

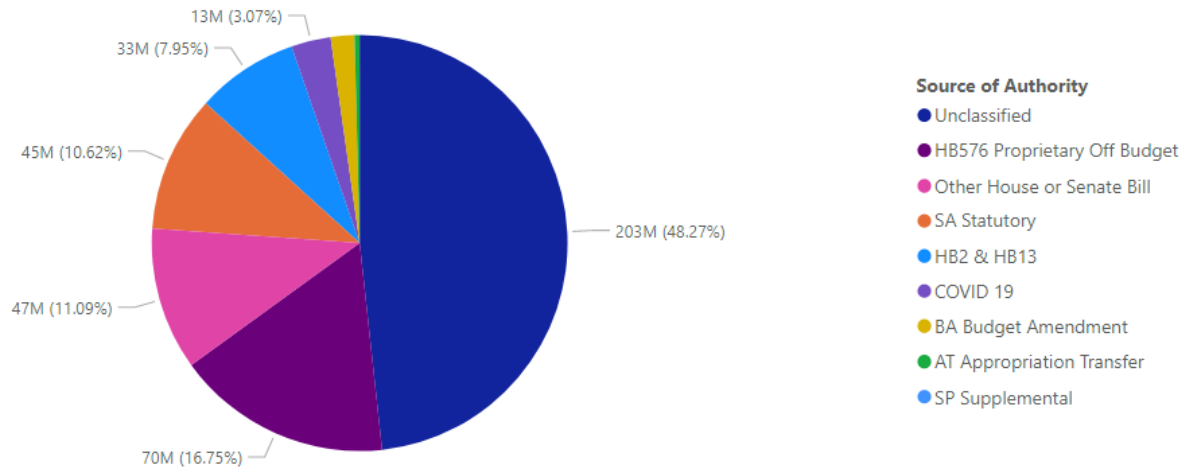
DEPARTMENT OF COMMERCE

TOTAL APPROPRIATION AUTHORITY

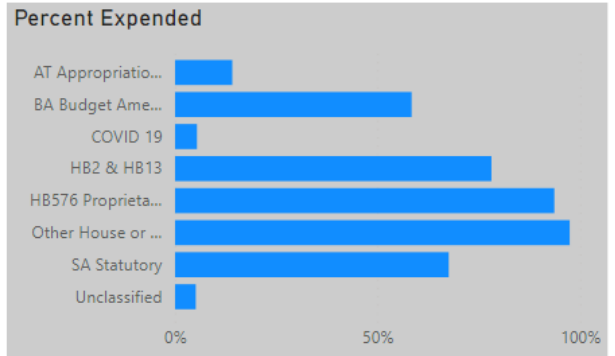
The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 8.0% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Department of Commerce

Total Appropriation Authority



Fiscal Year	2021		
LFD_src_auth_descr	Budget	FYE Expended	Percent Expended
AT Appropriation Transfer	1,657,000	234,623	14.2%
BA Budget Amendment	7,768,109	4,537,654	58.4%
COVID 19	12,927,832	703,462	5.4%
HB2 & HB13	33,447,506	26,126,551	78.1%
HB576 Proprietary Off Budget	70,474,436	65,991,840	93.6%
Other House or Senate Bill	46,637,795	45,439,992	97.4%
SA Statutory	44,658,913	30,177,439	67.6%
SP Supplemental	0		
Unclassified	203,056,093	10,443,312	5.1%
Total	420,627,684	183,654,873	43.7%



Appropriation Transfers

Appropriation transfers received by the Department of Commerce (DOC) were used to extend the Coal Board trust funding. Lower expenditures are primarily due to reduced grant activity by the Coal Board trust due to concerns regarding cash flow and from fewer applicants meeting eligibility requirements.

Budget Amendments

Budget amendments processed for DOC totaled approximately \$7.8 million, of which \$4.5 million or 58.4% was expended. The Housing and Urban Development (HUD) Division housing trust fund (HTF), an affordable housing production program, made up the majority of budget amendment appropriations. Additional budget amendments include funding for the Housing Choice Voucher Program, with federal funds awarded due to the Covid-19 pandemic, and funding for the State Trade Expansion Program to support small businesses who participate in foreign trade and markets. All of these funds are continuing appropriations for federal grants which have end dates beginning in September 29, 2021. The agency anticipates all funds to be fully expended before their respective end dates.

