

### Agency Budget Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium adopted budget by type of expenditure and source of funding.

Agency Budget Comparison				
Budget Item	Appropriated Budget 20-21	Legislative Budget 22-23	Biennium Change	Biennium % Change
Personal Services	90,933,624	91,615,659	682,035	0.75 %
Operating Expenses	28,991,931	31,485,147	2,493,216	8.60 %
Equipment & Intangible Assets	1,761,876	351,339	(1,410,537)	(80.06)%
Capital Outlay	386,179	0	(386,179)	(100.00)%
Local Assistance	2,000,000	0	(2,000,000)	(100.00)%
Transfers	120,816	3,000	(117,816)	(97.52)%
Debt Service	133,146	154,468	21,322	16.01 %
<b>Total Expenditures</b>	<b>\$124,327,572</b>	<b>\$123,609,613</b>	<b>(\$717,959)</b>	<b>(0.58)%</b>
General Fund	114,622,470	113,633,789	(988,681)	(0.86)%
State/Other Special Rev. Funds	1,979,898	1,987,252	7,354	0.37 %
Federal Spec. Rev. Funds	550,009	559,664	9,655	1.76 %
Proprietary Funds	7,175,195	7,428,908	253,713	3.54 %
<b>Total Funds</b>	<b>\$124,327,572</b>	<b>\$123,609,613</b>	<b>(\$717,959)</b>	<b>(0.58)%</b>
<b>Total Ongoing</b>	<b>\$124,077,572</b>	<b>\$124,577,975</b>	<b>\$500,403</b>	<b>0.40 %</b>
<b>Total OTO</b>	<b>\$250,000</b>	<b>(\$968,362)</b>	<b>(\$1,218,362)</b>	<b>(487.34)%</b>

### Agency Description

The Department of Revenue (DOR) administers about 40 Montana taxes and fees to achieve equity and integrity in taxation. In addition, the department values all property as accurately as possible and supervises Montana's property tax system, administers liquor laws to protect public health and safety, receives abandoned property and seeks to return it to its rightful Montana owners, administers unlocatable mineral trusts, informs and advises the Governor, the legislature, and the public on tax trends and issues, and cooperates with local, state, tribal, and federal governments to advance the public interest under the law.

### Agency Highlights

<b>Department of Revenue Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The legislature adopted a reduction to the Department of Revenue's 2023 biennium budget of approximately \$718,000 or 0.6% compared to the 2021 biennium budget</li> <li>• Changes adopted by the legislature include:                             <ul style="list-style-type: none"> <li>◦ Adjustments due to the statewide present law adjustments for personal services, fixed costs, and inflation/deflation</li> <li>◦ Overall, the legislature adopted a 5.0% reduction in personal services for anticipated vacancy savings. In addition to the 4.0% vacancy savings included in the executive budget, the legislature approved an additional 1.0% vacancy savings reduction. The 1.0% reduction was included in the Director's Office with language allowing the agency to allocate the reduction among its various programs</li> <li>◦ A one-time-only appropriation of \$250,000 for anticipated overtime and termination payout of personal services in the Alcoholic Beverage Control Division</li> </ul> </li> </ul>

**Agency Actuals and Budget Comparison**

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium adopted budget by year, type of expenditure, and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Legislative Fiscal 2022	Legislative Fiscal 2023
FTE	0.00	625.67	625.67	625.67	625.67
Personal Services	43,884,638	44,488,493	46,445,131	45,125,826	46,489,833
Operating Expenses	13,816,375	13,977,811	15,014,120	15,835,282	15,649,865
Equipment & Intangible Assets	1,731,317	1,731,322	30,554	135,256	216,083
Capital Outlay	384,459	386,179	0	0	0
Local Assistance	0	2,000,000	0	0	0
Transfers	117,816	119,316	1,500	1,500	1,500
Debt Service	50,714	55,899	77,247	77,239	77,229
<b>Total Expenditures</b>	<b>\$59,985,319</b>	<b>\$62,759,020</b>	<b>\$61,568,552</b>	<b>\$61,175,103</b>	<b>\$62,434,510</b>
General Fund	55,237,809	57,929,546	56,692,924	56,190,817	57,442,972
State/Other Special Rev. Funds	989,947	989,944	989,954	993,626	993,626
Federal Spec. Rev. Funds	275,085	275,086	274,923	279,825	279,839
Proprietary Funds	3,482,478	3,564,444	3,610,751	3,710,835	3,718,073
<b>Total Funds</b>	<b>\$59,985,319</b>	<b>\$62,759,020</b>	<b>\$61,568,552</b>	<b>\$61,175,103</b>	<b>\$62,434,510</b>
<b>Total Ongoing</b>	<b>\$59,918,709</b>	<b>\$62,634,020</b>	<b>\$61,443,552</b>	<b>\$62,268,465</b>	<b>\$62,309,510</b>
<b>Total OTO</b>	<b>\$66,610</b>	<b>\$125,000</b>	<b>\$125,000</b>	<b>(\$1,093,362)</b>	<b>\$125,000</b>

**Summary of Legislative Action**

The legislature adopted a decrease to the Department of Revenue's total biennial appropriation of approximately \$718,000 or 0.6% compared to the 2021 biennium appropriation. Changes in the budget included increasing the original 4.0% vacancy savings reduction by an additional 1.0%, for a total reduction of 5.0% in the Director's Office. The legislature approved one-time-only funding of \$125,000 per fiscal year for termination payouts and overtime in the Alcoholic Beverage

Control Division for retirement payouts and increased workload associated with the holiday season.

**Funding**

The following table shows adopted agency funding by source of authority.

Total Department of Revenue Funding by Source of Authority 2023 Biennium Budget Request - Department of Revenue						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	114,852,151	(1,218,362)	0	296,948,589	410,582,378	78.14 %
State Special Total	1,987,252	0	0	104,368,691	106,355,943	20.24 %
Federal Special Total	559,664	0	0	0	559,664	0.11 %
Proprietary Total	7,178,908	250,000	530,704	0	7,959,612	1.51 %
Other Total	0	0	0	0	0	0.00 %
<b>Total All Funds</b>	<b>\$124,577,975</b>	<b>(\$968,362)</b>	<b>\$530,704</b>	<b>\$401,317,280</b>	<b>\$525,457,597</b>	
<b>Percent - Total All Sources</b>	<b>23.71 %</b>	<b>(0.18)%</b>	<b>0.10 %</b>	<b>76.37 %</b>		

*HB 2 Authority*

The Department of Revenue is primarily funded with general fund, which is 91.9% of the agency's HB 2 funds in the 2023 biennium. Proprietary funds are 1.5% of total funds and support the operation of the Alcoholic Beverage Control Division and other divisions that support alcoholic beverage control functions or the staff of the Alcoholic Beverage Control Division.

State special revenue accounts for 1.6% of HB 2 funds and supports:

- Tobacco tax compliance activities under the Tobacco Master Settlement Agreement
- Appraisal, assessment, and taxation processes
- Administration of the unclaimed property program
- Administration of the medical marijuana tax

Federal special revenue accounts for less than 1.0% of HB 2 funds and supports federal mineral royalty audits.

Proprietary funds generated through sales of liquor in the Alcohol Beverage Control Division are 6.0% of HB 2 funds.

*Statutory Authority*

Total funding for the agency also includes two large general fund statutory appropriations. The Director's Office manages a pass-through general fund appropriation for the state entitlement shares and is responsible for the statutorily appropriated distributions of various tax revenues to local and tribal governments.

State special revenue funds that are statutorily appropriated include oil and gas and bentonite and metal mine distributions to local governments and distribution of tobacco, cigarette, and alcohol taxes to tribal governments.

**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 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	56,692,924	56,692,924	113,385,848	99.78 %	61,443,552	61,443,552	122,887,104	99.42 %
SWPL Adjustments	896,763	830,510	1,727,273	1.52 %	987,116	928,115	1,915,231	1.55 %
PL Adjustments	(292,519)	(185,724)	(478,243)	(0.42)%	(168,214)	(61,419)	(229,633)	(0.19)%
New Proposals	(1,106,351)	105,262	(1,001,089)	(0.88)%	(1,087,351)	124,262	(963,089)	(0.78)%
<b>Total Budget</b>	<b>\$56,190,817</b>	<b>\$57,442,972</b>	<b>\$113,633,789</b>		<b>\$61,175,103</b>	<b>\$62,434,510</b>	<b>\$123,609,613</b>	

### Other Legislation

**HB 279** – This legislation revised the Student Scholarship Organization and the Educational Improvement Program's income tax credits by extending the sunset of the programs and increasing the maximum claimable credits from \$150 to \$200,000.

**HB 298** – This legislation requires the DOR to include the market value of prior cycle assessments on the assessment notice and provide an explanation if the value increased by more than 10.0%.

