

DEPARTMENT OF REVENUE

An Agency Profile Prepared by the
Legislative Fiscal Division

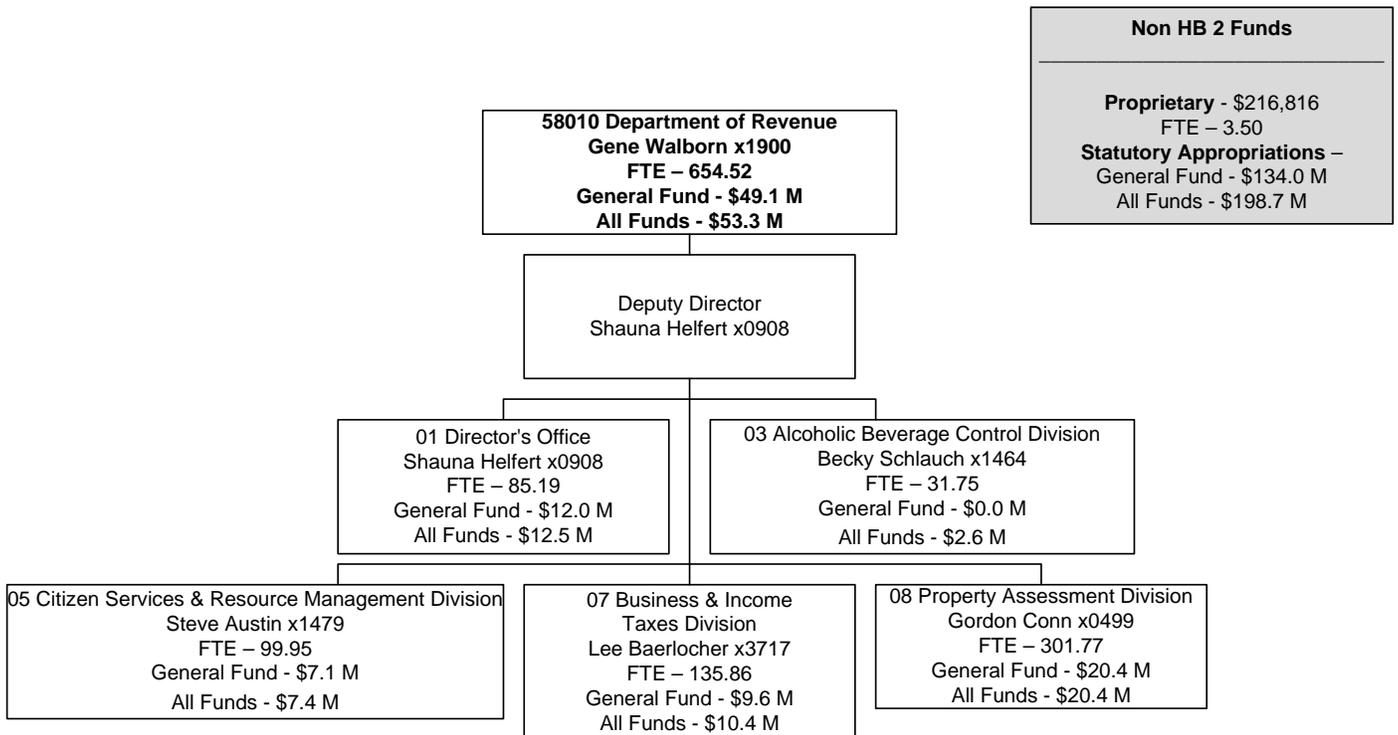
November 2018



INTRODUCTION

The Department of Revenue (DOR) administers state taxes except for gasoline and motor fuel taxes administered by the Department of Transportation, insurance taxes administered by the State Auditor, and video gaming tax administered by the Department of Justice. DOR administers and enforces Montana’s tax laws, appraises all property subject to state and local property taxes, administers the Montana Alcoholic Beverage Code, enforces the Montana Cigarette Sales Act, and administers abandoned property. The primary statutory references defining duties and responsibilities of DOR are found in [2-15-1301, MCA](#), [15-1-201, MCA](#), and Title 15, MCA.

Below is an organizational chart of the office, including full-time employee (FTE) numbers and the HB 2 general fund expenditures and the total expenditures from all funds. Unless otherwise noted, all phone extensions are preceded by (406) 444.



