

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	241.81	3.50	(181.31)	64.00	3.50	(180.31)	65.00	65.00
Personal Services	8,274,062	1,119,959	(6,846,983)	2,547,038	1,175,844	(6,859,349)	2,590,557	5,137,595
Operating Expenses	13,237,039	2,429,792	(11,885,555)	3,781,276	2,371,774	(11,883,623)	3,725,190	7,506,466
Equipment	215,069	385,167	(551,600)	48,636	41,030	(208,700)	47,399	96,035
Grants	26,823,294	37,279,420	24,983	64,127,697	40,258,803	58,459	67,140,556	131,268,253
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	239,272	916,354	(1,155,626)	0	916,353	(1,155,625)	0	0
Total Costs	\$48,788,736	\$42,130,692	(\$20,414,781)	\$70,504,647	\$44,763,804	(\$20,048,838)	\$73,503,702	\$144,008,349
General Fund	2,095,231	402,557	(741,800)	1,755,988	392,531	(745,721)	1,742,041	3,498,029
State/Other Special	12,273,510	1,918,035	(11,191,033)	3,000,512	1,916,862	(11,059,787)	3,130,585	6,131,097
Federal Special	27,677,052	38,071,095	0	65,748,147	40,954,024	0	68,631,076	134,379,223
Proprietary	6,742,943	1,739,005	(8,481,948)	0	1,500,387	(8,243,330)	0	0
Total Funds	\$48,788,736	\$42,130,692	(\$20,414,781)	\$70,504,647	\$44,763,804	(\$20,048,838)	\$73,503,702	\$144,008,349

Agency Description

The Department of Commerce, provided for in Title 2, Section 15, Part 18, MCA, is responsible for working with economic and community development organizations, businesses, communities, governmental entities, elected officials, and the public to diversify and expand the state's economic base through business creation, expansion, and retention and improvement of infrastructure. The Department of Commerce and its programs generally relate to the major mission with which the department is charged: Economic and Community Development.

Summary of Legislative Action

The legislature passed SB 445, which effected major changes within the Department of Commerce, including the transfer of eight functions to other agencies. SB 445 is discussed in detail in the Reorganization section of this chapter. The legislature increased Department of Commerce funding over the fiscal 2000 base by \$46.4 million (\$25.3 million over the 2001 biennium), including increased federal funds of \$79.0 million and decreases of 176.81 FTE, \$692,433 general fund, \$18.4 million state special revenue, and \$13.5 million proprietary authority. These adjustments included new proposals which:

1. implemented SB 445, discussed in the Reorganization section of this chapter; and
2. increased state special revenue authority by \$111,994 over the biennium to provide 1.0 FTE and additional grants dedicated to working issues relative to local coal impact mitigation.

The remaining adjustments are present law adjustments, including increased federal funds for continuation and full funding for the Housing Division's contract to administer Section 8 project- and tenant-based programs (1.50 FTE and \$61.2 million over the biennium), and increased general fund for Board of Research and Commercialization administrative costs (\$237,701 over the biennium). Additionally, the legislature added language to the boilerplate section of HB 2 that deleted FTE, but not funding, for all positions vacant for over 7 months, with exceptions. As a result of this language, the department lost 2.0 FTE. Funding for one of the reduced FTE (\$57,007 general fund over the biennium) was subsequently transferred to the Department of Revenue to fund increased auditor salaries.

Reorganization

Senate Bill 445 established the Office of Economic Development within the Office of the Governor, and reorganized the Department of Commerce by transferring several programs and divisions to other agencies. Additionally, SB 445 reallocated a \$350,000 annual general fund statutory appropriation for the purpose of business recruitment from the Department of Commerce to the Governor's Office of Economic Development. The programs transferred from the Department of Commerce include the Weights and Measures Bureau, Montana State Lottery, Board of Horseracing, and the Banking and Financial Institutions, Professional and Occupational Licensing, Local Government Services, Building Codes, and Consumer Affairs Divisions. The reorganization and corresponding internal funding realignment resulted in

decreases within the department of 179.31 FTE and \$1.5 million general fund, \$22.3 million state special revenue, and \$17.8 million proprietary funding. Table 1 shows the funding changes by division for the reorganization.

Division/Item	Fiscal 2002					Fiscal 2003				
	FTE	GF	SSR	Prop.	Total Funds	FTE	GF	SSR	Prop.	Total Funds
Moved to Department of Administration										
Banking and Financial Division	(28.75)	0	(1,571,163)	0	(\$1,571,163)	(28.75)	0	(1,579,449)	0	(\$1,579,449)
Local Government Services Division	(6.00)	(428,665)	0	0	(\$428,665)	(6.00)	(430,398)	0	0	(\$430,398)
Montana State Lottery	(31.50)	0	0	(8,918,948)	(\$8,918,948)	(31.50)	0	0	(8,904,330)	(\$8,904,330)
Consumer Affairs Division	(5.25)	(322,719)	(74,839)	0	(\$397,558)	(5.25)	(324,765)	(74,839)	0	(\$399,604)
Moved to Department of Labor and Industry										
Professional and Occupational Licensing	(35.03)	0	(5,386,679)	0	(\$5,386,679)	(35.03)	0	(5,319,198)	0	(\$5,319,198)
Weights and Measures Bureau	(11.00)	0	(696,139)	0	(\$696,139)	(11.00)	0	(697,997)	0	(\$697,997)
Building Codes Division	(58.00)	0	(3,242,188)	0	(\$3,242,188)	(58.00)	0	(3,229,509)	0	(\$3,229,509)
Moved to Department of Livestock										
Board of Horse Racing	(3.78)	0	(238,654)	0	(\$238,654)	(3.78)	0	(239,452)	0	(\$239,452)
Remaining in Department of Commerce										
Economic Development Division Travel/FTE Reduction Reallocation	0.00	14,453	0	0	\$14,453	0.00	14,454	0	0	\$14,454
Community Development Division Travel/Indirect Cost Reallocation	0.00	(5,062)	50,000	0	\$44,938	0.00	(5,062)	50,000	0	\$44,938
Director's Office/Management Svs Dept Server Replacement Reallocation	0.00	(4,332)	(10,212)	(8,973)	(\$23,517)	0.00	0	0	0	\$0
Federal Building Rent Reallocation	0.00	0	0	0	\$0	0.00	0	(12,500)	0	(\$12,500)
Federal Building Move Reallocation	0.00	0	(10,000)	0	(\$10,000)	0.00	0	(2,000)	0	(\$2,000)
Total Change Within Department	<u>(179.31)</u>	<u>(746,325)</u>	<u>(11,179,874)</u>	<u>(8,927,921)</u>	<u>(20,854,120)</u>	<u>(179.31)</u>	<u>(745,771)</u>	<u>(11,104,944)</u>	<u>(8,904,330)</u>	<u>(20,755,045)</u>

Other Legislation

House Bill 57 - HB 57 directs the transfer of \$500,000 within the Housing Division from the Section 8 Administrative Fee Reserve Account into the Affordable Housing Revolving Loan Account established during the 1999 session. The department projects expenditures of approximately \$38,000 in fiscal 2002 and \$28,000 in fiscal 2003 to administer the account. However, no additional state special revenue appropriation was made to the department.

House Bill 120 - HB 120 generally revises professional licensing laws. Among other changes, HB 120 adds two members to the Board of Real Estate Appraisers. Expenditures are projected to increase by \$1,482 each year of the biennium to accommodate per diem paid to the additional members.

House Bill 273 - HB 273 transfers approximately \$3.4 million from the Temporary Assistance for Needy Families (TANF) block grant within the Department of Health and Human Services into the Affordable Housing Revolving Loan Account established during the 1999 session. The department projects expenditures of approximately \$38,000 in fiscal 2002 and \$28,000 in fiscal 2003 to administer the account. However, no additional state special revenue appropriation was made to the department.

House Bill 650 - HB 650 establishes a Financial Assistance Center within the department. The department projects the hiring of 1.0 FTE and general fund expenditure increases of \$94,250 over the biennium. However, no additional general fund authority was provided to the department to implement HB 650.

Senate Bill 74 - SB 74 regulates the termination, cancellation, nonrenewal, substantial alteration, and transfer of construction equipment dealerships, and provides for hearings held by the department in certain cases of dispute. The department projects potential general fund expenditure increases of \$9,000 over the biennium. The legislature did not provide additional general fund authority to the department for SB 74.

Senate Bill 263 - SB 263 continues the statutory transfer of \$400,000 of accommodations tax revenue into the Montana Historic Preservation and Development Account. SB 263 extends the sunset date of the transfer from June 30, 2001 to June 30, 2007.

Senate Bill 445 - SB 445 establishes the Office of Economic Development within the Office of the Governor, reorganizes the department, and transfers several department functions to other departments. SB 445 is discussed in greater detail in the Reorganization section above.

Senate Bill 493 - SB 493 provides for submission to the voters of Montana a constitutional amendment that would remove the restriction on investing public funds in private corporate capital stock. If the amendment is approved, the department projects that, although investments will grow more rapidly long-term, current investment income will be reduced in the short term as investments are transferred from fixed-income bonds to common stock. The projected state special revenue loss across state government in fiscal 2003 is projected to be \$189,195.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg - Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg - Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	241.81	245.81	64.00	(181.81)	246.81	65.00	(181.81)	
Personal Services	8,274,062	9,457,369	2,547,038	(6,910,331)	9,546,689	2,590,557	(6,956,132)	(13,866,463)
Operating Expenses	13,237,039	16,798,897	3,781,276	(13,017,621)	16,798,586	3,725,190	(13,073,396)	(26,091,017)
Equipment	215,069	623,753	48,636	(575,117)	256,099	47,399	(208,700)	(783,817)
Grants	26,823,294	70,127,697	64,127,697	(6,000,000)	73,140,556	67,140,556	(6,000,000)	(12,000,000)
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	239,272	1,155,626	0	(1,155,626)	1,155,625	0	(1,155,625)	(2,311,251)
Total Costs	\$48,788,736	\$98,163,342	\$70,504,647	(\$27,658,695)	\$100,897,555	\$73,503,702	(\$27,393,853)	(\$55,052,548)
General Fund	2,095,231	2,696,867	1,755,988	(940,879)	2,652,902	1,742,041	(910,861)	(1,851,740)
State/Other Special	12,273,510	14,348,676	3,000,512	(11,348,164)	14,266,779	3,130,585	(11,136,194)	(22,484,358)
Federal Special	27,677,052	71,804,848	65,748,147	(6,056,701)	74,627,489	68,631,076	(5,996,413)	(12,053,114)
Proprietary	6,742,943	9,312,951	0	(9,312,951)	9,350,385	0	(9,350,385)	(18,663,336)
Total Funds	\$48,788,736	\$98,163,342	\$70,504,647	(\$27,658,695)	\$100,897,555	\$73,503,702	(\$27,393,853)	(\$55,052,548)

Executive Budget Comparison

The legislative budget is \$55.1 million lower than the Executive Budget, with a general fund reduction of \$1.9 million over the biennium. The largest adjustment affecting the department is the implementation of SB 445, discussed in detail in the Reorganization section of this chapter. Other changes made to the Executive Budget by the legislature include the following. The legislature:

1. accepted the agency withdrawal of two new proposals within the Economic Development Division, for a general fund reduction of \$38,698 in fiscal 2002, and \$32,091 in fiscal 2003;
2. decreased federal special revenue authority by \$6.0 million in each year of the biennium to adjust for an anticipated reduction in Housing and Urban Development (HUD) funding for the Section 8 project-based program;
3. did not approve general fund increases for rent and moving costs related to moving several divisions into the federal building, for a reduction of approximately \$175,000 over the biennium;

4. approved a global amendment which reduced general fund by an amount equal to 1 percent of authorized FTE (\$26,550 over the biennium). No FTE were reduced;
5. approved a global amendment which reduced general fund by an amount equal to 12 percent of fiscal 2000 general fund travel expenditures (\$28,908 over the biennium). Portions of this reduction were transferred with the appropriate divisions to other agencies as part of SB 445 implementation; and
6. added language to the boiler plate section of HB 2 which deleted FTE, but not the funding, for all positions which had been vacant for over 7 months, with exceptions. As a result of this language, the department lost 2.0 FTE. Funding for one of the reduced FTE (\$57,007 general fund over the biennium) was subsequently transferred to the Department of Revenue to fund increased auditor salaries.

