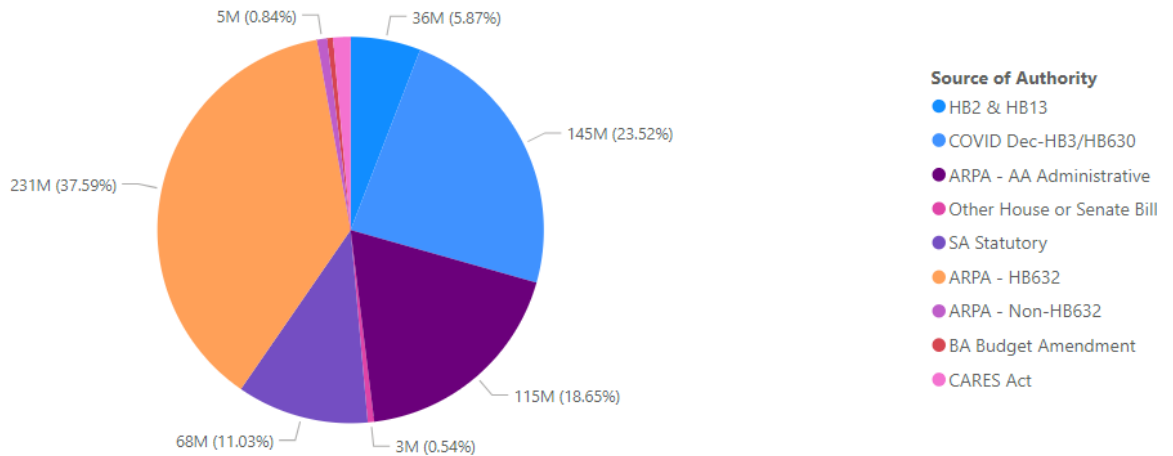


DEPARTMENT OF COMMERCE

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Department of Commerce is shown in the pie chart below. HB 2 and HB 13 consists of 5.9% of the total authority, but this agency has other types of authority which are described below. Following the pie chart is a graphic that shows the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	FYE23 Modified Budget	FYE23 Expended Budget	Percent Expended
HB2 & HB13	36,117,402	22,939,593	63.5%
BA Budget Amendment	3,045,315	1,757,489	57.7%
Other House or Senate Bill	3,322,774	2,833,907	85.3%
SA Statutory	67,895,021	59,342,973	87.4%
CARES	8,984,211	2,138,474	23.8%
CARES II	144,782,005	2,201,758	1.5%
ARPA	351,301,206	156,661,315	44.6%
Total	615,447,934	247,875,508	40.3%

Report Period

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

Budget Amendments

Budget amendments processed in FY 2023 for the Department of Commerce total approximately \$3.0 million in federal special revenue funds, of which \$1.8 million or 57.7% was expended. Budget amendments are for the following:

- Housing and Urban Development (HUD) Division housing trust fund (HTF) – An affordable housing production program (\$127,000 appropriated, and \$122,000 or 95.9% expended)
- Housing Choice Voucher Program – Assists very low-income families, the elderly, and the disabled to afford housing in the private market (\$388,000 appropriated, and \$330,000 or 85.1% expended)
- Project-Based Section 8 Housing – Provides housing to low-income households in privately owned and managed rental units (\$1.2 million appropriated, and \$214,000 or 18.2% expended)
- State Trade Expansion Program (STEP) – Supports small businesses who participate in foreign trade and markets (\$1.4 million appropriated, and \$1.1 million or 80.5% 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 \$3.3 million in FY 2023, of which \$2.8 million or 85.3% was expended. Other house and senate bills are discussed in further detail below.

HB 12 – Historic Preservation Grants Program

HB 12 appropriated funds for historic preservation projects. These are generally multi-year projects. The agency has executed a majority of the contracts with awardees and has started issuing payments. Of the \$3.0 million appropriated, \$2.6 million or 85.1% was expended in FY 2023.

HB 13 – State Employee Pay Plan

HB 13 (2023 Legislature) included a one-time, lump-sum payment to state employees. Full-time employees received a payment of \$1,040, which was prorated for employees that work less than full-time. This payment was effective in the first full pay period following HB 13 being enacted. The Department of Commerce expended \$41,416 in FY 2023 for these lump-sum payouts.

