

Agency Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Agency Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	9,832,575	10,514,919	682,344	6.94 %
Operating Expenses	13,080,905	16,062,589	2,981,684	22.79 %
Equipment & Intangible Assets	400,000	300,000	(100,000)	(25.00)%
Capital Outlay	500,000	600,000	100,000	20.00 %
Local Assistance	92,000	92,000	0	0.00 %
Grants	46,437,080	43,677,245	(2,759,835)	(5.94)%
Transfers	482,248	2,248	(480,000)	(99.53)%
Debt Service	618,264	587,064	(31,200)	(5.05)%
Total Expenditures	\$71,443,072	\$71,836,065	\$392,993	0.55 %
General Fund	9,227,017	11,962,407	2,735,390	29.65 %
State/Other Special Rev. Funds	20,323,670	20,369,426	45,756	0.23 %
Federal Spec. Rev. Funds	41,892,385	39,504,232	(2,388,153)	(5.70)%
Total Funds	\$71,443,072	\$71,836,065	\$392,993	0.55 %
Total Ongoing	\$68,563,989	\$72,046,455	\$3,482,466	5.08 %
Total OTO	\$2,879,083	(\$210,390)	(\$3,089,473)	(107.31)%

Agency Description

The Department of Commerce through its employees, community partners, public outreach, and media contacts enhances economic prosperity in Montana; fosters community-led diversification and sustainability of a growing economy; maintains and improves Montana infrastructure, housing, and facilities; and promotes and enhances Montana's positive national and international image.

Agency Highlights

Department of Commerce Major Budget Highlights
<ul style="list-style-type: none"> • The legislature adopted an increase to the Department of Commerce's 2025 biennium budget of approximately \$393,000 or 0.6% compared to the 2023 biennium budget. Changes adopted by the legislature include: <ul style="list-style-type: none"> ◦ A \$1.8 million biennial general fund increase and 1.00 FTE for the Indian Country Economic Development Program ◦ A \$500,000 biennial general fund increase for the Montana Manufacturing Extension Center ◦ A \$500,000 biennial general fund increase for the Board of Horse Racing ◦ 1.00 FTE added in the Community MT Division for the Montana Heritage Preservation Program ◦ 1.00 FTE and authority for increased consulting services added in the Community Technical Assistance Program ◦ A \$2.6 million biennial federal special revenue reduction to align with lower funding anticipated for housing grants

Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	54.05	54.05	61.80	61.80
Personal Services	4,120,282	4,861,675	4,970,900	5,243,914	5,271,005
Operating Expenses	4,596,640	6,623,850	6,457,055	8,075,017	7,987,572
Equipment & Intangible Assets	130,000	250,000	150,000	150,000	150,000
Capital Outlay	69,500	200,000	300,000	300,000	300,000
Local Assistance	0	46,000	46,000	46,000	46,000
Grants	18,190,210	23,219,503	23,217,577	21,841,499	21,835,746
Transfers	240,000	241,124	241,124	1,124	1,124
Debt Service	275,468	309,132	309,132	293,532	293,532
Total Expenditures	\$27,622,100	\$35,751,284	\$35,691,788	\$35,951,086	\$35,884,979
General Fund	4,517,730	4,586,857	4,640,160	5,989,631	5,972,776
State/Other Special Rev. Funds	7,105,587	10,216,599	10,107,071	10,205,886	10,163,540
Federal Spec. Rev. Funds	15,998,783	20,947,828	20,944,557	19,755,569	19,748,663
Total Funds	\$27,622,100	\$35,751,284	\$35,691,788	\$35,951,086	\$35,884,979
Total Ongoing	\$26,239,016	\$34,312,415	\$34,251,574	\$36,056,281	\$35,990,174
Total OTO	\$1,383,084	\$1,438,869	\$1,440,214	(\$105,195)	(\$105,195)

Summary of Legislative Action

The legislature adopted an increase to the Department of Commerce’s 2025 biennium appropriation of approximately \$452,000 or 0.6% compared to the 2023 biennium base budget. Changes adopted in this budget include:

