

Agency Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Agency Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	12,501,672	14,032,270	1,530,598	12.24 %
Operating Expenses	4,245,482	6,514,339	2,268,857	53.44 %
Equipment & Intangible Assets	15,988	115,988	100,000	625.47 %
Grants	88,062,286	88,062,286	0	0.00 %
Benefits & Claims	0	177,393	177,393	0.00 %
Debt Service	528,480	1,045,480	517,000	97.83 %
Total Expenditures	\$105,353,908	\$109,947,756	\$4,593,848	4.36 %
General Fund	0	177,393	177,393	0.00 %
State/Other Special Rev. Funds	37,153,908	41,570,363	4,416,455	11.89 %
Federal Spec. Rev. Funds	68,200,000	68,200,000	0	0.00 %
Total Funds	\$105,353,908	\$109,947,756	\$4,593,848	4.36 %
Total Ongoing	\$105,353,908	\$107,156,114	\$1,802,206	1.71 %
Total OTO	\$0	\$2,791,642	\$2,791,642	100.00 %

Agency Description

The State Auditor's Office is authorized under Article VI of the Montana Constitution. The State Auditor is the ex-officio Commissioner of Securities and Insurance (CSI) and is responsible for licensing and regulating insurance companies and agents and registering and regulating securities firms and representatives that transact business to or from Montana. The Commissioner of Securities and Insurance adopts rules and enforces the law in the securities and insurance industries. The Commissioner also serves as a member of the Land Board and the Crop Hail Insurance Board. The Commissioner's office has three divisions: Central Management, Insurance, and Securities.

The Commissioner is also responsible for passing through funding for local police and firefighter retirement programs (Municipal Police Officers' Retirement System, Firefighters' Unified Retirement System, the Volunteer Fire Fighters' Compensation Act, local fire department relief associations, municipalities with police department trust funds, and local police pension funds for supplemental benefits). The retirement programs are funded from general insurance (33-2-705, MCA) and fire insurance premium taxes (50-3-109, MCA). Because these funds are statutorily appropriated, the expenditures are not included in the General Appropriations Act.

Agency Highlights

State Auditor's Office Major Budget Highlights
<ul style="list-style-type: none"> • The legislature adopted an increase to the State Auditor's Office 2025 biennium budget of approximately \$4.6 million or 4.4% compared to the 2023 biennium budget, with \$2.8 million of the increase adopted as one-time-only appropriations • Changes adopted by the legislature include: <ul style="list-style-type: none"> ◦ One-time-only funding of \$1.0 million each fiscal year for contracting for market conduct exams of regulated insurance companies ◦ One-time-only funding of \$220,000 in FY 2024 and \$320,000 in FY 2025 for the Exams Bureau ◦ An increase of \$50,000 in FY 2024 and \$150,000 in FY 2025 one-time-only funding for the captive regulatory fund due to the passage of SB 76 in the 2021 Legislative Session, which increased the amount retained from 5.0% of the premium tax collected to 20.0% of the premium tax ◦ A one-time-only equipment budget of \$100,000 in the 2025 biennium for case management software to centralize, standardize, and efficiently track all the data captured ◦ The addition of \$137,393 general fund in FY 2024 with the passage and approval of SB 516 ◦ The addition of \$20,000 restricted general fund in both FY 2024 and FY 2025 for defrayal benefit claims costs mandated in HB 291 passed in the 2021 Legislative Session

Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	72.50	72.50	72.50	72.50
Personal Services	5,301,787	6,107,390	6,394,282	6,996,552	7,035,718
Operating Expenses	1,293,841	1,998,769	2,246,713	3,182,881	3,331,458
Equipment & Intangible Assets	0	7,994	7,994	107,994	7,994
Grants	13,473,919	44,031,143	44,031,143	44,031,143	44,031,143
Benefits & Claims	0	0	0	20,000	157,393
Debt Service	499,788	522,740	5,740	522,740	522,740
Total Expenditures	\$20,569,335	\$52,668,036	\$52,685,872	\$54,861,310	\$55,086,446
General Fund	0	0	0	20,000	157,393
State/Other Special Rev. Funds	2,871,109	18,568,036	18,585,872	20,741,310	20,829,053
Federal Spec. Rev. Funds	17,698,226	34,100,000	34,100,000	34,100,000	34,100,000
Total Funds	\$20,569,335	\$52,668,036	\$52,685,872	\$54,861,310	\$55,086,446
Total Ongoing	\$20,569,335	\$52,668,036	\$52,685,872	\$53,515,489	\$53,640,625
Total OTO	\$0	\$0	\$0	\$1,345,821	\$1,445,821

Summary of Legislative Action

The legislature adopted an increase to the State Auditor's Office total biennial appropriation of approximately \$4.6 million or 4.4% compared to the 2023 biennium appropriation. The legislature adopted \$2.8 million in one-time-only funding. Additional adoptions were to increase the SABHRS rate, decrease the motor pool rate, and add in the Risk Management and Tort Defense (RMTD) premium rate to the ongoing base budget. The legislature established a one-time-only RMTD premium rate reduction for the agency premium holiday. Appropriations were increased with the passage and approval of the following legislation:

- HB 62 - Generally revise laws related to bail bonds, an increase in state special revenue of \$3,840 in both fiscal years
- HB 836 - Revise insurance laws relating to regulatory waivers, an increase in state special revenue of \$5,020 in FY 2024 and \$4,000 in FY 2025
- SB 516 - Provide for the Preserving Fertility Act, an increase in general fund of \$137,393 in FY 2024

Funding

The following table shows adopted agency funding for all sources of authority.

Total State Auditor's Office Funding by Source of Authority 2025 Biennium Budget Request - State Auditor's Office						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	177,393	0	0	88,907,324	89,084,717	44.73 %
State Special Total	38,778,721	2,791,642	0	300,000	41,870,363	21.02 %
Federal Special Total	68,200,000	0	0	0	68,200,000	34.24 %
Proprietary Total	0	0	0	0	0	0.00 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$107,156,114	\$2,791,642	\$0	\$89,207,324	\$199,155,080	
Percent - Total All Sources	53.81 %	1.40 %	0.00 %	44.79 %		

HB 2 Funding

General Fund

The State Auditor's Office general fund authority is for defrayal benefit costs of health insurance benefit mandates required by state law under the federal Patient Protection and Affordable Care Act, enacted after December 31, 2011.

State Special Revenue

The operations of the State Auditor's Office are primarily funded with state special revenue and federal special revenue. There are two state special revenue funds that account for the majority of the state special revenue funding in the office: the insurance fee account and the securities fee account.

Federal Special Revenue

Federal special revenues are received for the Montana Reinsurance Program. Under the Affordable Care and Patient Protection Act (ACA), states can apply for a section 1332 waiver. The State Auditor's Office was granted this waiver in August 2019, allowing the state to utilize annual assessments on health insurance plan premiums to be used with federal funds to offset expenses of health insurers associated with high-cost individuals who generally incur higher medical claims.

Statutory Authority

The State Auditor's Office is responsible for passing through funding for local police and firefighter retirement programs. The retirement programs are funded from general insurance (33-2-705, MCA) and firefighter insurance premium taxes (50-3-109, MCA). The premium taxes are deposited into the general fund and then a portion is transferred to the State Auditor's Office for distribution to local governments. Because these funds are statutorily appropriated, the appropriations are not included in the General Appropriations Act (HB 2).

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	52,685,872	52,685,872	105,371,744	95.84 %
SWPL Adjustments	0	0	0	0.00 %	879,493	876,821	1,756,314	1.60 %
PL Adjustments	0	0	0	0.00 %	1,370,237	1,470,174	2,840,411	2.58 %
New Proposals	20,000	157,393	177,393	100.00 %	(74,292)	53,579	(20,713)	(0.02)%
Total Budget	\$20,000	\$157,393	\$177,393		\$54,861,310	\$55,086,446	\$109,947,756	

Executive Budget Comparison

The following table compares the legislative budget for the biennium to the budget requested by the Governor by type of expenditure and source of funding.

Budget Item	Approp. Fiscal 2023	Executive Budget Fiscal 2024	Legislative Budget Fiscal 2024	Leg — Exec. Difference Fiscal 2024	Executive Budget Fiscal 2025	Legislative Budget Fiscal 2025	Leg — Exec. Difference Fiscal 2025	Biennium Difference Fiscal 24-25
FTE	72.50	72.50	72.50	0.00	72.50	72.50	0.00	0.00
Personal Services	6,394,282	7,060,861	6,996,552	(64,309)	7,100,864	7,035,718	(65,146)	(129,455)
Operating Expenses	2,246,713	3,212,627	3,202,881	(9,746)	3,369,952	3,488,851	118,899	109,153
Equipment & Intangible Assets	7,994	107,994	107,994	0	7,994	7,994	0	0
Grants	44,031,143	44,031,143	44,031,143	0	44,031,143	44,031,143	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	5,740	522,740	522,740	0	522,740	522,740	0	0
Total Costs	\$52,685,872	\$54,935,365	\$54,861,310	(\$74,055)	\$55,032,693	\$55,086,446	\$53,753	(\$20,302)
General Fund	0	0	20,000	20,000	0	157,393	157,393	177,393
State/other Special Rev. Funds	18,585,872	20,835,365	20,741,310	(94,055)	20,932,693	20,829,053	(103,640)	(197,695)
Federal Spec. Rev. Funds	34,100,000	34,100,000	34,100,000	0	34,100,000	34,100,000	0	0
Total Funds	\$52,685,872	\$54,935,365	\$54,861,310	(\$74,055)	\$55,032,693	\$55,086,446	\$53,753	(\$20,302)
Total Ongoing	\$52,685,872	\$53,565,365	\$53,515,489	(\$49,876)	\$53,562,693	\$53,640,625	\$77,932	\$28,056
Total OTO	\$0	\$1,370,000	\$1,345,821	(\$24,179)	\$1,470,000	\$1,445,821	(\$24,179)	(\$48,358)

The legislature adopted appropriations that are approximately \$20,000 lower than the proposed appropriations for the 2025 biennium. Significant differences in the legislative budget compared to the proposed budget include:

- The legislature adopted an additional 1.0% vacancy savings and a reduction to the statewide present law adjustment for inflation
- The legislature adopted an additional \$20,000 restricted general fund in both FY 2024 and FY 2025 for defrayal benefit claims costs mandated by the passage of HB 291 in the 2021 Legislative Session
- The passage and approval of HB 62, adding an additional \$3,840 state special revenue in both fiscal years
- The passage and approval of HB 836, adding an additional \$5,020 state special revenue in FY 2024 and \$4,000 in FY 2025
- The passage and approval of SB 516, adding an additional \$137,393 general fund in FY 2024
- Reestablishing the Risk Management and Tort Defense (RMTD) premium rate in the agency budgets and establishing a one-time-only reduction for the RMTD premium rate, due to the adopted premium holiday. The net effect of this change on the overall budget is zero

Language and Statutory Authority

The legislature adopted the following language in HB 2:

"The Central Management Division, Insurance Division, and Securities Division include a one-time-only reduction in FY 2024 and FY 2025 for a suspension of insurance premium payments to the Risk Management and Tort Defense Division's proprietary fund."

Additionally, the legislature adopted the following HB 2 language, contingent on the passage and approval of other bills, and the adjustments to HB 2 appropriations are included as decision packages and incorporated in the tables in the fiscal report:

"If HB 62 is passed and approved, the State Auditor's Office is increased by \$3,840 state special revenue in FY 2024 and \$3,840 state special revenue in FY 2025."

"If HB 758 is passed and approved, the State Auditor's Office is increased by \$4,852,080 general fund in FY 2024 and \$9,704,160 general fund in FY 2025. Appropriations are restricted to the purpose included in the bill."

"If HB 808 is passed and approved, the State Auditor's Office is increased by \$3,840 state special revenue in FY 2024 and \$3,840 state special revenue in FY 2025."

"If HB 836 is passed and approved, the State Auditor's Office is increased by \$5,020 state special revenue in FY 2024 and \$4,000 state special revenue in FY 2025."

"If SB 516 is passed and approved, the State Auditor's Office is increased by \$137,393 general fund in FY 2025."

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	2,709,693	3,132,792	423,099	15.61 %
Operating Expenses	1,307,737	1,115,702	(192,035)	(14.68)%
Equipment & Intangible Assets	3,366	3,366	0	0.00 %
Debt Service	128,600	253,600	125,000	97.20 %
Total Expenditures	\$4,149,396	\$4,505,460	\$356,064	8.58 %
State/Other Special Rev. Funds	4,149,396	4,505,460	356,064	8.58 %
Total Funds	\$4,149,396	\$4,505,460	\$356,064	8.58 %
Total Ongoing	\$4,149,396	\$4,515,266	\$365,870	8.82 %
Total OTO	\$0	(\$9,806)	(\$9,806)	100.00 %

Program Description

The Central Management Division is responsible for the administrative, personnel, budgeting, and accounting functions for the Office. The division also provides support to the commissioner in fulfilling the duties as a member of the Land Board and Crop Hail Insurance Board.

Program Highlights

Central Management Division Major Budget Highlights
<ul style="list-style-type: none"> • The legislature adopted an increase to the Central Management Division's 2025 biennium budget of approximately \$356,000 or 8.6% compared to the 2023 biennium budget • Changes adopted by the legislature include: <ul style="list-style-type: none"> ◦ Changes in the statewide present law adjustments for personal services, fixed costs, and inflation ◦ An additional 1.0% vacancy savings and a reduction to the statewide present law adjustment for inflation

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	16.50	16.50	16.50	16.50
Personal Services	1,081,510	1,266,782	1,442,911	1,562,888	1,569,904
Operating Expenses	469,445	660,583	647,154	564,539	551,163
Equipment & Intangible Assets	0	1,683	1,683	1,683	1,683
Debt Service	110,248	126,800	1,800	126,800	126,800
Total Expenditures	\$1,661,203	\$2,055,848	\$2,093,548	\$2,255,910	\$2,249,550
State/Other Special Rev. Funds	1,661,203	2,055,848	2,093,548	2,255,910	2,249,550
Total Funds	\$1,661,203	\$2,055,848	\$2,093,548	\$2,255,910	\$2,249,550
Total Ongoing	\$1,661,203	\$2,055,848	\$2,093,548	\$2,260,813	\$2,254,453
Total OTO	\$0	\$0	\$0	(\$4,903)	(\$4,903)

Funding

The following table shows proposed agency funding for all sources of authority.

State Auditor's Office, 01-Central Management Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02235 Insurance Fee Account	3,628,677	0	0	3,628,677	80.54 %	
02283 Securities Fee Account	876,783	0	0	876,783	19.46 %	
State Special Total	\$4,505,460	\$0	\$0	\$4,505,460	100.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$4,505,460	\$0	\$0	\$4,505,460		

The Centralized Management Division is funded entirely with state special revenue. Insurance and securities fees are the two sources of funding, with the insurance fee account supporting the majority of the appropriations for the division.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	2,093,548	2,093,548	4,187,096	92.93 %
SWPL Adjustments	0	0	0	0.00 %	191,421	188,083	379,504	8.42 %
PL Adjustments	0	0	0	0.00 %	49	36	85	0.00 %
New Proposals	0	0	0	0.00 %	(29,108)	(32,117)	(61,225)	(1.36)%
Total Budget	\$0	\$0	\$0		\$2,255,910	\$2,249,550	\$4,505,460	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	135,012	0	135,012	0.00	0	142,102	0	142,102
DP 2 - Fixed Costs	0.00	0	25,819	0	25,819	0.00	0	12,140	0	12,140
DP 3 - Inflation Deflation	0.00	0	30,590	0	30,590	0.00	0	33,841	0	33,841
DP 5 - Debt Service Reclassification	0.00	0	0	0	0	0.00	0	0	0	0
DP 20 - SABHRS Rate Adjustment	0.00	0	64	0	64	0.00	0	50	0	50
DP 30 - Motor Pool Rate Adjustment	0.00	0	(15)	0	(15)	0.00	0	(14)	0	(14)
DP 222 - RMTD Adjustment	0.00	0	4,903	0	4,903	0.00	0	4,903	0	4,903
DP 223 - RMTD Adjustment (OTO)	0.00	0	(4,903)	0	(4,903)	0.00	0	(4,903)	0	(4,903)
Grand Total All Present Law Adjustments	0.00	\$0	\$191,470	\$0	\$191,470	0.00	\$0	\$188,119	\$0	\$188,119

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected decisions, and budget modifications. changes, management

DP 2 - Fixed Costs -

The legislature adopted the adjustment for the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted the adjustment for the budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 5 - Debt Service Reclassification -

The legislature adopted to move \$125,000 in budget authority from operating expenditures to debt service in each fiscal year to allow the division to record building rental payments in accordance with new accounting requirements.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals

The "New Proposals" table shows new changes to spending.

	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 333 - Adjustment to Inflation	0.00	0	(14,073)	0	(14,073)	0.00	0	(17,008)	0	(17,008)
DP 555 - Additional Vacancy Savings	0.00	0	(15,035)	0	(15,035)	0.00	0	(15,109)	0	(15,109)
Total	0.00	\$0	(\$29,108)	\$0	(\$29,108)	0.00	\$0	(\$32,117)	\$0	(\$32,117)

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

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	7,558,805	8,257,252	698,447	9.24 %
Operating Expenses	2,608,219	5,207,678	2,599,459	99.66 %
Equipment & Intangible Assets	10,218	10,218	0	0.00 %
Grants	88,062,286	88,062,286	0	0.00 %
Benefits & Claims	0	177,393	177,393	0.00 %
Debt Service	316,180	626,180	310,000	98.05 %
Total Expenditures	\$98,555,708	\$102,341,007	\$3,785,299	3.84 %
General Fund	0	177,393	177,393	0.00 %
State/Other Special Rev. Funds	30,355,708	33,963,614	3,607,906	11.89 %
Federal Spec. Rev. Funds	68,200,000	68,200,000	0	0.00 %
Total Funds	\$98,555,708	\$102,341,007	\$3,785,299	3.84 %
Total Ongoing	\$98,555,708	\$99,632,509	\$1,076,801	1.09 %
Total OTO	\$0	\$2,708,498	\$2,708,498	100.00 %

Program Description

The Insurance Division regulates the insurance industry in Montana. The Policyholder Services Bureau is responsible for resolving insurance consumer inquiries and complaints involving agents, coverage, and companies. The Examinations Bureau is responsible for monitoring the financial solvency of insurance companies, collecting premium taxes and company fees, and auditing insurance company annual statements. Also housed in this bureau is the Captive Insurance Program, which promotes Montana as a captive domicile and regulates captive insurers in the state. The Rates Bureau and the Forms Bureau are responsible for reviewing rate and form filings, respectively, to ensure compliance with the applicable insurance code. The Insurance Services Bureau is responsible for licensing and providing continuing education to insurance agents, agencies, and adjusters. The Legal Bureau, which serves both the Insurance and Securities Divisions, provides legal support to the divisions. The Investigations Bureau, which is under the Legal Bureau, investigates code and rule violations, including possible criminal violations, and recommends referral of cases to county attorneys for prosecution.

Program Highlights

Insurance Division Major Budget Highlights
<ul style="list-style-type: none"> • The legislature adopted an increase to the Insurance Division’s 2025 ongoing biennium budget of approximately \$3.8 million or 3.8% compared to the 2023 biennium budget • Changes adopted by the legislature include: <ul style="list-style-type: none"> ◦ An increase of \$1.0 million one-time-only funding in each fiscal year for contracting for market conduct exams of regulated insurance companies ◦ One-time-only funding of \$220,000 in FY 2024 and \$320,000 in FY 2025 for the Exams Bureau ◦ An increase of \$50,000 in FY 2024 and \$150,000 in FY 2025 one-time-only funding for the captive regulatory fund due to the passage of SB 76 in the 2021 Legislative Session, which increased the amount retained from 5.0% of the premium tax collected to 20.0% ◦ The addition of \$137,393 general fund in FY 2024 due to the passage and approval of SB 516 ◦ The addition of \$20,000 restricted general fund in both fiscal years for defrayal benefit claims costs mandated in HB 291, passed in the 2021 Legislative Session

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	44.00	44.00	44.00	44.00
Personal Services	3,327,909	3,754,522	3,804,283	4,116,854	4,140,398
Operating Expenses	714,337	1,168,401	1,439,818	2,518,077	2,689,601
Equipment & Intangible Assets	0	5,109	5,109	5,109	5,109
Grants	13,473,919	44,031,143	44,031,143	44,031,143	44,031,143
Benefits & Claims	0	0	0	20,000	157,393
Debt Service	308,692	313,090	3,090	313,090	313,090
Total Expenditures	\$17,824,857	\$49,272,265	\$49,283,443	\$51,004,273	\$51,336,734
General Fund	0	0	0	20,000	157,393
State/Other Special Rev. Funds	126,631	15,172,265	15,183,443	16,884,273	17,079,341
Federal Spec. Rev. Funds	17,698,226	34,100,000	34,100,000	34,100,000	34,100,000
Total Funds	\$17,824,857	\$49,272,265	\$49,283,443	\$51,004,273	\$51,336,734
Total Ongoing	\$17,824,857	\$49,272,265	\$49,283,443	\$49,750,024	\$49,882,485
Total OTO	\$0	\$0	\$0	\$1,254,249	\$1,454,249

Funding

The following table shows proposed agency funding for all sources of authority.

State Auditor's Office, 03-Insurance Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	177,393	0	0	177,393	0.17 %	
02235 Insurance Fee Account	13,168,744	0	0	13,168,744	38.77 %	
02528 Captive Account	932,584	0	0	932,584	2.75 %	
02323 Reinsurance Assessment SB 125	19,862,286	0	0	19,862,286	58.48 %	
State Special Total	\$33,963,614	\$0	\$0	\$33,963,614	33.19 %	
03543 Reinsurance Federal SB 125	68,200,000	0	0	68,200,000	100.00 %	
Federal Special Total	\$68,200,000	\$0	\$0	\$68,200,000	66.64 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$102,341,007	\$0	\$0	\$102,341,007		

HB 2 Funding

General Fund

The legislature approved \$177,393 in general fund for defrayal benefit costs of health insurance benefit mandates required by state law under the federal Patient Protection and Affordable Care Act, enacted after December 31, 2011.

State Special Revenue

A portion of the state special revenue funding is from the insurance fee account, which is supported by insurance licensure fees, examination fees, and penalties. The Insurance Division also has appropriated funds from the captive account which supports the administration of the Captive Insurance Program. Fees and assessments from captive insurance providers are deposited into the state special revenue fund, while fines and penalties are deposited into the general fund. At the end of the fiscal year, the balance of the captive account is transferred to the general fund. The 2019 Legislature established the reinsurance program account within the state special revenue funds in SB 125. All assessments of 1.2% of total premium volume for members of the Montana Reinsurance Program, interest and income earned on the account, and any other funds accepted for the benefit of the account are deposited into the fund to provide support for the program.

Federal Special Revenue

SB 125, in the 2019 Legislative Session, established \$34.1 million each fiscal year for the 2021 biennium in appropriation authority for grants associated with providing a reinsurance option for Montana healthcare insurers. In April 2019, after SB 125 was signed into law, the Board of Directors for the program were appointed. A request for a waiver from section 1332 of the Affordable Care and Patient Protection Act, allowing the Montana Reinsurance Program, was submitted to the federal government, and approved in August with an effective date of January 1, 2020. Grant appropriations were \$34.1 million each fiscal year of the 2023 biennial budget. The legislature adopted the same level for the 2025 biennium budget. The program is now starting to receive the requests for the grant as the claims are starting to come through.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	49,283,443	49,283,443	98,566,886	96.31 %
SWPL Adjustments	0	0	0	0.00 %	480,544	481,639	962,183	0.94 %
PL Adjustments	0	0	0	0.00 %	1,270,158	1,470,116	2,740,274	2.68 %
New Proposals	20,000	157,393	177,393	100.00 %	(29,872)	101,536	71,664	0.07 %
Total Budget	\$20,000	\$157,393	\$177,393		\$51,004,273	\$51,336,734	\$102,341,007	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	347,984	0	347,984	0.00	0	372,200	0	372,200
DP 2 - Fixed Costs	0.00	0	79,334	0	79,334	0.00	0	40,105	0	40,105
DP 3 - Inflation Deflation	0.00	0	53,226	0	53,226	0.00	0	69,334	0	69,334
DP 4 - Captive Regulatory Fund (OTO)	0.00	0	50,000	0	50,000	0.00	0	150,000	0	150,000
DP 5 - Debt Service Reclassification	0.00	0	0	0	0	0.00	0	0	0	0
DP 20 - SABHRS Rate Adjustment	0.00	0	234	0	234	0.00	0	187	0	187
DP 21 - Exams Bureau (OTO)	0.00	0	220,000	0	220,000	0.00	0	320,000	0	320,000
DP 30 - Motor Pool Rate Adjustment	0.00	0	(76)	0	(76)	0.00	0	(71)	0	(71)
DP 31 - Market Conduct Exams (OTO)	0.00	0	1,000,000	0	1,000,000	0.00	0	1,000,000	0	1,000,000
DP 222 - RMTD Adjustment	0.00	0	15,751	0	15,751	0.00	0	15,751	0	15,751
DP 223 - RMTD Adjustment (OTO)	0.00	0	(15,751)	0	(15,751)	0.00	0	(15,751)	0	(15,751)
Grand Total All Present Law Adjustments	0.00	\$0	\$1,750,702	\$0	\$1,750,702	0.00	\$0	\$1,951,755	\$0	\$1,951,755

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted the adjustment for the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted the adjustment for the budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Captive Regulatory Fund (OTO) -

The legislature adopted a budget increase due to the passage of SB 76 in the 2021 Legislative Session. SB 76 increased the percentage of captive insurance company premium tax that is retained to regulate and promote captive insurance in Montana. SB 76 increased the amount retained by the State Auditor's Office from 5.0% of the premium tax collected to 20.0% of the premium tax.

DP 5 - Debt Service Reclassification -

The legislature adopted to move \$310,000 in budget authority from operating expenditures to debt service in each fiscal year to allow the division to record building rental payments in accordance with new accounting requirements.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 21 - Exams Bureau (OTO) -

The legislature adopted additional funding for the Exams Bureau since the year-to-year funding requirement can fluctuate significantly based on the number of companies to be examined and the size and complexity of those companies. The contract payments will be from state special revenue and are reimbursed to the agency from the company being examined. Per the direction of 33-1-401(1), MCA, the commissioner shall examine each authorized insurer not less frequently than every five years. Section 33-1-408(4), MCA, allows the commissioner to retain attorneys, appraisers, independent actuaries, independent certified public accountants, or other professionals and specialist as examiners. The amount of funding required per fiscal year to retain contracted services is a function of the examination schedule established by the commissioner.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 31 - Market Conduct Exams (OTO) -

The legislature adopted authority for the State Auditor's Office to contract and complete market conduct exams of regulated insurance companies. Section 33-1-408(4), MCA, allows that upon determining that an examination should be conducted, the commissioner may retain attorneys, appraisers, independent actuaries, independent certified public accountants, or other professionals and specialists as examiners. The cost of retaining the personnel must be paid by the company that is the subject of the examination.

The amount of funding required per fiscal year to retain contracted services is a function of the examination schedule established by the commissioner and planning for unforeseen examinations required to address emerging market conduct issues. The year-to-year funding requirement can fluctuate significantly based on the number of companies to be examined, the size and scope of the examinations, and complexity of the company being examined.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 41 - HB 291 Defrayal Benefit Mandated Costs (RST)	0.00	20,000	0	0	20,000	0.00	20,000	0	0	20,000
DP 333 - Adjustment to Inflation	0.00	0	(15,479)	0	(15,479)	0.00	0	(20,192)	0	(20,192)
DP 555 - Additional Vacancy Savings	0.00	0	(43,253)	0	(43,253)	0.00	0	(43,505)	0	(43,505)
DP 1401 - HB 62 Generally revise laws related to bail bonds	0.00	0	3,840	0	3,840	0.00	0	3,840	0	3,840
DP 1403 - HB 836 Revise insurance laws relating to regulatory waivers	0.00	0	5,020	0	5,020	0.00	0	4,000	0	4,000
DP 1404 - SB 516 Provide for the Preserving Fertility Act	0.00	0	0	0	0	0.00	137,393	0	0	137,393
Total	0.00	\$20,000	(\$49,872)	\$0	(\$29,872)	0.00	\$157,393	(\$55,857)	\$0	\$101,536

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

DP 41 - HB 291 Defrayal Benefit Mandated Costs (RST) -

The legislature adopted \$20,000 restricted general fund in each fiscal year for defrayal benefit costs mandated in the passage of HB 291 in the 2021 Legislative Session.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 1401 - HB 62 Generally revise laws related to bail bonds -

The legislature adopted contingency language to increase appropriations if HB 62 was passed and approved and this decision package implements this language. This legislation revises laws related to bail bonds, creates a surety bond insurance license, provides for application and training requirements for a surety bail bond insurance license, and provides arrest authority to a surety bail bond insurance provider.

DP 1403 - HB 836 Revise insurance laws relating to regulatory waivers -

The legislature adopted contingency language to increase appropriations if HB 836 was passed and approved and this decision package implements this language. This legislation allows the Commissioner of Insurance to grant a variance or waiver with respect to the requirements of insurance law or rule if certain conditions are met by a property or casualty insurer.

DP 1404 - SB 516 Provide for the Preserving Fertility Act -

The legislature adopted contingency language to increase appropriations if SB 516 was passed and approved and this decision package implements this language. This legislation generally revises laws related to fertility preservation services for people diagnosed with cancer, requires insurance coverage of fertility preservation services, and creates a voluntary assessment for cancer screening efforts.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	2,233,174	2,642,226	409,052	18.32 %
Operating Expenses	329,526	190,959	(138,567)	(42.05)%
Equipment & Intangible Assets	2,404	102,404	100,000	4,159.73 %
Debt Service	83,700	165,700	82,000	97.97 %
Total Expenditures	\$2,648,804	\$3,101,289	\$452,485	17.08 %
State/Other Special Rev. Funds	2,648,804	3,101,289	452,485	17.08 %
Total Funds	\$2,648,804	\$3,101,289	\$452,485	17.08 %
Total Ongoing	\$2,648,804	\$3,008,339	\$359,535	13.57 %
Total OTO	\$0	\$92,950	\$92,950	100.00 %

Program Description

The Securities Division is responsible for the administration and enforcement of the Securities Act of Montana and the registration of securities issuers, salespeople, broker-dealers, investment advisers, investment adviser representatives and multi-level marketing companies. The division is also responsible for the investigation of unregistered and fraudulent securities transactions. The division has sole jurisdiction for investment advisor firms with assets of under \$100 million. The division investigates securities code and rule violations, including possible criminal violations, takes appropriate administrative action and refers criminal cases to either federal authorities or county attorneys for prosecution.

Program Highlights

Securities Division Major Budget Highlights
<ul style="list-style-type: none"> • The legislature adopted an increase to the Securities Division’s 2025 biennium budget of approximately \$452,000 or 17.1% compared to the 2023 biennium budget • Changes adopted by the legislature include: <ul style="list-style-type: none"> ◦ Changes in the statewide present law adjustments for personal services, fixed costs, and inflation ◦ An additional 1.0% vacancy savings and a reduction to the statewide present law adjustment for inflation ◦ A one-time-only equipment budget of \$100,000 in the 2025 biennium for case management software to centralize, standardize, and efficiently track data collected

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	12.00	12.00	12.00	12.00
Personal Services	892,368	1,086,086	1,147,088	1,316,810	1,325,416
Operating Expenses	110,059	169,785	159,741	100,265	90,694
Equipment & Intangible Assets	0	1,202	1,202	101,202	1,202
Debt Service	80,848	82,850	850	82,850	82,850
Total Expenditures	\$1,083,275	\$1,339,923	\$1,308,881	\$1,601,127	\$1,500,162
State/Other Special Rev. Funds	1,083,275	1,339,923	1,308,881	1,601,127	1,500,162
Total Funds	\$1,083,275	\$1,339,923	\$1,308,881	\$1,601,127	\$1,500,162
Total Ongoing	\$1,083,275	\$1,339,923	\$1,308,881	\$1,504,652	\$1,503,687
Total OTO	\$0	\$0	\$0	\$96,475	(\$3,525)

Funding

The following table shows proposed agency funding for all sources of authority.

State Auditor's Office, 04-Securities Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0.00 %
02091 Securities Restitution Fund	0	0	300,000	300,000	8.82 %
02283 Securities Fee Account	3,101,289	0	0	3,101,289	91.18 %
State Special Total	\$3,101,289	\$0	\$300,000	\$3,401,289	100.00 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$3,101,289	\$0	\$300,000	\$3,401,289	

HB 2 Authority

The Securities Division is funded entirely with state special revenue from the securities fee account, which is supported by portfolio notice filing fees and examination charges. The Securities Division pays for expenses associated with the regulation of portfolio activities.

Statutory Appropriations

4.5% of portfolio fees are transferred to the security restitution fund to reimburse victims of securities fraud.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	1,308,881	1,308,881	2,617,762	84.41 %
SWPL Adjustments	0	0	0	0.00 %	207,528	207,099	414,627	13.37 %
PL Adjustments	0	0	0	0.00 %	100,030	22	100,052	3.23 %
New Proposals	0	0	0	0.00 %	(15,312)	(15,840)	(31,152)	(1.00)%
Total Budget	\$0	\$0	\$0		\$1,601,127	\$1,500,162	\$3,101,289	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	183,583	0	183,583	0.00	0	192,280	0	192,280
DP 2 - Fixed Costs	0.00	0	20,090	0	20,090	0.00	0	9,831	0	9,831
DP 3 - Inflation Deflation	0.00	0	3,855	0	3,855	0.00	0	4,988	0	4,988
DP 5 - Debt Service Reclassification	0.00	0	0	0	0	0.00	0	0	0	0
DP 11 - Case Management Software (BIEN/OTO)	0.00	0	100,000	0	100,000	0.00	0	0	0	0
DP 20 - SABHRS Rate Adjustment	0.00	0	69	0	69	0.00	0	58	0	58
DP 30 - Motor Pool Rate Adjustment	0.00	0	(39)	0	(39)	0.00	0	(36)	0	(36)
DP 222 - RMTD Adjustment	0.00	0	3,525	0	3,525	0.00	0	3,525	0	3,525
DP 223 - RMTD Adjustment (OTO)	0.00	0	(3,525)	0	(3,525)	0.00	0	(3,525)	0	(3,525)
Grand Total All Present Law Adjustments	0.00	\$0	\$307,558	\$0	\$307,558	0.00	\$0	\$207,121	\$0	\$207,121

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted the adjustment for the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted the adjustment for the budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 5 - Debt Service Reclassification -

The legislature adopted to move \$82,000 in budget authority from operating expenditures to debt service in each fiscal year to allow the division to record building rental payments in accordance with new accounting requirements.

DP 11 - Case Management Software (BIEN/OTO) -

The legislature adopted authority in FY 2024 for case management software. Currently, the Securities Division does not have access to case management software. Instead, the division utilizes the network shared drive to store files for all securities related inquires, examinations, and investigations. Case management software would allow the division to centralize, standardize, and efficiently track all data captured within the division. Most importantly, a case management system would help the division better serve more Montana consumers, partially offset by increased revenue from anticipated increases in fee and fine revenue as a result of a more efficient system.

The Office of the Montana State Auditor, Commissioner of Securities & Insurance (CSI), is responsible for the oversight of approximately 1,300 broker/dealer firms, 1,000 investment advisor firms, 110,000 securities salespersons and investment adviser representatives, and 38,000 issuers. The CSI plays a major role in maintaining the health and integrity of the securities industry and business environment in Montana through its administration and enforcement of the Montana Securities Act.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 333 - Adjustment to Inflation	0.00	0	(1,451)	0	(1,451)	0.00	0	(1,888)	0	(1,888)
DP 555 - Additional Vacancy Savings	0.00	0	(13,861)	0	(13,861)	0.00	0	(13,952)	0	(13,952)
Total	0.00	\$0	(\$15,312)	\$0	(\$15,312)	0.00	\$0	(\$15,840)	\$0	(\$15,840)

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

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.