HB 648 – Coal Ash Markets Investigation Program

HB 648 requires the Department of Commerce to establish a Coal Ash Markets Investigation Program to determine economically viable markets to reuse coal ash. At the FYE of 2023, \$25,000 was appropriated and completely expended.

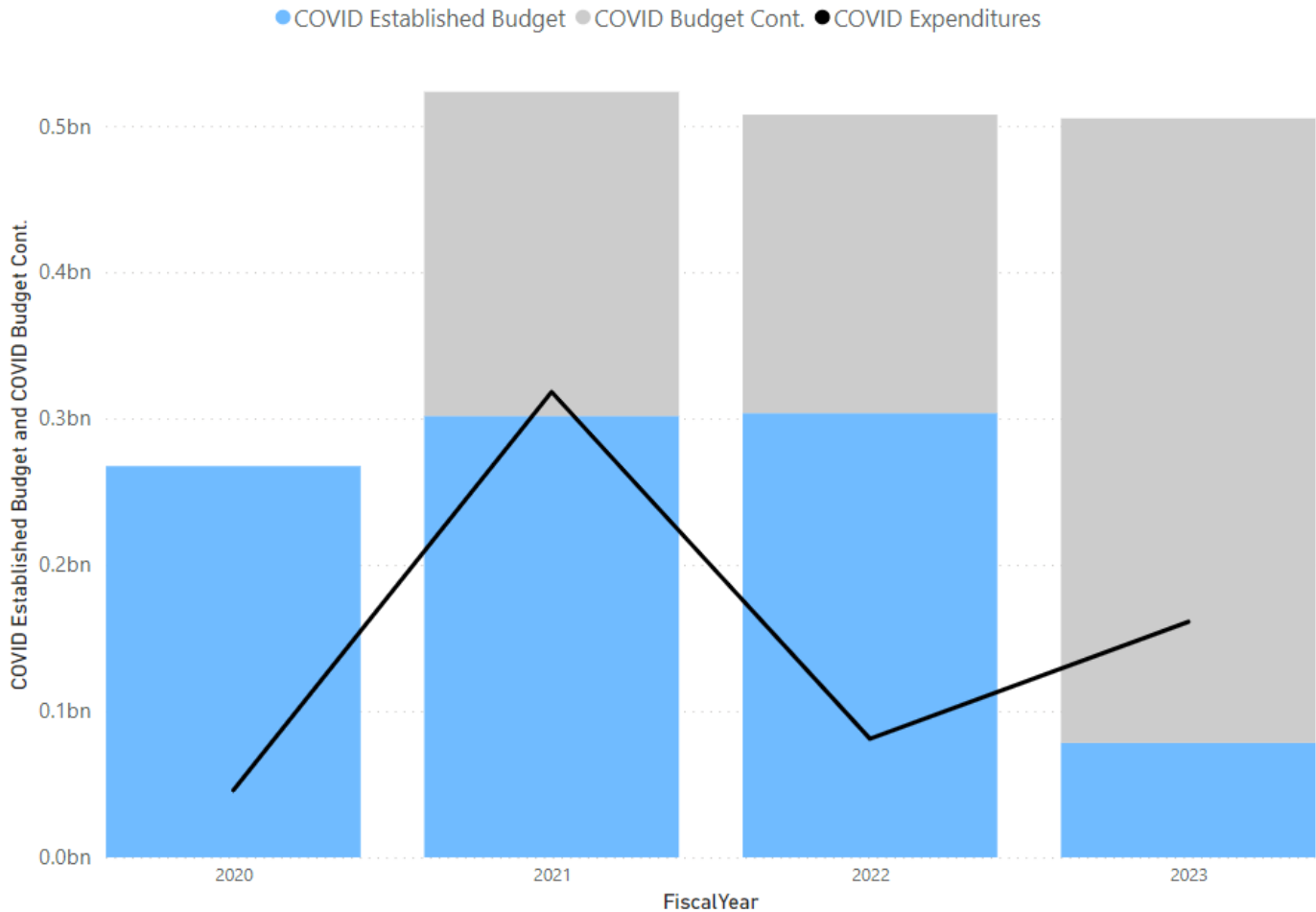
HB 660 – Made-in-Montana Program

HB 660 appropriated funds to the Made-in-Montana Program which assists Montana businesses in developing and marketing their products. This bill also expands the use of the funds in the economic development state special revenue account for other economic development purposes. This bill appropriated \$190,000, and \$181,000 was expended in FY 2023.