- Statewide present law adjustments for personal services, fixed costs, and inflation/deflation of approximately \$464,000 over the 2025 biennium
- \$875,000 general fund each fiscal year of the 2025 biennium for the Indian Country Economic Development Program and the establishment of 1.00 FTE
- An increase of approximately \$584,000 general fund in the 2025 biennium for 1.00 FTE and increased consulting costs in the Community Technical Assistance Program
- \$250,000 general fund each fiscal year of the 2025 biennium for the Montana Manufacturing Extension Center to hire additional field engineers
- \$250,000 general fund each fiscal year of the 2025 biennium for the Board of Horse Racing
- An increase of approximately \$214,000 state special revenue for 1.00 FTE in the Montana Heritage Preservation Program
- A net decrease for administrative cost adjustments of approximately \$1.6 million over all fund types, primarily due to a reduction in federal special revenue for anticipated housing grants in the Housing MT Division
- Removal of 0.50 FTE from the Director’s Office and associated funding of approximately \$74,000 general fund in the 2025 biennium
- A net increase of approximately \$1.0 million in the 2025 biennium, primarily in general fund, for other house and senate bills that were passed and approved, along with 5.25 FTE each fiscal year of the 2025 biennium

Funding

The following table shows adopted agency funding for all sources of authority.

Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	12,007,013	(44,606)	0	3,600,000	15,562,407	4.61 %
State Special Total	20,515,005	(145,579)	0	105,062,896	125,432,322	37.13 %
Federal Special Total	39,524,437	(20,205)	0	2,097,785	41,602,017	12.32 %
Proprietary Total	0	0	154,014,665	1,200,000	155,214,665	45.95 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$72,046,455	(\$210,390)	\$154,014,665	\$111,960,681	\$337,811,411	
Percent - Total All Sources	21.33 %	(0.06)%	45.59 %	33.14 %		

Over 75.0% of the overall funding in the Department of Commerce is not budgeted through HB 2, but provided as either non-budgeted proprietary funding or as statutory appropriations. HB 2 appropriations of general fund, state special revenue, and federal special revenue comprise the remaining funding for the Department of Commerce and will be discussed in further detail at the program level.

Statutory appropriations are explained in further detail within each program receiving and spending those 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 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	3,477,125	3,477,125	6,954,250	58.13 %	34,251,574	34,251,574	68,503,148	95.36 %
SWPL Adjustments	197,387	208,370	405,757	3.39 %	313,178	287,297	600,475	0.84 %
PL Adjustments	115,949	117,583	233,532	1.95 %	(807,234)	(805,197)	(1,612,431)	(2.24)%
New Proposals	2,199,170	2,169,698	4,368,868	36.52 %	2,193,568	2,151,305	4,344,873	6.05 %
Total Budget	\$5,989,631	\$5,972,776	\$11,962,407		\$35,951,086	\$35,884,979	\$71,836,065	

Other Legislation

HB 321 – Revises laws related to the Coal Tax Trust by establishing a conservation district fund and a coal board fund and allocating coal severance tax funds to the conservation district fund. This bill appropriates \$1,000 general fund to the coal board to provide additional grant funds in the 2025 biennium.

HB 355 – Creates the State-Local Infrastructure Partnership Act of 2023 and appropriates \$20.0 million from the general fund to the Department of Commerce to administer and disburse grants to eligible counties.

HB 819 – Creates the Montana community reinvestment plan to provide funding for workforce housing. This bill creates the Montana Community Reinvestment Act Program, State Workforce Housing Incentive Program, Planning Grants Program, Montana Housing Infrastructure Revolving Loan Fund Program, and Workforce Housing Appropriations Program, as well as additional authority to the Coal Tax Trust. This bill appropriates \$32.0 million general fund and \$50.0 million one-time-only state special revenue in the 2025 biennium.