Language

The reduction in funding for items [Weights and Measures Bureau, Banking and Financial Institutions Division, Professional and Occupational Licensing Division, Local Government Services Division, Building Codes Division, Montana State Lottery, Board of Horseracing, Consumer Affairs Division] are contingent upon passage and approval of SB 445. If SB 445 is not passed and approved, the department is appropriated \$746,325 general fund, \$11,179,874 state special revenue, and \$8,927,921 proprietary authority in fiscal 2002 and \$745,771 general fund, \$11,104,944 state special revenue, and \$8,904,330 proprietary authority in fiscal 2003. The allocation among divisions and the realignment of language associated with the reallocation will be outlined in the Legislative Fiscal Division's 2003 Biennium Legislative Fiscal Report if SB 445 is not passed and approved. (Note - SB 445 was passed and approved.)

Item [Economic Development Division] includes a general fund reduction of \$13,252 in fiscal 2002 and \$13,298 in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	11.00	0.00	(11.00)	0.00	0.00	(11.00)	0.00	0.00
Personal Services	428,916	(1,398)	(427,518)	0	1,297	(430,213)	0	0
Operating Expenses	201,865	3,756	(205,621)	0	2,919	(204,784)	0	0
Equipment	63,000	0	(63,000)	0	0	(63,000)	0	0
Total Costs	\$693,781	\$2,358	(\$696,139)	\$0	\$4,216	(\$697,997)	\$0	\$0
State/Other Special	693,781	2,358	(696,139)	0	4,216	(697,997)	0	0
Total Funds	\$693,781	\$2,358	(\$696,139)	\$0	\$4,216	(\$697,997)	\$0	\$0

Program Description

The Weights and Measures Bureau is responsible for licensing, inspecting, testing, and certifying all weighing or measuring devices used in making commercial transactions in the State of Montana. The Bureau enforces laws and regulations pertaining to the quantity control of prepackaged goods and the quality control of petroleum products. The Bureau is also responsible for maintaining the state standards of mass and volume applied when calibrating other mass or volume standards used in testing commercial devices.

Program Narrative

SB 445, discussed in the Reorganization section of the Agency Summary, transferred the Weights and Measures Bureau in its entirety to the Department of Labor and Industry. The information on budget base and all decision packages approved by the legislature is provided for historical purposes.

Funding

The Weights and Measures Division is funded entirely by state special revenues derived primarily from annual license fees levied against all commercial weighing or measuring devices, including scales or gas pumps certified by the bureau on an annual basis. Additional funding (approximately 2.5 percent) comes from special inspection fees derived from charges for certification at the bureau's standards lab as well as for other special requests.

	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					16,284					19,091
Vacancy Savings					(12,188)					(12,272)
Inflation/Deflation					254					248
Fixed Costs					1,935					827
Total Statewide Present Law Adjustments					\$6,285					\$7,894
DP 39 - W & M Administrative Costs	0.00	0	2,275	0	2,275	0.00	0	2,554	0	2,554
DP 696 - Data Network Fixed Cost Reduction	0.00	0	(27)	0	(27)	0.00	0	(27)	0	(27)
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	0	(555)	0	(555)	0.00	0	(557)	0	(557)
DP 699 - Vacancy Savings at 4 Percent	0.00	0	(5,620)	0	(5,620)	0.00	0	(5,648)	0	(5,648)
Total Other Present Law Adjustments	0.00	\$0	(\$3,927)	\$0	(\$3,927)	0.00	\$0	(\$3,678)	\$0	(\$3,678)
Grand Total All Present Law Adjustments					\$2,358					\$4,216

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature.

"Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 39 - W & M Administrative Costs - The legislature approved an increase in state special revenue authority for administrative cost increases, including overtime and the division's share of department indirect costs.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	Fiscal 2002					Fiscal 2003				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 445 - SB 445 - Dept of Commerce Reorganization										
02	(11.00)	0	(696,139)	0	(696,139)	(11.00)	0	(697,997)	0	(697,997)
Total	(11.00)	\$0	(\$696,139)	\$0	(\$696,139)	(11.00)	\$0	(\$697,997)	\$0	(\$697,997)

New Proposals

DP 445 - SB 445 - Dept of Commerce Reorganization - Under the provisions of SB 445, the Weights and Measures Bureau was moved in its entirety to the Department of Labor and Industry.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	28.75	0.00	(28.75)	0.00	0.00	(28.75)	0.00	0.00
Personal Services	880,902	234,788	(1,115,690)	0	240,191	(1,121,093)	0	0
Operating Expenses	355,933	99,540	(455,473)	0	102,423	(458,356)	0	0
Equipment	0	0	0	0	0	0	0	0
Total Costs	\$1,236,835	\$334,328	(\$1,571,163)	\$0	\$342,614	(\$1,579,449)	\$0	\$0
State/Other Special	1,236,835	334,328	(1,571,163)	0	342,614	(1,579,449)	0	0
Total Funds	\$1,236,835	\$334,328	(\$1,571,163)	\$0	\$342,614	(\$1,579,449)	\$0	\$0

Program Description

The Banking and Financial Institutions Division is responsible for the supervision, regulation, and examination of:

1. state-chartered banks, trust companies, savings and loans, and credit unions;
2. consumer loan and sales finance companies;
3. escrow companies;
4. foreign capital depositories in accordance with Title 32, MCA; and
5. deferred deposit loan companies.

The purpose of the supervisory function is to investigate the methods of operation in order to determine whether these institutions are operating in a safe and sound manner. Supervision of regulated financial businesses is accomplished through on-site safety and soundness examinations conducted by division examiners.

Program Narrative

SB 445, discussed in the Reorganization section of the Agency Summary, transferred the Banking and Financial Institutions Division in its entirety to the Department of Administration. The information on budget base and all decision packages approved by the legislature is provided for historical purposes.

Funding

The division is funded with state special revenues generated from:

1. bank assessments and application fees;
2. credit union supervisory and examination fees;
3. consumer loan examination fees;
4. consumer loan/sales finance licenses; and
5. foreign capital depository application, charter, charter renewal, and examination (audit) fees, if received.

	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					272,314					277,941
Vacancy Savings					(31,517)					(31,685)
Inflation/Deflation					1,151					1,765
Fixed Costs					15,504					14,443
Total Statewide Present Law Adjustments					\$257,452					\$262,464
DP 7 - Examiner Travel										
	0.00	0	46,292	0	46,292	0.00	0	46,292	0	46,292
DP 11 - Lease Replacement Vehicles										
	0.00	0	1,224	0	1,224	0.00	0	3,994	0	3,994
DP 40 - Banking Administrative Costs										
	0.00	0	44,058	0	44,058	0.00	0	44,618	0	44,618
DP 696 - Data Network Fixed Cost Reduction										
	0.00	0	(86)	0	(86)	0.00	0	(86)	0	(86)
DP 699 - Vacancy Savings at 4 Percent										
	0.00	0	(14,612)	0	(14,612)	0.00	0	(14,668)	0	(14,668)
Total Other Present Law Adjustments	0.00	\$0	\$76,876	\$0	\$76,876	0.00	\$0	\$80,150	\$0	\$80,150
Grand Total All Present Law Adjustments					\$334,328					\$342,614

Present Law Adjustments

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

DP 7 - Examiner Travel - The legislature approved an increase in state revenue authority to allow for the travel of examination staff. Examination staff typically travel 34-38 weeks per year to licensee locations. During the base year, vacancies resulted in travel expenditures falling below those that would have been expended had there been full staffing. This increase allows additional travel authority based on full staffing levels.

DP 11 - Lease Replacement Vehicles - The legislature approved funding to allow the department to replace the remaining two department-owned minivans at the Billings office with leased minivans. This adjustment includes corresponding decreases in gasoline, vehicle repair, and equipment expenditures.

DP 40 - Banking Administrative Costs - The legislature approved an increase in state special revenue authority to fund increases in overtime, board member per diem, computer lease costs, and the division's share of the department's indirect costs.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 445 - SB 445 - Department of Commerce Reorganization										
36	(28.75)	0	(1,571,163)	0	(1,571,163)	(28.75)	0	(1,579,449)	0	(1,579,449)
Total	(28.75)	\$0	(\$1,571,163)	\$0	(\$1,571,163)	(28.75)	\$0	(\$1,579,449)	\$0	(\$1,579,449)

New Proposals

DP 445 - SB 445 - Department of Commerce Reorganization - Under the provisions of SB 445, the Banking and Financial Division was moved in its entirety to the Department of Administration.

Language

The department is appropriated in each of the fiscal years 2002 and 2003 up to \$500,000 of state special revenue that is deposited in the account established for the purpose of processing charter applications and for the chartering, examination, and regulation of each foreign capital depository that obtains a charter under the provisions of 32-8-205.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	32.53	2.50	(35.03)	0.00	2.50	(35.03)	0.00	0.00
Personal Services	1,020,151	266,862	(1,287,013)	0	275,199	(1,295,350)	0	0
Operating Expenses	3,616,538	473,080	(4,089,618)	0	397,262	(4,013,800)	0	0
Equipment	0	0	0	0	0	0	0	0
Benefits & Claims	0	0	0	0	0	0	0	0
Debt Service	7,548	2,500	(10,048)	0	2,500	(10,048)	0	0
Total Costs	\$4,644,237	\$742,442	(\$5,386,679)	\$0	\$674,961	(\$5,319,198)	\$0	\$0
State/Other Special	4,644,237	742,442	(5,386,679)	0	674,961	(5,319,198)	0	0
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$4,644,237	\$742,442	(\$5,386,679)	\$0	\$674,961	(\$5,319,198)	\$0	\$0

Program Description

The Professional and Occupational Licensing Division (POL) provides the administrative and clerical services needed by the 38 professional boards and occupational licensing programs authorized by state statutes. Services provided include correspondence, application processing, issuing and renewing licenses, administering and grading examinations, taking minutes of board meetings and hearings, and providing the legal staff and investigators who investigate legal infractions.

