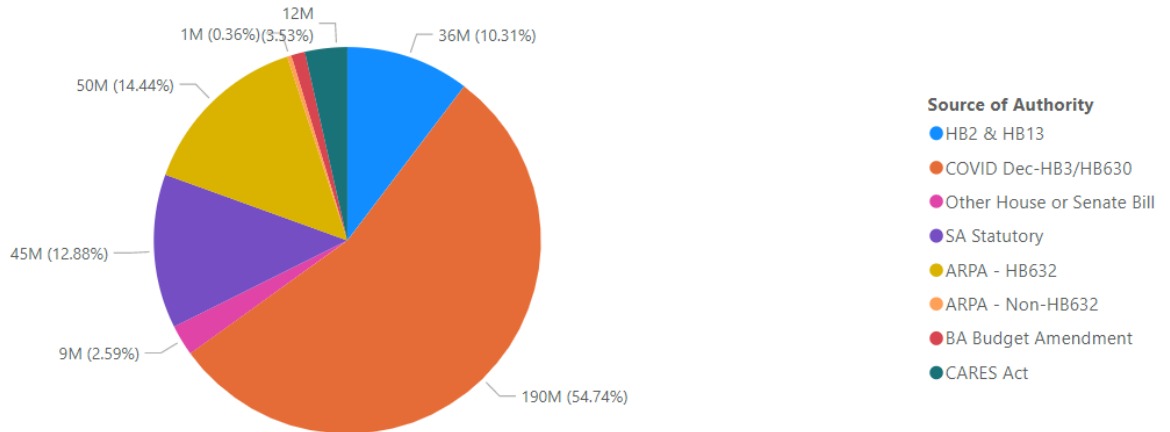


DEPARTMENT OF COMMERCE (COMM)

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 10.3% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



| Source of Authority | Modified Budget | Expended Budget | Percent Expended |
|----------------------------|--------------------|-------------------|------------------|
| HB2 & HB13 | 35,706,599 | 3,980,157 | 11.1% |
| COVID Dec-HB3/HB630 | 189,557,415 | 18,390,698 | 9.7% |
| Other House or Senate Bill | 8,984,360 | 123,890 | 1.4% |
| SA Statutory | 44,588,644 | 13,347,862 | 29.9% |
| ARPA - HB632 | 50,000,000 | 5,367 | 0.0% |
| ARPA - Non-HB632 | 1,231,896 | 2,040 | 0.2% |
| BA Budget Amendment | 3,984,986 | 1,202,525 | 30.2% |
| CARES Act | 12,224,371 | 700,215 | 5.7% |
| Total | 346,278,271 | 37,752,754 | 10.9% |

FiscalMonth

- Select all
- Jul
- Aug
- Sep
- Oct
- Nov
- Dec
- Jan
- Feb
- Mar
- Apr
- May
- Jun

Budget Amendments

Budget amendments processed in FY 2022 for the agency total approximately \$4.0 million, of which \$1.2 million or 30.2% has been expended. Budget amendments are for the following:

- Housing and Urban Development (HUD) Division housing trust fund (HTF) – An affordable housing production program (\$1.1 million appropriated and \$844,000 or 74.0% expended)
- Housing Choice Voucher Program – Assists very low-income families, the elderly, and the disabled to afford housing in the private market (\$341,000 appropriated and \$34,000 or 10.0% expended)
- Project Based Section 8 Housing – Provides housing to low-income households in privately owned and managed rental units (\$1.4 million appropriated and \$47,000 or 3.5% expended)

- State Trade Expansion Program (STEP) – Supports small businesses who participate in foreign trade and markets (\$1.2 million appropriated and \$278,000 or 24.1% expended)

These are all funded from federal grants which have end dates as far out as October 2025. The agency anticipates all funds to be fully expended before their respective end dates.