HOW SERVICES ARE PROVIDED

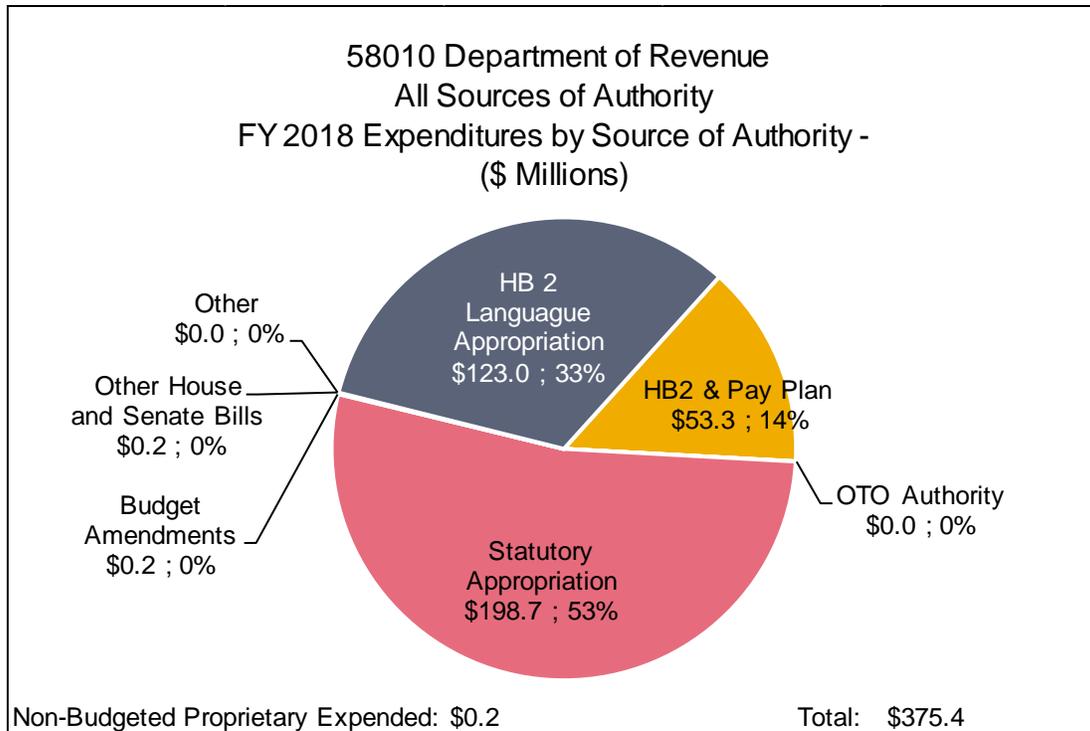
DOR collects and distributes revenue from and enforces regulations for 40 state taxes and fees through five divisions. It also regulates the sale and distribution of alcoholic beverages in Montana by buying, importing, storing, selling, and delivering liquors to agency liquor stores. In addition, DOR

- Administers and enforces Montana’s tax laws
- Appraises all property subject to state and local property taxation
- Administers the Montana Alcoholic Beverage Code
- Enforces the Montana Cigarette Sales Act
- Administers abandoned property

SOURCES OF SPENDING AUTHORITY

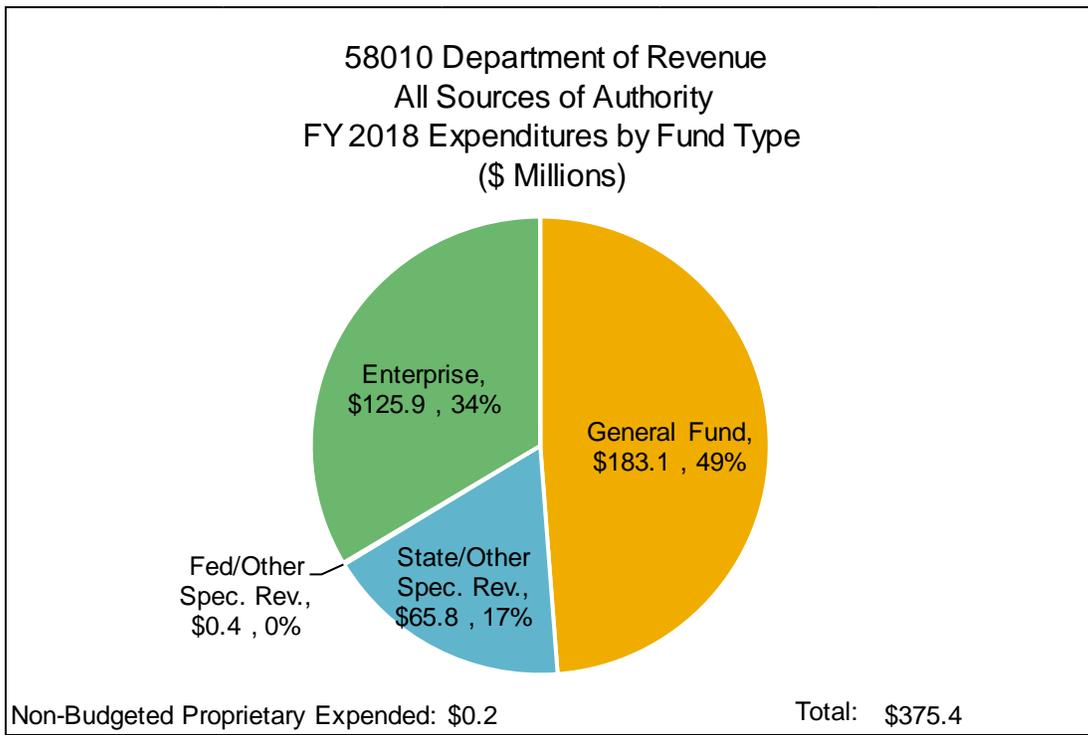
The chart on the following page shows the sources of authority for DOR that were expended in FY 2018. DOR receives funding through statutory appropriations, proprietary funds, HB 2, and the Pay Plan bill.