Program Narrative

SB 445, discussed in the Reorganization section of the Agency Summary, transferred the Professional and Occupational Licensing Division in its entirety to the Department of Labor and Industry. The information on budget base and all decision packages approved by the legislature is provided for historical purposes.

Funding

The licensing boards in the Professional and Occupational Licensing Division (POL) are funded from state special revenues obtained from license fees set by each board. Fees are collected from activities that include providing license applications, examinations, license renewals, reciprocity, and continuing education. Administrative cost assessments also contribute to the funding of POL. POL administrative costs are funded through assessments (recharges) on all boards and are deposited in a proprietary fund. This internal charge provides funding for various administrative, clerical, and legal support services provided to the boards. These funds do not require an appropriation and therefore are not listed in the funding tables. (For further discussion of this account, please refer to the proprietary rates discussion at the end of this section.)

	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					113,465					119,950
Vacancy Savings					(30,400)					(30,593)
Inflation/Deflation					1,548					3,489
Fixed Costs					882					1,463
Total Statewide Present Law Adjustments					\$85,495					\$94,309
DP 9 - Board Operating Expenses	0.00	0	634,628	0	634,628	0.00	0	567,209	0	567,209
DP 13 - Licensing FTE	2.50	0	67,607	0	67,607	2.50	0	58,793	0	58,793
DP 34 - POL Rent	0.00	0	(30,019)	0	(30,019)	0.00	0	(30,019)	0	(30,019)
DP 699 - Vacancy Savings at 4 Percent	0.00	0	(15,269)	0	(15,269)	0.00	0	(15,331)	0	(15,331)
Total Other Present Law Adjustments	2.50	\$0	\$656,947	\$0	\$656,947	2.50	\$0	\$580,652	\$0	\$580,652
Grand Total All Present Law Adjustments					\$742,442					\$674,961

Present Law Adjustments

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

DP 9 - Board Operating Expenses - The legislature approved an increase in state special revenue authority for operating expenses necessary to support various board activities. Increases include travel, overtime, per diem, postage, printing, supplies, and rent, as well as the contracted services of independent inspectors and expert witnesses. Adjustments are also made for department indirect costs. Negative adjustments are made for moving expenses incurred in the base year. This increase also includes \$70,000 of state special authority in each year of the biennium in order to reestablish the POL and Building Codes divisions' legal proceedings contingency fund. The legislature designated the legal contingency fund appropriation as restricted/one-time-only.

DP 13 - Licensing FTE - The legislature approved an increase in state special revenue authority for personal services and related operating expenses to add 2.5 FTE for administrative support of the boards of Architects, Dentistry, and Medical Examiners. Increases include 0.3 FTE for the Board of Architects for Architectural Licensing Program support, 0.7 FTE for the Board of Dentistry for Dentistry Licensing Program support, and 1.5 FTE for the Board of Medical Examiners.

DP 34 - POL Rent - The legislature approved an adjustment to consolidate rental payments within the division. This adjustment moves authority of \$30,019 per year from state special revenue funds to the POL Division Proprietary Fund, allowing the division to centralize rental charges for all boards and programs assigned.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals	-----Fiscal 2002-----					-----Fiscal 2003-----					
	Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 445 - SB 445 - Department of Commerce Reorganization	39	(35.03)	0	(5,386,679)	0	(5,386,679)	(35.03)	0	(5,319,198)	0	(5,319,198)
Total	(35.03)	\$0	(\$5,386,679)	\$0	(\$5,386,679)	(35.03)	\$0	(\$5,319,198)	\$0	(\$5,319,198)	

New Proposals

DP 445 - SB 445 - Department of Commerce Reorganization - Under the provisions of SB 445, the Professional and Occupational Licensing Division was moved in its entirety to the Department of Labor and Industry.

Proprietary Rates

Program Description

The POL Administrative Services Bureau provides all the professional, technical, administrative, legal, and clerical services required by the professional licensing regulatory boards and programs authorized in this division.

The thirty-three boards and five programs attached to the Professional and Occupational Licensing Division include:

Boards

- Alternative Health Care Board
- Board of Architects
- Board of Athletics
- Board of Barbers
- Board of Chiropractors
- Board of Clinical Laboratory Science Practitioners
- Board of Cosmetologists
- Board of Dentistry
- Board of Funeral Service
- Board of Hearing Aid Dispensers
- Board of Landscape Architects
- Board of Medical Examiners
- Board of Nursing
- Board of Nursing Home Administrators
- Board of Occupational Therapy Practice
- Board of Optometry
- Board of Outfitters
- Board of Pharmacy
- Board of Physical Therapy Examiners
- Board of Plumbers
- Board of Private Security Patrol Officers and Investigators
- Board of Professional Engineers & Professional Land Surveyors
- Board of Psychologists
- Board of Public Accountants
- Board of Radiologic Technologists
- Board of Real Estate Appraisers
- Board of Realty Regulation
- Board of Respiratory Care Practitioners
- Board of Sanitarians
- Board of Social Work Examiners and Professional Counselors

Board of Speech-Language Pathologists and Audiologists
Board of Veterinary Medicine
State Electrical Board

Programs

Boiler Operators/Engineers
Crane/Hoisting Operators
Chemical Dependency Counselors
Fire Prevention and Permitting
Construction Blasters

Revenues and Expenses

The stated revenue objective of the POL Administrative Services Account is to assess the common costs of operations to the special revenue accounts on an equitable basis, while attempting to maintain a reasonable working capital reserve.

Rate Explanation

Recharge rates are allocated to the state special revenue accounts based upon requested appropriations, less any program-direct personal services amounts. Each program is assigned a percentage rate based on adjusted appropriations in comparison to the total appropriation for all accounts. That percentage rate is then applied to the required proprietary revenue needed to determine each account's share of the funding.

The legislature approved recharge rates of 38 percent in each year of the biennium, an approximate 2.3 percent increase over the 2001 biennium. At the approved rates, the department projects a fiscal 2003 ending fund balance of \$325,312, a 62-day working capital reserve.

Significant Present Law

DP 28 - POL Rent - This adjustment consolidates rental charges from various boards/programs attached to the division into the division's proprietary account, and is accompanied by a corresponding adjustment in the legislative budget for the POL boards.

DP 38 - High Speed Printer - The division will add a second printer to their single Oracle database operation, at a fiscal 2000 cost of \$5,500.

DP 42 - POL Administrative Costs - This adjustment is for increases in indirect costs and covers equipment replacement allocation costs incurred by the Director's Office/Management Services Division. This adjustment also includes a reduction for one-time moving expenditures incurred in fiscal 2000.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	2.00	0.00	(1.00)	1.00	0.00	(1.00)	1.00	1.00
Personal Services	0	70,301	(28,455)	41,846	70,546	(28,552)	41,994	83,840
Operating Expenses	1,204	76,590	0	77,794	77,271	0	78,475	156,269
Equipment	0	0	0	0	0	0	0	0
Grants	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$1,204	\$146,891	(\$28,455)	\$119,640	\$147,817	(\$28,552)	\$120,469	\$240,109
General Fund	1,204	146,891	(28,455)	119,640	147,817	(28,552)	120,469	240,109
Total Funds	\$1,204	\$146,891	(\$28,455)	\$119,640	\$147,817	(\$28,552)	\$120,469	\$240,109

Program Description

The Board of Research and Commercialization Technology was established by the 1999 Montana Legislature to provide a predictable and stable source of funding for research and commercialization projects; to expand and strengthen research efforts, allowing the state's basic industries to increase their economic impact on the state's economy; and to expand research efforts into areas beyond the scope of the state's basic industries in order to diversify and strengthen the state's economic security through the creation of technology-based operations and long-term, good quality jobs.

The Board has the authority to make grants or loans from the Research and Commercialization Expendable Trust Fund established in 90-3-1002, MCA. These grants or loans can be made to research and commercialization centers if the projects:

1. have the potential to diversify or add value to a traditional basic industry of the state's economy;
2. show promise for enhancing the technology-based sectors or the commercial development of discoveries;
3. employ or take advantage of existing research and commercialization strengths;
4. have a realistic and achievable project design;
5. employ an innovative technology;
6. are located in the state;
7. have a qualified research team;
8. have scientific merit based on peer review; and
9. include research opportunities for students.

Funding

The Board of Research and Commercialization administrative functions are funded entirely with general fund.

Present Law Adjustments	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					73,229					73,485
Vacancy Savings					(1,984)					(1,992)
Fixed Costs					5,223					4,828
Total Statewide Present Law Adjustments					\$76,468					\$76,321
DP 1 - Board of Research & Commercialization Admin Costs	0.00	71,399	0	0	71,399	0.00	72,475	0	0	72,475
DP 696 - Data Network Fixed Cost Reduction	0.00	(32)	0	0	(32)	0.00	(32)	0	0	(32)
DP 699 - Vacancy Savings at 4 Percent	0.00	(944)	0	0	(944)	0.00	(947)	0	0	(947)
Total Other Present Law Adjustments	0.00	\$70,423	\$0	\$0	\$70,423	0.00	\$71,496	\$0	\$0	\$71,496
Grand Total All Present Law Adjustments					\$146,891					\$147,817

Present Law Adjustments

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

DP 1 - Board of Research & Commercialization Admin Costs - The legislature initially approved funding of Board of Research and Commercialization administrative costs at the same level as was appropriated by the May 2000 Special Session. A subsequent reduction was made to fund additional auditors in the Department of Revenue (DP 685).

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals	-----Fiscal 2002-----					-----Fiscal 2003-----					
	Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 685 - General Fund Transfer to Department of Revenue	50	0.00	(28,455)	0	0	(28,455)	0.00	(28,552)	0	0	(28,552)
DP 689 - FTE Reduction	50	(1.00)	0	0	0	0	(1.00)	0	0	0	0
Total	(1.00)	(\$28,455)	\$0	\$0	(\$28,455)	(1.00)	(\$28,552)	\$0	\$0	(\$28,552)	

New Proposals

DP 685 - General Fund Transfer to Department of Revenue - The legislature approved a reduction in general fund for FTE reduced in boilerplate language (FTE reduction in DP 689). The general fund was transferred to the Department of Revenue to fund additional auditors.

DP 689 - FTE Reduction - The legislature reduced FTE for positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	26.00	0.00	0.00	26.00	0.00	0.00	26.00	26.00
Personal Services	1,025,833	72,396	(13,252)	1,084,977	77,905	(13,298)	1,090,440	2,175,417
Operating Expenses	1,278,071	50,314	(1)	1,328,384	44,975	0	1,323,046	2,651,430
Equipment	0	0	0	0	0	0	0	0
Grants	2,214,579	875,760	0	3,090,339	875,760	0	3,090,339	6,180,678
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$4,518,483	\$998,470	(\$13,253)	\$5,503,700	\$998,640	(\$13,298)	\$5,503,825	\$11,007,525
General Fund	1,090,864	109,017	(13,253)	1,186,628	108,802	(13,298)	1,186,368	2,372,996
State/Other Special	236,521	10,823	0	247,344	10,818	0	247,339	494,683
Federal Special	3,191,098	878,630	0	4,069,728	879,020	0	4,070,118	8,139,846
Total Funds	\$4,518,483	\$998,470	(\$13,253)	\$5,503,700	\$998,640	(\$13,298)	\$5,503,825	\$11,007,525

Program Description

The Economic Development Division is comprised of a variety of programs aimed at improving, enhancing, and diversifying Montana's economic and business climate. The division strives to enhance the economic base of Montana by creating, expanding, and retaining business, as well as by providing technical and financial assistance and forming relationships with local development groups, chambers, and similar organizations.

