

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	53.50	53.50	53.50	53.50	53.50	53.50	0.00	0.00%
Personal Services	2,764,229	2,841,483	2,871,996	2,871,907	5,605,712	5,743,903	138,191	2.47%
Operating Expenses	765,677	817,160	815,216	786,899	1,582,837	1,602,115	19,278	1.22%
Equipment & Intangible Assets	19,254	0	0	0	19,254	0	(19,254)	(100.00%)
<b>Total Costs</b>	<b>\$3,549,160</b>	<b>\$3,658,643</b>	<b>\$3,687,212</b>	<b>\$3,658,806</b>	<b>\$7,207,803</b>	<b>\$7,346,018</b>	<b>\$138,215</b>	<b>1.92%</b>
General Fund	3,318,565	3,428,167	3,438,513	3,410,106	6,746,732	6,848,619	101,887	1.51%
State Special	187,410	187,261	211,838	212,123	374,671	423,961	49,290	13.16%
Other	43,185	43,215	36,861	36,577	86,400	73,438	(12,962)	(15.00%)
<b>Total Funds</b>	<b>\$3,549,160</b>	<b>\$3,658,643</b>	<b>\$3,687,212</b>	<b>\$3,658,806</b>	<b>\$7,207,803</b>	<b>\$7,346,018</b>	<b>\$138,215</b>	<b>1.92%</b>

**Program Description**

The Citizen Services and Resource Management Division focuses on providing services to citizens, including the advancement of free electronic filing, and support services to the other divisions of the department. 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 one-stop 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 Accounts Receivable and Collection Bureau establishes payment plans or initiates collections using legal actions to resolve delinquent tax liabilities. They provide 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.

**Program Highlights**

Citizen Services & Resource Management Major Budget Highlights	
<ul style="list-style-type: none"> <li>◆ This budget proposal for the 2015 biennium would be an increase of \$138,215 or 1.9% from the 2013 biennium budget                             <ul style="list-style-type: none"> <li>● Personal service costs would increase by 2.5% primarily due to raises given to 11 staff, or 20.6% of budgeted FTE, in the base year, FY 2012</li> </ul> </li> </ul>	
Major LFD Issues	
<ul style="list-style-type: none"> <li>◆ The costs associated with DP 501 could be disaggregated, removing one-time-only costs from increasing the base</li> </ul>	

### Program Discussion

The budget request for the Citizen Services and Resource Management program would be a \$138,215, or 1.9%, increase over the budget approved by the legislature in the 2013 biennium, primarily due to increases in personal service costs that include the following:

- 11 staff were given raises in the base year that averaged 6.8% at an annualized cost of more than \$26,000, not including the increased costs of taxes and insurance
- The division experienced a vacancy rate, based on position usage, of 9.2% compared to the budgeted 4% rate of vacancy savings

### Funding

The following table shows program funding, by source for the 2015 biennium as recommended by the Governor.

Total Department Of Revenue Funding by Source of Authority 2015 Biennium Budget - Citizen Services & Resource Mgmt							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$6,848,619	\$0	\$0	\$6,848,619	2.9%		
State Special Total	\$423,961	\$0	\$231,254,506	\$231,678,467	96.9%		
02008 Tobacco And Cig. Tribal Agree.	\$0	\$0	\$9,520,274	\$9,520,274	4.0%	18-11-112	Pass Thru
02025 Unclaimed Property	\$307,864	\$0	\$0	\$307,864	0.1%		
02083 Oil & Gas Local Assistance	\$0	\$0	\$10,000,000	\$10,000,000	4.2%	15-37-117	Pass Thru
02088 Ssr Administrative Funds	\$116,097	\$0	\$0	\$116,097	0.0%		
02168 Mt Oil Production Tax	\$0	\$0	\$197,054,000	\$197,054,000	82.5%	15-36-332	Pass Thru
02169 Bentonite Production Tax	\$0	\$0	\$4,800,000	\$4,800,000	2.0%	15-39-110	Pass Thru
02511 Oil, Gas, And Coal Natural Res	\$0	\$0	\$9,000,000	\$9,000,000	3.8%	15-36-332	Pass Thru
02966 Tribal Agreement - Alcohol	\$0	\$0	\$880,232	\$880,232	0.4%	18-11-112	Pass Thru
06005 Liquor Division	\$73,438	\$0	\$0	\$73,438	0.0%		
06554 Csc Collection Services	\$0	\$368,940	\$0	\$368,940	0.2%		
Total All Funds	\$7,346,018	\$368,940	\$231,254,506	\$238,969,464	100.0%		
<b>Percent - Total All Sources</b>	<b>3.1%</b>	<b>0.2%</b>	<b>96.8%</b>				