- HB 2 & Pay Plan – all HB 2 & Pay Plan authority including the budgeted proprietary expenditures of the Liquor Control Division
- Language – primarily language appropriations for the Liquor Control Division (authorized up to \$151 million in FY 2018)
- Statutory – primarily distributions of tax revenues to tribal and local governments
- Proprietary – the internal service Collection Services operations



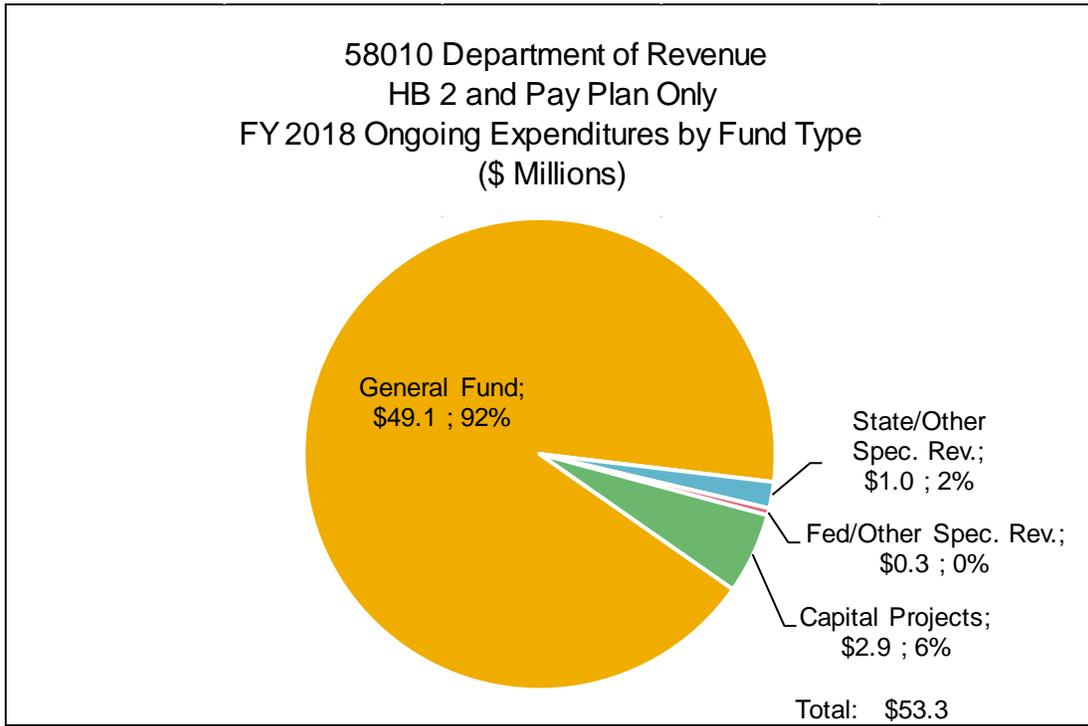
FUNDING

DOR is funded with general fund, state special revenues, proprietary and statutory appropriations. The chart below shows FY 2018 actual expenditures by fund type for all sources of authority.