Executive Budget Comparison

The following table compares the legislative budget for the biennium to the budget requested by the Governor by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2023	Executive Budget Fiscal 2024	Legislative Budget Fiscal 2024	Leg — Exec. Difference Fiscal 2024	Executive Budget Fiscal 2025	Legislative Budget Fiscal 2025	Leg — Exec. Difference Fiscal 2025	Biennium Difference Fiscal 24-25
FTE	54.05	58.05	61.80	3.75	58.05	61.80	3.75	3.75
Personal Services	4,970,900	4,928,961	5,243,914	314,953	4,956,569	5,271,005	314,436	629,389
Operating Expenses	6,457,055	7,838,246	8,075,017	236,771	7,776,713	7,987,572	210,859	447,630
Equipment & Intangible Assets	150,000	150,000	150,000	0	150,000	150,000	0	0
Capital Outlay	300,000	300,000	300,000	0	300,000	300,000	0	0
Local Assistance	46,000	46,000	46,000	0	46,000	46,000	0	0
Grants	23,217,577	21,917,004	21,841,499	(75,505)	21,917,004	21,835,746	(81,258)	(156,763)
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	241,124	1,124	1,124	0	1,124	1,124	0	0
Debt Service	309,132	293,532	293,532	0	293,532	293,532	0	0
Total Costs	\$35,691,788	\$35,474,867	\$35,951,086	\$476,219	\$35,440,942	\$35,884,979	\$444,037	\$920,256
General Fund	4,640,160	5,298,450	5,989,631	691,181	5,303,959	5,972,776	668,817	1,359,998
State/other Special Rev. Funds	10,107,071	10,406,953	10,205,886	(201,067)	10,373,801	10,163,540	(210,261)	(411,328)
Federal Spec. Rev. Funds	20,944,557	19,769,464	19,755,569	(13,895)	19,763,182	19,748,663	(14,519)	(28,414)
Total Funds	\$35,691,788	\$35,474,867	\$35,951,086	\$476,219	\$35,440,942	\$35,884,979	\$444,037	\$920,256
Total Ongoing	\$34,251,574	\$35,474,867	\$36,056,281	\$581,414	\$35,440,942	\$35,990,174	\$549,232	\$1,130,646
Total OTO	\$1,440,214	\$0	(\$105,195)	(\$105,195)	\$0	(\$105,195)	(\$105,195)	(\$210,390)

The legislature adopted ongoing appropriations that are \$1.1 million greater than the proposed appropriations for the 2025 biennium. Significant changes include:

- The legislature did not adopt DP 5110, which would have reestablished \$200,000 in state special revenue for the 2025 biennium for the Made-in-Montana Program, as passed in HB 660 during the 2021 Legislative Session
- The legislature only adopted 1.00 FTE out of the 2.00 FTE proposed in DP 6002 for the Community Technical Assistance Program
- The legislature adopted DP 7802, which added \$500,000 biennial general fund to the Board of Horse Racing
- The legislature adopted DP 8107, which reduced FTE in the Director's Office by 0.50 FTE
- The legislature adopted an additional 1.0% vacancy savings and a reduction to the statewide present law adjustment for inflation
- The legislature adopted appropriations to implement other house and senate bills of approximately \$1.0 million general fund for the 2025 biennium

Language and Statutory Authority

The legislature adopted the following language in HB 2:

"The Director's Office, Business Montana Division, Community Montana Division, Housing Montana Division, and Montana Heritage Commission include a one-time-only reduction in FY 2024 and FY 2025 for a suspension of insurance premium payments to the Risk Management and Tort Defense Division's proprietary fund."

"The Director's Office includes an increase in general fund of \$19,831 in FY 2024 and \$23,207 in FY 2025, state special revenue of \$22,103 in FY 2024 and \$27,407 in FY 2025, and federal special revenue of \$8,508 in FY 2024 and \$10,854 in FY 2025. The increase was provided to offset inflationary impacts. The agency may allocate this increase in funding among programs when developing 2025 biennium operating plans."

Additionally, the legislature adopted the following HB 2 language, contingent on the passage and approval of other bills, and the adjustments to HB 2 appropriations are included as decision packages and incorporated in the tables in the fiscal report:

"If HB 19 is passed and approved, the Department of Commerce is increased by \$59,661 general fund in FY 2024 and \$56,361 general fund in FY 2025."

"If HB 355 is passed and approved, the Department of Commerce is increased by \$473,370 general fund in FY 2024 and \$457,695 general fund in FY 2025, and the Department of Commerce may increase full-time equivalent positions authorized in HB 2 by 4.75 FTE in FY 2024 and 4.75 FTE in FY 2025."

"If HB 819 is passed and approved, the Department of Commerce is increased by \$56,235 one-time-only general fund in FY 2024 and \$53,950 one-time-only general fund in FY 2025, and the Department of Commerce may increase full-time equivalent positions authorized in HB 2 by 0.50 FTE in FY 2024 and 0.50 FTE in FY 2025."

"If SB 522 is passed and approved, the Department of Commerce is decreased by \$75,505 state special revenue in FY 2024 and \$81,258 state special revenue in FY 2025."

"If HB 898 is passed and approved, the Department of Commerce is increased by \$53,888 state special revenue in FY 2024, and the Department of Commerce may increase full-time equivalent positions authorized in HB 2 by 0.50 FTE in FY 2024."

