

**OFFICE OF THE GOVERNOR**  
**BUDGET AND PROGRAM PLANNING**  
STATE OF MONTANA



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TO: Nancy Ballance, Chair, Legislative Finance Committee  
Other Committee Members

FROM: Dan Villa, Budget Director   
Office of Budget and Program Planning

DATE: May 2, 2018

SUBJECT: Withdrawal - LFC Review and Comment on a Fiscal Year Transfer Supplemental  
Appropriation for Issues with HB 2 reductions as implemented during November  
2017 Special Session

In accordance with Title 17, Chapter 7, part 3, MCA, on March 8, 2018, the Governor's Office of Budget and Program Planning submitted for review and comment a set of proposed supplemental appropriations to transfer FY 2019 authority to FY 2018.

The Public Service Commission is being withdrawn from the March 8 request. Because the special session reduction was not made until after the tax rate was set for the 2018 fiscal year, sufficient revenue will be collected for the year to cover the cash transfer included in HB 6 from the special session and maintain the agency with a 6.61% budget reduction consistent with executive and legislative intent. Therefore, the following fiscal transfer is not required.

- Public Service Commission: Revenue to fund the budget for the Public Service Commission comes from an assessment on regulated utilities based upon the appropriations from the legislature to the agency. HB 1, passed in the November 2017 Special Session, transferred cash from the Public Service Commission special revenue fund equal to the average reduction of other agencies. This cash transfer acted as the equivalent of reducing the agency's budget by the average reduction of other agencies. This scenario worked as long as the agency appropriation was not reduced. However, the appropriation for the agency was also reduced in HB 2. Therefore, the revenue that can be collected is also reduced – essentially cutting the agency twice the average reduction of other agencies. To avoid the double reduction, the proposed transfer would move \$276,964 from FY 2019 to FY 2018 to backfill the reduction to Public Service Commission. If the transfer were not approved, and the agency were required to implement the reductions, mitigation would involve reductions in personal services, contracted services, and operating expenses.

CC: Amy Carlson, Legislative Fiscal Analyst  
Chairman Brad Johnson, Public Service Commission  
Mandi Hinman, Public Service Commission