**HB 340** – This legislation expands the wages and expenditures eligible for the Montana Economic Development Industry Advancement (MEDIA) Act, film tax incentive, as well as increases the tax credits and the maximum cap on available credits.

**HB 701** – This legislation revises the regulation of both adult-use and medical marijuana, combines both program's administration under the DOR, establishes revenue distribution, and establishes administration guidelines for the adult-use marijuana program. The Department of Revenue is to create a new marijuana division which will include 34.00 FTE in both fiscal years, of which 22.00 FTE will be transferred from the Department of Human Health and Services' medical marijuana program.

**HB 705** – This legislation allows retailers at resort areas to operate an alcoholic beverage storage facility pursuant to the DOR's approval and after an application and an associated one-time fee of \$100 is assessed.

**SB 51** – This legislation exempts certain fiber optic and coaxial cable that is placed in service after the effective date for the first five years and then phases-in value at 20.0% a year for the next five years until taxed at full value in the tenth year. This legislation requires companies to reinvest the tax savings from the exemption into the installation of new fiber optic or coaxial cable within two years and for the DOR to create a web page that presents proposed cable projects and solicits comments.

**SB 126** - This legislation requires that the Montana Tax Appeal Board (MTAB) consider independent appraisals provided by the taxpayer for residential property that they have owned for at least five consecutive years. MTAB is required to presume the value from the independent appraisal is correct and switches the burden of proof from the taxpayer to the Department of Revenue.

**SB 133** - This legislation amended the current Montana Taxpayer Bill of Rights by creating an entitlement to award costs and attorney fees in certain class four residential property valuation disputes that are adjudicated significantly (greater than 25%) in favor of the taxpayer by MTAB.

**SB 212** – This legislation requires the DOR provide 10 years of information on inflation, average income growth rates, and property tax changes in biennial reappraisal notices in odd years and publish in newspapers of general circulation in each county in even years.

**SB 399** – This legislation makes changes to Montana's individual income tax and the taxation of estates and trusts, and the state's corporate income tax. SB 399 will make Montana's taxable income based on federal taxable income and reduce the tax rates from seven to two. This will require the DOR to update and modify their income tax forms and the integrated revenue information system.

## Executive Budget Comparison

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2021	Executive Budget Fiscal 2022	Legislative Budget Fiscal 2022	Leg — Exec. Difference Fiscal 2022	Executive Budget Fiscal 2023	Legislative Budget Fiscal 2023	Leg — Exec. Difference Fiscal 2023	Biennium Difference Fiscal 22-23
FTE	625.67	673.67	625.67	(48.00)	700.67	625.67	(75.00)	(75.00)
Personal Services	46,445,131	49,550,168	45,125,826	(4,424,342)	53,175,412	46,489,833	(6,685,579)	(11,109,921)
Operating Expenses	15,014,120	17,489,923	15,835,282	(1,654,641)	18,563,349	15,649,865	(2,913,484)	(4,568,125)
Equipment & Intangible Assets	30,554	3,135,256	135,256	(3,000,000)	216,083	216,083	0	(3,000,000)
Capital Outlay	0	0	0	0	0	0	0	0
Local Assistance	0	0	0	0	0	0	0	0
Transfers	1,500	1,500	1,500	0	1,500	1,500	0	0
Debt Service	77,247	77,239	77,239	0	77,229	77,229	0	0
<b>Total Costs</b>	<b>\$61,568,552</b>	<b>\$70,254,086</b>	<b>\$61,175,103</b>	<b>(\$9,078,983)</b>	<b>\$72,033,573</b>	<b>\$62,434,510</b>	<b>(\$9,599,063)</b>	<b>(\$18,678,046)</b>
General Fund	56,692,924	56,679,655	56,190,817	(488,838)	57,933,278	57,442,972	(490,306)	(979,144)
State/other Special Rev. Funds	989,954	9,583,076	993,626	(8,589,450)	10,101,688	993,626	(9,108,062)	(17,697,512)
Federal Spec. Rev. Funds	274,923	279,920	279,825	(95)	279,934	279,839	(95)	(190)
Other	3,610,751	3,711,435	3,710,835	(600)	3,718,673	3,718,073	(600)	(1,200)
<b>Total Funds</b>	<b>\$61,568,552</b>	<b>\$70,254,086</b>	<b>\$61,175,103</b>	<b>(\$9,078,983)</b>	<b>\$72,033,573</b>	<b>\$62,434,510</b>	<b>(\$9,599,063)</b>	<b>(\$18,678,046)</b>
<b>Total Ongoing</b>	<b>\$61,443,552</b>	<b>\$71,347,448</b>	<b>\$62,268,465</b>	<b>(\$9,078,983)</b>	<b>\$71,908,573</b>	<b>\$62,309,510</b>	<b>(\$9,599,063)</b>	<b>(\$18,678,046)</b>
<b>Total OTO</b>	<b>\$125,000</b>	<b>(\$1,093,362)</b>	<b>(\$1,093,362)</b>	<b>\$0</b>	<b>\$125,000</b>	<b>\$125,000</b>	<b>\$0</b>	<b>\$0</b>

The Legislature adopted ongoing appropriations that are approximately \$18.7 million lower than the proposed appropriations for the 2023 biennium. Significant changes include:

- Removal of DP 19001 for the recreational marijuana implementation. This reduced state special revenue appropriations by \$8.6 million in FY 2022 and \$9.1 million in FY 2023
- A reduction in fixed costs for warehouses, storage rooms, and information technology of approximately \$18,600 in FY 2022 and FY 2023
- In addition to the 4.0% vacancy savings included in the executive budget proposal, the legislature approved an additional 1.0% vacancy savings reduction

## Language and Statutory Authority

The legislature included the following language in HB 2:

"The Alcoholic Beverage Control Division is appropriated \$170 million in each year of the 2023 biennium from the liquor enterprise fund to maintain adequate inventories necessary to meet statutory requirements, to pay freight costs, and to transfer profits and taxes to appropriate accounts."

"Up to \$2.0 million in general fund is appropriated to the Director's Office of the Department of Revenue for the biennium beginning July 1, 2021 to pay settlements required under 15-1-402(6)(i)(A)."

"The Director's Office Program includes a reduction in general fund of \$470,884 in FY 2022 and \$472,352 in FY 2023. The reduction is the equivalent of an additional 1% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2023 biennium operating plans."

**Program Budget Comparison**

The following table compares the 2021 biennium appropriated budget and the 2023 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 20-21	Legislative Budget 22-23	Biennium Change	Biennium % Change
Personal Services	12,850,492	11,907,319	(943,173)	(7.34)%
Operating Expenses	3,973,795	4,675,838	702,043	17.67 %
Capital Outlay	182,884	0	(182,884)	(100.00)%
Transfers	3,000	3,000	0	0.00 %
Debt Service	18,363	20,826	2,463	13.41 %
<b>Total Expenditures</b>	<b>\$17,028,534</b>	<b>\$16,606,983</b>	<b>(\$421,551)</b>	<b>(2.48)%</b>
General Fund	16,309,418	15,887,771	(421,647)	(2.59)%
State/Other Special Rev. Funds	408,199	408,308	109	0.03 %
Proprietary Funds	310,917	310,904	(13)	0.00 %
<b>Total Funds</b>	<b>\$17,028,534</b>	<b>\$16,606,983</b>	<b>(\$421,551)</b>	<b>(2.48)%</b>
<b>Total Ongoing</b>	<b>\$17,028,534</b>	<b>\$16,765,751</b>	<b>(\$262,783)</b>	<b>(1.54)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$158,768)</b>	<b>(\$158,768)</b>	<b>100.00 %</b>

**Program Description**

The Director’s Office (DO) supports the agency’s director and is composed of the following units:

- The Citizen and Financial Services Office manages the department’s centralized accounting and budgeting functions, call center, e-Stop business licensing and unclaimed property distribution
- The Communication and Taxpayer Outreach Office communicates with internal and external stakeholders, and is responsible for media relations, digital communications, forms, design and branding, public education and outreach, training and employee development
- The Enterprise Planning and Analysis Office manages projects to improve agency operations and ensure that critical enterprise functions are accomplished with more efficiency, higher quality, and lower costs
- The Executive Office provides administrative support services for the work units within the Director’s Office
- The Human Resources Office manages organization and workforce development, policy and practice interpretation, employee and labor relations, staffing, employment law, performance reviews, and compensation
- The Legal Services Office supervises the overall legal efforts of the department, including rules, policies, and bankruptcy
- The Office of Dispute Resolution independently hears and/or mediates cases between the department and taxpayers, liquor licensees and other members of the public. The office provides an accessible, cost-effective means for taxpayers and licensees to appeal agency determinations or proposed department actions
- The Procurement, Contracts, and Facilities Office manages the planning, procurement, contract negotiation, creation, execution, performance measurement, conflict resolution and invoice verification for the department
- The Security Office serves as the department liaison with the Internal Revenue Service (IRS) and is responsible for the security of all taxpayer information
- The Tax Policy and Research Office provides accurate and timely information for the Governor, the legislature, and Montana citizens. This includes the compilation of basic tax data and the publication of the statutory Biennial Report

