

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	47.00	47.00	47.00	47.00	47.00	47.00	0.00	0.00%
Personal Services	2,887,456	3,164,353	3,116,469	3,119,928	6,051,809	6,236,397	184,588	3.05%
Operating Expenses	728,559	825,909	743,056	749,000	1,554,468	1,492,056	(62,412)	(4.02%)
Equipment & Intangible Assets	82,860	79,900	82,860	82,860	162,760	165,720	2,960	1.82%
Debt Service	0	960	0	0	960	0	(960)	(100.00%)
Total Costs	\$3,698,875	\$4,071,122	\$3,942,385	\$3,951,788	\$7,769,997	\$7,894,173	\$124,176	1.60%
State Special	2,590,037	2,798,072	2,799,093	2,805,770	5,388,109	5,604,863	216,754	4.02%
Other	1,108,838	1,273,050	1,143,292	1,146,018	2,381,888	2,289,310	(92,578)	(3.89%)
Total Funds	\$3,698,875	\$4,071,122	\$3,942,385	\$3,951,788	\$7,769,997	\$7,894,173	\$124,176	1.60%

Program Description

The Gambling Control Division (GCD) was established by the 1989 Legislature to regulate the gambling industry in Montana. The division has criminal justice authority and conducts routine field inspections and investigations related to gambling activities. In addition to collecting and distributing licensing fees for gambling machines and activities, the division collects the gambling tax assessed on the net proceeds of gambling activities. It conducts investigations related to alcoholic beverage licensing and tobacco enforcement. An appointed Gaming Advisory Council of nine members advises the Attorney General to ensure uniform statewide regulation of gambling activities. The Gambling Control Program is mandated by state law.

Program Highlights

Gambling Control Division Major Budget Highlights
<ul style="list-style-type: none"> ◆ The proposed funding increases are primarily due to statewide present law adjustments for personal services ◆ Expenditures are exceeding revenues in the gambling license fee state special revenue fund

Funding

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

Total Department Of Justice Funding by Source of Authority 2015 Biennium Budget - Gambling Control Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$5,604,863	\$0	\$3,566,000	\$9,170,863	80.0%		
02074 Gambling License Fee Account	\$5,368,037	\$0	\$3,566,000	\$8,934,037	78.0%	23-5-612	Direct
02790 6901-statewide Tobacco Sttlmnt	\$236,826	\$0	\$0	\$236,826	2.1%		
Proprietary Total	\$2,289,310	\$0	\$0	\$2,289,310	20.0%		
06005 Liquor Division	\$2,289,310	\$0	\$0	\$2,289,310	20.0%		
Total All Funds	\$7,894,173	\$0	\$3,566,000	\$11,460,173	100.0%		
Percent - Total All Sources	68.9%	0.0%	31.1%				

Gambling control activities are supported primarily by state special revenue generated from gambling licensing fees. Liquor licensing fees (a proprietary fund) support division functions related to liquor licensing. A small amount of funds from the tobacco settlement state special revenue account support activities related to enforcement of settlement provisions.

LFD COMMENT The figure illustrates the expenses, revenues, and fund balance projected for the state special revenue fund that provides the bulk of the support for this division. Revenue for the account comes primarily from licensing fees while the primary expenses charged to the account are for the operation of the division. Revenue to the account had been on a declining trend since FY 2008 except for recovery in FY 2010. During the 2011 Legislature, the expectation was that revenues would gradually increase from FY 2011 through FY 2013 and the FY 2013 ending balance would be nearly \$1.4 million. In fact, revenues have flattened at around \$4.4 million per year and the FY 2013 ending balance is now expected to be roughly \$200,000 lower than anticipated two years earlier. Given the current budget request and revenue estimates the fund is now expected to decline to \$581,124 at the end of the 2015 biennium or about two months of expenses.

Gambling License Fee Account State Special Revenue Fund 02074				
Item	Actual FY 2012	Estimated FY 2013	Requested FY 2014	Requested FY 2015
Beginning Balance	\$1,114,444	\$1,201,847	\$821,693	\$703,060
Dusbursements:				
Gambling Control Division	4,249,009	4,729,572	4,463,821	4,470,216
Central Services Division	63,733	60,539	63,803	60,711
Justice Information Technology Services Division	<u>16,600</u>	<u>16,600</u>	<u>17,566</u>	<u>17,566</u>
Total Disbursements	\$4,329,342	\$4,806,711	\$4,545,190	\$4,548,493
Total Revenues (per agency revenue estimates)	<u>4,426,557</u>	<u>4,426,557</u>	<u>4,426,557</u>	<u>4,426,557</u>
Revenues less Disbursements	\$97,215	(\$380,154)	(\$118,633)	(\$121,936)
Adjustments	(9,812)			
Ending Balance	<u>\$1,201,847</u>	<u>\$821,693</u>	<u>\$703,060</u>	<u>\$581,124</u>

The agency indicates it is currently managing position vacancies and other expenses to maintain expenses within revenues. Additionally, the division indicated it has received concurrence from the Gaming Advisory Council for a \$20 video gambling machine permit fee increase at its September 2012 meeting. LC 525 includes the increase to the video gambling machine permit fee. If this fee increase is approved, the agency estimates it will increase revenues to the account by \$300,000 per year and eliminate the operating losses currently anticipated.

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	0	0	0	0.00%	3,698,875	3,698,875	7,397,750	93.71%
Statewide PL Adjustments	0	0	0	0.00%	219,949	226,688	446,637	5.66%
Other PL Adjustments	0	0	0	0.00%	23,561	26,225	49,786	0.63%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$3,942,385	\$3,951,788	\$7,894,173	

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					346,365					349,967
Vacancy Savings					(129,352)					(129,495)
Inflation/Deflation					(3,273)					(1,840)
Fixed Costs					6,209					8,056
Total Statewide Present Law Adjustments		\$0	\$192,328	\$0	\$219,949*		\$0	\$197,113	\$0	\$226,688*
DP 701 - GCD Base Adjustments	0.00	0	16,728	0	23,561*	0.00	0	18,620	0	26,225*
Total Other Present Law Adjustments	0.00	\$0	\$16,728	\$0	\$23,561*	0.00	\$0	\$18,620	\$0	\$26,225*
Grand Total All Present Law Adjustments	0.00	\$0	\$209,056	\$0	\$243,510*	0.00	\$0	\$215,733	\$0	\$252,913*

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

DP 701 - GCD Base Adjustments - The executive requests state special revenue (71%) and liquor division proprietary funds (29%) to fund office rent and overtime. The portion of the adjustment of rent addresses a 3% inflation clause in the lease contract for the space occupied in Helena.

LFD COMMENT	The division expended \$22,900 on overtime in the base year. The request includes \$12,000 each year or roughly half of the FY 2012 expenditure. These expenses are zero-based and must be requested in full each biennium.
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