Funding

The Economic Development Division is funded by a combination of 22 percent general fund, 4 percent state special revenue funds, and 74 percent federal funds. The Census and Economic Information Center (CEIC), Regional Development, and Business Location functions are fully funded by the general fund. Community Development Block Grants are primarily funded with federal funds, but the general fund matches a portion of the costs for administering the grants. The interest earned from development loans to Microbusiness Development Corporations (MBDC) provides funding for the administrative expenses of the microbusiness loan program. Trade and International Relations activities are funded with general fund and state special revenues from conference fees and trade shows. Small Business Development Centers are primarily funded with federal funds and state special revenues from private industry partnering. General fund provides a portion of the match for administrative costs.

The trade program receives additional funding from Travel Montana's allocation of the Lodging Facility Use Tax, which amounts to approximately \$200,000 annually. Since Lodging Facility Use Tax revenues are statutorily appropriated, this amount does not require legislative appropriation in HB 2 and as a result, does not appear in the funding tables. The trade program also receives funding from the Growth Through Agriculture Program in the Department of Agriculture. The Agriculture Development Council determines the amount of grant funds to be transferred to the division, which has typically been \$90,000 per year for this purpose.

	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					109,096					114,836
Vacancy Savings					(31,180)					(31,353)
Inflation/Deflation					610					1,433
Fixed Costs					29,654					22,940
Total Statewide Present Law Adjustments					\$108,180					\$107,856
DP 43 - Economic Development Administrative Costs	0.00	18,059	12,138	6,013	36,210	0.00	18,232	12,138	6,415	36,785
DP 512 - CDBG Federal Grants	0.00	0	0	875,760	875,760	0.00	0	0	875,760	875,760
DP 696 - Data Network Fixed Cost Reduction	0.00	(386)	0	0	(386)	0.00	(386)	0	0	(386)
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	(4,659)	(600)	(1,712)	(6,971)	0.00	(4,675)	(602)	(1,717)	(6,994)
DP 699 - Vacancy Savings at 4 Percent	0.00	(12,175)	(716)	(1,432)	(14,323)	0.00	(12,224)	(719)	(1,438)	(14,381)
Total Other Present Law Adjustments	0.00	\$839	\$10,822	\$878,629	\$890,290	0.00	\$947	\$10,817	\$879,020	\$890,784
Grand Total All Present Law Adjustments					\$998,470					\$998,640

Present Law Adjustments

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

DP 43 - Economic Development Administrative Costs - The legislature approved an increase in general fund and state and federal special revenue authority for administrative cost increases, including overtime, board member per diem, and department indirect costs. Included is an increase for contracted services related to conducting at least two Revolving Loan Fund training sessions for the Microbusiness Finance Program and local MBDC staff on the subjects of loan portfolio management and credit analysis, per a recommendation from the Legislative Audit Division.

DP 512 - CDBG Federal Grants - The legislature approved an increase in federal special revenue authority for Community Development Block Grant funding. Base year expenditures were less than the amount of available funding, which is \$2.5 million each year. The increase will allow the department to fully utilize the available funding during the 2003 biennium.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capitol Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals	-----Fiscal 2002-----					-----Fiscal 2003-----					
	Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 446 - Cost Reallocation											
51	0.00	14,453	0	0	14,453	0.00	14,454	0	0	14,454	
DP 691 - Personal Services General Fund Reduction											
51	0.00	(13,252)	0	0	(13,252)	0.00	(13,298)	0	0	(13,298)	
DP 693 - Statewide Travel Reduction											
51	0.00	(14,454)	0	0	(14,454)	0.00	(14,454)	0	0	(14,454)	
Total	0.00	(\$13,253)	\$0	\$0	(\$13,253)	0.00	(\$13,298)	\$0	\$0	(\$13,298)	

New Proposals

DP 446 - Cost Reallocation - The legislature approved the reallocation among other divisions of the general fund reduction in DP 693, which was originally applied to this division. This adjustment was made in conjunction with other adjustments to department funding to implement the provisions of SB 445.

DP 691 - Personal Services General Fund Reduction - The legislature reduced general fund personal services funding at a level equivalent to the general fund share of 1 percent of authorized FTE. No FTE were reduced. The entire reduction was made to this division, with the allowance that the department could reallocate this reduction among divisions when developing 2003 biennium operating plans.

DP 693 - Statewide Travel Reduction - The legislature made a reduction in general fund each year equivalent to 12 percent of all general fund expenditures for travel in the fiscal 2000 budget base. The entire reduction was made to this division, with the allowance that the department could reallocate this reduction among divisions when developing 2003 biennium operating plans. The department subsequently reallocated the reduction when implementing changes due to SB 445 (DP 446).

Language

Item [Economic Development Division] includes a general fund reduction of \$13,252 in fiscal 2002 and \$13,298 in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	567,913	197,236	0	765,149	182,087	0	750,000	1,515,149
Total Costs	\$567,913	\$197,236	\$0	\$765,149	\$182,087	\$0	\$750,000	\$1,515,149
State/Other Special	567,913	197,236	0	765,149	182,087	0	750,000	1,515,149
Total Funds	\$567,913	\$197,236	\$0	\$765,149	\$182,087	\$0	\$750,000	\$1,515,149

Program Description

The Travel Montana Division promotes:

1. increased visitor travel and expenditures;
2. motion pictures and commercial filming in the state through consumer advertising, publicity, and international and domestic group travel marketing;
3. printing and distribution of literature; and
4. marketing to motion picture and television production companies.

The division is funded primarily by the statutorily-appropriated Lodging Facility Use Tax and uses this funding to provide training and assistance to the Montana tourism industry, to administer and distribute infrastructure grants, and to oversee expenditures of six regional non-profit corporations and the nine specific cities where Lodging Facility Use Tax collections exceed \$140,000.

Funding

The division is primarily funded by state special revenues derived from 67.5 percent of Lodging Facility Use Tax receipts remaining after statutory deductions. Statutory deductions include a \$400,000 transfer each year into the Montana Historic Preservation and Development Account and transfers to refund state accounts for Lodging Facility Use Taxes paid by state employees on official business, and Department of Revenue costs.

The remainder of the tax not allocated to the Department of Commerce goes to the Montana State Historical Society, the University of Montana for allocation to the Institute of Tourism and Recreation Research, and to the Department of Fish, Wildlife, and Parks. The Montana Promotion Division distributes 22.5 percent of the Lodging Facility Use Tax revenue to regional nonprofit tourism corporations and to certain cities. The remainder is spent by the division for tourism promotion and for promotion of the state as a location for motion pictures and television commercials. The funds distributed to the Department of Commerce are statutorily appropriated by 15-65-121, MCA, rather than in HB 2. Table 1 provides an illustration of the accommodation tax distribution.

Table 1
Lodging Facility Use Tax Distribution
Fiscal 1998 - Fiscal 2003

	Distribution Basis	Fiscal 1998	Fiscal 1999	Fiscal 2000	Estimated Fiscal 2001	Estimated Fiscal 2002	Estimated Fiscal 2003
Gross Facility Use Tax Receipts		\$10,008,143	\$10,420,017	\$11,038,724	\$11,621,000	\$12,144,000	\$12,692,000
Department of Revenue	Reimburse State Travel	\$104,799	\$208,334	\$114,525	\$115,000	\$115,000	\$115,000
Department of Revenue	Cover collection costs	103,235	104,267	139,366	140,000	140,000	140,000
MT Heritage Preservation & Development	Fixed	400,000	400,000	400,000	400,000	400,000	400,000
Net Facility Use Tax for Distribution		\$9,400,109	\$9,707,416	\$10,384,833	\$10,966,000	\$11,489,000	\$12,037,000
Historical Society	1% of net	\$94,001	\$97,074	\$103,848	\$109,660	\$114,890	\$120,370
Higher Education	2.5% of net	235,003	242,685	259,621	274,150	287,225	300,925
Fish, Wildlife, & Parks	6.5% of net	611,007	630,982	675,014	712,790	746,785	782,405
Department of Commerce							
For Department Use	67.5% of net	\$6,345,073	\$6,552,506	7,009,762	7,402,050	7,755,075	8,124,975
For Distribution to Regions and Cities	22.5% of net	2,115,024	2,184,169	2,336,587	2,467,350	2,585,025	2,708,325

In addition to the Lodging Facility Use Tax, the division is partially funded by state special revenues received from the sale of advertising material, private contributions, and income from conferences and other state agencies. These funds are not statutorily appropriated, and are appropriated by the legislature in HB 2.

Present Law Adjustments	Fiscal 2002					Fiscal 2003				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Fixed Costs					970					(14,179)
Total Statewide Present Law Adjustments					\$970					(\$14,179)
DP 521 - Cooperative Promotion	0.00	0	196,266	0	196,266	0.00	0	196,266	0	196,266
Total Other Present Law Adjustments	0.00	\$0	\$196,266	\$0	\$196,266	0.00	\$0	\$196,266	\$0	\$196,266
Grand Total All Present Law Adjustments					\$197,236					\$182,087

Present Law Adjustments

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

DP 521 - Cooperative Promotion - The legislature approved an increase in state special revenue authority to support private sector cooperative promotional campaigns, partially funded by private contributions.

Language

It is the intent of the legislature that the department use Lodging Facility Use Taxes to fund \$515,961 in fiscal 2002 and \$511,677 in fiscal 2003 for the Montana Historical Society. This would be expended as follows:

	2002	2003
Lewis and Clark Bicentennial	\$116,477	\$111,124
Scriver Curator	28,484	25,553
Scriver Rent Storage	96,000	100,000
Lewis and Clark Bicentennial Commission	200,000	200,000
Historical Interpretation	75,000	75,000

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	13.50	0.00	0.00	13.50	0.00	1.00	14.50	14.50
Personal Services	542,993	14,110	0	557,103	17,246	28,552	588,791	1,145,894
Operating Expenses	504,652	132,085	44,938	681,675	126,350	44,938	675,940	1,357,615
Equipment	6,309	0	0	6,309	0	0	6,309	12,618
Grants	7,415,242	1,915,544	24,983	9,355,769	1,915,544	58,459	9,389,245	18,745,014
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$8,469,196	\$2,061,739	\$69,921	\$10,600,856	\$2,059,140	\$131,949	\$10,660,285	\$21,261,141
General Fund	359,188	81,205	(5,062)	435,331	81,078	(5,062)	435,204	870,535
State/Other Special	1,803,777	107,558	74,983	1,986,318	104,620	137,011	2,045,408	4,031,726
Federal Special	6,306,231	1,872,976	0	8,179,207	1,873,442	0	8,179,673	16,358,880
Total Funds	\$8,469,196	\$2,061,739	\$69,921	\$10,600,856	\$2,059,140	\$131,949	\$10,660,285	\$21,261,141

Program Description

The Community Development Division works with federal, state, and local governments and the private sector in all areas of community development, including public facilities planning and financing, community planning and growth management, subdivision regulation and zoning, housing development for low- and moderate-income families, neighborhood revitalization, needs assessment, coal and hard rock mining mitigation, and project management. There are three major programs within the division: the Community Technical Assistance Program (CTAP), the Community Development Block Grant (CDBG) Program, and the Treasure State Endowment Program (TSEP). The Montana Coal Board and the Montana Hard Rock Mining Impact Board and their respective programs are attached to the division for administrative purposes.