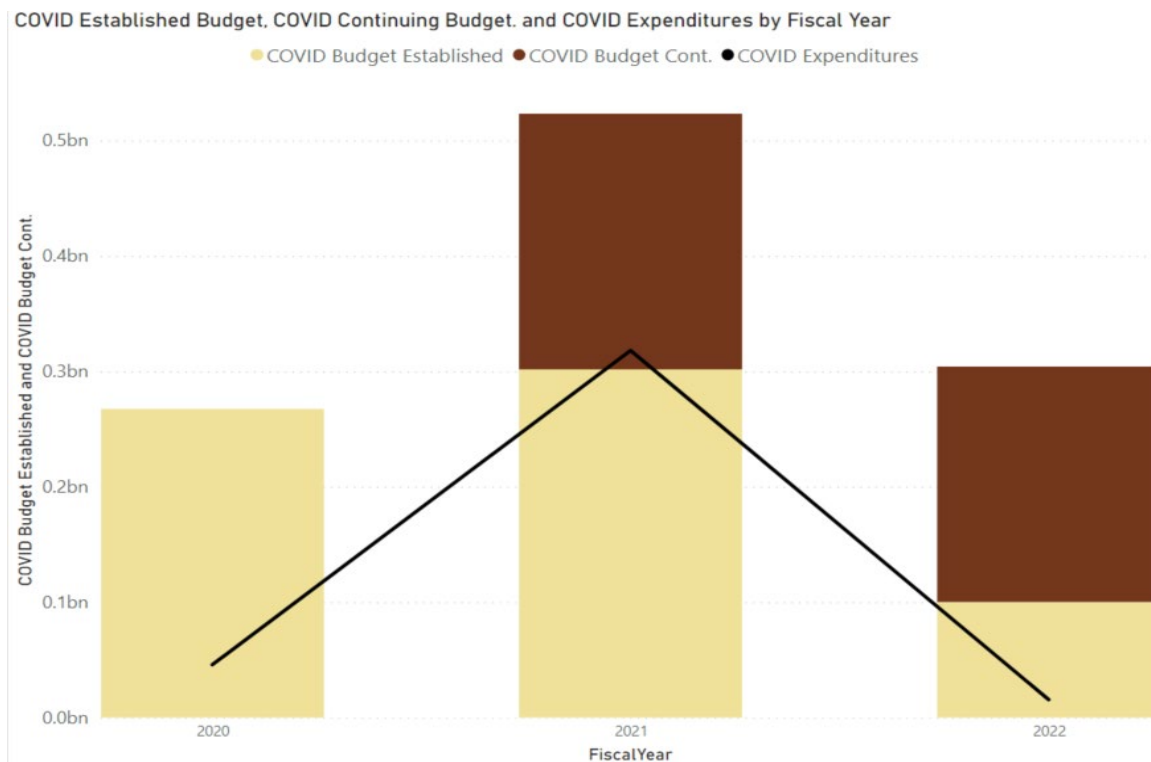
Other Bills

Appropriations from other house and senate bills total \$9.0 million in FY 2022, of which \$124,000 or just over 1.0% has been expended. These appropriations are for:

- Historic Preservation Grants Program (HB 12) – This bill appropriated funds for historic preservation projects. These are generally multi-year projects and the agency has just begun the process of executing contracts with awardees and issuing payments (\$5.5 million appropriated and \$88,000 or 1.6% expended)
- Montana Coal Endowment Program (formerly TSEP, HB 11) – This house bill appropriates money from the Montana coal endowment state special revenue account to the Department of Commerce for infrastructure projects, emergency grants for financial assistance to local governments, and infrastructure planning grants. The agency is in the process of executing contracts and will begin issuing payments after January 1, 2022 (\$3.2 million appropriated and no expenditures)
- Made-in-Montana Program (HB 660) – Appropriates funds to the Made-in-Montana Program which assists Montana businesses in developing and marketing their products. This bill also expands the use of funds in the economic development state special revenue account for other economic development purposes. The agency is currently in the process of hiring an employee to implement this bill, and once this position is filled expenses are expected to incur (\$162,500 appropriated and no expenditures)
- Coal Ash Markets Investigation Program (HB 648) – This bill requires COMM to establish a Coal Ash Markets Investigation Program to determine economically viable markets to reuse coal ash. The agency is in the process of hiring a consultant to conduct targeted market analysis to implement this bill, as soon as the consultant is hired expenses will incur (\$25,000 appropriated and no expenditures)
- Capital and infrastructure projects (HB 652) – This bill was passed during the 2019 Legislative Session and appropriated funds for capital projects. Included in this bill is the remaining funds for the Montana Heritage Commission for the restoration and maintenance of historic properties in Virginia City and Nevada City (\$137,000 appropriated and \$36,000 or 26.4% expended)