**Program Highlights**

<b>Director's Office Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The legislature adopted a reduction to the Director's Office 2023 biennium budget of approximately \$422,000 or 2.5% compared to the 2021 biennium budget. Changes included:                             <ul style="list-style-type: none"> <li>◦ Adjustments due to the statewide present law adjustments for personal services, fixed costs, and inflation/deflation</li> <li>◦ An increase in general fund for a tax policy analyst</li> <li>◦ A decrease in personal services due to the adoption of a 5.0% vacancy savings rate</li> <li>◦ A decrease in general fund due to the elimination of the state share contribution to the state employee health insurance plan for two months</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium adopted budget by year, type of expenditure, and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Legislative Fiscal 2022	Legislative Fiscal 2023
FTE	0.00	73.19	73.19	73.19	73.19
Personal Services	6,238,005	6,316,513	6,533,979	5,862,652	6,044,667
Operating Expenses	1,782,862	1,884,853	2,088,942	2,445,213	2,230,625
Capital Outlay	182,884	182,884	0	0	0
Transfers	0	1,500	1,500	1,500	1,500
Debt Service	3,449	7,950	10,413	10,413	10,413
<b>Total Expenditures</b>	<b>\$8,207,200</b>	<b>\$8,393,700</b>	<b>\$8,634,834</b>	<b>\$8,319,778</b>	<b>\$8,287,205</b>
General Fund	7,847,650	8,034,150	8,275,268	7,960,172	7,927,599
State/Other Special Rev. Funds	204,085	204,085	204,114	204,154	204,154
Proprietary Funds	155,465	155,465	155,452	155,452	155,452
<b>Total Funds</b>	<b>\$8,207,200</b>	<b>\$8,393,700</b>	<b>\$8,634,834</b>	<b>\$8,319,778</b>	<b>\$8,287,205</b>
<b>Total Ongoing</b>	<b>\$8,207,200</b>	<b>\$8,393,700</b>	<b>\$8,634,834</b>	<b>\$8,478,546</b>	<b>\$8,287,205</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$158,768)</b>	<b>\$0</b>

**Funding**

The following table shows adopted program funding by source of authority.

Department of Revenue, 01-Directors Office Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	15,887,771	0	296,948,589	312,836,360	74.89 %	
02008 Tobacco And Cig. Tribal Agree.	80	0	9,000,000	9,000,080	8.60 %	
02025 Unclaimed Property	288,532	0	0	288,532	0.28 %	
02083 Oil & Gas Local Assistance	0	0	13,000,000	13,000,000	12.43 %	
02088 SSR Administrative Funds	34,372	0	0	34,372	0.03 %	
02168 MT Oil Production Tax	0	0	78,357,441	78,357,441	74.91 %	
02169 Bentonite Production Tax	0	0	1,300,000	1,300,000	1.24 %	
02511 Oil and Gas Natural Resource	0	0	1,000,000	1,000,000	0.96 %	
02790 6901-Statewide Tobacco Sttlmnt	85,324	0	0	85,324	0.08 %	
02966 Tribal Agreement - Alcohol	0	0	1,540,000	1,540,000	1.47 %	
02312 Marijuana License and Fees	0	0	0	0	0.00 %	
02533 Marijuana Tax	0	0	0	0	0.00 %	
<b>State Special Total</b>	<b>\$408,308</b>	<b>\$0</b>	<b>\$104,197,441</b>	<b>\$104,605,749</b>	<b>25.04 %</b>	
03802 CARES Act	0	0	0	0	0.00 %	
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
06005 Liquor Division	310,904	0	0	310,904	100.00 %	
<b>Proprietary Total</b>	<b>\$310,904</b>	<b>\$0</b>	<b>\$0</b>	<b>\$310,904</b>	<b>0.07 %</b>	
<b>Total All Funds</b>	<b>\$16,606,983</b>	<b>\$0</b>	<b>\$401,146,030</b>	<b>\$417,753,013</b>		

### *HB 2 Authority*

#### General Fund

Funding for the Director's Office HB 2 budget comes primarily from the general fund.

#### State Special Revenue

State special revenue includes the unclaimed property fund, administrative funds, and the tobacco settlement fund, which supports the dedicated attorney that supports tobacco tax compliance activities.

#### Proprietary Funding

Proprietary funding is from a direct appropriation of the Alcoholic Beverage Control Division proprietary fund and is for the Alcoholic Beverage Control Division share of Director's Office support costs. The allocation is calculated as a percentage of the program's budget. Alcoholic Beverage Control Division's proprietary funds are an indirect use of general fund since net liquor revenues are deposited in the general fund after operating costs are deducted.

#### *Other Funding*

#### Statutory Appropriations

Total funding for the Director's Office also includes two general fund statutory appropriations. The largest of the statutory appropriations is a pass-through general fund appropriation for the state entitlement shares, as provided in 15-1-121, MCA. This distribution resulted from HB 124 in the 2001 Legislative Session, which reallocated revenue received by local governments, school districts, and some state special revenue accounts to the general fund and replaced foregone revenue with permanent state entitlement grants to counties and cities. A second general fund statutory appropriation included in the Director's Office is a direct use by the department for out of state travel costs for tax audits and is provided for in 15-1-218, MCA.

The Director's Office is responsible for the statutorily appropriated distributions of various tax revenues to local and tribal governments supported by state special revenues.

### **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 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	8,275,268	8,275,268	16,550,536	104.17 %	8,634,834	8,634,834	17,269,668	103.99 %
SWPL Adjustments	213,500	30,376	243,876	1.53 %	213,540	30,416	243,956	1.47 %
PL Adjustments	(472,300)	(473,768)	(946,068)	(5.95)%	(472,300)	(473,768)	(946,068)	(5.70)%
New Proposals	(56,296)	95,723	39,427	0.25 %	(56,296)	95,723	39,427	0.24 %
<b>Total Budget</b>	<b>\$7,960,172</b>	<b>\$7,927,599</b>	<b>\$15,887,771</b>		<b>\$8,319,778</b>	<b>\$8,287,205</b>	<b>\$16,606,983</b>	

**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 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(41,675)	0	0	(41,675)	0.00	(16,960)	0	0	(16,960)
DP 2 - Fixed Costs	0.00	255,789	40	0	255,829	0.00	47,721	40	0	47,761
DP 3 - Inflation Deflation	0.00	(614)	0	0	(614)	0.00	(385)	0	0	(385)
DP 50 - SWPLA Fixed Cost Reductions	0.00	(1,416)	0	0	(1,416)	0.00	(1,416)	0	0	(1,416)
DP 51 - Additional 1.0% Vacancy Savings	0.00	(470,884)	0	0	(470,884)	0.00	(472,352)	0	0	(472,352)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$258,800)</b>	<b>\$40</b>	<b>\$0</b>	<b>(\$258,760)</b>	<b>0.00</b>	<b>(\$443,392)</b>	<b>\$40</b>	<b>\$0</b>	<b>(\$443,352)</b>

\*\*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 made adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to fixed costs assessed by other agencies within state government for the services they provide. Examples include the following: warrant writer, motor pool, etc.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 50 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for warehouses, storage rooms, and information technology.

DP 51 - Additional 1.0% Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings, which reduces general fund appropriations for personal services.

**New Proposals**

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 101 - Tax Policy Implementation	0.00	102,472	0	0	102,472	0.00	95,723	0	0	95,723
DP 5555 - Reduce GF Budget for State Share Holiday (OTO)	0.00	(158,768)	0	0	(158,768)	0.00	0	0	0	0
<b>Total</b>	<b>0.00</b>	<b>(\$56,296)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$56,296)</b>	<b>0.00</b>	<b>\$95,723</b>	<b>\$0</b>	<b>\$0</b>	<b>\$95,723</b>

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

DP 101 - Tax Policy Implementation -

The legislature adopted an increase in general fund for a tax policy analyst to conduct the work necessary to implement tax related legislation.

DP 5555 - Reduce GF Budget for State Share Holiday (OTO) -

The legislature adopted an elimination of the state share contribution to the state employee group benefit plan for two months. This change package removes the general fund portion of the savings generated by the suspension of the contributions. Savings from other funding sources, if applicable, remain in agency personal services budgets.