Funding

- ?? The Hard Rock Mining Board is funded by a 2.5 percent allocation of the Metalliferous Mines License Tax
- ?? The Community Development Block Grant (CDBG) program is primarily funded with federal block grant funds
The general fund provides a HUD-mandated match for a portion of the administrative costs of the program
- ?? The Treasure State Endowment Program (TSEP) is funded by interest earnings from the permanent Coal Tax Trust
- ?? The Community Technical Assistance Program (CTAP) is funded through the general fund and also receives a portion of Coal Severance Tax collections allocated for county land planning
- ?? The Coal Board and CTAP (County Land Planning function) compete with three other programs (Montana Growth Through Agriculture, State Library Commission, and Conservation Districts) for a share of 8.36 percent of Coal Severance Tax collections

	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					34,442					37,820
Vacancy Savings					(15,836)					(15,938)
Inflation/Deflation					1,264					2,166
Fixed Costs					2,962					(2,428)
Total Statewide Present Law Adjustments					\$22,832					\$21,620
DP 61 - Community Development Administrative Costs	0.00	14,922	120,318	0	135,240	0.00	13,871	120,139	0	134,010
DP 602 - CDBG Federal Grants	0.00	0	0	1,915,544	1,915,544	0.00	0	0	1,915,544	1,915,544
DP 696 - Data Network Fixed Cost Reduction	0.00	(27)	(59)	(54)	(140)	0.00	(27)	(59)	(54)	(140)
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	(1,631)	(1,670)	(1,176)	(4,477)	0.00	(1,637)	(1,677)	(1,180)	(4,494)
DP 699 - Vacancy Savings at 4 Percent	0.00	(4,011)	(2,962)	(287)	(7,260)	0.00	(4,030)	(3,081)	(289)	(7,400)
Total Other Present Law Adjustments	0.00	\$9,253	\$115,627	\$1,914,027	\$2,038,907	0.00	\$8,177	\$115,322	\$1,914,021	\$2,037,520
Grand Total All Present Law Adjustments					\$2,061,739					\$2,059,140

Present Law Adjustments

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

DP 61 - Community Development Administrative Costs - The legislature approved an increase in general fund and state special revenue authority, including authority for expenditures from the Hard Rock Mining Impact Account Reserve, to provide for administrative cost increases, overtime, board member per diem, and department indirect costs. The legislature designated the Hard Rock Mining Impact Account Reserve authority of \$100,000 in each year of the biennium as restricted.

DP 602 - CDBG Federal Grants - The legislature approved an increase in federal special revenue authority allowing the division to meet the projected expense of federal CDBG funds during the 2003 biennium.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals	-----Fiscal 2002-----					-----Fiscal 2003-----					
	Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 4 - Coal Board Grants and FTE											
60	0.00	0	24,983	0	24,983	1.00	0	87,011	0	87,011	
DP 446 - Cost Reallocation											
60	0.00	(5,062)	50,000	0	44,938	0.00	(5,062)	50,000	0	44,938	
Total	0.00	(\$5,062)	\$74,983	\$0	\$69,921	1.00	(\$5,062)	\$137,011	\$0	\$131,949	

New Proposals

DP 4 - Coal Board Grants and FTE - The legislature approved an increase in state special revenue authority to fund an additional 1.0 FTE in fiscal 2003, and additional grants in each year of the biennium. The additional FTE will be dedicated to working with issues relative to local coal impact mitigation. Grant funds would be set aside for projects dealing with the impacts resulting from the decline in coal production and would allow local projects to enhance existing coal utilization practices.

DP 446 - Cost Reallocation - The legislature approved reallocation of a general fund reduction originally applied entirely to the Economic Development Division. Additionally, the legislature approved an increase in state special revenue within this division, to allow the department to accommodate increased charges for the department's internal service fund.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	6.00	0.00	(6.00)	0.00	0.00	(6.00)	0.00	0.00
Personal Services	249,113	10,264	(259,377)	0	12,157	(261,270)	0	0
Operating Expenses	151,616	17,672	(169,288)	0	17,512	(169,128)	0	0
Equipment	0	0	0	0	0	0	0	0
Total Costs	\$400,729	\$27,936	(\$428,665)	\$0	\$29,669	(\$430,398)	\$0	\$0
General Fund	400,729	27,936	(428,665)	0	29,669	(430,398)	0	0
Total Funds	\$400,729	\$27,936	(\$428,665)	\$0	\$29,669	(\$430,398)	\$0	\$0

Program Description

The Local Government Services Division consists primarily of two programs:

- ?? The Local Government Accounting Systems Program provides technical assistance and training to local government accounting and financial personnel in the areas of local government finance, accounting, budgeting and financial reporting through on-site visits, telephone assistance, and local government training seminars. Program staff also serve as a liaison between local governments and various state agencies
- ?? The Local Government Audit Review Program is responsible for defining, reviewing, and enforcing auditing requirements for Montana's local governments. Program staff review all of the jurisdictions' annual financial reports and certify compliance of local governments with the state Single Audit Act

Program Narrative

SB 445, discussed in the Reorganization section of the Agency Summary, transferred the Local Government Services Division in its entirety to the Department of Administration. The information on budget base and all decision packages approved by the legislature is provided for historical purposes.

Funding

- ?? The systems portion of the division is funded entirely by the general fund
- ?? The Audit Review Program and the Defalcation Audit Program are funded from proprietary funds, and are not listed in the funding tables

	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					21,071					23,044
Vacancy Savings					(7,468)					(7,528)
Inflation/Deflation					(110)					(95)
Fixed Costs					(3,276)					(4,224)
Total Statewide Present Law Adjustments					\$10,217					\$11,197
DP 29 - Federal Building Rent	0.00	5,167	0	0	5,167	0.00	5,817	0	0	5,817
DP 46 - LGS Administrative Costs	0.00	15,945	0	0	15,945	0.00	16,068	0	0	16,068
DP 696 - Data Network Fixed Cost Reduction	0.00	(54)	0	0	(54)	0.00	(54)	0	0	(54)
DP 699 - Vacancy Savings at 4 Percent	0.00	(3,339)	0	0	(3,339)	0.00	(3,359)	0	0	(3,359)
Total Other Present Law Adjustments	0.00	\$17,719	\$0	\$0	\$17,719	0.00	\$18,472	\$0	\$0	\$18,472
Grand Total All Present Law Adjustments					\$27,936					\$29,669

Present Law Adjustments

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

DP 29 - Federal Building Rent - The legislature approved an increase in general fund to accommodate increased rent costs resulting from the division's move into the Federal Building.

DP 46 - LGS Administrative Costs - The legislature approved an increase in general fund for administrative cost increases, including travel-related costs and department indirect costs.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals	-----Fiscal 2002-----					-----Fiscal 2003-----					
	Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 445 - SB 445 - Department of Commerce Reorganization											
62	(6.00)	(428,665)	0	0	(428,665)	(6.00)	(430,398)	0	0	(430,398)	
Total	(6.00)	(\$428,665)	\$0	\$0	(\$428,665)	(6.00)	(\$430,398)	\$0	\$0	(\$430,398)	

New Proposals

DP 445 - SB 445 - Department of Commerce Reorganization - Under the provisions of SB 445, the Local Government Services Division was moved in its entirety to the Department of Administration.

Proprietary Rates

Program Description

The Local Government Assistance Administration Program provides the Community Development Division with professional administration and legal services. The program supervises the Community Development Division, including the Montana Coal Board, Community Development Block Grant Program, Community Technical Assistance Program, Hard Rock Mining Impact Board, and the Treasure State Endowment Program.

The Local Government Assistance Administration Program is funded from a proprietary fund that receives revenue from recharges paid by the Hard Rock Mining Impact and Coal boards, and the Community Development division.

Revenues and Expenses

The actual operating costs of this administrative unit are charged to each of the supervised divisions and programs based upon the amount of time dedicated to the program. Recharges are billed on the basis of reported time on the pay period time sheets. Generally, the Local Government Assistance Administration Program does not budget for administrative costs beyond those directly associated with personal services in combination with a minimal part of the operating costs. These costs, primarily incurred by either the administrator or the legal counsel, are billed directly to the program activity supported.

Rate Explanation

The Local Government Assistance Administration Program rate is calculated by dividing the program's total cost by supported programs' requested budgets. The calculated rate is the lowest possible rate. The 60-day working capital calculation was not considered in the determination of rates.

There have been no changes in the services provided to supported divisions and programs. Recharges to supported boards and programs fund the 2.5 administrative FTE. The legislature approved recharge rates of 1.70 percent in each year of the biennium, a 0.37 percent increase over the 2001 biennium.

Significant Present Law

DP 48 - LGA Administrative Costs - This adjustment funds increased operating expenses within the division, including indirect costs and the division's share of department server replacement.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	58.00	0.00	(58.00)	0.00	0.00	(58.00)	0.00	0.00
Personal Services	1,979,444	196,165	(2,175,609)	0	208,424	(2,187,868)	0	0
Operating Expenses	772,984	166,595	(939,579)	0	140,657	(913,641)	0	0
Equipment	81,882	45,118	(127,000)	0	46,118	(128,000)	0	0
Total Costs	\$2,834,310	\$407,878	(\$3,242,188)	\$0	\$395,199	(\$3,229,509)	\$0	\$0
State/Other Special	2,834,310	407,878	(3,242,188)	0	395,199	(3,229,509)	0	0
Total Funds	\$2,834,310	\$407,878	(\$3,242,188)	\$0	\$395,199	(\$3,229,509)	\$0	\$0

Program Description

The Building Codes Division establishes and enforces minimum building codes, including accessibility, plumbing, mechanical, electrical, energy, elevator, and boiler codes. When possible, the division approves and certifies local government code enforcement programs to utilize codes adopted by the division. The division also assists the Board of Plumbers and the State Electrical Board with license law enforcement by checking for proper licensing when inspecting projects for code compliance.

Program Narrative

SB 445, discussed in the Reorganization section of the Agency Summary, transferred the Building Codes Division in its entirety to the Department of Labor and Industry. The information on budget base and all decision packages approved by the legislature is provided for historical purposes.

Funding

The Building Codes Division is funded entirely from inspection fees deposited in the state special revenue fund.