COVID-19 Authority

The following chart is provided to allow the legislature to examine the funding that is available to the agency for COVID-19 impacts. Administrative authority for CARES I and ARPA appropriations was allocated to the agency by the Governor’s Office. Administrative authority is not an appropriation and thus is not included in the total appropriation authority shown on the previous page.



| | Total | | |
|--|--------------------------|------------------------|--------------------|
| CARES Authority | COVID Budget Established | COVID Budget Continued | COVID Expenditures |
| CARES I (Plus Fed HR 6074 & 6201, 266) | 366,949,584 | 232,929,397 | 353,845,769 |
| CARES II (HB 3 & HB 630) | 200,000,000 | 189,557,415 | 25,996,667 |
| ARPA (HB 632) | 102,319,213 | 3,055,367 | 38,216 |
| Total | 669,268,796 | 425,542,179 | 379,641,649 |

The agency received approximately \$367.0 million in the Coronavirus Aid, Relief, and Economic Security (CARES) Act I. The majority of funding provided to the agency was for business stabilization grants. Additional funding was provided for small business development center grants, community development block grant, rental assistance, and loan deferments. Of the established CARES I budget, the agency has expended \$354.0 million or 96.4%. These funds have various end dates as early as December 30, 2020 and as late as January 20, 2026.

In the CARES Act II funding, the agency was appropriated \$183.0 million (HB 630) for emergency rental assistance payments and \$17.0 million (HB 3) to fund administration costs and 28.00 modified FTE to administer the Emergency Rental Assistance Program. These are continuing appropriations with an end date of June 30, 2023. Due to federal guidance the uses of these funds are limited, and expenditures are dependent on the number of applications received and the number of eligible applicants.

HB 632 established authority from the American Rescue Plan Act (ARPA) for the Department of Commerce. This authority included \$50.0 million for mortgage assistance, approximately \$11.5 million for the Home Investment Partnerships Program (HOME), \$152.4 million for emergency rental assistance, and \$65.0 million for the state

small business credit initiative (SSBCI). These appropriations were signed into law on April 30, 2021. Appropriations for housing or rental assistance programs will remain available through the 2025 biennium and the SSBCI appropriation will remain available through the 2023 biennium per HB 632, Section 14. To date, the federal government has released 40.0% of the emergency rental assistance funds, 5.0% of the HOME funds, and \$5.0 million for mortgage assistance. Treasury released the process for grantees to request the remaining 60.0% of emergency rental assistance funds on September 14, 2021 and will need to review and approve Montana's homeowner assistance fund (HAF) plan before releasing the remaining mortgage assistance funds. HUD released the requirements for the use of the HOME funds in September and will release an additional 10.0% for administration costs after the Montana HOME allocation plan has been approved by HUD. No funds have been received for the SSBCI. However, federal guidelines were released November 10, 2021 and the Department of Commerce is working on submitting an initial application by December 11, 2021.

Additionally, \$350,000 was granted from the coronavirus state and local fiscal recovery funds for recruitment of out-of-state health care workers. These funds are from the remaining balance of the Return-to-Work Bonus Program. The Department of Commerce is responsible for the marketing of the program to out-of-state workers. Funds are to be obligated by December 31, 2024 and spent by December 31, 2026.

Statutory Appropriations

Statutory appropriations total approximately \$44.6 million in FY 2022, of which \$13.3 million or 29.9% has been expended. Statutory appropriations are for the following:

- Coal Severance Tax (15-35-108, MCA) – Coal severance tax distributions of \$1.8 million each year include:
 - \$325,000 for the Small Business Development Center
 - \$50,000 for the Small Business Innovative Research Program
 - \$625,000 for Certified Regional Development Corporations
 - \$500,000 for the Montana Manufacturing Extension Center at Montana State University-Bozeman
 - \$300,000 for export trade enhancement

To date, the agency has expended \$753,000 or 41.8%.