"If HB 314 is passed and approved, the Department of Commerce is increased by \$1,250 state special revenue in FY 2024 and \$1,250 state special revenue in FY 2025."

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	3,443,414	2,749,567	(693,847)	(20.15)%
Operating Expenses	4,942,409	6,226,769	1,284,360	25.99%
Local Assistance	92,000	92,000	0	0.00%
Grants	3,421,576	3,429,650	8,074	0.24%
Transfers	482,248	2,248	(480,000)	(99.53)%
Debt Service	246,378	226,978	(19,400)	(7.87)%
Total Expenditures	\$12,628,025	\$12,727,212	\$99,187	0.79%
General Fund	5,845,747	6,148,532	302,785	5.18%
State/Other Special Rev. Funds	5,063,878	4,862,093	(201,785)	(3.98)%
Federal Spec. Rev. Funds	1,718,400	1,716,587	(1,813)	(0.11)%
Total Funds	\$12,628,025	\$12,727,212	\$99,187	0.79%
Total Ongoing	\$10,138,306	\$12,755,442	\$2,617,136	25.81%
Total OTO	\$2,489,719	(\$28,230)	(\$2,517,949)	(101.13)%

Program Description

The mission of the Business MT Division is to facilitate a business environment that strengthens the economy, supports business growth and shared community prosperity, aids in job creation and retention, supports existing companies, and strengthens communities. Business MT’s programs aim to support businesses through trainings and counseling, technical assistance, access to grants and loans, and to foster new markets and business opportunities domestically and internationally. Through dynamic partnerships and innovative collaborations with companies, universities, tribes, not-for-profit organizations, and government leaders, and the use of proactive incentives and communication, we are building an economic environment that supports business growth and shared community prosperity.

The division is funded by House Bill 2 and statutory appropriations. The programs work collaboratively with several state and local partnerships to promote economic development:

- Business Assistance (Business Loans and Grants)
- Export and International Trade
- Indian Country Economic Development
- Small Business Development Centers
- Regional Economic Development
- Montana Manufacturing Centers

Program Highlights

Business MT Division Major Budget Highlights
<ul style="list-style-type: none"> • The legislature adopted an increase to the Business MT Division’s 2025 biennium budget of approximately \$99,000 or 0.8% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> ◦ A \$875,000 general fund increase and 1.00 FTE each fiscal year to reestablish the Indian Country Economic Development Program, from OTO in previous biennia to an ongoing program beginning in the 2025 biennium ◦ A \$250,000 general fund increase each fiscal year for the Montana Manufacturing Extension Center

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	14.50	14.50	15.50	15.50
Personal Services	1,314,329	1,691,488	1,751,926	1,370,757	1,378,810
Operating Expenses	2,060,016	2,498,251	2,444,158	3,117,407	3,109,362
Local Assistance	0	46,000	46,000	46,000	46,000
Grants	1,023,625	1,711,751	1,709,825	1,714,825	1,714,825
Transfers	240,000	241,124	241,124	1,124	1,124
Debt Service	98,633	123,189	123,189	113,489	113,489
Total Expenditures	\$4,736,603	\$6,311,803	\$6,316,222	\$6,363,602	\$6,363,610
General Fund	2,886,651	2,898,203	2,947,544	3,073,950	3,074,582
State/Other Special Rev. Funds	1,112,472	2,553,155	2,510,723	2,430,961	2,431,132
Federal Spec. Rev. Funds	737,480	860,445	857,955	858,691	857,896
Total Funds	\$4,736,603	\$6,311,803	\$6,316,222	\$6,363,602	\$6,363,610
Total Ongoing	\$3,510,304	\$5,067,412	\$5,070,894	\$6,377,717	\$6,377,725
Total OTO	\$1,226,299	\$1,244,391	\$1,245,328	(\$14,115)	(\$14,115)