	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					286,816					299,585
Vacancy Savings					(61,722)					(62,105)
Inflation/Deflation					(300)					(252)
Fixed Costs					(20,247)					(25,255)
Total Statewide Present Law Adjustments					\$204,547					\$211,973
DP 5 - Vehicle Replacements	0.00	0	45,118	0	45,118	0.00	0	46,118	0	46,118
DP 10 - Inspector Travel	0.00	0	41,000	0	41,000	0.00	0	41,000	0	41,000
DP 25 - Computer Replacements	0.00	0	25,548	0	25,548	0.00	0	0	0	0
DP 31 - Building Codes Education	0.00	0	19,000	0	19,000	0.00	0	19,000	0	19,000
DP 49 - Building Codes Administrative Costs	0.00	0	101,808	0	101,808	0.00	0	106,378	0	106,378
DP 696 - Data Network Fixed Cost Reduction	0.00	0	(214)	0	(214)	0.00	0	(214)	0	(214)
DP 699 - Vacancy Savings at 4 Percent	0.00	0	(28,929)	0	(28,929)	0.00	0	(29,056)	0	(29,056)
Total Other Present Law Adjustments	0.00	\$0	\$203,331	\$0	\$203,331	0.00	\$0	\$183,226	\$0	\$183,226
Grand Total All Present Law Adjustments					\$407,878					\$395,199

Present Law Adjustments

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

DP 5 - Vehicle Replacements - The legislature approved an increase in state special revenue authority of \$91,236 over the biennium for vehicle replacement within the Building Codes Division. This increase allows the department to replace six pickups and three sedans in fiscal 2002, and eight pickups and one sedan in fiscal 2003. The legislature designated this appropriation as one-time-only, and inserted language requiring the department to report to the 2003 legislature on options for a fleet management plan to effect consistent costs for vehicle replacement in subsequent biennia.

DP 10 - Inspector Travel - The legislature approved an increase in state special revenue authority of \$82,000 over the biennium for travel-related costs for Building Codes Division inspection staff. The increase funds inspector travel assuming full staffing levels.

DP 25 - Computer Replacements - The legislature approved an increase in state special revenue authority of \$25,548 in fiscal 2002, allowing the department to replace 15 personal computers.

DP 31 - Building Codes Education - The legislature approved an increase in state special revenue authority of \$38,000 over the biennium for costs related to providing building codes education and training as mandated in 50-60-116, MCA.

DP 49 - Building Codes Administrative Costs - The legislature approved an increase in state special revenue authority of \$208,186 over the biennium to fund increased rental charges resulting from the move to the Federal Building, and for the division's share of agency indirect costs.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by

the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets, and decreases state special revenue authority by \$428 over the biennium.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount. This adjustment decreased state special revenue authority by \$57,985 over the biennium.

New Proposals										
Prgm	FTE	-----Fiscal 2002-----				-----Fiscal 2003-----				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 445 - SB 445 - Department of Commerce Reorganization 65	(58.00)	0	(3,242,188)	0	(3,242,188)	(58.00)	0	(3,229,509)	0	(3,229,509)
Total	(58.00)	\$0	(\$3,242,188)	\$0	(\$3,242,188)	(58.00)	\$0	(\$3,229,509)	\$0	(\$3,229,509)

New Proposals

DP 445 - SB 445 - Department of Commerce Reorganization - Under the provisions of SB 445, the Building Codes Division was moved in its entirety to the Department of Labor and Industry.

Language

The department shall report to the 2003 legislature on options for a fleet management plan to stabilize vehicle replacement costs within the Building Codes Division.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	23.00	1.50	(1.00)	23.50	1.50	(1.00)	23.50	23.50
Personal Services	599,574	263,538	0	863,112	269,758	0	869,332	1,732,444
Operating Expenses	369,468	527,671	0	897,139	379,385	0	748,853	1,645,992
Equipment	17,201	3,605	0	20,806	23,889	0	41,090	61,896
Grants	17,193,473	34,488,116	0	51,681,589	37,467,499	0	54,660,972	106,342,561
Total Costs	\$18,179,716	\$35,282,930	\$0	\$53,462,646	\$38,140,531	\$0	\$56,320,247	\$109,782,893
Federal Special	18,179,723	35,282,923	0	53,462,646	38,140,524	0	56,320,247	109,782,893
Proprietary	(7)	7	0	0	7	0	0	0
Total Funds	\$18,179,716	\$35,282,930	\$0	\$53,462,646	\$38,140,531	\$0	\$56,320,247	\$109,782,893

Program Description

The Housing Division, established on July 1, 1995, consolidates housing programs within the Department of Commerce into one division. The Division includes the Home Investment Partnerships Program (HOME), the Section 8 Tenant-based and Project-based Housing programs, and the Board of Housing and its programs.

- ?? The HOME Program provides grant funds to eligible local governments and Community Housing Development Organizations, allowing them to provide assistance in financing new construction or rehabilitation of individual homes or rental units, tenant-based rental assistance, and other eligible activities
- ?? The Section 8 Housing Program provides rental assistance through Housing and Urban Development (HUD) Section 8 authority, on behalf of low-income families and the elderly
- ?? The Board of Housing is a 7-member, quasi-judicial board appointed by the Governor, and which is administratively attached to the Department of Commerce. The board administers the Low-Income Housing Tax Credit, Multi-Family Loan, Reverse Annuity Mortgage, and Single Family programs

Funding

The HOME and Section 8 Housing portions of the Housing Division are funded entirely with federal funds. The Board of Housing portion of the Housing Division is funded by proprietary (enterprise type) funds derived from an administrative charge applied to mortgages financed. The proprietary funds are not appropriated in HB 2, and therefore are not listed in the funding tables.

Present Law Adjustments	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					254,820					261,154
Vacancy Savings					(23,189)					(23,379)
Inflation/Deflation					1,501					2,353
Fixed Costs					20,955					9,067
Total Statewide Present Law Adjustments					\$254,087					\$249,195
DP 2 - Section 8 Project-Based Program	0.00	0	0	26,642,492	26,642,492	0.00	0	0	27,645,585	27,645,585
DP 3 - Section 8 Tenant-Based Program	1.50	0	0	2,886,823	2,886,823	1.50	0	0	4,033,011	4,033,011
DP 19 - Section 8 Computer Replacements	0.00	0	0	8,000	8,000	0.00	0	0	8,000	8,000
DP 51 - Section 8 Administrative Costs	0.00	0	0	5,503,050	5,503,050	0.00	0	0	6,216,324	6,216,324
DP 696 - Data Network Fixed Cost Reduction	0.00	0	0	(322)	(322)	0.00	0	0	(322)	(322)
DP 699 - Vacancy Savings at 4 Percent	0.00	0	0	(11,200)	(11,200)	0.00	0	0	(11,262)	(11,262)
Total Other Present Law Adjustments	1.50	\$0	\$0	\$35,028,843	\$35,028,843	1.50	\$0	\$0	\$37,891,336	\$37,891,336
Grand Total All Present Law Adjustments					\$35,282,930					\$38,140,531

Present Law Adjustments

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

DP 2 - Section 8 Project-Based Program - The legislature approved an increase in federal special revenue authority to accommodate the division's contract with HUD to administer the Section 8 Project-Based Program.

DP 3 - Section 8 Tenant-Based Program - The legislature approved an increase in federal special revenue authority and 1.5 FTE to accommodate the division's contract with HUD to administer the Section 8 Tenant-Based Program.

DP 19 - Section 8 Computer Replacements - The legislature approved an increase in federal special revenue allowing the department to replace four personal computers each year of the biennium, per the division's four-year replacement plan.

DP 51 - Section 8 Administrative Costs - The legislature approved an increase in federal special revenue authority for projected increases in Section 8 funding/costs during the 2003 biennium. This increase includes contracted services, grant increases, and department indirect costs.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 689 - FTE Reduction 74	(1.00)	0	0	0	0	(1.00)	0	0	0	0
Total	(1.00)	\$0	\$0	\$0	\$0	(1.00)	\$0	\$0	\$0	\$0

New Proposals

DP 689 - FTE Reduction - The legislature reduced FTE for positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.50	(0.50)	0.00	0.00	(0.50)	0.00	0.00	0.00
Personal Services	13,078	(13,078)	0	0	(13,078)	0	0	0
Operating Expenses	19,901	(19,901)	0	0	(19,901)	0	0	0
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$32,979	(\$32,979)	\$0	\$0	(\$32,979)	\$0	\$0	\$0
State/Other Special	32,979	(32,979)	0	0	(32,979)	0	0	0
Total Funds	\$32,979	(\$32,979)	\$0	\$0	(\$32,979)	\$0	\$0	\$0

Program Description

The Board of Investments staff manages the Unified Investment Program for public funds, established under Article VIII, Section 13 of the Montana Constitution. Six investment pools and several individual portfolios are managed. The six investment pools include the Retirement Funds Bond, Trust Funds Bond, Short Term Investment, Montana Stock, Montana International Equity, and Montana Real Estate pools. Annual audited financial statements are prepared for each investment pool. Investments that are not managed in pools are included in an "all other funds" financial statement. The In-state Investment Program consists of Montana residential mortgages and commercial loans. The Board also issues bonds and lends the proceeds to eligible government agencies for a variety of purposes.

Funding

The Board of Investments is funded with both enterprise and internal service-type proprietary funds, and no direct appropriations are provided in HB 2. For the 2003 biennium, the only adjustment made by the legislature is the removal of base-year expenditures related to the Montana Science and Technology Alliance. Further information on Board of Investments funding is contained in the proprietary rates discussion at the end of this section.

Present Law Adjustments										
-----Fiscal 2002-----					-----Fiscal 2003-----					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				12,826					12,911	
Vacancy Savings				(671)					(673)	
Inflation/Deflation				(3)					(3)	
Fixed Costs				(3,231)					(3,231)	
Total Statewide Present Law Adjustments				\$8,921					\$9,004	
DP 751 - Eliminate Funding Related to MT Science and Technology Alliance	(0.50)	0	(41,900)	0	(41,900)	(0.50)	0	(41,983)	0	(41,983)
Total Other Present Law Adjustments	(0.50)	\$0	(\$41,900)	\$0	(\$41,900)	(0.50)	\$0	(\$41,983)	\$0	(\$41,983)
Grand Total All Present Law Adjustments				(\$32,979)					(\$32,979)	

Present Law Adjustments

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

DP 751 - Eliminate Funding Related to MT Science and Technology Alliance - The legislature approved an adjustment to eliminate 0.5 FTE and state special revenue authority related to the Montana Science and Technology Alliance from base

year expenditures. The Montana Science and Technology Alliance will be administered by the Board of Investments during subsequent biennia.

Proprietary Rates

Revenues and Expenses

The revenue objective of the Investment Program is to assess the costs of operations to each portfolio while maintaining a 60-day working capital reserve.

Nearly all bond program revenues are generated by the difference between interest rates on bonds sold and the interest rates charged on loans made to borrowers. Since revenues are received from the trustee on an annual basis, a 270-day fund balance for the Enterprise Fund is required in order to provide adequate funding for the Bond Program between draws. Remaining revenues are received monthly from the Board's contract with the Montana Health Facility Authority.