The Citizens Services and Resource Management Division is funded primarily by the general fund. State special revenue funds the division's administration of hail insurance premiums and 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 by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	3,318,565	3,318,565	6,637,130	96.91%	3,549,160	3,549,160	7,098,320	96.63%
Statewide PL Adjustments	105,246	98,239	203,485	2.97%	123,350	116,344	239,694	3.26%
Other PL Adjustments	13,646	(7,754)	5,892	0.09%	13,646	(7,754)	5,892	0.08%
New Proposals	1,056	1,056	2,112	0.03%	1,056	1,056	2,112	0.03%
<b>Total Budget</b>	<b>\$3,438,513</b>	<b>\$3,410,106</b>	<b>\$6,848,619</b>		<b>\$3,687,212</b>	<b>\$3,658,806</b>	<b>\$7,346,018</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					227,432					227,344
Vacancy Savings					(119,665)					(119,666)
Inflation/Deflation					86					159
Fixed Costs					15,497					8,507
<b>Total Statewide Present Law Adjustments</b>		<b>\$105,246</b>	<b>\$24,428</b>	<b>\$0</b>	<b>\$123,350*</b>		<b>\$98,239</b>	<b>\$24,713</b>	<b>\$0</b>	<b>\$116,344*</b>
DP 501 - Web-Based Application Portal for 1-Stop Licensing	0.00	32,900	0	0	32,900	0.00	11,500	0	0	11,500
DP 502 - Adjust for Operating Plan Change	0.00	(19,254)	0	0	(19,254)	0.00	(19,254)	0	0	(19,254)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$13,646</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,646</b>	<b>0.00</b>	<b>(\$7,754)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$7,754)</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$118,892</b>	<b>\$24,428</b>	<b>\$0</b>	<b>\$136,996*</b>	<b>0.00</b>	<b>\$90,485</b>	<b>\$24,713</b>	<b>\$0</b>	<b>\$108,590*</b>

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

DP 501 - Web-Based Application Portal for 1-Stop Licensing - The executive requests an increase in general fund appropriation authority to fund the development of a secure web-based application that would allow businesses to apply for licenses in coordination with the internet application One-Stop Licensing Program. This request includes one-time-only development costs of \$32,900 and ongoing annual maintenance costs of \$11,500 for FY 2015 and beyond.

<b>LFD ISSUE</b>	<p><u>One-Time-Only Need</u></p> <p>The present law proposal for DP 501 includes \$21,400 in costs that would only be required in FY 2014. The one-time-only costs would fund the consulting services required for the development of a secure web-based business license application. The legislature may want to consider disaggregating this request and include those costs on a one-time-only basis. By taking this action, the legislature would reduce the base budget impact of the expansion.</p>
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DP 502 - Adjust for Operating Plan Change - The executive requests a reduction in the general funded equipment budgetary base. In FY 2012 the division utilized budget authority to invest in an upgraded telephone, and to maintain the base budget at the level appropriated by the last legislature, this amount would be removed from the division's base budget.