Non-Budgeted Proprietary Funding

The departments non-budgeted proprietary funding of approximately \$70.5 million was \$66.0 million or 93.6% expended. These proprietary programs include the Montana Facility Finance Authority, Board of Housing, Board of Investments, and the Centralized Services Program in the Director's Office.

Other Bills

Appropriations to DOC from other house and senate bills totaled approximately \$46.6 million, of which \$45.4 million or 97.4% was expended. The majority of the funding from other bills is from the Treasure State Endowment state special revenue account for the purpose of infrastructure projects, emergency grants for financial assistance to local governments, and infrastructure planning grants.

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. The appropriation authority for CARES I and ARPA shown below remains with the Governor's Office.

Coronavirus Stimulus Appropriations Department of Commerce

Stimulus Authority	Budget	FYE Expended	Percent Expended
ARPA	3,056,093	726	0.0%
CARES I	320,208,474	307,089,614	95.9%
CARES II	200,000,000	10,442,585	5.2%

In the American Rescue Plan Act (ARPA) the Department of Commerce was appropriated (HB 632) \$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. The table above only reflects appropriations for FY 2021, which shows approximately \$3.1 million was appropriated and less than \$1,000 has been expended. These appropriations were signed into law on April 30, 2021 and have end dates of July 1, 2023.

In the Coronavirus Aid, Relief, and Economic Security (CARES) Act I the majority of funding provided to DOC was for business stabilization grants. Additional funding was provided for small business development center grants, community development block grant, rental assistance, and loan deferments.

In the CARES Act II funding, DOC 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 FTE to administer the Emergency Rental Assistance Program. These are continuing appropriations with an end date of September 30, 2022. 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.

Statutory Appropriations

In FY 2021, statutory appropriations for the department totaled approximately \$44.7 million, of which \$30.2 million or 67.6% was expended. Statutory appropriations include the following:

- Coal Severance Tax – Under the coal severance tax statutory appropriation ([15-35-108, MCA](#)), the Department of Commerce receives \$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, and \$300,000 for export trade enhancement for a total of \$1.8 million each fiscal year
- Big Sky Economic Development Trust Fund Program – 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
- Distressed Wood Products Industry Revolving Loan Program (WPIRS) – 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. Use of funds are set in [90-1-504, MCA](#). In FY 2021, WPIRS was appropriated approximately \$577,000 from state special revenue and \$1.0 million from federal special revenue with \$36,000 (6.3%) and \$25,000 (2.4%) being expended, respectively. Due to the nature of the revolving loan program appropriation authority is primarily used when loans are made. No loans were made in FY 2021, therefore total expenditures are representative of only administration costs associated with servicing existing loans
- Film Fee – 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 Legislative Session, which requires the Department of Commerce to report on the economic impact of the tax credits provided. All funds are expected to be expended in FY 2022

- Lodging Facility Use Tax – 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. Distribution of tax revenue is set in [15-65-121, MCA](#). 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. These funds are listed in the table below as “BED TAX – PROMOTION” and “BED TAX – REGIONAL”, respectively. Lower expenditures were due to the Covid-19 pandemic, at which time the Executive asked the department to curtail promotional tourism advertising and instead promote safety messaging utilizing CARES funds
- Lewis & Clark Bicentennial License Plates – 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 2021 the Department of Commerce expended all revenue received from license plate sales
- Hard Rock County Distribution – 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 school district funding and economic development as outlines in [15-37-117, MCA](#)
- Board of Investments Debt Service – 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. The powers and duties of the board are set in [Title 17, Chapter 5, MCA](#). Bonds are remarketed annually and the budget for the debt services account is established by the department 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
- Board of Horse Racing (BOHR) – 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 2021 the board was appropriated \$135,000 and made no expenditures due to the COVID-19 pandemic causing all live horse races to be cancelled
- Heritage Preservation – The Montana Heritage Commission’s purpose is to manage and preserve properties of historical significance. The commission’s source of funding and funding uses are set in [22-3-1004, MCA](#). In FY 2021, the commission expended 99.1% of its \$1.4 million budget

The table below details the statutory appropriations FY 2021 budget and expenditures.