The Board of Investments does not receive any direct appropriations. Internal service funding is generated entirely from charges to each portfolio invested by the board, and finances the Investment Program. Enterprise funding revenue is generated from the difference between interest earned from loans to borrowers and interest paid to bond holders, in addition to the monthly contract revenues received from the Montana Health Facility Authority. Non-budgeted revenues are used to finance statutorily-appropriated debt-service expenditures.

Rate Explanation

The Board of Investments assesses its costs to the entities that use its services. Typically, this has been done by requesting a maximum level of expenditures similar to what occurs in HB 2. This methodology is continued during the 2003 biennium to provide a comparison with historical financial activity.

There has been no significant change in the services provided by the Board of Investments from those provided in the last biennium, although the investment portfolio continues to grow. There are 29.0 FTE in the program.

For the Board of Investments, the legislature defined "rates" as the total collections necessary to operate the board. The legislature approved "rates" of \$2,860,200 in fiscal 2002, and \$2,805,200 in fiscal 2003.

Significant Present Law

DP 53 - BOI Administrative Costs - This adjustment funds increased operating expenses within the Board of Investments, including personal services costs for a broad-band pay plan, overtime, per diem, agency indirect costs, and the board's share of departmental purchases of computer hardware and servers.

New Proposals

DP 15 - BOI Modified FTE - This adjustment makes 3.0 modified FTE permanent. In fiscal 2000, the Board added 3.0 modified FTE positions: two grade 16 securities analysts, and one grade 11 administrative support position. This adjustment makes these positions permanent.

DP 16 - BOI Accounting Support - This adjustment adds a 1.0 FTE grade 13 accountant position. Duties performed will include managing the outstanding Montana Science and Technology portfolio, which was transferred to the Board of Investments in the 1999 biennium as a result of the passage of HB 578.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	31.50	0.00	(31.50)	0.00	0.00	(31.50)	0.00	0.00
Personal Services	1,263,022	(67,139)	(1,195,883)	0	(60,256)	(1,202,766)	0	0
Operating Expenses	5,201,527	577,360	(5,778,887)	0	675,760	(5,877,287)	0	0
Equipment	46,677	314,923	(361,600)	0	(28,977)	(17,700)	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	231,724	913,854	(1,145,578)	0	913,853	(1,145,577)	0	0
Total Costs	\$6,742,950	\$1,738,998	(\$8,481,948)	\$0	\$1,500,380	(\$8,243,330)	\$0	\$0
Proprietary	6,742,950	1,738,998	(8,481,948)	0	1,500,380	(8,243,330)	0	0
Total Funds	\$6,742,950	\$1,738,998	(\$8,481,948)	\$0	\$1,500,380	(\$8,243,330)	\$0	\$0

Program Description

The Montana State Lottery Program designs and markets lottery games that allow players to purchase chances to win a prize. The lottery presently offers a variety of games, some in cooperation with other lotteries through the Multi-state Lottery Association (MUSL). Montana Cash is exclusive to Montana. A five-member State Lottery Commission, appointed by the Governor, sets policy and oversees program activities and procedures. The remaining net revenue, after sales commissions and operating expenses, is deposited in the general fund on a quarterly basis.

Program Narrative

SB 445, discussed in the Reorganization section of the Agency Summary, transferred the Montana State Lottery in its entirety to the Department of Administration. The information on budget base and all decision packages approved by the legislature is provided for historical purposes.

Funding

The Montana State Lottery is funded from an enterprise fund with revenue derived primarily from the sale of lottery tickets. The lottery also assesses a one-time \$50 fee to applicants for lottery retailer licenses. This fee is established in state statute. The fees charged are established by the State Lottery Commission as authorized by Title 23, Chapter 7, Part 202 (5), MCA. The commission has set the price of each on-line game ticket at \$1.00. Scratch ticket games cost either \$1.00 or \$2.00, depending upon the specific game. Lottery revenues provide funding for 31.5 FTE. A 60-day working capital balance is used to maintain operations because receivables are collected on a 7- to 30-day basis. Winners may be paid daily and the on-line gaming vendors must be paid weekly. The fund equity balance only includes contributed capital.

The Fifty-sixth Legislature passed SB 55, which changed the requirement to submit a budget and establish appropriations for certain proprietary funds that transfer excess revenues to the general fund. The Montana State Lottery Proprietary Fund falls under that requirement, and their budget is appropriated in HB 2.

	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					(18,716)					(11,546)
Vacancy Savings					(33,825)					(34,040)
Inflation/Deflation					217					396
Fixed Costs					69,432					(32,955)
Total Statewide Present Law Adjustments					\$17,108					(\$78,145)
DP 24 - On-Line Terminals	0.00	0	0	0	345,000*	0.00	0	0	0	0
DP 35 - Building Lease	0.00	0	0	0	7,800*	0.00	0	0	0	23,400*
DP 36 - Computer Replacements	0.00	0	0	0	13,600*	0.00	0	0	0	13,600*
DP 54 - Administrative Costs	0.00	0	0	0	1,371,749*	0.00	0	0	0	1,557,856*
DP 696 - Data Network Fixed Cost Reduction	0.00	0	0	0	(311)*	0.00	0	0	0	(311)*
DP 699 - Vacancy Savings at 4 Percent	0.00	0	0	0	(15,948)*	0.00	0	0	0	(16,020)*
Total Other Present Law Adjustments	0.00	\$0	\$0	\$0	\$1,721,890*	0.00	\$0	\$0	\$0	\$1,578,525*
Grand Total All Present Law Adjustments					\$1,738,998*					\$1,500,380*

Present Law Adjustments

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

DP 24 - On-Line Terminals - The legislature approved an increase in proprietary authority allowing the Lottery to purchase additional on-line gaming system terminals, to be installed in locations currently selling tickets via a dedicated circuit only, and also in locations currently selling scratch games only. The legislature designated this appropriation as one-time-only and inserted language requiring the Lottery to report to the 2003 legislature on the status and results related to the purchase and placement of the additional on-line terminals.

DP 35 - Building Lease - The legislature approved additional proprietary authority to accommodate anticipated increases in the division's current lease contract at 2525 N. Montana Avenue.

DP 36 - Computer Replacements - The legislature approved an increase in proprietary authority to fund the replacement of eight personal computers in each year of the biennium, per the division's four-year replacement schedule.

DP 54 - Administrative Costs - The legislature approved an increase in proprietary authority to fund increased operating expenses within the Montana State Lottery. Increases and the approximate values include:

1. carry-over of per diem - \$1,350 each year;
2. contract services for Lottery Vendor Fees - \$480,000 in fiscal 2002 and \$660,000 in fiscal 2003;
3. reestablishment of principal payments and reduction of interest payments from base year, for a net increase of \$900,000 per year (fiscal 2000 expenditures total \$900,000, but did not carry over into base expenditures);
4. indirect costs - \$7,000 in fiscal 2002 and \$8,000 in fiscal 2003; and
5. a reduction in equipment funding from the base year - \$28,000 each year.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by

the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals	-----Fiscal 2002-----					-----Fiscal 2003-----					
	Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 10 - Scratch Games Enhancements											
77	0.00	0	0	0	337,000*	0.00	0	0	0	0	561,000*
DP 12 - On-Line Enhancements											
77	0.00	0	0	0	100,000*	0.00	0	0	0	0	100,000*
DP 445 - SB 445 - Department of Commerce Reorganization											
77	(31.50)	0	0	0	(8,918,948)*	(31.50)	0	0	0	0	(8,904,330)*
Total	(31.50)	\$0	\$0	\$0	(\$8,481,948)	(31.50)	\$0	\$0	\$0	\$0	(\$8,243,330)
					*						*

New Proposals

DP 10 - Scratch Games Enhancements - The legislature approved an increase in proprietary authority to fund an increase in the number of scratch games offered to players. This increase supports ticket production and the purchase of ticket dispensers designed to display and secure the new tickets.

DP 12 - On-Line Enhancements - The legislature approved an increase in proprietary authority to fund increased operating costs relative to the addition of at least one new on-line game per each year of the biennium. The games would be offered in addition to existing on-line games.

DP 445 - SB 445 - Department of Commerce Reorganization - Under the provisions of SB 445, the Montana State Lottery was moved in its entirety to the Department of Administration.

Language

The department shall report to the 2003 legislature on the status and results related to the purchase and placement of additional on-line terminals funded in item [Online Terminals].

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	3.78	0.00	(3.78)	0.00	0.00	(3.78)	0.00	0.00
Personal Services	105,333	34,335	(139,668)	0	35,353	(140,686)	0	0
Operating Expenses	93,117	5,869	(98,986)	0	5,649	(98,766)	0	0
Equipment	0	0	0	0	0	0	0	0
Total Costs	\$198,450	\$40,204	(\$238,654)	\$0	\$41,002	(\$239,452)	\$0	\$0
State/Other Special	198,450	40,204	(238,654)	0	41,002	(239,452)	0	0
Total Funds	\$198,450	\$40,204	(\$238,654)	\$0	\$41,002	(\$239,452)	\$0	\$0

Program Description

The Board of Horse Racing Program is responsible for:

1. regulating the live and simulcast horse racing industry;
2. ensuring the compliance of approximately 3,500 licensees with state laws and board rules;
3. licensing all racing personnel, establishing race dates for various communities, and establishing veterinary practices and standards in connection with horse racing meets; and
4. the auditing, supervision, and investigations related to the pari-mutuel racing system in Montana.

Program Narrative

SB 445, discussed in the Reorganization section of the Agency Summary, transferred the Board of Horseracing in its entirety to the Department of Livestock. The information on budget base and all decision packages approved by the legislature is provided for historical purposes.

Funding

The Board of Horse Racing is funded with state special revenues derived from a 1 percent tax on gross betting receipts from pari-mutuel betting. For simulcast facilities, the tax is the greater of 1 percent of gross betting receipts or the actual cost to the board for regulating the meet.

	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					38,366					39,427
Vacancy Savings					(3,886)					(3,918)
Inflation/Deflation					(153)					(153)
Fixed Costs					2,558					2,235
Total Statewide Present Law Adjustments					\$36,885					\$37,591
DP 55 - Board of Horse Racing Administrative Costs	0.00	0	5,849	0	5,849	0.00	0	5,954	0	5,954
DP 696 - Data Network Fixed Cost Reduction	0.00	0	(27)	0	(27)	0.00	0	(27)	0	(27)
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	0	(641)	0	(641)	0.00	0	(643)	0	(643)
DP 699 - Vacancy Savings at 4 Percent	0.00	0	(1,862)	0	(1,862)	0.00	0	(1,873)	0	(1,873)
Total Other Present Law Adjustments	0.00	\$0	\$3,319	\$0	\$3,319	0.00	\$0	\$3,411	\$0	\$3,411
Grand Total All Present Law Adjustments					\$40,204					\$41,002

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature.

"Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 55 - Board of Horse Racing Administrative Costs - The legislature approved an increase in state special revenue authority for administrative cost increases, including overtime, per diem, and department indirect costs.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 445 - SB 445 - Department of Commerce Reorganization										
78	(3.78)	0	(238,654)	0	(238,654)	(3.78)	0	(239,452)	0	(239,452)
Total	(3.78)	\$0	(\$238,654)	\$0	(\$238,654)	(3.78)	\$0	(\$239,452)	\$0	(\$239,452)

New Proposals

DP 445 - SB 445 - Department of Commerce Reorganization - Under the Provisions of SB 445, the Board of Horse Racing was moved in its entirety to the Department of Livestock.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	5.25	0.00	(5.25)	0.00	0.00	(5.25)	0.00	0.00
Personal Services	165,703	38,815	(204,518)	0	41,102	(206,805)	0	0
Operating Expenses	102,250	90,790	(193,040)	0	90,549	(192,799)	0	0
Equipment	0	0	0	0	0	0	0	0
Total Costs	\$267,953	\$129,605	(\$397,558)	\$0	\$131,651	(\$399,604)	\$0	\$0
General Fund	243,246	23,119	(266,365)	0	25,165	(268,411)	0	0
State/Other Special	24,707	106,486	(131,193)	0	106,486	(131,193)	0	0
Total Funds	\$267,953	\$129,605	(\$397,558)	\$0	\$131,651	(\$399,604)	\$0	\$0

Program Description

The Consumer Affairs Office advocates on the behalf of Montana consumers in matters of unfair or deceptive acts in the conduct of any business. The office investigates consumer complaints and provides an informal mediation process for consumer complaints against businesses. The office enforces Montana consumer protection laws and regulations relating to telemarketing, personal solicitation of sales, the New Motor Vehicle Warranty, Consumer Protection, and Unfair Trade Practices acts.

Program Narrative

SB 445, discussed in the Reorganization section of the Agency Summary, transferred the Consumer Affairs Office in its entirety to the Department of Administration. The information on budget base and all decision packages approved by the legislature is provided for historical purposes.

Funding

The Consumer Affairs Office is funded from the general fund and state special revenue funds derived from court settlements received as a result of litigation of consumer law violations. This revenue fluctuates depending upon the number and size of settlements. Such settlements are generally restricted by the courts to the promotion of greater consumer awareness.

Present Law Adjustments	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					47,336					49,719
Vacancy Savings					(5,860)					(5,932)
Inflation/Deflation					73					185
Fixed Costs					8,465					7,892
Total Statewide Present Law Adjustments					\$50,014					\$51,864
DP 56 - Consumer Affairs Administrative Costs	0.00	23,018	3,715	0	26,733	0.00	23,255	3,715	0	26,970
DP 696 - Data Network Fixed Cost Reduction	0.00	(96)	0	0	(96)	0.00	(96)	0	0	(96)
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	(1,506)	(161)	0	(1,667)	0.00	(1,511)	(161)	0	(1,672)
DP 699 - Vacancy Savings at 4 Percent	0.00	(2,661)	0	0	(2,661)	0.00	(2,685)	0	0	(2,685)
DP 791 - Consumer Settlements	0.00	0	57,282	0	57,282	0.00	0	57,270	0	57,270
Total Other Present Law Adjustments	0.00	\$18,755	\$60,836	\$0	\$79,591	0.00	\$18,963	\$60,824	\$0	\$79,787
Grand Total All Present Law Adjustments					\$129,605					\$131,651

Present Law Adjustments

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

DP 56 - Consumer Affairs Administrative Costs - The legislature approved an increase in general fund revenue authority in order to meet anticipated administrative cost increases. These increases and their approximate amounts include:

1. update consumer reference law library/Lexis Legal Database access - \$2,015 per year;
2. projected increase in administrative hearings - \$8,000 per year;
3. projected communications/TV advertising increase - \$4,000 per year;
4. travel increases resulting from increased education and legal work - \$6,000 per year;
5. increased education and training costs for investigative and legal staff - \$1,500 per year; and
6. the division's share of indirect costs - \$6,000 per year.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

DP 791 - Consumer Settlements - The legislature approved an increase in state special revenue authority in order to accommodate expenditures resulting from the anticipated receipt of up to \$75,000 in class action settlements during each year of the biennium. Past uses of these receipts include advertising and public service announcements.

New Proposals	-----Fiscal 2002-----					-----Fiscal 2003-----					
	Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 11 - Telemarketing Funding Shift											
79	0.00	25,000	(25,000)	0	0	0.00	25,000	(25,000)	0	0	
DP 13 - Lemon Law Funding Shift											
79	0.00	31,354	(31,354)	0	0	0.00	31,354	(31,354)	0	0	
DP 445 - SB 445 - Department of Commerce Reorganization											
79	(5.25)	(322,719)	(74,839)	0	(397,558)	(5.25)	(324,765)	(74,839)	0	(399,604)	
Total	(5.25)	(\$266,365)	(\$131,193)	\$0	(\$397,558)	(5.25)	(\$268,411)	(\$131,193)	\$0	(\$399,604)	

New Proposals

DP 11 - Telemarketing Funding Shift - The legislature approved an increase in general fund to replace \$25,000 in state special revenue funding in anticipation of the inability to collect in full civil fines levied against telemarketers. The legislature designated this appropriation as restricted/one-time-only, and included language directing the department to seek and use state special revenue from consumer affairs legal settlements to offset and minimize the use of general fund.

DP 13 - Lemon Law Funding Shift - The legislature approved a fund shift increasing general fund and reducing state special revenue by \$31,354 in each year of the biennium, due to the loss of the Lemon Law program's state special revenue funding source. The legislature designated this appropriation as restricted/one-time-only, and included language directing the department to seek and use state special revenue from consumer affairs legal settlements to offset and minimize the use of general fund.

DP 445 - SB 445 - Department of Commerce Reorganization - Under the provisions of SB 445, the Consumer Affairs Division was transferred in its entirety to the Department of Administration.

Language

The department is appropriated up to \$56,354 in state special revenue authority in each year of the biennium for operations within the Telemarketing and Lemon Law programs and shall seek and use state special revenue received from consumer affairs' settlements as authorized by a district court order to offset and minimize use of the general fund within the Telemarketing and Lemon Law programs, as provided in 17-2-108.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	0	31,135	0	31,135	148,876	0	148,876	180,011
Equipment	0	21,521	0	21,521	0	0	0	21,521
Total Costs	\$0	\$52,656	\$0	\$52,656	\$148,876	\$0	\$148,876	\$201,532
General Fund	0	14,389	0	14,389	0	0	0	14,389
State/Other Special	0	1,701	0	1,701	87,838	0	87,838	89,539
Federal Special	0	36,566	0	36,566	61,038	0	61,038	97,604
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$0	\$52,656	\$0	\$52,656	\$148,876	\$0	\$148,876	\$201,532

Program Description

The Director's Office/Management Services Division consists of two programs:

- ?? The Director's Office assists the department with executive, administrative, legal, and policy guidance. The office acts as a liaison, working with private business, local governments, administratively attached boards, public and private interest groups, the legislature, Indian tribes, individuals, and the Governor's office in the effort to improve and stabilize the economic climate in Montana.
- ?? The Management Services Division provides internal support to all agency programs, including accounting and fiscal, budgeting and information systems, contracting and purchasing, human resource administration, payroll, and training services.

Program Narrative

SB 445 transferred several functions within the department to other agencies. As part of the transfer, the Director's Office/Management Services Division transferred 8.5 FTE to the other agencies. Prior to SB 445, 24.5 FTE were funded. Currently, 16.0 FTE are funded within the rates approved for the Director's Office/Mangagment Services Division.

Funding

The Director's Office/Management Services Division is funded by an internal service-type proprietary fund derived from indirect costs charged to all agency programs. In the 2003 biennium, division funding also includes general fund and state and federal special revenue as the result of department server and related hardware replacement, and the move of several divisions into the Federal Building.

	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 14 - Federal Building Rent	0.00	0	0	0	0	0.00	0	57,838	55,038	112,876
DP 16 - Federal Building Move	0.00	0	0	18,000	18,000	0.00	0	30,000	6,000	36,000
DP 99 - Department Server/Hardware Replacement	0.00	14,389	1,701	18,566	34,656	0.00	0	0	0	0
Total Other Present Law Adjustments	0.00	\$14,389	\$1,701	\$36,566	\$52,656	0.00	\$0	\$87,838	\$61,038	\$148,876
Grand Total All Present Law Adjustments					\$52,656					\$148,876

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions

on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 14 - Federal Building Rent - The legislature approved an increase in state and federal special revenue to accommodate anticipated rent increases related to moving specific divisions of the department into the Federal Building.

DP 16 - Federal Building Move - The legislature approved an increase in state and federal special revenue to accommodate moving specific divisions of the department into the Federal Building. The legislature designated this appropriation as one-time-only.

DP 99 - Department Server/Hardware Replacement - The legislature approved an increase in general fund and state and federal special revenue authority for purchase of a replacement server and related computer hardware for the department. The legislature designated this appropriation as one-time-only.

Proprietary Rates

Rate Explanation

The Director's Office/Management Services Division is funded by an internal service fund with revenues from charges allocated to programs supported by the indirect cost plan. Indirect costs are allocated to supported programs based upon federally- and legislatively-approved indirect cost rates applied against the actual personal service expenditures of the supported programs.

The revenue objective of division management is to maintain the lowest possible indirect cost charge to supported divisions, bureaus, and programs while maintaining a nominal working capital reserve. The department has historically used the same methodology in calculating indirect rates because federal requirements mandate that those calculations be used to charge federally-funded programs for indirect costs.

There have been no significant changes in the services provided to supported programs or appreciable changes to fees from the last biennium. In the 2003 biennium, 16.0 FTE are funded through indirect charges.

The legislature approved indirect charge rates of 15.5 percent in each year of the biennium, an increase of 5.65 percent over the 2001 biennium. Indirect costs are charged to divisions, bureaus, and programs on a monthly basis. Since indirect cost collections lag by at least one month, the division maintains a working capital reserve adequate to pay operating costs.

Significant Present Law

DP 57 - Administrative Costs - This adjustment funds increased operating expenses within the Director's Office/Management Services Division, including a carry-over of overtime expenditures from the base year, and provides for an increase in contracted services used to address the Human Resources section's work backlog.

DP 15 - Federal Building Rent - Most of the divisions and programs involved in the move to the Federal Building will see significant increases in rental expenditures - particularly programs currently in state-owned space. For the department's non HB 2-funded programs, this represents an estimated increase of \$112,650 in fiscal 2002 and \$114,150 in fiscal 2003.

DP 17 - Federal Building Move - This adjustment funds an increase to meet operating expenses related to moving specific divisions into the Federal Building. Moving, wiring, and signage costs are estimated at \$36,000 in fiscal 2002 for HB 576 programs.

New Proposals

DP 9 - Daily Support/Web Programmer FTE - This adjustment funds an additional 2.0 FTE. The positions include a grade 15 programmer analyst and a grade 11 personnel/daily support position. The programmer analyst's duties will include maintaining, updating, and enhancing the department's web site. Addition of the personnel/daily support position

accommodates the additional payroll and accounting processing workload in the Human Resources and Accounting/Fiscal units.