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Commerce, 51-Business M T Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	6,148,532	0	3,600,000	9,748,532	35.13 %	
02090 Business Asst-Private	189,562	0	0	189,562	1.34 %	
02100 Distressed Wood Products RLF	0	0	1,189,053	1,189,053	8.38 %	
02116 Accommodation Tax Account	320,788	0	0	320,788	2.26 %	
02210 Microbusiness Admin Acct	357,827	0	0	357,827	2.52 %	
02212 Microbusiness Loan Acct	997,768	0	0	997,768	7.03 %	
02229 MT SSBCI Servicing Fees	68,560	0	0	68,560	0.48 %	
02771 Big Sky Economic Dev Program	997,847	0	8,135,898	9,133,745	64.38 %	
02848 SBDC Private Revenue NonFed	10,000	0	0	10,000	0.07 %	
02939 State-Tribal Economic Devel	380,380	0	0	380,380	2.68 %	
02344 Primary Sector Training	1,189,361	0	0	1,189,361	8.38 %	
02672 GAP Financing Program	350,000	0	0	350,000	2.47 %	
State Special Total	\$4,862,093	\$0	\$9,324,951	\$14,187,044	51.12 %	
03092 Distressed Woods Federal	0	0	2,097,785	2,097,785	55.00 %	
03207 Small Business Dev. Centers	1,716,587	0	0	1,716,587	45.00 %	
Federal Special Total	\$1,716,587	\$0	\$2,097,785	\$3,814,372	13.75 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$12,727,212	\$0	\$15,022,736	\$27,749,948		

*HB 2 Authority*General Fund

HB 2 general fund authority includes funding for the Certified Regional Development Corporations, Office of Trade and International Relations, Made in Montana Program, Small Business Development Centers (SBDC), and Small Business Innovation Research/Small Business Technology Transfer, Indian Country Economic Development, and Export Trade Promotion Programs. The legislature adopted HB 2 funding for the Montana Manufacturing Extension Center, which currently only receives statutory authority.

State Special Revenue

State special revenue appropriations include authority for microbusiness loans, primary business sector training, the Big Sky Economic Development Program, and the State-Tribal Economic Development Program.

Federal Special Revenue

HB 2 federal special revenue is for small business development centers.

Statutory Appropriations

There are three statutorily appropriated funds in the Business MT Division. The Big Sky Economic Development Trust Fund Program is the largest statutory fund and is funded from interest earned on the coal severance tax trust fund to provide state funds to local communities to promote economic development and sustainability.

General fund statutory authority is from the coal severance tax distributions codified in 15-35-108, MCA. Authority is distributed each fiscal year as follows:

- \$325,000 for the Small Business Development Center
- \$50,000 for the Small Business Innovative Research Program
- \$625,000 for Certified Regional Development Corporations
- \$500,000 for the Montana Manufacturing Extension Center at Montana State University Bozeman
- \$300,000 for export trade enhancement

The Distressed Wood Products Industry Revolving Loan Program (90-1-504, MCA) was created in 2009 by the Montana Legislature in response to the low demand for wood products. This program is a state and federally funded revolving loan program that provides financial assistance to create or retain jobs for wood products industry businesses.

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 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	1,784,509	1,784,509	3,569,018	58.05 %	5,070,894	5,070,894	10,141,788	79.69 %
SWPL Adjustments	86,269	91,362	177,631	2.89 %	(261,679)	(256,390)	(518,069)	(4.07)%
PL Adjustments	42,239	43,029	85,268	1.39 %	396,602	396,995	793,597	6.24 %
New Proposals	1,160,933	1,155,682	2,316,615	37.68 %	1,157,785	1,152,111	2,309,896	18.15 %
Total Budget	\$3,073,950	\$3,074,582	\$6,148,532		\$6,363,602	\$6,363,610	\$12,727,212	

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 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	30,490	(353,167)	(4,566)	(327,243)	0.00	36,934	(352,501)	(3,605)	(319,172)
DP 2 - Fixed Costs	0.00	16,782	1,276	5,055	23,113	0.00	11,693	799	3,078	15,570
DP 3 - Inflation Deflation	0.00	38,997	2,772	682	42,451	0.00	42,735	3,599	878	47,212
DP 20 - SABHRS Rate Adjustment	0.00	193	8	29	230	0.00	115	5	15	135
DP 30 - Motor Pool Rate Adjustment	0.00	(814)	(57)	(49)	(920)	0.00	(761)	(53)	(46)	(860)
DP 222 - RMTD Adjustment	0.00	10,249	779	3,087	14,115	0.00	10,600	725	2,790	14,115
DP 223 - RMTD Adjustment (OTO)	0.00	(10,249)	(779)	(3,087)	(14,115)	0.00	(10,600)	(725)	(2,790)	(14,115)
DP 5109 - BUSMT ADMINISTRATIVE COSTS ADJUSTMENT	0.00	42,860	353,085	1,347	397,292	0.00	43,675	352,573	1,472	397,720
Grand Total All Present Law Adjustments	0.00	\$128,508	\$3,917	\$2,498	\$134,923	0.00	\$134,391	\$4,422	\$1,792	\$140,605

**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 adopted 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 provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

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: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 5109 - BUSMT ADMINISTRATIVE COSTS ADJUSTMENT -

The legislature adopted administrative adjustments for non-state rent increases per the terms of the negotiated lease; travel costs due to the increased costs of fuel, lodging, etc.; anticipated private funds to be received resulting from more public/private partnerships; and indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs.

