



Economic Affairs Interim Committee

61st Montana Legislature

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as of August 10, 2010

Memo

To: Economic Affairs Committee Members
From: Pat Murdo, Committee Staff
Re: Montana Historic Preservation and Development Commission

The Montana Historic Preservation and Development Commission -- established in 1997 to purchase, maintain, and operate historic properties in Virginia City and Nevada City, along with any other properties of historical value representative of the state's culture and history -- is attached to the Department of Commerce for administrative purposes. The statute establishing the Commission, 22-3-1002, also provides:

The commission and the department shall negotiate a specific indirect administrative rate annually, with biennial review by a designated, appropriate legislative interim committee.

The Economic Affairs Committee is the designated committee for review of the indirect cost rate because that committee monitors the Department of Commerce. The Montana Historic Preservation and Development Commission has come before the Economic Affairs Committee to allow for the biennial review, which is a formality. See below:

- There is no actual negotiation of rates, which raises a question about the need for a biennial review. The Department of Commerce says its current practice is to treat all administratively attached boards and commissions the same in terms of indirect administrative rates. These rates are part of the budgeting process. During the legislative session, the general government appropriations subcommittee hears the requests for indirect administrative rates and either sets them as requested by the department or makes changes. The full legislature approves them. Although the Montana Historic Preservation and Development Commission representatives may sit down with the Department of Commerce to discuss the rates, the discussion appears not to be considered a "negotiation" by either side. The Department of Commerce has some constraints imposed by the federal government in setting its rates.
- The current rate is not quite 13% of personnel costs.
- The commission includes in its membership the director of the Department of Commerce as well as the directors of Fish, Wildlife and Parks, and the Montana Historical Society. There are two appointments from the legislative branch and at one time these were legislators. But now the appointments are considered "civil" appointments and current legislators are not appointed. The commission composition makes a "negotiation" problematic if one of the members is on both sides.

- As described in section 22-3-1001, MCA, the purpose of the Montana Historic Preservation and Development Commission is not only to preserve and protect but to demonstrate an ability to become economically self-supporting. The commission has not received general funds for operations, although some money is available from the long-range building fund for prescribed projects. The commission also receives \$400,000 in bed tax funds, an amount that has stayed constant since 1997, despite increases in the bed tax. The commission also receives 25 cents of each \$4 voluntary state park fee put on motor vehicle license fees. The amounts, along with revenues earned from the properties, are expected to cover general operations, including utilities, the salaries and state benefits of employees, and upkeep. Federal funding that formerly was available now has lapsed. Approximately one-fourth of the earned revenue is used to pay the indirect administrative costs, which includes accounting, personnel, payroll, legal, support, marketing assistance, and information technology.
- As an entity attached to the Department of Commerce, the Montana Historic Preservation and Development Commission is subject to oversight by the interim committee that monitors Department of Commerce-attached boards or commissions. Most other boards or commissions attached to the Department of Commerce report either periodically or when an activity of interest arises.