Statutory Appropriation	2021 Budget	FYE Expended	Percent Expended
COAL SEVERANCE TAX	1,800,000	1,799,610	100.0%
BIG SKY ECONOMIC DEVELOPMENT TRUST	6,072,039	5,904,581	97.2%
WPIRS STATE SPECIAL FUND	576,682	36,324	6.3%
WPIRS FEDERAL SPECIAL FUND	1,047,380	25,214	2.4%
FILM FEE	15,000	0	0.0%

BED TAX - PROMOTION	21,004,311	12,103,935	57.6%
BED TAX - REGIONAL	8,963,263	7,366,930	82.2%
L & C LICENSE PLATES	15,200	10,035	66.0%
HARD ROCK COUNTY DIST	384,368	370,340	96.4%
BOARD OF INVESTMENTS DEBT SERVICE	3,235,394	1,163,772	36.0%
BOARD OF HORSE RACING	135,000	0	0.0%
HERITAGE PRESERVATION	1,406,530	1,394,471	99.1%
LEGISLATIVE AUDIT	3,746	2,228	59.5%
Total	44,658,913	30,177,439	67.6%

Unclassified

Unclassified funds consist of ARPA and CARES II funding, which was detailed in the COVID-19 Authority section of this report.

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the ending FYE modified budget. 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.

HB 2 Modifications Department of Commerce

Agency Program	HB2 Budget	FYE Modified Budget	Net Modifications
51 MT OFFICE OF TOURISM & BUS DEV	7,894,889	7,422,244	-472,645
60 COMMUNITY DEVELOPMENT DIVISION	23,531,259	25,223,515	1,692,256
78 BOARD OF HORSE RACING	201,747	201,747	0
81 DIRECTORS OFFICE	600,000	600,000	0
Total	32,227,895	33,447,506	1,219,611

Expenditure Account	HB2 Budget	FYE Modified Budget	Net Modifications
61000 Personal Services	4,141,132	4,133,202	-7,930
62000 Operating Expenses	5,261,818	4,627,148	-634,670
65000 Local Assistance	46,000	46,000	0
66000 Grants	21,978,945	23,835,732	1,856,787
68000 Transfers-out	800,000	801,124	1,124
69000 Debt Service		4,300	4,300

Fund Type	HB2 Budget	FYE Modified Budget	Net Modifications
01 General	5,579,256	5,088,579	-490,677
02 State/Other Spec Rev	5,535,223	7,242,317	1,707,094
03 Fed/Other Spec Rev	21,113,416	21,116,610	3,194

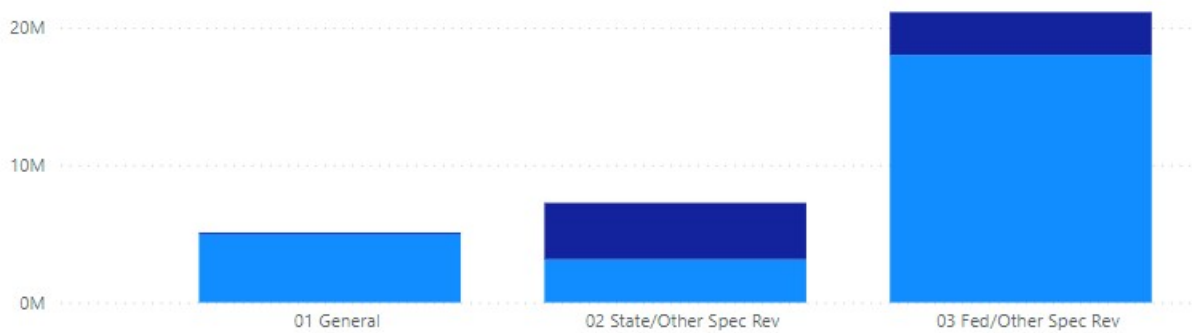
Modifications to the HB 2 budget passed by the 2019 Legislature were primarily due to an approximate \$1.7 million increase in funding for the Community Development Division. This increase is a result of continuing

appropriation authority from the Coal Board biennial appropriation from FY 2020. The decrease in general fund from the Office of Tourism and Business Development is due to the transfer of the Native Language Preservation Program to the Office of Public Instruction.