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.

COVID Established Budget, COVID Continuing Budget, and COVID Expenditures by Fiscal Year



The agency received approximately \$366.5 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 grants, rental assistance, and loan deferments. Of the established CARES I budget, the agency has expended \$358.3 million, or 97.8%. Approximately \$6.4 million remains available for expenditure while approximately \$1.8 million was reverted back to the Treasury.

In the CARES Act II funding, the Department of Commerce was appropriated \$183.0 million in HB 630 for emergency rental assistance payments. Additionally, HB 3 appropriated \$17.0 million to fund administration costs and 28.00 modified FTE to administer the Emergency Rental Assistance Program. Availability of these funds expired June 30, 2023. At that time, approximately \$142.6 million was returned to the Treasury. Due to federal guidance, the uses of these funds were limited, and expenditures were 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 (ERA II), 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 June 30, 2033 per HB 632, Section 14. To date, approximately \$199.4 million has been expended, \$46.5 million was reverted, and \$169.8 million remain available.

Statutory Appropriations

Statutory appropriations total approximately \$67.9 million in FY 2023, of which \$59.3 million or 87.4% was expended. A further discussion of statutory appropriations is below.

Coal Severance Tax (15-35-108, MCA)

Coal severance tax distributions of \$1.8 million each fiscal 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

At FYE, the agency had expended \$1.3 million, or 73.3%. Approximately \$483,000 for Certified Regional Development was accrued at FYE to fully expend the \$1.8 million.

Big Sky Economic Development Trust Fund Program (Title 90, Chapter 1, MCA)

The Big Sky Economic Development Trust Fund Program is funded from interest earned on the coal severance tax trust fund to provide state funds to local communities to promote economic development and sustainability. For FY 2023, the agency had \$4.8 million in statutory appropriations, of which \$837,000 or 17.4% had been expended and \$3.9 million had been accrued. Low expenditures and high accruals are reflective of the timing between awarding of grants and payment upon fulfillment of grant requirements.

Distressed Wood Products Industry Revolving Loan Program (WPIRS; 90-1-504, MCA)

WPIRS was created in 2009 by the Montana Legislature in response to the 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 \$484,000 or 29.9% had been expended in FY 2023. Expenditures for this program are dependent on the number of applicants received and the timing of when awards are granted.

MEDIA Act film fee (15-31-1007, MCA)

The Montana Economic Development Industry Advancement (MEDIA) Act film fee is a fee paid by production companies when they 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 help pay for the implementation of the provisions

of this act, including the presentation of a report on the economic impact of the tax credits created by an outside research organization called for by HB 293, enacted by the 2019 Legislature. Appropriations for FY 2023 totaled \$15,000 and were entirely expended by FYE.

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 sites. A portion of the 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 \$56.6 million in FY 2023, of which \$49.6 million or 87.7% had 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 2023, appropriations totaled \$10,700, and \$8,500 or 79.6% had 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 totaled \$584,000 in FY 2023, and \$537,000 or 91.9% had 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 and issues tax-exempt bonds on behalf of Montana state agencies, universities, and local governments. Bonds are remarketed annually, and the budget for the debt services account is established by the board, who estimate 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 was appropriated in FY 2023, and \$1.7 million or 83.1% 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 2023, the board was appropriated \$385,000, and \$365,000 or 94.8% was expended.

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.

Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	HB 2 Budget	FYE23 Modified Budget	Net Modifications
Department of Commerce	35,658,188	36,117,402	459,214
BOARD OF HORSE RACING	201,728	201,728	
BRAND MT		334,772	334,772
BUSINESS MT	7,313,764	6,550,269	-763,495
COMMUNITY MT	25,272,696	14,970,319	-10,302,377
DIRECTORS OFFICE	600,000	1,346,142	746,142
HOUSING MT		10,355,858	10,355,858
MONTANA HERITAGE COMMISSION	2,270,000	2,358,315	88,315
Total	35,658,188	36,117,402	459,214

Acct & Lvl 1 DESC	HB 2 Budget	FYE23 Modified Budget	Net Modifications
61000 Personal Services	4,948,900	5,150,972	202,072
62000 Operating Expenses	6,804,587	6,414,098	-390,489
63000 Equipment & Intangible Assets		270,000	270,000
64000 Capital Outlay	400,000	430,500	30,500
65000 Local Assistance	46,000	46,000	
66000 Grants	23,217,577	23,239,577	22,000
67000 Benefits & Claims		16,000	16,000
68000 Transfers-out	241,124	241,124	
69000 Debt Service		309,132	309,132

Fund Type	HB 2 Budget	FYE23 Modified Budget	Net Modifications
01 General	4,606,560	4,647,006	40,446
02 State/Other Spec Rev	10,107,071	10,514,923	407,852
03 Fed/Other Spec Rev	20,944,557	20,955,473	10,916

In FY 2023, the Department of Commerce made numerous changes to its HB 2 budget, including:

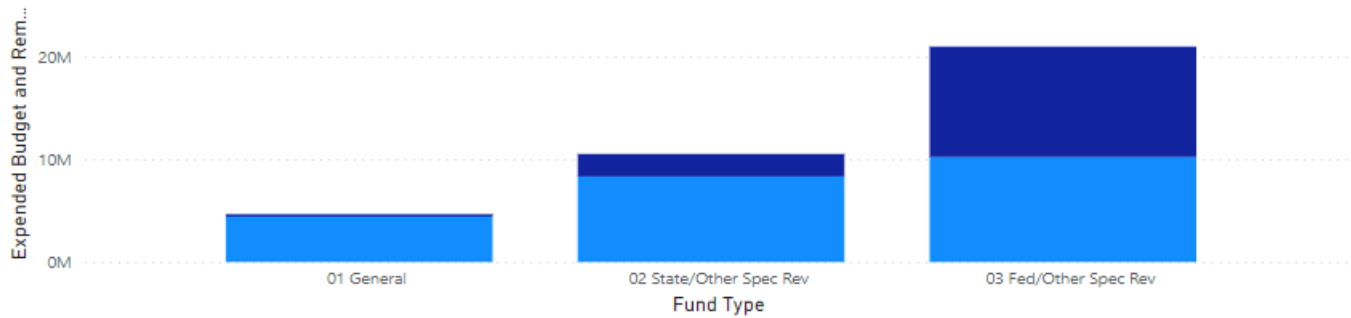
- Continuing authority – continuing authority increased the HB 2 FY 2023 budget by approximately \$40,000 general fund, \$408,000 state special revenue, and \$11,000 federal special revenue authority primarily due to continuing authority from the biennial legislative audit. Continuing authority primarily increased personal services and equipment and intangible assets expenditure authority
- Two reorganizations – the first reorganization transferred the HOME Grant and Housing Trust Fund program from the Community Development Division to the Housing Division. This transferred 5.21 FTE and \$11.3 million federal special revenue. The second reorganization split the Office of Tourism and Business Development into Brand MT and Business MT
- Three program transfers – all program transfers related to the reorganization that moved housing programs from the Community Development Division to the Housing Division. The net total of these program transfers reduced authority in the Housing Division by \$910,000 due to the Housing Division having excess authority
- Four operating plan transfers – operating plan transfers were made to appropriately record rental lease payments, grant expenditures, and equipment expenditures. In total, these operating plan transfers reduced operating expense authority by \$381,000 and capital outlay by \$100,000 and increased equipment by \$150,000, grants by \$22,000, and debt services by \$309,000
- One agency transfer – the Department of Commerce (COMM) received an appropriation transfer for the Montana Ambassadors Program and for the Site Selector and Business Navigator in the Director’s Office

for \$33,600 general fund. In FY 2023, the Governor’s Office transferred the administration of both of these programs to COMM

HB 2 APPROPRIATION AUTHORITY

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	5,150,972	4,235,914	82.2%
Operating Expenses	6,414,098	4,750,132	74.1%
Equipment & Intangible Assets	270,000	107,574	39.8%
Capital Outlay	430,500	142,325	33.1%
Local Assistance	46,000		
Grants	23,239,577	13,228,103	56.9%
Benefits & Claims	16,000		
Transfers-out	241,124	240,000	99.5%
Debt Service	309,132	235,544	76.2%