**Program Budget Comparison**

The following table compares the 2021 biennium appropriated budget and the 2023 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 20-21	Legislative Budget 22-23	Biennium Change	Biennium % Change
Personal Services	5,894,482	6,326,680	432,198	7.33 %
Operating Expenses	9,790,950	10,388,363	597,413	6.10 %
Equipment & Intangible Assets	1,673,385	290,231	(1,383,154)	(82.66)%
<b>Total Expenditures</b>	<b>\$17,358,817</b>	<b>\$17,005,274</b>	<b>(\$353,543)</b>	<b>(2.04)%</b>
General Fund	16,679,206	16,325,680	(353,526)	(2.12)%
State/Other Special Rev. Funds	167,714	167,710	(4)	0.00 %
Proprietary Funds	511,897	511,884	(13)	0.00 %
<b>Total Funds</b>	<b>\$17,358,817</b>	<b>\$17,005,274</b>	<b>(\$353,543)</b>	<b>(2.04)%</b>
<b>Total Ongoing</b>	<b>\$17,358,817</b>	<b>\$17,070,775</b>	<b>(\$288,042)</b>	<b>(1.66)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$65,501)</b>	<b>(\$65,501)</b>	<b>100.00 %</b>

**Program Description**

The Technology Services Division (TSD) serves as the technological foundation for the department’s business units. The TSD is composed of three bureaus:

- The Applications Bureau provides programming and maintenance to the department’s software applications
- The Quality Assurance Bureau ensures the integrity and performance of department systems by providing guidance, direction, and training for testing and maintaining systems
- The Technical Operations Bureau provides support and training for department hardware and software systems

**Program Highlights**

<b>Technology Services Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The legislature adopted a reduction to the TSD 2023 biennium budget of approximately \$354,000 or 2.0% compared to the 2021 biennium budget. Changes included:                             <ul style="list-style-type: none"> <li>◦ An increase due to statewide present law adjustments for personal services and fixed costs</li> <li>◦ An increase in general fund for IT contract increases for the integrated tax system (GenTax) and the property valuation system (Orion)</li> <li>◦ A decrease in general fund due to the elimination of the state share contribution to the state employee group benefit plan for two months</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium adopted budget by year, type of expenditure, and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Legislative Fiscal 2022	Legislative Fiscal 2023
FTE	0.00	33.00	33.00	33.00	33.00
Personal Services	2,914,928	2,917,082	2,977,400	3,125,580	3,201,100
Operating Expenses	4,717,905	4,749,205	5,041,745	5,193,632	5,194,731
Equipment & Intangible Assets	1,673,385	1,673,385	0	104,702	185,529
<b>Total Expenditures</b>	<b>\$9,306,218</b>	<b>\$9,339,672</b>	<b>\$8,019,145</b>	<b>\$8,423,914</b>	<b>\$8,581,360</b>
General Fund	8,966,404	8,999,858	7,679,348	8,084,117	8,241,563
State/Other Special Rev. Funds	83,859	83,859	83,855	83,855	83,855
Proprietary Funds	255,955	255,955	255,942	255,942	255,942
<b>Total Funds</b>	<b>\$9,306,218</b>	<b>\$9,339,672</b>	<b>\$8,019,145</b>	<b>\$8,423,914</b>	<b>\$8,581,360</b>
<b>Total Ongoing</b>	<b>\$9,306,218</b>	<b>\$9,339,672</b>	<b>\$8,019,145</b>	<b>\$8,489,415</b>	<b>\$8,581,360</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$65,501)</b>	<b>\$0</b>

**Funding**

The following table shows adopted program funding by source of authority.

Department of Revenue, 02-Technology Services Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	16,325,680	0	0	16,325,680	96.00 %	
02790 6901-Statewide Tobacco Sttlmnt	167,710	0	0	167,710	100.00 %	
<b>State Special Total</b>	<b>\$167,710</b>	<b>\$0</b>	<b>\$0</b>	<b>\$167,710</b>	<b>0.99 %</b>	
03802 CARES Act	0	0	0	0	0.00 %	
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
06005 Liquor Division	511,884	0	0	511,884	100.00 %	
<b>Proprietary Total</b>	<b>\$511,884</b>	<b>\$0</b>	<b>\$0</b>	<b>\$511,884</b>	<b>3.01 %</b>	
<b>Total All Funds</b>	<b>\$17,005,274</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,005,274</b>		

*HB 2 Authority*

The Technology Services Division is primarily funded from the general fund, which is used to support technology requirements and business operations.

State Special Revenue

The Technology Services Division receives state special revenue appropriations from the tobacco settlement funds for technology support provided to the Business Income Taxes Division.

Proprietary Funding

Appropriations from the liquor enterprise fund supports technology services for the Alcoholic Beverage Control 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 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	7,679,348	7,679,348	15,358,696	94.08 %	8,019,145	8,019,145	16,038,290	94.31 %
SWPL Adjustments	381,790	392,908	774,698	4.75 %	381,790	392,908	774,698	4.56 %
PL Adjustments	88,480	169,307	257,787	1.58 %	88,480	169,307	257,787	1.52 %
New Proposals	(65,501)	0	(65,501)	(0.40)%	(65,501)	0	(65,501)	(0.39)%
<b>Total Budget</b>	<b>\$8,084,117</b>	<b>\$8,241,563</b>	<b>\$16,325,680</b>		<b>\$8,423,914</b>	<b>\$8,581,360</b>	<b>\$17,005,274</b>	

**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 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	213,681	0	0	213,681	0.00	223,700	0	0	223,700
DP 2 - Fixed Costs	0.00	168,109	0	0	168,109	0.00	169,208	0	0	169,208
DP 50 - SWPLA Fixed Cost Reductions	0.00	(7,198)	0	0	(7,198)	0.00	(7,198)	0	0	(7,198)
DP 201 - IT contract increase (FAST/GenTax)	0.00	50,000	0	0	50,000	0.00	100,000	0	0	100,000
DP 202 - IT contract increase (Orion)	0.00	54,702	0	0	54,702	0.00	85,529	0	0	85,529
DP 203 - ServiceNow Reduction	0.00	(9,024)	0	0	(9,024)	0.00	(9,024)	0	0	(9,024)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$470,270</b>	<b>\$0</b>	<b>\$0</b>	<b>\$470,270</b>	<b>0.00</b>	<b>\$562,215</b>	<b>\$0</b>	<b>\$0</b>	<b>\$562,215</b>

\*\*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 made adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to fixed costs assessed by other agencies within state government for the services they provide. Examples include the following: warrant writer, motor pool, etc.

DP 50 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for warehouses, storage rooms, and information technology.

DP 201 - IT contract increase (FAST/GenTax) -

The legislature adopted an increase in the general fund for a maintenance contract for the Department of Revenue's (DOR) integrated tax system called GenTax®. Through the system, DOR manages 91 taxes, licenses, and fees.

DP 202 - IT contract increase (Orion) -

The legislature adopted an additional general fund appropriation for an increase in maintenance costs for the Orion property valuation system.

DP 203 - ServiceNow Reduction -

The legislature adopted a decrease in funding because of the purchase of ServiceNow licenses and programs for the 2023 biennium. The executive is anticipating operating efficiencies and other savings by using ServiceNow.

**New Proposals**

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5555 - Reduce GF Budget for State Share Holiday (OTO)	0.00	(65,501)	0	0	(65,501)	0.00	0	0	0	0
<b>Total</b>	<b>0.00</b>	<b>(\$65,501)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$65,501)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

DP 5555 - Reduce GF Budget for State Share Holiday (OTO) -

The legislature adopted an elimination of the state share contribution to the state employee group benefit plan for two months. This change package removes the general fund portion of the savings generated by the suspension of the contributions. Savings from other funding sources, if applicable, remain in agency personal services budgets.

**Program Budget Comparison**

The following table compares the 2021 biennium appropriated budget and the 2023 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 20-21	Legislative Budget 22-23	Biennium Change	Biennium % Change
Personal Services	5,013,689	5,281,685	267,996	5.35 %
Operating Expenses	1,036,143	1,159,521	123,378	11.91 %
Equipment & Intangible Assets	82,491	61,108	(21,383)	(25.92)%
Transfers	117,816	0	(117,816)	(100.00)%
Debt Service	68,998	70,560	1,562	2.26 %
<b>Total Expenditures</b>	<b>\$6,319,137</b>	<b>\$6,572,874</b>	<b>\$253,737</b>	<b>4.02 %</b>
Proprietary Funds	6,319,137	6,572,874	253,737	4.02 %
<b>Total Funds</b>	<b>\$6,319,137</b>	<b>\$6,572,874</b>	<b>\$253,737</b>	<b>4.02 %</b>
<b>Total Ongoing</b>	<b>\$6,069,137</b>	<b>\$6,322,874</b>	<b>\$253,737</b>	<b>4.18 %</b>
<b>Total OTO</b>	<b>\$250,000</b>	<b>\$250,000</b>	<b>\$0</b>	<b>0.00 %</b>

**Program Description**

The Alcoholic Beverage Control Division (ABCD) provides administration of the Montana alcoholic beverage code. The division consists of the Liquor Distribution Bureau, which maintains a regulated channel of distribution to fulfill the public demand for distilled spirits and fortified wine through agency liquor stores; the licensing and Compliance Bureau, which regulates alcoholic beverage licensing laws; and administrative staff, which provides support to the division regarding legislative implementation, rule development, facility management, and other division projects.

