users of ARM for publishing and distributing the ARM and the MAR, and storage and management of public documents; 3) candidates who file for elections; 4) Montana citizens who apply to be notaries. Revenues, by source, have been steadily increasing since FY 2009 and are not projected to deviate from this pattern. The 2017 Biennium Report on Internal Services and Proprietary Funds showing SOS projections of revenues and expenditures is presented on the next page.

2017 Biennium Report on Internal Service and Enterprise Funds				
Fund 6053		Program Name Business & Government Services		
	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
<b>Operating Revenues:</b>				
Fee revenue				
Revenue	5,142,401	4,901,130	4,902,160	4,899,640
Net Fee Revenue	5,186,120	4,901,130	4,902,160	4,899,640
Investment Earnings	4,229	4,000	-	-
Securities Lending Income	-	-	-	-
Other Operating Revenues	-	-	-	-
Total Operating Revenue	5,190,350	4,905,130	4,902,160	4,899,640
<b>Operating Expenses:</b>				
Personal Services	3,342,875	3,900,014	4,057,904	4,055,419
Other Operating Expenses	1,100,099	2,141,676	2,101,447	1,946,727
SIMS Operating Expenses	<u>34,662</u>	<u>12,435</u>	<u>12,435</u>	<u>132,171</u>
Total Operating Expenses	4,477,635	6,054,125	6,171,786	6,134,317
Operating Income (Loss)	<b>712,714</b>	<b>(1,148,995)</b>	<b>(1,269,626)</b>	<b>(1,234,677)</b>
<b>Nonoperating Revenues (Expenses):</b>				
Net Nonoperating Revenues (Expenses)	(70,234)	-	-	-
Income (Loss) Before Operating Transfers	642,480	(1,148,995)	(1,269,626)	(1,234,677)
Contributed Capital	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	-
Change in net assets	642,480	(1,148,995)	(1,269,626)	(1,234,677)
Total Net Assets- July 1 - As Restated	5,114,693	5,757,173	4,608,178	3,338,552

Prior Period Adjustments	-	-	-	-
Cumulative effect of account change	-	-	-	-
Total Net Assets - July 1 - As Restated	5,114,693	5,757,173	4,608,178	3,338,552
Net Assets- June 30	<b>5,757,173</b>	<b>4,608,178</b>	<b>3,338,552</b>	<b>2,103,875</b>
60 days of expenses (Total Operating Expenses divided by 6)	746,273	1,009,021	1,028,631	1,022,386

This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approved rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund.