

# SECRETARY OF STATE

An Agency Profile Prepared by the  
Legislative Fiscal Division

November 2018



# INTRODUCTION

The Secretary of State provides services to Montana's voters, business community, and governmental agencies. The Secretary of State exists under authority granted in Article VI of the Montana Constitution. The primary statutory reference defining duties and responsibilities of the office is found in Title 2, Chapter 15, Part 4 of the Montana Code Annotated.

The Secretary of State's Office provides elections administration, registration, and document filing of Montana businesses, publication of administrative rules, records management of public documents generated by state and local governments, and operational support for the office. The mission of the Office of the Secretary of State is to help commerce thrive, promote democracy, and record history for future generations.

## HOW SERVICES ARE PROVIDED

The office is comprised of one program, the Business and Government Services Program, which consists of several divisions. These divisions are Executive Services, the Administrative Rules of Montana, Business Services, Notary Services, Elections and Government, and Records and Information Management.

### Executive Services

- Provides administration, human resources, and IT services

### The Administrative Rules of Montana

- Publishes the administrative rules which have been developed under a process outlined in the Montana Administrative Procedure Act. The rules require state agencies to provide notice to the public when they wish to adopt, amend, or repeal administrative rules

### Business Services

- Tracks the registration, renewal, amendment, and cancellation of businesses and trademarks in Montana
- Tracks Uniform Commercial Code (UCC) and Effective Financing Statement (EFS) filings and liens
- Processes the required annual reports for all Montana corporations and limited liability corporations (LLCs), due each year before April 15<sup>th</sup>

### Notary Services

- Provides online and in-person notary classes and administers the notary exam to new notary applicants
- Provides state certification, either apostille or authentication, for documents that are to be sent to or used in a foreign country

### Elections and Government

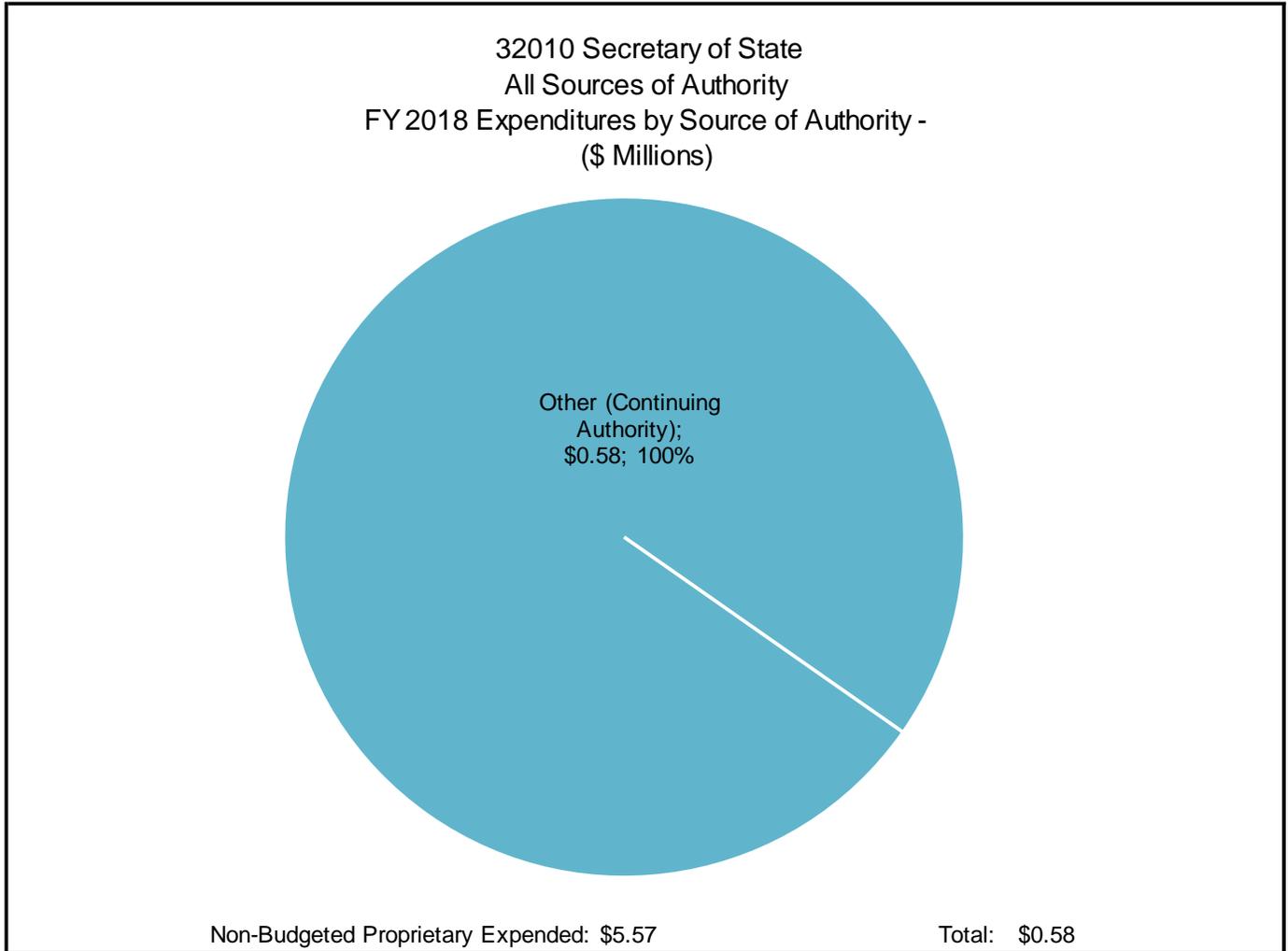
- Interprets state election laws and oversees state and federal elections
- Provides verification to voters of their voter registration status, voter registration address, polling location, ballot mailing list, and mailed ballot status
- Registers new Montana voters, provides resources to election officials, tracks statistics relating to voter registration and absentee voters, and updates election results as the precincts report to the Secretary of State's Office on election night

### Records and Information Management

- Responsible for storing, accessing, microfilming, scanning, preserving, and disposing of public documents generated by state and local governments to ensure continuity and accountability in government

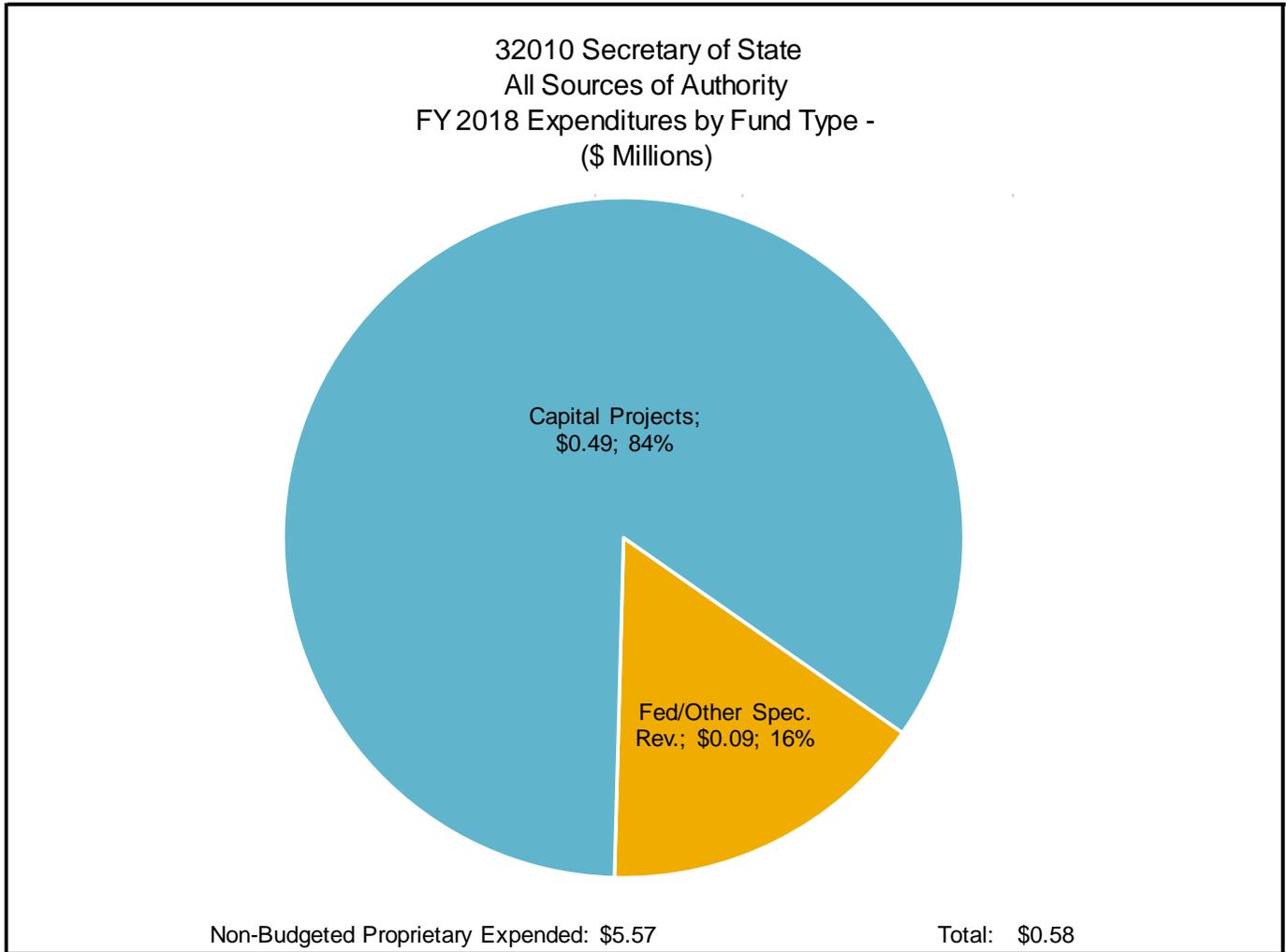
## SOURCES OF SPENDING AUTHORITY

The Secretary of State's office receives the majority of its spending authority from non-budgeted proprietary funds derived from document sales, fees for services, and other fees established in statute. The Secretary of State's Office expended \$5.57 million in non-budgeted proprietary funds and expended about \$580,000 in budgeted authority, which consisted entirely of continuing appropriations. The chart below shows the expenditures for FY 2018 by sources of authority for the Secretary of State.



## FUNDING

As stated above, the Secretary of State is primarily funded through proprietary funds. Of the \$580,000 in budgeted authority, 84% was spent on capital projects. The majority of this funding was used to replace an aging and outdated legacy mainframe application with a new online business filing system in order for the office to provide faster, mobile friendly, and error free filing with no additional fees for business owners. The table below shows FY 2018 actual expenditures by fund type for all sources of authority.



The Secretary of State did not have any ongoing HB 2 authority, and therefore the office does not have a HB 2 funding table in this profile. However, beginning in FY 2003, the legislature has provided one-time-only appropriations for federal special revenue funds from the Help America Vote Act of 2002 (HAVA).

## EXPENDITURES

The Secretary of State did not have HB 2 authority for expenditures that are considered base costs, and thus HB 2 expenditure tables are not included in this profile.

## HOW THE 2019 LEGISLATURE CAN AFFECT CHANGE

In order to change expenditure levels and/or activity, the legislature might address the following elements:

- Laws associated with election law requirements and duties
- Laws that impact the frequency of interactions between the office and those served

## MAJOR COST DRIVERS

Expenditures imposed on the office are driven by:

- Rising fixed costs expenses incurred by the office
- Number of businesses within Montana that use business services
- Elections and additional costs incurred if a recount is required
- Volume and type of state agency records
- Number of notaries and complaints against notaries

Element	FY 2008	FY 2014	FY 2016	FY 2017	FY 2018
New Montana domestic corporations (profit/nonprofit/other)	5,625	2,788	2,720	2,443	2,278
New Montana foreign corporations (profit/nonprofit/other)	1,652	1,678	1,635	1,632	1,684
New Montana domestic limited liability corporations	8,840	9,241	11,342	12,896	15,132
New Montana foreign limited liability corporations	1,072	1,486	1,635	1,702	1,784
Total annual reports	96,411	121,868	131,131	132,005	134,240
Average document processing turnaround time	10 days	2 - 5 days	7 days	6 days	3 days
Customer service telephone wait time	3 min.	20 sec.	1.5 min.	5 - 6 min.	1 - 2 min.
Online Services Available	17	14	14	209	209

## FUNDING/EXPENDITURE HISTORY

Since the Help America Vote Act funding provided for the office has been a one-time-only appropriation by the 2009, 2011, 2013, 2015, and 2017 Legislatures, a table showing the last six years of funding and expenditures is not included in this profile.

For more information on the agency, please visit their website: <http://sosmt.gov/>.