- Big Sky Economic Development Trust Fund Program (Title 90, Chapter 1, MCA) – This program is funded from the coal severance tax trust fund with the purpose of providing state funds to local communities to promote economic development and sustainability. For FY 2022, the agency has \$4.0 million in statutory appropriations, of which \$165,000 or 4.1% has been expended
- Distressed Wood Products Industry Revolving Loan Program (WPIRS; 90-1-504, MCA) – WPIRS was created in 2009 by the Montana Legislature in response to a low demand for wood products. This program is a state and federally funded revolving loan program that provides financial assistance to create or retain jobs for wood products industry businesses. Appropriations total \$1.6 million and approximately \$33,000 or 2.0% has been expended
- Media Act film fee (15-31-1007, MCA)– Production companies must apply for certification with the Department of Commerce to claim the MEDIA Act transferable income tax credit. Therefore, expenditures are dependent on the revenue received from the total number of applications submitted.

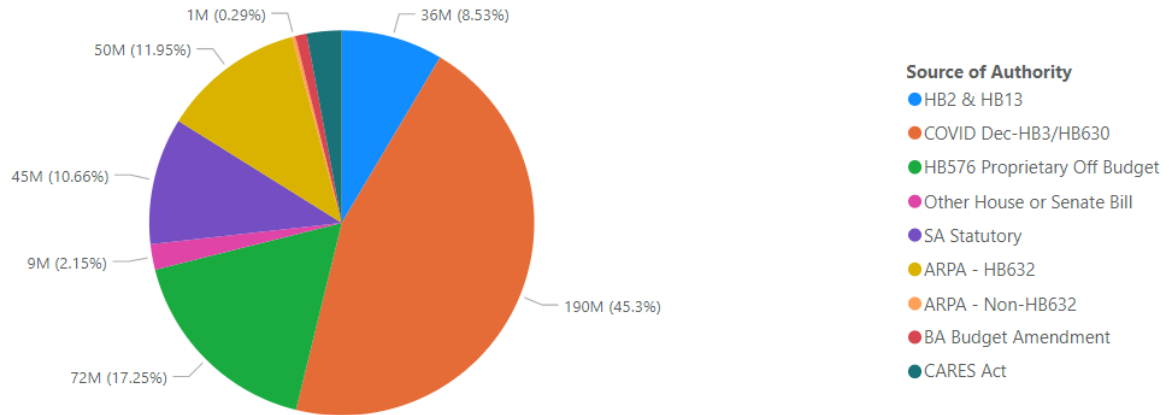
The use of these funds is to pay for the economic report that is prepared by an outside research organization called for by HB 293 enacted by the 2019 Legislature. The bill requires the Department of Commerce to report on the economic impact of the tax credits provided. Appropriations for FY 2022 total \$15,000 and no expenditures have been made

- Lodging facility use tax (15-65-121, MCA) – The lodging facility use tax provides funds to the Department of Commerce through a 4.0% lodging facility use tax imposed on guests of hotels, motels, bed and breakfasts, resorts, campgrounds, and any other lodging site. A portion of tax proceeds must go to the Department of Commerce for tourism promotion and promotion of the state as a location for film production as well as for regional tourism promotion. Appropriations total \$34.1 million in FY 2022, of which \$11.7 million or 34.4% has been expended
- Lewis & Clark bicentennial license plates (2-15-151, MCA) – The Department of Commerce receives fees from Lewis & Clark bicentennial license plates sold through the Motor Vehicles Division at the Department of Justice. Three-fourths of the revenue from this source is placed in a state special revenue fund for the Department of Commerce for projects related to Lewis and Clark. The remaining one-fourth of revenue is placed in a state special revenue account for the Montana Historical Society. Revenue received is dependent on the sale of license plates. In FY 2022, appropriations total \$10,700 and \$4,000 or 36.7% has been expended
- Hard rock county distribution (15-37-117, MCA) – Hard rock mining operations pay a metal mines tax, of which 35.0% of the proceeds are allocated by the department to the counties where the mines are operated to be used for school district funding and economic development. Appropriations total \$584,000 in FY 2022 and \$563,000 or 96.3% has been expended
- Board of Investments debt service (Title 17, Chapter 5, MCA) – The Board of Investments provides investment management of state and local government funds by issuing tax exempt bonds and lending the proceeds to Montana state agencies, universities, and local governments. Bonds are remarketed annually and the budget for the debt services account is established by the board estimating the rate the bonds may be redeemed, interest to be paid, and the trustee costs. Actual costs vary from the estimates which may lead to lower than anticipated expenditures. Approximately \$2.1 million has been appropriated in FY 2022 and \$115,000 or 5.5% has been expended
- Board of Horse Racing (BOHR; 23-4-105, MCA) – The BOHR is responsible for regulating, ensuring compliance, licensing, and auditing all horse racing in the state of Montana. The board is funded with state special revenue from a 1.0% tax on gross receipts from pari-mutuel betting (for simulcast facilities, the tax is greater than 1.0%). In FY 2022 the board was appropriated \$380,000 and no expenditures have been made

TOTAL EXPENDITURE AUTHORITY

The total expenditure authority for the agency is shown in the following pie chart. Total expenditure authority includes non-budgeted proprietary funding and non-budgeted expenditures such as transfers or indirect costs which are not included in the previous pie chart as the expenditures are not appropriated.

Modified Budget and Expended Budget by Source of Authority



| Source of Authority | Modified Budget | Expended Budget | Percent Expended | FiscalMonth |
|------------------------------|--------------------|-------------------|------------------|---|
| HB2 & HB13 | 35,706,599 | 3,980,157 | 11.1% | <input type="checkbox"/> Jul |
| COVID Dec-HB3/HB630 | 189,557,415 | 18,390,698 | 9.7% | <input checked="" type="checkbox"/> Aug |
| HB576 Proprietary Off Budget | 72,194,923 | 27,291,274 | 37.8% | <input checked="" type="checkbox"/> Sep |
| Other House or Senate Bill | 8,984,360 | 123,890 | 1.4% | <input checked="" type="checkbox"/> Oct |
| SA Statutory | 44,588,644 | 13,347,862 | 29.9% | <input checked="" type="checkbox"/> Nov |
| ARPA - HB632 | 50,000,000 | 5,367 | 0.0% | <input type="checkbox"/> Dec |
| ARPA - Non-HB632 | 1,231,896 | 2,040 | 0.2% | <input type="checkbox"/> Jan |
| BA Budget Amendment | 3,984,986 | 1,202,525 | 30.2% | <input type="checkbox"/> Feb |
| CARES Act | 12,224,371 | 700,215 | 5.7% | <input type="checkbox"/> Mar |
| Total | 418,473,194 | 65,044,028 | 15.5% | <input type="checkbox"/> Apr |
| | | | | <input type="checkbox"/> May |
| | | | | <input type="checkbox"/> Jun |

Non-budgeted proprietary funding totals approximately \$72.2 million for FY 2022, of which \$27.3 million or 37.8% has been expended. This funding is for:

- Montana Facility Finance Authority – \$724,000 appropriated and \$279,000 or 38.5% expended
- Board of Housing – \$61.0 million appropriated and \$22.9 million or 37.5% expended
- Board of Investments – \$8.1 million appropriated and \$3.3 million or 40.5% expended
- Centralized Services Program in the Director’s Office – \$2.4 million appropriated and \$899,000 or 37.5% expended