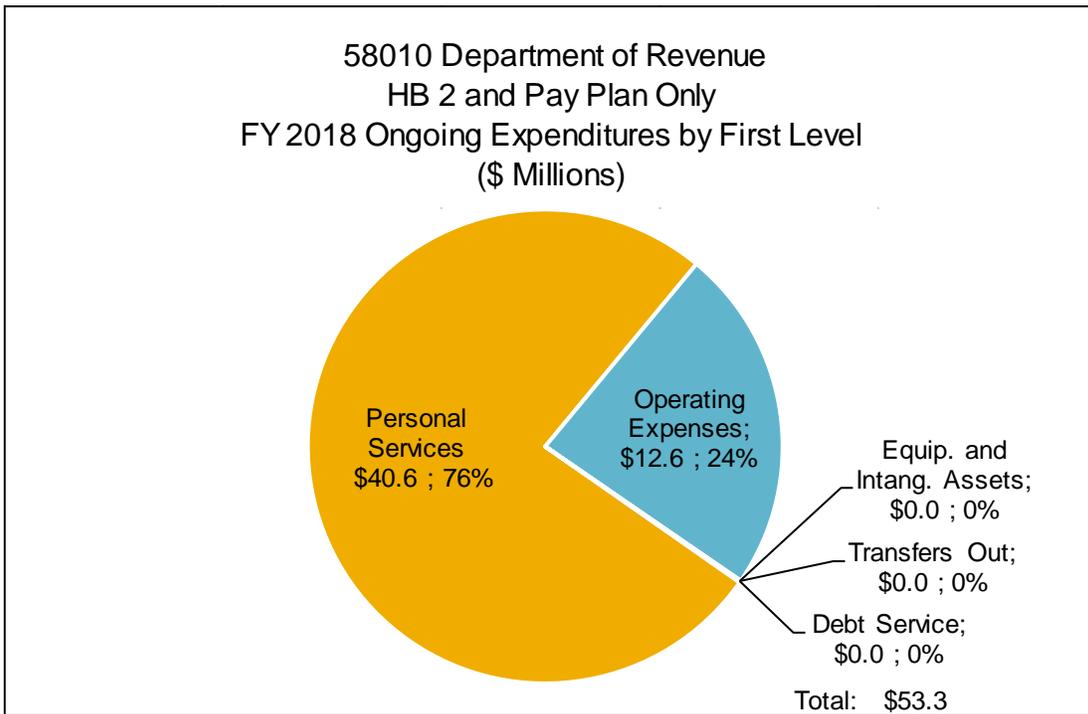
HB 2 FUNDING

The chart below shows DOR HB 2 and pay plan expenditures by fund type.



HB 2 EXPENDITURES

The chart below summarizes how HB 2 and pay plan authority is spent.