**Program Highlights**

<b>Alcoholic Beverage Control Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The legislature adopted an increase to the Alcoholic Beverage Control Division's 2023 biennium budget of approximately \$254,000 or 4.0% compared to the 2021 biennium budget. Changes included:                             <ul style="list-style-type: none"> <li>◦ Increases in statewide present law adjustments for personal services and fixed costs</li> <li>◦ One-time-only appropriations for overtime and termination payouts</li> <li>◦ An increase in proprietary funds for operation and maintenance costs of a liquor warehouse expansion</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium adopted budget by year, type of expenditure, and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Legislative Fiscal 2022	Legislative Fiscal 2023
FTE	0.00	31.75	31.75	31.75	31.75
Personal Services	2,387,729	2,446,619	2,567,070	2,636,852	2,644,833
Operating Expenses	463,545	486,326	549,817	580,127	579,394
Equipment & Intangible Assets	51,937	51,937	30,554	30,554	30,554
Transfers	117,816	117,816	0	0	0
Debt Service	33,410	33,705	35,293	35,285	35,275
<b>Total Expenditures</b>	<b>\$3,054,437</b>	<b>\$3,136,403</b>	<b>\$3,182,734</b>	<b>\$3,282,818</b>	<b>\$3,290,056</b>
Proprietary Funds	3,054,437	3,136,403	3,182,734	3,282,818	3,290,056
<b>Total Funds</b>	<b>\$3,054,437</b>	<b>\$3,136,403</b>	<b>\$3,182,734</b>	<b>\$3,282,818</b>	<b>\$3,290,056</b>
<b>Total Ongoing</b>	<b>\$2,987,827</b>	<b>\$3,011,403</b>	<b>\$3,057,734</b>	<b>\$3,157,818</b>	<b>\$3,165,056</b>
<b>Total OTO</b>	<b>\$66,610</b>	<b>\$125,000</b>	<b>\$125,000</b>	<b>\$125,000</b>	<b>\$125,000</b>

**Funding**

The following table shows adopted program funding by source of authority.

Department of Revenue, 03-Alcoholic Beverage Control Division 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 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
03802 CARES Act	0	0	0	0	0.00 %
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
06005 Liquor Division	6,572,874	0	0	6,572,874	100.00 %
<b>Proprietary Total</b>	<b>\$6,572,874</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,572,874</b>	<b>100.00 %</b>
<b>Total All Funds</b>	<b>\$6,572,874</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,572,874</b>	

The division is funded with a direct appropriation of Alcoholic Beverage Control Division proprietary funds. Net revenues from liquor sales are transferred to the general fund after operating costs are deducted from gross revenues. Consequently, any proposals funded through this program are an indirect use of state general fund. The HB 2 one-time-only (OTO) funding is for anticipated termination payouts and overtime funding.

**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 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	0	0	0	0.00 %	3,057,734	3,057,734	6,115,468	93.04 %
SWPL Adjustments	0	0	0	0.00 %	84,684	91,922	176,606	2.69 %
PL Adjustments	0	0	0	0.00 %	124,400	124,400	248,800	3.79 %
New Proposals	0	0	0	0.00 %	16,000	16,000	32,000	0.49 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$3,282,818</b>	<b>\$3,290,056</b>	<b>\$6,572,874</b>	



**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 2022-----					-----Fiscal 2023-----				
	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	0	0	69,782	0.00	0	0	0	77,763
DP 2 - Fixed Costs	0.00	0	0	0	16,425	0.00	0	0	0	15,114
DP 3 - Inflation Deflation	0.00	0	0	0	(1,523)	0.00	0	0	0	(955)
DP 50 - SWPLA Fixed Cost Reductions	0.00	0	0	0	(600)	0.00	0	0	0	(600)
DP 307 - ABCD Overtime of Personal Services (OTO)	0.00	0	0	0	65,000	0.00	0	0	0	65,000
DP 308 - ABCD Termination Payout of Personal Services (OTO)	0.00	0	0	0	60,000	0.00	0	0	0	60,000
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$209,084</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$216,322</b>

\*"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 made adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to fixed costs assessed by other agencies within state government for the services they provide. Examples include the following: warrant writer, motor pool, etc.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 50 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for warehouses, storage rooms, and information technology.

DP 307 - ABCD Overtime of Personal Services (OTO) -

The legislature adopted an additional proprietary fund appropriation to pay for overtime and temporary staff to meet the increase in demand for liquor products especially during peaks periods, holiday weeks, and to back fill personnel while out on vacation or sick leave.

DP 308 - ABCD Termination Payout of Personal Services (OTO) -

The legislature adopted an additional proprietary fund appropriation to provide funds to pay out accrued leave balances for

employee's retiring and/or leaving the department.

**New Proposals**

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 18001 - ABCD Liquor Warehouse O&M	0.00	0	0	0	16,000	0.00	0	0	0	16,000
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,000</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,000</b>

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

DP 18001 - ABCD Liquor Warehouse O&M -

The legislature adopted an increase in proprietary funds for operation and maintenance costs for the liquor warehouse expansion, pursuant to 17-7-210, MCA.

**Program Budget Comparison**

The following table compares the 2021 biennium appropriated budget and the 2023 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 20-21	Legislative Budget 22-23	Biennium Change	Biennium % Change
Personal Services	8,504,394	9,218,719	714,325	8.40 %
Operating Expenses	3,805,075	4,035,349	230,274	6.05 %
Capital Outlay	150,426	0	(150,426)	(100.00)%
Local Assistance	2,000,000	0	(2,000,000)	(100.00)%
Debt Service	5,924	7,482	1,558	26.30 %
<b>Total Expenditures</b>	<b>\$14,465,819</b>	<b>\$13,261,550</b>	<b>(\$1,204,269)</b>	<b>(8.32)%</b>
General Fund	14,325,615	13,121,330	(1,204,285)	(8.41)%
State/Other Special Rev. Funds	106,960	106,974	14	0.01 %
Proprietary Funds	33,244	33,246	2	0.01 %
<b>Total Funds</b>	<b>\$14,465,819</b>	<b>\$13,261,550</b>	<b>(\$1,204,269)</b>	<b>(8.32)%</b>
<b>Total Ongoing</b>	<b>\$14,465,819</b>	<b>\$13,396,722</b>	<b>(\$1,069,097)</b>	<b>(7.39)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$135,172)</b>	<b>(\$135,172)</b>	<b>100.00 %</b>

**Program Description**

The Information Management and Collections Division (IMCD) provides services to Montana citizens, businesses, and nonresident taxpayers through business licensing coordination, collection of delinquent accounts, and data and remittance processing operations. The IMCD includes the Other Agency Debts Program, the Collections Bureau, and the Information Management Bureau.

- The Other Agency Debts Program provides statewide collections services to other state agencies, local governments, universities, and colleges
- The Collections Bureau manages collections of the department’s delinquent debts and provides collection services to other state agencies and local governments
- The Information Management Bureau ensures secure handling and processing of taxpayer information, payments, and data in electronic or paper form. The bureau is organized into four units: Account Maintenance and Cashiering, Information Capture, Electronic Services (E-Services), and Mail and Imaging

**Program Highlights**

Information Management & Collections Division Major Budget Highlights
<ul style="list-style-type: none"> <li>• The legislature adopted a decrease to the Information Management and Collections Division's 2023 biennium budget of approximately \$1.2 million or 8.3% compared to the 2021 biennium budget. Changes included:                             <ul style="list-style-type: none"> <li>◦ An increase in statewide present law adjustments for personal services and fixed costs</li> <li>◦ A decrease in local assistance in FY 2021 for HB 636, a bill providing for compensation if property valuations are determined to be inaccurate which was passed in the 2019 Legislative Session. The 2021 Legislature provided a language appropriation for this purpose in the 2023 biennium rather than an appropriation in HB 2</li> <li>◦ A decrease in general fund due to the elimination of the state share contribution to the state employee health insurance plan for two months</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium adopted budget by year, type of expenditure, and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Legislative Fiscal 2022	Legislative Fiscal 2023
FTE	0.00	71.95	71.95	71.95	71.95
Personal Services	3,885,920	4,067,397	4,436,997	4,535,687	4,683,032
Operating Expenses	1,839,792	1,840,324	1,964,751	2,013,264	2,022,085
Capital Outlay	149,456	150,426	0	0	0
Local Assistance	0	2,000,000	0	0	0
Debt Service	2,181	2,183	3,741	3,741	3,741
<b>Total Expenditures</b>	<b>\$5,877,349</b>	<b>\$8,060,330</b>	<b>\$6,405,489</b>	<b>\$6,552,692</b>	<b>\$6,708,858</b>
General Fund	5,807,254	7,990,236	6,335,379	6,482,582	6,638,748
State/Other Special Rev. Funds	53,474	53,473	53,487	53,487	53,487
Proprietary Funds	16,621	16,621	16,623	16,623	16,623
<b>Total Funds</b>	<b>\$5,877,349</b>	<b>\$8,060,330</b>	<b>\$6,405,489</b>	<b>\$6,552,692</b>	<b>\$6,708,858</b>
<b>Total Ongoing</b>	<b>\$5,877,349</b>	<b>\$8,060,330</b>	<b>\$6,405,489</b>	<b>\$6,687,864</b>	<b>\$6,708,858</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$135,172)</b>	<b>\$0</b>

**Funding**

The following table shows adopted program funding by source of authority.