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget through November 30, 2021. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Legislative Budget Compared to Modified Budget - HB 2 Only

| Agency Name | Legislative Budget | Modified Budget | Net Modifications |
|--|--------------------|-------------------|-------------------|
| <input type="checkbox"/> Department of Commerce | 35,706,599 | 35,706,599 | 0 |
| BOARD OF HORSE RACING | 200,733 | 200,733 | |
| BRAND MT | | 358,486 | 358,486 |
| BUSINESS MT | 7,385,947 | 6,311,949 | -1,073,998 |
| COMMUNITY MT | 25,249,919 | 13,913,902 | -11,336,017 |
| DIRECTORS OFFICE | 600,000 | 1,315,512 | 715,512 |
| HOUSING MT | | 11,336,017 | 11,336,017 |
| MONTANA HERITAGE COMMISSION | 2,270,000 | 2,270,000 | 0 |
| Total | 35,706,599 | 35,706,599 | 0 |

| Acct & Lvl 1 DESC | Legislative Budget | Modified Budget | Net Modifications |
|---|--------------------|-----------------|-------------------|
| <input type="checkbox"/> 61000 Personal Services | 4,843,990 | 4,843,990 | 0 |
| <input type="checkbox"/> 62000 Operating Expenses | 6,955,982 | 6,951,850 | -4,132 |
| <input type="checkbox"/> 64000 Capital Outlay | 400,000 | 400,000 | 0 |
| <input type="checkbox"/> 65000 Local Assistance | 46,000 | 46,000 | 0 |
| <input type="checkbox"/> 66000 Grants | 23,219,503 | 23,219,503 | 0 |
| <input type="checkbox"/> 68000 Transfers-out | 241,124 | 241,124 | 0 |
| <input type="checkbox"/> 69000 Debt Service | | 4,132 | 4,132 |

| Fund Type | Legislative Budget | Modified Budget | Net Modifications |
|-------------------------|--------------------|-----------------|-------------------|
| 01 General | 4,542,006 | 4,542,006 | 0 |
| 02 State/Other Spec Rev | 10,216,735 | 10,216,735 | 0 |
| 03 Fed/Other Spec Rev | 20,947,858 | 20,947,858 | 0 |

The agency transferred \$11.3 million from the Community Development Division (CDD) to the Housing Division. This is due to a reorganization that moved the HOME grant program and the Housing Trust Fund Program from CDD to the Housing Division. This moved 6.00 FTE and the corresponding funding of \$11,336,017 to the Housing Division.

The agency had a reorganization of the Office of Tourism and Business Development that split the division into Brand MT and Business MT and relocated the Research & Information Bureau to the Director's Office. Brand MT will be focused on marketing Montana as a place of business and tourism. This reorganization moved \$358,486 in HB 2 funding to Brand MT and includes statutory funding from the accommodations tax, Lewis and Clark bicentennial plate fund, and film fee credits. The Research & Information Bureau transferred 5.00 FTE and \$715,512 to the Directors Office to better align its role as an information resource and repository. Overall, this reduced the Office of Tourism and Business Development's (now Business MT) HB 2 budget by \$1,073,998.

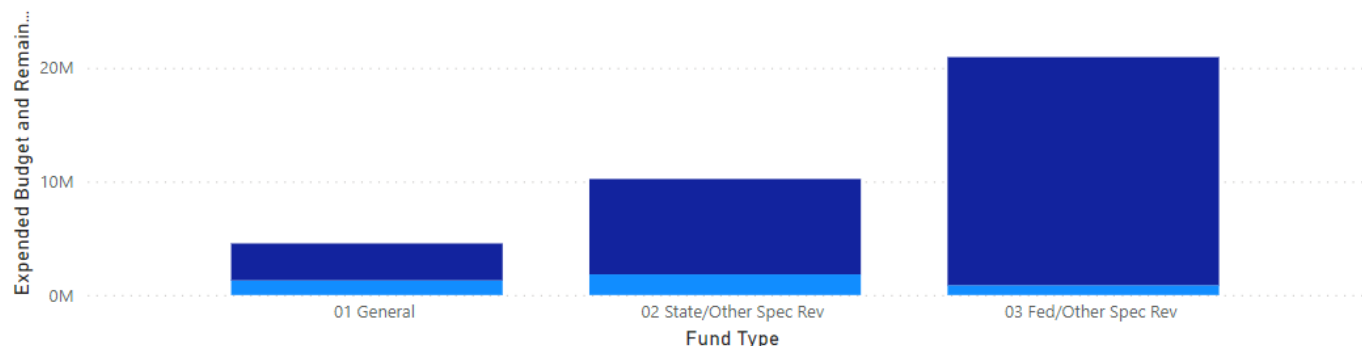
Finally, the agency transferred \$4,132 from operating expenses to debt services due to new accounting requirements that require recording capital lease payments as debt service payments.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through November 30, 2021.