HB 2 APPROPRIATION AUTHORITY

HB 2 Expenditures

● FYE Expended ● Remaining Budget



Expenditure Account	FYE Modified Budget	FYE Expended	Percent Expended
61000 Personal Services	4,133,202	3,092,943	74.8%
62000 Operating Expenses	4,627,148	2,510,588	54.3%
65000 Local Assistance	46,000		
66000 Grants	23,835,732	19,718,889	82.7%
68000 Transfers-out	801,124	800,000	99.9%
69000 Debt Service	4,300	4,131	96.1%

Agency Program	FYE Modified Budget	FYE Expended	Percent Expended
51 MT OFFICE OF TOURISM & BUS DEV	7,422,244	6,302,910	84.9%
60 COMMUNITY DEVELOPMENT DIVISION	25,223,515	19,153,472	75.9%
78 BOARD OF HORSE RACING	201,747	157,769	78.2%
81 DIRECTORS OFFICE	600,000	512,400	85.4%
Total	33,447,506	26,126,551	78.1%

In FY 2021, the HB 2 modified budget for the Department of Commerce was approximately \$33.4 million and the department expended \$26.1 million or 78.1%. The majority of the department’s budget is in federal special revenue used for grants. Lower than anticipated expenditures are primarily a result of a lack of eligible applicants for the Coal Board trust grants as well as the COVID-19 pandemic which caused many events put on by the Department of Commerce to be cancelled including horse races, the Made in Montana Trade show, and the Governor’s Conference on Tourism and Recreation.

OTHER ISSUES

Additional Information

- List of contractors under contract to perform preservation and repairs:
 - M and M Construction – Virginia City, MT
 - Baldy Mountain Construction – Sheridan, MT
 - Streamline Resources – Virginia City, MT
 - Montana Preservation Alliance – Helena, MT
 - A and E Engineering – Missoula, MT
- Summer tourism season update:
 - Lodging facility use revenue numbers will be available at the end of October for the July-September summer tourism season. The Department of Revenue (DOR) provided a statewide Spring Quarter Collections Report that evaluates the lodging facility use revenue from April through June. Overall, that report indicated that collections were down 4.0% compared to the same period in the previous year. However, this distribution is very uneven as some areas were down as low as 48.0% while other areas including around Yellowstone saw a substantial increase. In addition to DOR reports, the Institute for Travel and Recreation Research (ITRR) performs visitor intercept surveys which provide data on the season. The current ITRR’s nonresident visitation and expenditure study is expected to be released in May 2022
- Facility Finance Authority loan portfolio by loan and borrower type:

	Direct Loan	Trust Fund Loan	Total Loan Programs
Borrower Type:			
Critical Access Hospital*	9	6	14
Mental Health Services*	3	2	4
Senior Living*	1	2	2
Prerelease*	1	1	1
Addition Service	1	0	1
Community Health Center	0	1	1
Total Borrowers	15	12	23
Number of Loans	20	14	34
Amount Outstanding	\$ 3,175,789	\$ 12,016,449	\$ 15,192,238
<p>*Borrower's may obtain a direct loan and a trust fund loan. Therefore, the total loan program borrower's calculation does not count that facility twice if they received both loan types.</p> <p>-A Critical Access Hospital is a designation given to rural hospitals who meet the following conditions: have 25 or fewer acute care inpatient beds, located more than 35 miles from another hospital, an annual average length of stay for acute care patients of 96 hours or less, and 24/7 emergency care services. This designation was created through the Balanced Budget Act of 1997.</p>			