Department of Revenue, 05-Information Management & Collections Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	13,121,330	0	0	13,121,330	95.14 %	
02025 Unclaimed Property	52,272	0	0	52,272	48.86 %	
02088 SSR Administrative Funds	54,702	0	0	54,702	51.14 %	
02587 State School Oil & Gas Distrib	0	0	0	0	0.00 %	
<b>State Special Total</b>	<b>\$106,974</b>	<b>\$0</b>	<b>\$0</b>	<b>\$106,974</b>	<b>0.78 %</b>	
03802 CARES Act	0	0	0	0	0.00 %	
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
06005 Liquor Division	33,246	0	0	33,246	5.90 %	
06554 Bad Debt Collection Services	0	530,704	0	530,704	94.10 %	
<b>Proprietary Total</b>	<b>\$33,246</b>	<b>\$530,704</b>	<b>\$0</b>	<b>\$563,950</b>	<b>4.09 %</b>	
<b>Total All Funds</b>	<b>\$13,261,550</b>	<b>\$530,704</b>	<b>\$0</b>	<b>\$13,792,254</b>		

*HB 2 Authority*

General Funding

The Information Management and Collections Division is funded primarily by the general fund.

State Special Revenue Funding

State special revenue funds the division’s administration of the livestock per capita fee and medical marijuana tax, and for support of the unclaimed property program.

Proprietary Funding

The finances of the bad debt collection services are funded with proprietary funds.

**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 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	6,335,379	6,335,379	12,670,758	96.57 %	6,405,489	6,405,489	12,810,978	96.60 %
SWPL Adjustments	275,422	287,710	563,132	4.29 %	275,422	287,710	563,132	4.25 %
PL Adjustments	6,953	15,659	22,612	0.17 %	6,953	15,659	22,612	0.17 %
New Proposals	(135,172)	0	(135,172)	(1.03)%	(135,172)	0	(135,172)	(1.02)%
<b>Total Budget</b>	<b>\$6,482,582</b>	<b>\$6,638,748</b>	<b>\$13,121,330</b>		<b>\$6,552,692</b>	<b>\$6,708,858</b>	<b>\$13,261,550</b>	

**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 2022-----						-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	233,862	0	0	233,862	0.00	246,035	0	0	246,035
DP 2 - Fixed Costs	0.00	41,564	0	0	41,564	0.00	41,678	0	0	41,678
DP 3 - Inflation Deflation	0.00	(4)	0	0	(4)	0.00	(3)	0	0	(3)
DP 50 - SWPLA Fixed Cost Reductions	0.00	(1,564)	0	0	(1,564)	0.00	(1,564)	0	0	(1,564)
DP 504 - IMCD Rent (Non-DOA) Increase	0.00	7,508	0	0	7,508	0.00	15,165	0	0	15,165
DP 506 - Parking Increase (50% of Donovan Parking)	0.00	1,009	0	0	1,009	0.00	2,058	0	0	2,058
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$282,375</b>	<b>\$0</b>	<b>\$0</b>	<b>\$282,375</b>	<b>0.00</b>	<b>\$303,369</b>	<b>\$0</b>	<b>\$0</b>	<b>\$303,369</b>

\*\*\*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 made adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to fixed costs assessed by other agencies within state government for the services they provide. Examples include the following: warrant writer, motor pool, etc.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 50 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for warehouses, storage rooms, and information technology.

DP 504 - IMCD Rent (Non-DOA) Increase -

The legislature adopted an increase in general fund for the Information Management and Collections Division for the 2023 biennium to pay for contractual rent increases for existing lease obligations at the Donovan Building.

DP 506 - Parking Increase (50% of Donovan Parking) -

The legislature adopted an increase in general fund for the Information Management and Collections Division for the 2023 biennium to pay for increases in rates for downtown parking in Helena.

**New Proposals**

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5555 - Reduce GF Budget for State Share Holiday (OTO)	0.00	(135,172)	0	0	(135,172)	0.00	0	0	0	0
<b>Total</b>	<b>0.00</b>	<b>(\$135,172)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$135,172)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

DP 5555 - Reduce GF Budget for State Share Holiday (OTO) -

The legislature adopted an elimination of the state share contribution to the state employee group benefit plan for two months. This change package removes the general fund portion of the savings generated by the suspension of the contributions. Savings from other funding sources, if applicable, remain in agency personal services budgets.

**Other Issues**

**Proprietary Rates**

**Fund 06554 – Collection Services Program**

*Proprietary Program Description*

Montana law authorizes the Department of Revenue to assist other agencies in the collection of delinquent accounts. The department retains a percentage of these collections for the costs of assistance in conjunction with 17-4-103 (3)(a), MCA. The department established the Collections Services Program, which includes 3.50 FTE, to administer its statutory responsibilities under Title 17, chapter 4, MCA. These responsibilities include providing collection services for the purpose of centralizing debt collection for the State of Montana.

2023 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name	
6554	IMCD Collection Services	58010	Department of Revenue	Information Management & Collect. Div.	
		Actual FY 20	Estimated FY 21	Budgeted FY 22	Budgeted FY 23
<b>Operating Revenues</b>					
<b>Fees and Charges</b>					
	Fee Revenue A	290,012	193,341	290,012	273,900
<b>Total Operating Revenues</b>		290,012	193,341	290,012	273,900
<b>Expenses</b>					
	Personal Services	164,865	198,205	206,932	207,066
	Other Operating Expense	77,917	52,830	59,131	57,575
<b>Total Operating Expense</b>		242,782	251,035	266,063	264,641
<b>Operating Income (Loss)</b>		47,230	-57,694	23,949	9,259
<b>Change in Net Position</b>		47,230	-57,694	23,949	9,259
<b>Beginning Net Position - July 1</b>		224,439	271,401	196,961	211,031
	Prior Period Adjustments				
	Change in Net Position	47,230	-57,694	23,949	9,259
<b>Ending Net Position - June 30</b>		271,669	213,707	220,910	220,290

Proprietary Program Narrative

Expenses

The Department of Revenue is currently authorized to charge a commission rate up to 3.0% for its collection services, excluding the collection of overpaid child support payments made to custodial parents and collection of delinquent child support payments from noncustodial parents. The commissions collected are used to pay the expenses of the Collection Services Program. On average, approximately 72.0% of the expenditures are paid in salaries and benefits with the remaining expenditures representing operating expenses of the program.

Revenues

Administration of this program has required a minimum of a nine-month working capital balance due to the timing of program collections through offset of other state monies, as the program collects the largest amount of revenues on delinquent accounts during the income tax season and the hunting permitting season.



*Proprietary Rates*

For the 2023 biennium, the legislature adopted the following rates.

<b>Requested Rates for Internal Service or Enterprise Funds</b>				
<b>Fee/Rate Information</b>				
	<b>Actual</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Adopted</b>
	<b>FY 20</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
Fee Description:	4.5%	3.0%	4.5%	4.3%

The legislature adopted a commission rate of 4.5% in FY 2022 and 4.3% in FY 2023. Based on the rates above, net position will be reduced by approximately \$2,800 in FY 2023. This will provide the department with approximately nine months' of working capital. It is necessary to maintain a nine-month working capital balance to pay expenses as they are incurred as most of commission revenue is not collected until the income tax filing season each year, six to nine months after the start of the fiscal year. The department will continue to evaluate the commission rate as actual revenues and expenditures are received and incurred to maintain the working capital balance at the appropriate level.

Exemptions from this rate is collection of overpaid child support payments made to custodial parents or collection of delinquent child support payments from noncustodial parents. Commissions associated with child support payments are charged against a separate general fund appropriation designated by the legislature in a prior legislative session.