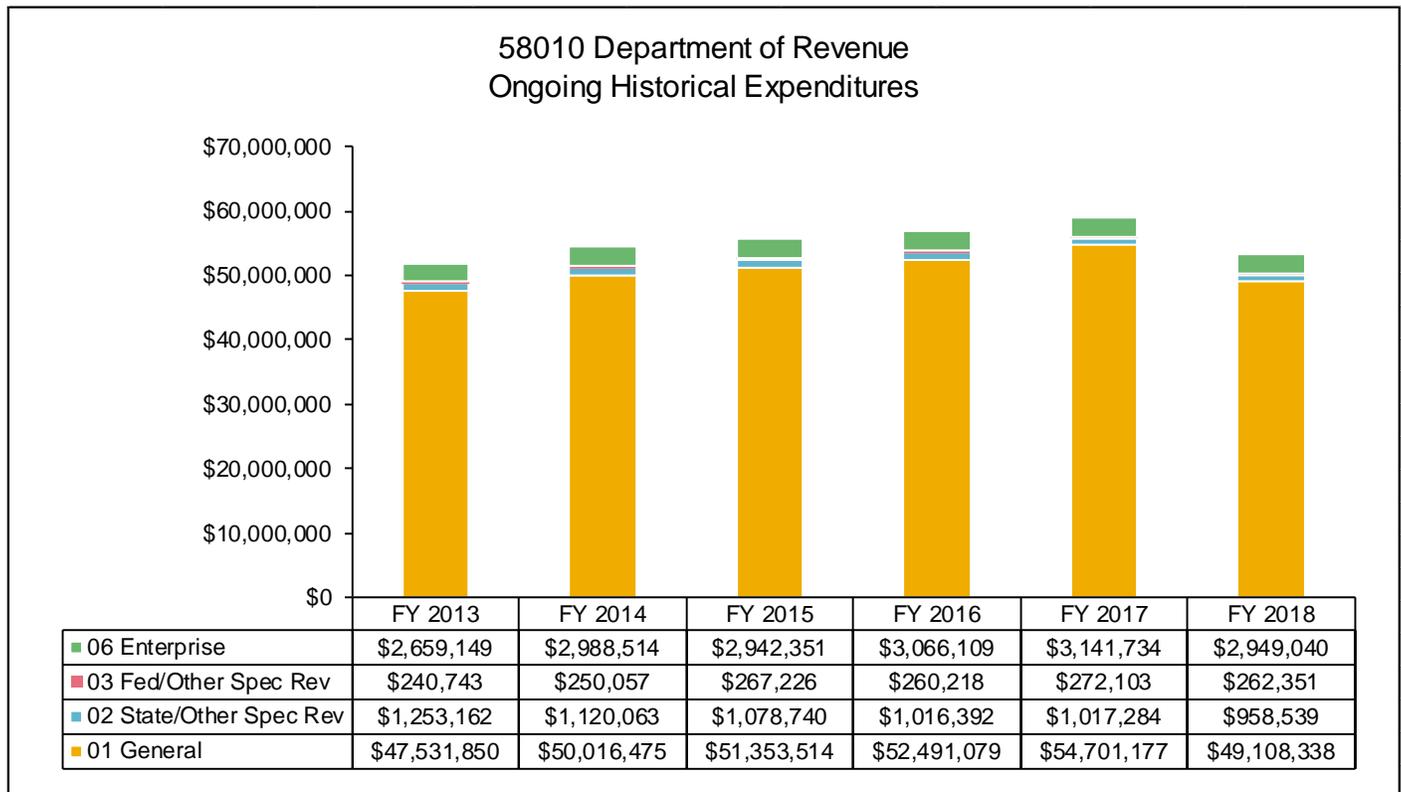
MAJOR COST DRIVERS

Changes in population, economic conditions, and the number of businesses operating in the state are the primary drivers of workload changes for the department. In addition, changes due to enacted state and federal legislation may result in further workload pressures. The following table highlights key DOR cost drivers.

Department of Revenue Cost Drivers				
Cost Driver	2006	2016	Growth	Significance
Income Tax Returns Processed (tax year)	572,256	647,855	13%	Individual income tax processing workload
Income Tax Returns with Refunds (tax year)	311,789	364,936	17%	Individual income tax data processing workload
Corporate Income Tax Returns Processed (prior tax year)	36,233	48,837	35%	Corporation income tax data processing workload
Total Retail Liquor Licenses (fiscal year)	3,295	3,342	1%	Liquor license processing workload
Wholesale Liquor Licenses Issued (fiscal year)	35	39	11%	Liquor license processing workload
Manufacturers Liquor Licenses Issued (fiscal year)	563	1,310	133%	Liquor license processing workload

FUNDING/EXPENDITURE HISTORY

The following table shows historical changes in DOR HB 2 funding and expenditures:



MAJOR LEGISLATIVE CHANGES IN THE LAST TEN YEARS

Major changes in the last ten years include:

2017 Legislature

- Implemented 5% budget reduction and additional 2% vacancy savings
- Added a net 5.97 FTE; 9.00 FTE were in the Property Assessment Division, 2.00 FTE in the Business and Income Taxes Division, and 1.00 FTE in the Liquor Control Division, offset by FTE cuts across all programs due to the 5% reduction plans
- Directed DOR to collect license fees for medical marijuana and marijuana-infused product providers

2015 Legislature

- Approved the reorganization of the Information Management and Technology into the Director's Office and Citizen Services and Resource Management Division
- Approved the addition of 3.00 FTE to replace contracted IT workers in the Director's Office
- Changed the reappraisal cycle from a 6-year cycle to a 2-year cycle for class 3 and class 4

2013 Legislature

- Added 16.00 FTE; 5.00 FTE were in the Property Assessment Division as one-time-only
- Provided a \$1.0 million increase in GenTax maintenance and development costs
- Adopted additional 2% vacancy savings

2009 Legislature

- Added 21.30 FTE; 9.30 FTE for the property tax reappraisal as a one-time-only appropriation, 12.00 FTE to continue tax compliance activities
- Provided \$3.4 million general fund for an electronic imaging system

For additional agency information, please view the website at: <https://mtrevenue.gov/>