Expended Budget and Remaining Budget by Fund Type - HB 2 Only

● Expended Budget ● Remaining Budget



| acclv1_descr | Modified Budget | Expended Budget | Percent Expended |
|--------------------|-----------------|-----------------|------------------|
| Personal Services | 4,843,990 | 1,634,321 | 33.7% |
| Operating Expenses | 6,951,850 | 1,749,950 | 25.2% |
| Capital Outlay | 400,000 | 45,500 | 11.4% |
| Local Assistance | 46,000 | | |
| Grants | 23,219,503 | 308,665 | 1.3% |
| Transfers-out | 241,124 | 240,000 | 99.5% |
| Debt Service | 4,132 | 1,721 | 41.7% |

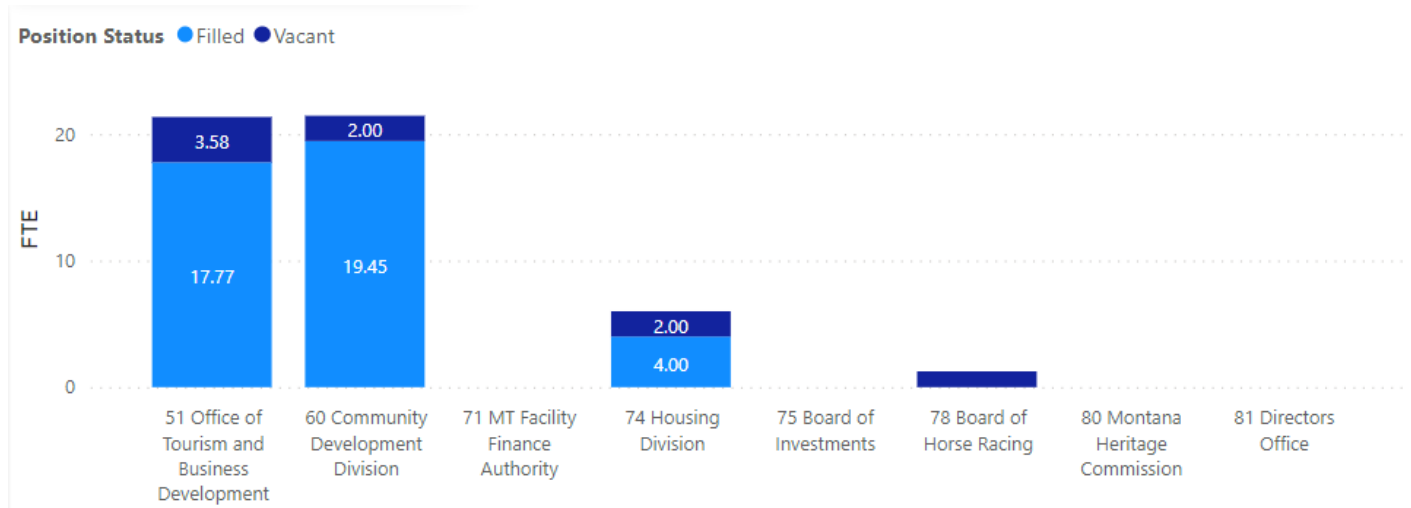
| Program Name | Modified Budget | Expended Budget | Percent Expended |
|-----------------------------|-------------------|------------------|------------------|
| BOARD OF HORSE RACING | 200,733 | 177,891 | 88.6% |
| BRAND MT | 358,486 | 12,677 | 3.5% |
| BUSINESS MT | 6,311,949 | 1,610,165 | 25.5% |
| COMMUNITY MT | 13,913,902 | 729,210 | 5.2% |
| DIRECTORS OFFICE | 1,315,512 | 439,919 | 33.4% |
| HOUSING MT | 11,336,017 | 272,187 | 2.4% |
| MONTANA HERITAGE COMMISSION | 2,270,000 | 738,107 | 32.5% |
| Total | 35,706,599 | 3,980,157 | 11.1% |