**Program Budget Comparison**

The following table compares the 2021 biennium appropriated budget and the 2023 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 20-21	Legislative Budget 22-23	Biennium Change	Biennium % Change
Personal Services	20,233,456	20,834,495	601,039	2.97 %
Operating Expenses	3,160,542	3,538,950	378,408	11.97 %
Debt Service	13,095	15,116	2,021	15.43 %
<b>Total Expenditures</b>	<b>\$23,407,093</b>	<b>\$24,388,561</b>	<b>\$981,468</b>	<b>4.19 %</b>
General Fund	21,588,622	22,559,189	970,567	4.50 %
State/Other Special Rev. Funds	1,268,462	1,269,708	1,246	0.10 %
Federal Spec. Rev. Funds	550,009	559,664	9,655	1.76 %
<b>Total Funds</b>	<b>\$23,407,093</b>	<b>\$24,388,561</b>	<b>\$981,468</b>	<b>4.19 %</b>
<b>Total Ongoing</b>	<b>\$23,407,093</b>	<b>\$24,657,327</b>	<b>\$1,250,234</b>	<b>5.34 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$268,766)</b>	<b>(\$268,766)</b>	<b>100.00 %</b>

**Program Description**

The Business and Income Taxes Division (BIT) is responsible for the administration of and collection of nearly \$2.5 billion annually from 40 Montana taxes and fees – including but not limited to individual and corporation income, natural resource, accommodations, and cigarette and tobacco product taxes. The division also values all industrial and centrally assessed property in the state, which generates \$250.0 million in state and local revenue annually. The division is responsible for equal tax administration, tax type expertise, taxpayer education, auditing, identification of non-filers, and overall tax compliance.

The Income and Withholding Tax Bureau is responsible for the daily management and compliance of individual, pass-through entity, and withholding taxes. The bureau is organized into five units: Compliance, Pass-through, Field Audit, Taxpayer Accounting, and Withholding.

The Business Tax and Valuation Bureau manages over 25 tax programs and is responsible for the daily management and compliance for the tax types associated with the large taxpayer tax types. Four units make up the bureau including: Natural Resource, Corporation Tax, Miscellaneous Tax, and Utility and Industrial.

**Program Highlights**

<b>Business &amp; Income Taxes Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The legislature adopted an increase to the Business and Income Taxes Division's 2023 biennium budget of approximately \$981,000 or 4.2% compared to the 2021 biennium budget. Changes included:                             <ul style="list-style-type: none"> <li>◦ An increase in statewide present law adjustments for personal services and fixed costs</li> <li>◦ A decrease in general fund due to the elimination of the state share contribution to the state employee health insurance plan for two months</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium adopted budget by year, type of expenditure, and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Legislative Fiscal 2022	Legislative Fiscal 2023
FTE	0.00	138.86	138.86	138.86	138.86
Personal Services	9,805,836	9,911,814	10,321,642	10,268,157	10,566,338
Operating Expenses	1,473,342	1,473,856	1,686,686	1,776,421	1,762,529
Debt Service	5,536	5,537	7,558	7,558	7,558
<b>Total Expenditures</b>	<b>\$11,284,714</b>	<b>\$11,391,207</b>	<b>\$12,015,886</b>	<b>\$12,052,136</b>	<b>\$12,336,425</b>
General Fund	10,375,387	10,481,881	11,106,741	11,137,457	11,421,732
State/Other Special Rev. Funds	634,242	634,240	634,222	634,854	634,854
Federal Spec. Rev. Funds	275,085	275,086	274,923	279,825	279,839
<b>Total Funds</b>	<b>\$11,284,714</b>	<b>\$11,391,207</b>	<b>\$12,015,886</b>	<b>\$12,052,136</b>	<b>\$12,336,425</b>
<b>Total Ongoing</b>	<b>\$11,284,714</b>	<b>\$11,391,207</b>	<b>\$12,015,886</b>	<b>\$12,320,902</b>	<b>\$12,336,425</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$268,766)</b>	<b>\$0</b>

Funding

The following table shows adopted program funding by source of authority.

Department of Revenue, 07-Business & Income Taxes Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	22,559,189	0	0	22,559,189	91.85 %	
02025 Unclaimed Property	631,750	0	0	631,750	43.84 %	
02110 Accommodation Tax Admin	261,602	0	0	261,602	18.15 %	
02111 Accommodation Tax Account	0	0	0	0	0.00 %	
02116 Accommodation Tax Account	0	0	0	0	0.00 %	
02123 Sites & Signs	0	0	0	0	0.00 %	
02167 MT Oil & Gas Tax Clearing Fund	0	0	0	0	0.00 %	
02254 Regional Accommodation Tax	0	0	0	0	0.00 %	
02274 FWP Accommodations Tax	0	0	0	0	0.00 %	
02293 Film Production Credit	0	0	40,000	40,000	2.78 %	
02772 Tobacco Hlth and Medicaid Init	0	0	0	0	0.00 %	
02790 6901-Statewide Tobacco Sttlmnt	376,356	0	0	376,356	26.12 %	
02801 Dep Rev Consumer Cncl Tax	0	0	0	0	0.00 %	
02853 Accommodation Tax	0	0	0	0	0.00 %	
02990 69010-Nursing Home Utilization	0	0	0	0	0.00 %	
02795 TransADE Special Revenue	0	0	0	0	0.00 %	
02020 Cigarette Tax Stamps	0	0	131,250	131,250	9.11 %	
02284 Aquatic Invasive Species	0	0	0	0	0.00 %	
02939 State-Tribal Economic Devel	0	0	0	0	0.00 %	
02997 911 Distribution	0	0	0	0	0.00 %	
02998 911 Grants	0	0	0	0	0.00 %	
<b>State Special Total</b>	<b>\$1,269,708</b>	<b>\$0</b>	<b>\$171,250</b>	<b>\$1,440,958</b>	<b>5.87 %</b>	
03802 CARES Act	0	0	0	0	0.00 %	
03928 Royalty Audit - NRCT	559,664	0	0	559,664	100.00 %	
<b>Federal Special Total</b>	<b>\$559,664</b>	<b>\$0</b>	<b>\$0</b>	<b>\$559,664</b>	<b>2.28 %</b>	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$24,388,561</b>	<b>\$0</b>	<b>\$171,250</b>	<b>\$24,559,811</b>		

The Business and Income Taxes Division is primarily funded with general fund, with some state special revenue and

federal special revenue. State special revenue comes from the unclaimed property fund for program support, tobacco tax compliance activities, and the accommodations tax which funds expenses for administering that tax. Federal special revenue comes from reimbursements for performing mineral royalty audits.

**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 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	11,106,741	11,106,741	22,213,482	98.47 %	12,015,886	12,015,886	24,031,772	98.54 %
SWPL Adjustments	302,024	317,533	619,557	2.75 %	307,653	323,176	630,829	2.59 %
PL Adjustments	(2,542)	(2,542)	(5,084)	(0.02)%	(2,637)	(2,637)	(5,274)	(0.02)%
New Proposals	(268,766)	0	(268,766)	(1.19)%	(268,766)	0	(268,766)	(1.10)%
<b>Total Budget</b>	<b>\$11,137,457</b>	<b>\$11,421,732</b>	<b>\$22,559,189</b>		<b>\$12,052,136</b>	<b>\$12,336,425</b>	<b>\$24,388,561</b>	

**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 2022-----				-----Fiscal 2023-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	215,281	0	0	215,281	0.00	244,696	0	0	244,696
DP 2 - Fixed Costs	0.00	88,636	632	4,997	94,265	0.00	74,024	632	5,011	79,667
DP 3 - Inflation Deflation	0.00	(1,893)	0	0	(1,893)	0.00	(1,187)	0	0	(1,187)
DP 50 - SWPLA Fixed Cost Reductions	0.00	(2,542)	0	(95)	(2,637)	0.00	(2,542)	0	(95)	(2,637)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$299,482</b>	<b>\$632</b>	<b>\$4,902</b>	<b>\$305,016</b>	<b>0.00</b>	<b>\$314,991</b>	<b>\$632</b>	<b>\$4,916</b>	<b>\$320,539</b>

\*\*"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 made adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to fixed costs assessed by other agencies within state government for the services they provide. Examples include the following: warrant writer, motor pool, etc.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation

factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 50 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for warehouses, storage rooms, and information technology.

**New Proposals**

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5555 - Reduce GF Budget for State Share Holiday (OTO)	0.00	(268,766)	0	0	(268,766)	0.00	0	0	0	0
<b>Total</b>	<b>0.00</b>	<b>(\$268,766)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$268,766)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

DP 5555 - Reduce GF Budget for State Share Holiday (OTO) -

The legislature adopted an elimination of the state share contribution to the state employee group benefit plan for two months. This change package removes the general fund portion of the savings generated by the suspension of the contributions. Savings from other funding sources, if applicable, remain in agency personal services budgets.

