

**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	306.35	306.35	313.35	313.35	306.35	313.35	7.00	2.28%
Personal Services	15,399,290	15,821,439	16,637,999	16,649,648	31,220,729	33,287,647	2,066,918	6.62%
Operating Expenses	3,720,741	3,451,629	3,955,256	4,153,615	7,172,370	8,108,871	936,501	13.06%
Equipment & Intangible Assets	0	66,158	0	0	66,158	0	(66,158)	(100.00%)
<b>Total Costs</b>	<b>\$19,120,031</b>	<b>\$19,339,226</b>	<b>\$20,593,255</b>	<b>\$20,803,263</b>	<b>\$38,459,257</b>	<b>\$41,396,518</b>	<b>\$2,937,261</b>	<b>7.64%</b>
General Fund	19,066,860	19,275,198	20,540,084	20,750,092	38,342,058	41,290,176	2,948,118	7.69%
State Special	53,171	64,028	53,171	53,171	117,199	106,342	(10,857)	(9.26%)
<b>Total Funds</b>	<b>\$19,120,031</b>	<b>\$19,339,226</b>	<b>\$20,593,255</b>	<b>\$20,803,263</b>	<b>\$38,459,257</b>	<b>\$41,396,518</b>	<b>\$2,937,261</b>	<b>7.64%</b>

**Program Description**

The Property Assessment Division administers the state's real and personal property tax laws while emphasizing customer service. It accomplishes this through uniform and equitable valuation and assessment regulations for residential, commercial, agricultural, forestland, and business equipment property. The division discovers, appraises, and assesses real and personal property for the local governing bodies that include about 1,200 levy districts and another 1,200 individual taxing jurisdictions. The division provides accurate and proficient tax billing information to the local county treasurers for their generation of more than a half million tax bills and \$1 billion in taxes for all classes of property. The division consists of the Central Office Bureau and four regions. The Central Office Bureau provides technical and administrative support to the department's local office staff in each of the four regions. The department's local office staff provides the property taxpayers with information and assistance.

**Program Highlights**

<b>Property Assessment Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ Personal service costs would increase by \$2.1 million or 6.6% primarily due to:                             <ul style="list-style-type: none"> <li>● A one-time-only proposal to add 7.00 FTE at a cost of \$1.6 million for workload increases related to the 2015 appraisal cycle</li> <li>● Raises provided to 32.3% of the budgeted staff in FY 2012</li> </ul> </li> </ul>

**Program Discussion**

The primary reason for the increase in the Property Assessment program is a request for 7.00 FTE to assist with the upcoming appraisal cycle. This request increases personal service costs by \$1.6 million and operating expenses by \$368,433 on a one-time-only and restricted basis. Other reasons the budget would increase include the following:

- Personal service present law adjustments net of vacancy savings are \$910,959 for the 2015 biennium
- Raises provided to 99 staff, or 32.3% of the total budgeted FTE, in FY 2012 averaged 8.0% and are annualized to \$286,315, not including the additional costs of taxes and insurance
- The division experienced a vacancy rate in FY 2012, based on position usage, of 6.0% compared to the budgeted 4% rate of vacancy savings
- Operating expenses increase from increased fixed costs and rental increases requested for the county appraisal offices

**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 - Property Assessment Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$41,290,176	\$0	\$0	\$41,290,176	99.7%		
State Special Total	\$106,342	\$0	\$0	\$106,342	0.3%		
02088 Ssr Administrative Funds	\$106,342	\$0	\$0	\$106,342	0.3%		
Total All Funds	\$41,396,518	\$0	\$0	\$41,396,518	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

Funding for the Property Assessment Division is primarily from general fund, with state special support from the administration of hail insurance premiums and the livestock per capita fee.

**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	19,066,860	19,066,860	38,133,720	92.36%	19,120,031	19,120,031	38,240,062	92.38%
Statewide PL Adjustments	467,892	467,005	934,897	2.26%	467,892	467,005	934,897	2.26%
Other PL Adjustments	137,349	122,338	259,687	0.63%	137,349	122,338	259,687	0.63%
New Proposals	867,983	1,093,889	1,961,872	4.75%	867,983	1,093,889	1,961,872	4.74%
<b>Total Budget</b>	<b>\$20,540,084</b>	<b>\$20,750,092</b>	<b>\$41,290,176</b>		<b>\$20,593,255</b>	<b>\$20,803,263</b>	<b>\$41,396,518</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the adjusted base budget adopted 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	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services									1,109,819
Vacancy Savings									(660,364)
Inflation/Deflation									(27,601)
Fixed Costs									46,038
<b>Total Statewide Present Law Adjustments</b>		<b>\$467,892</b>	<b>\$0</b>	<b>\$0</b>		<b>\$467,005</b>	<b>\$0</b>	<b>\$0</b>	<b>\$467,005</b>
DP 801 - Rent	0.00	137,349	0	0	0.00	122,338	0	0	122,338
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$137,349</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00</b>	<b>\$122,338</b>	<b>\$0</b>	<b>\$0</b>	<b>\$122,338</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$605,241</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00</b>	<b>\$589,343</b>	<b>\$0</b>	<b>\$0</b>	<b>\$589,343</b>

DP 801 - Rent – The executive requests a general fund appropriation in the 2015 biennium to pay for rent increases and building costs for division office space. SB 270 passed in the 56th Legislative Session allows counties to charge rates for space in county facilities equal to the rental rates charged by the Department of Administration.

**New Proposals**

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 802 - 6-Year Reappraisal Cycle Needs (Rst/Bien/OTO)										
08	7.00	860,318	0	0	860,318	7.00	1,086,224	0	0	1,086,224
DP 6101 - Professional Development Center Fee Allocation										
08	0.00	7,665	0	0	7,665	0.00	7,665	0	0	7,665
<b>Total</b>	<b>7.00</b>	<b>\$867,983</b>	<b>\$0</b>	<b>\$0</b>	<b>\$867,983</b>	<b>7.00</b>	<b>\$1,093,889</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,093,889</b>

DP 802 - Property Appraisal Cycle Needs (Rst/Bien/OTO) – The executive requests an increase in general fund and 7.00 new FTE for the 2015 required statewide appraisal cycle. The new FTE would address on-going workload increases, additional personal services funds to decrease the required vacancies during the reappraisal biennium, and additional printing and postage monies to pay for the increase in assessment notices required during the reappraisal biennium. This proposal is requested as a restricted, biennial, and one-time-only appropriation.

<b>LFD COMMENT</b>	The appraisal cycle occurs every six years and increases the workload of the Property Assessment Division. When the cycle last began in FY 2009, the executive requested and the legislature provided an increase of 10.00 permanent FTE, which at that time gave the division 310.10 FTE. The request was granted based workload impacts related to the growth in the number of property parcels. Since that time, the division has been reduced by 3.75 FTE. In DP 802, the executive requests 7.00 FTE on a temporary, or one-time-only, basis to meet the workload needs of the 2015 appraisal cycle. If the legislature approves this request, the division will have 313.35 FTE to accomplish the workload of the appraisal cycle, which amounts to a FTE increase of 1.0% from the last cycle..
--------------------	--

DP 6101 - Professional Development Center Training Fee - 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.