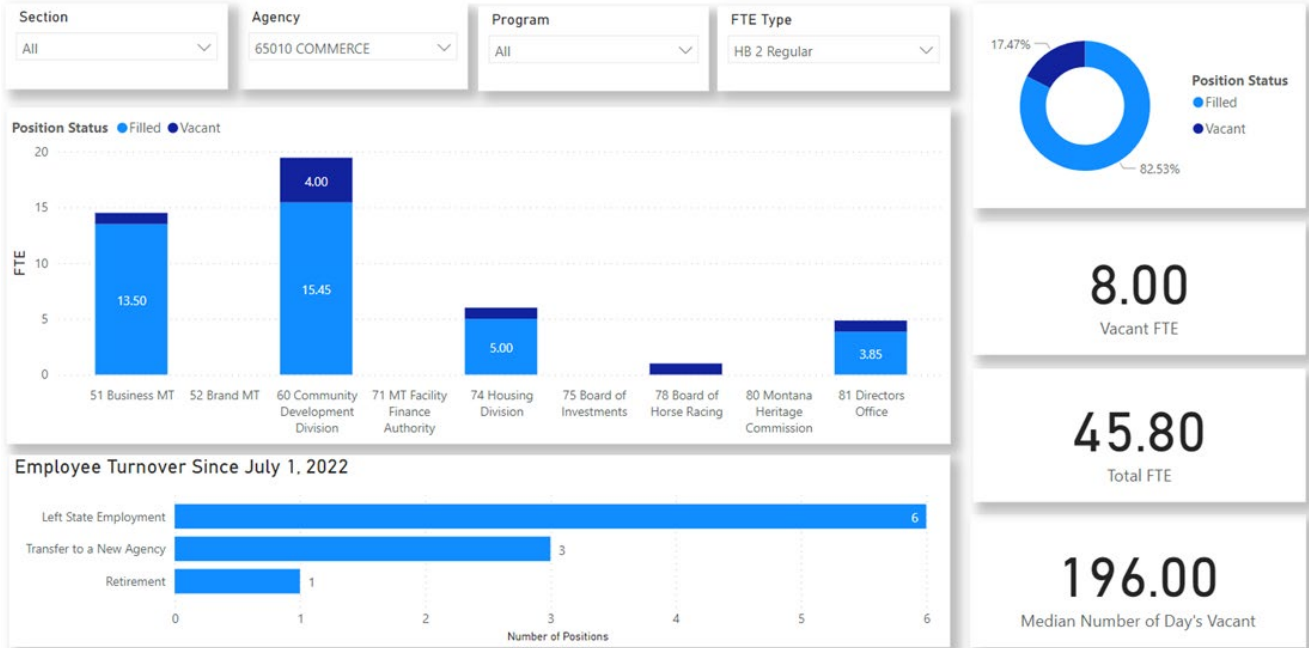
Program Name	Modified Budget	Expended Budget	Percent Expended
BOARD OF HORSE RACING	201,728	154,683	76.7%
BRAND MT	334,772	158,829	47.4%
BUSINESS MT	6,550,269	4,763,781	72.7%
COMMUNITY MT	14,970,319	13,694,125	91.5%
DIRECTORS OFFICE	1,346,142	1,235,375	91.8%
HOUSING MT	10,355,858	575,734	5.6%
MONTANA HERITAGE COMMISSION	2,358,315	2,357,067	99.9%
Total	36,117,402	22,939,593	63.5%

The Department of Commerce expended 63.5% of its HB 2 appropriation authority. The majority of COMM’s authority is in federal special revenue (44.5%) primarily for multi-year projects or grant programs. Housing MT Division showed the lowest expenditures with 5.6% expended. The Housing MT Division is primarily budgeted for multi-year projects and grants. Additionally, many housing programs have historically been budgeted higher than actual available funds. Due to the nature of these multi-year projects and grant programs it is not uncommon for COMM to have lower expenditures at FYE.

Personal Services

Personal services make up 14.2% of the total HB 2 budget for FY 2023 with \$4.2 million or 82.2% expended by the 2023 FYE. The following chart shows the filled and vacant FTE within the agency as of June 1, 2023.

Montana State Agency Vacancies - June 1, 2023 LFD



The Department of Commerce had 8.00 FTE vacant out of 45.80 HB 2 FTE as of June 1, 2023. Out of the vacant FTE, 2.00 FTE are modified FTE that will not continue into the 2025 biennium. COMM has 231.31 total FTE under all sources of authority and 33.10 FTE vacant. In FY 2023, COMM had six employees leave state employment, one employee retire, and three transfer to different agencies within state government. As of August 1, 2023, COMM had two positions being advertised for.