**Program Budget Comparison**

The following table compares the 2021 biennium appropriated budget and the 2023 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 20-21	Legislative Budget 22-23	Biennium Change	Biennium % Change
Personal Services	38,437,111	38,046,761	(390,350)	(1.02)%
Operating Expenses	7,225,426	7,687,126	461,700	6.39%
Equipment & Intangible Assets	6,000	0	(6,000)	(100.00)%
Capital Outlay	52,869	0	(52,869)	(100.00)%
Debt Service	26,766	40,484	13,718	51.25%
<b>Total Expenditures</b>	<b>\$45,748,172</b>	<b>\$45,774,371</b>	<b>\$26,199</b>	<b>0.06%</b>
General Fund	45,719,609	45,739,819	20,210	0.04%
State/Other Special Rev. Funds	28,563	34,552	5,989	20.97%
<b>Total Funds</b>	<b>\$45,748,172</b>	<b>\$45,774,371</b>	<b>\$26,199</b>	<b>0.06%</b>
<b>Total Ongoing</b>	<b>\$45,748,172</b>	<b>\$46,364,526</b>	<b>\$616,354</b>	<b>1.35%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$590,155)</b>	<b>(\$590,155)</b>	<b>100.00%</b>

**Program Description**

The Property Assessment Division (PAD) administers Montana’s property tax laws, including the valuation of all taxable property for property tax purposes. The division ensures property classes for agricultural and forest land, residential and commercial property, and business equipment are valued uniformly and equally throughout the state. PAD provides each tax jurisdiction with the total taxable value of property in the jurisdiction and local governments use these certified values to determine property taxes used to fund important services such as public schools and road construction.

**Program Highlights**

<b>Property Assessment Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The legislature adopted an increase to the Property Assessment Division's 2023 biennium budget of approximately \$26,000 or 0.1% compared to the 2021 biennium budget. Changes included:                             <ul style="list-style-type: none"> <li>◦ A decrease in general fund for personal services included in statewide present law adjustments</li> <li>◦ An increase in statewide present law adjustments for fixed costs</li> <li>◦ An increase in general fund due to rent and parking increases</li> <li>◦ An increase in state special revenue for the property valuation improvement fund</li> <li>◦ A decrease in general fund due to the elimination of the state share contribution to the state employee health insurance plan for two months</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium adopted budget by year, type of expenditure, and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Legislative Fiscal 2022	Legislative Fiscal 2023
FTE	0.00	276.92	276.92	276.92	276.92
Personal Services	18,652,220	18,829,068	19,608,043	18,696,898	19,349,863
Operating Expenses	3,538,929	3,543,247	3,682,179	3,826,625	3,860,501
Equipment & Intangible Assets	5,995	6,000	0	0	0
Capital Outlay	52,119	52,869	0	0	0
Debt Service	6,138	6,524	20,242	20,242	20,242
<b>Total Expenditures</b>	<b>\$22,255,401</b>	<b>\$22,437,708</b>	<b>\$23,310,464</b>	<b>\$22,543,765</b>	<b>\$23,230,606</b>
General Fund	22,241,114	22,423,421	23,296,188	22,526,489	23,213,330
State/Other Special Rev. Funds	14,287	14,287	14,276	17,276	17,276
<b>Total Funds</b>	<b>\$22,255,401</b>	<b>\$22,437,708</b>	<b>\$23,310,464</b>	<b>\$22,543,765</b>	<b>\$23,230,606</b>
<b>Total Ongoing</b>	<b>\$22,255,401</b>	<b>\$22,437,708</b>	<b>\$23,310,464</b>	<b>\$23,133,920</b>	<b>\$23,230,606</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$590,155)</b>	<b>\$0</b>

**Funding**

The following table shows adopted program funding by source of authority.

Department of Revenue, 08-Property Assessment Division Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	45,739,819	0	0	45,739,819	99.92 %
02088 SSR Administrative Funds	28,552	0	0	28,552	82.63 %
02320 Property Value. Improv. Fund	6,000	0	0	6,000	17.37 %
<b>State Special Total</b>	<b>\$34,552</b>	<b>\$0</b>	<b>\$0</b>	<b>\$34,552</b>	<b>0.08 %</b>
03802 CARES Act	0	0	0	0	0.00 %
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$45,774,371</b>	<b>\$0</b>	<b>\$0</b>	<b>\$45,774,371</b>	

Funding for the Property Assessment Division is almost entirely from the general fund. State special revenue is for the administration of the livestock per capita fee and the property valuation improvement fund.

**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 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	23,296,188	23,296,188	46,592,376	101.86 %	23,310,464	23,310,464	46,620,928	101.85 %
SWPL Adjustments	(275,973)	(198,017)	(473,990)	(1.04)%	(275,973)	(198,017)	(473,990)	(1.04)%
PL Adjustments	86,890	105,620	192,510	0.42 %	86,890	105,620	192,510	0.42 %
New Proposals	(580,616)	9,539	(571,077)	(1.25)%	(577,616)	12,539	(565,077)	(1.23)%
<b>Total Budget</b>	<b>\$22,526,489</b>	<b>\$23,213,330</b>	<b>\$45,739,819</b>		<b>\$22,543,765</b>	<b>\$23,230,606</b>	<b>\$45,774,371</b>	

**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 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(320,990)	0	0	(320,990)	0.00	(258,180)	0	0	(258,180)
DP 2 - Fixed Costs	0.00	92,619	0	0	92,619	0.00	90,017	0	0	90,017
DP 3 - Inflation Deflation	0.00	(47,602)	0	0	(47,602)	0.00	(29,854)	0	0	(29,854)
DP 50 - SWPLA Fixed Cost Reductions	0.00	(5,234)	0	0	(5,234)	0.00	(5,234)	0	0	(5,234)
DP 803 - PAD Rent (Non-DOA) Increase	0.00	89,420	0	0	89,420	0.00	106,568	0	0	106,568
DP 805 - PAD Parking Increase (50% Donovan + other county)	0.00	2,704	0	0	2,704	0.00	4,286	0	0	4,286
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$189,083)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$189,083)</b>	<b>0.00</b>	<b>(\$92,397)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$92,397)</b>

\*\*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 made adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to fixed costs assessed by other agencies within state government for the services they provide. Examples include the following: warrant writer, motor pool, etc.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 50 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for warehouses, storage rooms, and information technology.

DP 803 - PAD Rent (Non-DOA) Increase -

The legislature adopted an increase in general fund appropriation for the 2023 biennium to pay for contractual rent increases for space currently occupied by Property Assessment Division staff throughout the state. Many county leases follow the General Services Division rent rate increase. Those that do not were estimated at a 2.0% increase. The private lease contracts are negotiated each time the contract is up for renewal.

DP 805 - PAD Parking Increase (50% Donovan + other county) -

The legislature adopted an increase in general fund appropriation for the 2023 biennium to pay for increases in rates for downtown parking in Great Falls, Billings, and Helena.



**New Proposals**

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 806 - Establish Authority for Property Valuation Improvement Fund	0.00	0	3,000	0	3,000	0.00	0	3,000	0	3,000
DP 807 - NRIS/GIS Fixed Costs	0.00	9,539	0	0	9,539	0.00	9,539	0	0	9,539
DP 5555 - Reduce GF Budget for State Share Holiday (OTO)	0.00	(590,155)	0	0	(590,155)	0.00	0	0	0	0
<b>Total</b>	<b>0.00</b>	<b>(\$580,616)</b>	<b>\$3,000</b>	<b>\$0</b>	<b>(\$577,616)</b>	<b>0.00</b>	<b>\$9,539</b>	<b>\$3,000</b>	<b>\$0</b>	<b>\$12,539</b>

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

DP 806 - Establish Authority for Property Valuation Improvement Fund -

The legislature adopted an increase in state special revenue appropriation for the 2023 biennium. The property valuation improvement fund established in 15-1-521, MCA, is a state special revenue fund to be used to increase the efficiency of the property appraisal, assessment and taxation process through improvements in technology and administration. Any fees the department collects from entities who request information from the property valuation and assessment database are deposited into the fund. (2-6-1007, MCA)

DP 807 - NRIS/GIS Fixed Costs -

The legislature adopted an increase in general fund each year of the 2023 biennium for a new proposed NRIS/GIS usage fixed cost to be paid to the Montana State Library. This action is in line with the Legislative Finance Committee proposal to include these costs in the statewide fixed cost adjustments.

DP 5555 - Reduce GF Budget for State Share Holiday (OTO) -

The legislature adopted an elimination of the state share contribution to the state employee group benefit plan for two months. This change package removes the general fund portion of the savings generated by the suspension of the contributions. Savings from other funding sources, if applicable, remain in agency personal services budgets.