**New Proposals**

Program	Fiscal 2014					Fiscal 2015					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 6101 - Professional Development Center Fee Allocation	05	0.00	1,056	0	0	1,056	0.00	1,056	0	0	1,056
<b>Total</b>	<b>0.00</b>	<b>\$1,056</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,056</b>	<b>0.00</b>	<b>\$1,056</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,056</b>	

DP 6101 - Professional Development Center Fee Allocation - The executive requests an increase for training services purchased from the Professional Development Center (PDC) of the Department of Administration. This request reflects the difference between the amount paid in the base for PDC services and a fixed cost allocation based on agency FTE counts. Starting in the 2015 biennium and beyond, the executive recommends funding the PDC as a fixed cost item. For a further discussion, see the narrative for the Department of Administration.

**Proprietary Rates**

*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 to administer its statutory responsibilities under Title 17, chapter 4, MCA. There are 3.50 FTE allocated to this program. This program supports the centralized debt collection function for the State of Montana.

Statute requires that agencies providing enterprise/internal service functions provide information related to the use of revenues obtained through rates and charges and the estimated fund balance of the proprietary fund. This information may be seen in the appendix of this report.

CSR Collection Services - 06554								
	Actual FY2012	Budgeted FY2013	Budgeted FY2014	Budgeted FY2015	2013 Bien	2015 Bien	Biennial Change	% Change
Operating Revenues:								
Fee revenue								
Charges for Services (non-DOR)	\$141,526	\$75,000	\$75,000	\$75,000	\$216,526	\$150,000	(\$66,526)	-30.7%
Charges for Services (DOR)	61,230	75,000	75,000	75,000	136,230	150,000	13,770	10.1%
Total Fee/Operating Revenue	202,756	150,000	150,000	150,000	352,756	300,000	(52,756)	-15.0%
Operating Expenses:								
Personal Services	151,077	149,187	158,216	158,115	300,264	316,331	16,067	5.4%
Other Post Employment Expense	10,265				10,265	0	(10,265)	-100.0%
Other Operating Expenses	26,984	29,605	26,424	26,185	56,589	52,609	(3,980)	-7.0%
Total Operating Expenses	\$188,326	\$178,792	\$184,640	\$184,300	\$367,118	\$368,940	\$1,822	0.5%
Operating Income (Loss)	\$14,430	(\$28,792)	(\$34,640)	(\$34,300)	(\$14,362)	(\$68,940)	(\$54,578)	

Expenses

Significant costs for the program are for:

- o Personal services for 3.50 FTE, \$316,331 or 85.7% of total costs for the biennium

- Operating costs are \$52,609 with 51.4% of these costs due to:
  - Fixed cost items (rent, insurance, SABHRS fees, etc.), \$17,048
  - Postage and mailing costs, \$10,005

In the 2015 biennium the Collection Services Program budget includes:

- Personal services - projected to increase by \$16,067, or 5.4%
- Operating costs – projected to decline by \$14,245, or 21.3%
- Total expenses – projected to increase by 1,822 or 0.5%

#### Revenues

The department is currently authorized to charge a commission rate up to 5% for its collection services. The rate excludes the collection of overpaid child support payments made to custodial parents (debt code 43) and collection of delinquent child support payments from noncustodial parents (debt code 44). The commissions collected are used to pay the 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, as the program collects the largest amount of revenues on delinquent accounts during the income tax season and the hunting permitting season. More information on the proprietary fund may be seen in the appendix.

#### *Significant Present Law Adjustments*

Overall, the increase in the proposed budget for the Collection Services Program would be a 5.3% increase from the base year. Personal services are planned to increase by 6.8% from FY 2012, which includes the 4% vacancy savings applied to the program.

#### *Proprietary Rates*

For the 2015 biennium the following rates are proposed by the executive. The rates charged in the Collection Services Program are 0.5% of successful collections in the 2015 biennium. The rate is the same as charged in the 2013 biennium. The rates approved by the legislature are the maximum the program may charge during the biennium and are not the rates the program must charge.