The agency's HB 2 modified budget in FY 2022 is \$35.7 million, of which the agency has expended \$4.0 million or 11.1%. The majority of the agency's budget is from federal special revenue for grants. The Housing Division and the Community Development Division have expended 2.4% and 5.2% of their HB 2 FY 2022 budgets, respectively. The majority of these two divisions' funds are for ongoing federally funded programs that are involved in multi-year projects. Awards for these projects are frequently granted in one fiscal year and payments are made in the following years. The Brand MT Program, as previously mentioned, was established during a reorganization in November 2021. To date, the Brand MT Program has expended 3.5% of its HB 2 budget. HB 2 authority for the Brand MT Program is for legislative audit services and private funds derived from private/public partnerships, including the Governor's Tourism Conference which will take place later in FY 2022.

The Board of Horse Racing has expended 88.6% of its HB 2 FY 2022 budget. Expenditures are directly related to the timing of live horse races. Two horse races were scheduled for FY 2022, one at the Montana State Fair in Great Falls in July and another in May at the Miles City Bucking Horse Sale. HB 2 authority was used to pay for the July race in Great Falls. The race in May will likely be paid for from the board’s statutory authority.

Personal Services

The following chart shows the filled and vacant FTE within the agency as of November 1, 2021.



The agency’s HB 2 budget for personal services in FY 2022 totals \$4.8 million of which \$1.6 million or 33.7% has been expended as of November 30, 2021. The agency has 50.05 FTE under HB 2 authority with 8.83 FTE or 17.6% currently vacant. FTE for the Facility Finance Authority, Board of Investments, Montana Heritage Commission, and the Director’s Office are all under non-appropriated proprietary funding.

OTHER ISSUES

Required Reports

Statute requires state agencies report on civil claims or complaints received each quarter. The Department of Commerce reports the following:

“In accordance with the State’s Settlement of Claims Sunshine and Transparency Act, the Montana Department of Commerce (Commerce) hereby submits its quarterly report to the Legislative Fiscal Division disclosing all civil claims or complaints received during the quarter ending September 30, 2021 seeking \$10,000 or more in monetary compensation.

Commerce and all attached to boards have received **3** civil claims or complaints to report this quarter as detailed below.

- Commerce has one civil claim filed against it in the First Judicial District Court
- The Montana Heritage Preservation and Development Commission, attached to Commerce for administrative purposes, has two civil claims filed against it with Risk Management and Tort Defense

If you have any questions regarding this report, please contact Acting Chief Legal Counsel, Amy Barnes.”

These civil claims purport the Department of Commerce acted negligently by not maintaining or repairing premises, in some cases leading to injury.

Line Item Appropriations

- OTBD Primary Business Sector Training (OTO) – A state-funded program that provides grants to primary sector businesses for training of new full and part-time jobs. \$321,000 has been appropriated in FY 2022 and \$240,000 or 74.7% has been expended.
- OTBD Indian Country Economic Development (OTO) – Provides business resources to Native American businesses and tribal governments in Montana through small equity grants, business advisory host funds, and tribal government business planning resources. In FY 2022, \$873,000 was appropriated and \$201,000 or 23.0% has been expended
- OTBD Increase Export Trade Program Funding (OTO) – This funding is used to leverage more state trade and export promotion grant dollars from the Federal Small Business Administration (3:1 match) to continue the purchase of subscription to international market data and increase professional development to improve staff’s proficiency for counseling clients on international trade. \$50,000 was appropriated in FY 2022 and no expenditures have been made
- Taiwan Economic Development and Business Recruitment (Biennial) – The 2021 Legislature reestablished the Taipei, Taiwan Trade Office to promote trade and business attractions. \$500,000 was appropriated and \$101,000 or 20.2% has been expended
- Virginia and Nevada Cities (Restricted/Biennial) – The 2021 Legislature approved a restricted/biennial appropriation for the maintenance of Virginia and Nevada Cities. \$1.0 million was appropriated and \$45,500 or 4.6% has been expended