New Proposals

The “New Proposals” table shows new changes to spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	473	552	0	1,025	0.00	473	552	0	1,025
DP 333 - Adjustment to Inflation	0.00	(12,847)	(913)	(225)	(13,985)	0.00	(14,730)	(1,240)	(303)	(16,273)
DP 555 - Additional Vacancy Savings	0.00	(11,354)	(1,025)	(1,537)	(13,916)	0.00	(11,422)	(1,032)	(1,548)	(14,002)
DP 1400 - HB 19	0.00	59,661	0	0	59,661	0.00	56,361	0	0	56,361
DP 5104 - BUSMT INDIAN COUNTRY ECONOMIC DEVELOPMENT HB2	1.00	875,000	0	0	875,000	1.00	875,000	0	0	875,000
DP 5107 - BUSMT INCREASE MMEC FUNDING HB2	0.00	250,000	0	0	250,000	0.00	250,000	0	0	250,000
Total	1.00	\$1,160,933	(\$1,386)	(\$1,762)	\$1,157,785	1.00	\$1,155,682	(\$1,720)	(\$1,851)	\$1,152,111

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

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$1,496 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 1400 - HB 19 -

The legislature adopted contingency language to increase appropriations if HB 19 was passed and approved and this decision package implements this language. Currently, the Department of Commerce and the State Tribal Economic Development (STED) Commission must provide a decennial report on the economic contributions and impact of tribes. This bill eliminates that requirement and instead requires the agency to develop a system that gathers sufficient data to quantify the economic contributions of the tribes. This bill would also require the agency to update the STED Commission on this effort by December 1, 2024.

DP 5104 - BUSMT INDIAN COUNTRY ECONOMIC DEVELOPMENT HB2 -

The legislature adopted general fund appropriations for the Indian Country Economic Development (ICED) program at the same level of one-time-only funding that was approved for the prior biennium. The ICED program provides resources and technical assistance to tribal governments, tribal economic development organizations, and Indian entrepreneurs to accelerate economic development in Indian communities. ICED provides small equity grants, business advisory host funds, and tribal government business planning resources. Funding is distributed to the eight tribal nations, tribal economic development organizations, and tribal member businesses.

DP 5107 - BUSMT INCREASE MMEC FUNDING HB2 -

The legislature adopted a general fund appropriation of \$250,000 in each fiscal year of the biennium for the Montana Manufacturing Extension Center (MMEC). This will augment the current statutory funding level of \$500,000 per fiscal year provided in 15-35-108, MCA. The National Institute of Standards and Technology, Manufacturing Extension Partnership (NIST-MEP) partially funds a Manufacturing Extension Partnership in each state and Puerto Rico. MMEC, located in MSU's College of Engineering, has been providing technical hands-on assistance to Montana's small and medium manufacturers in the areas of growth, innovation, efficiency, and resiliency since 1996. Funding for the MMEC is provided using the following model: the federal government provides 1/3 of the MMEC budget, the state government provides 1/3 of the budget, and MMEC's clients provide the remaining 1/3. MMEC currently has six field engineers/business advisors that provide technical assistance to Montana's small to medium manufacturers throughout the state. MMEC's field engineers complete approximately 60 projects per year with small to medium manufacturers in Montana. With the additional state funding, two additional field engineers will be hired and the agency estimates the MMEC would be able to complete approximately 90 projects per year with small to medium manufacturers in Montana.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Operating Expenses	643,486	635,462	(8,024)	(1.25)%
Grants	0	(156,763)	(156,763)	0.00 %
Total Expenditures	\$643,486	\$478,699	(\$164,787)	(25.61)%
State/Other Special Rev. Funds	643,486	478,699	(164,787)	(25.61)%
Total Funds	\$643,486	\$478,699	(\$164,787)	(25.61)%
Total Ongoing	\$643,486	\$478,699	(\$164,787)	(25.61)%
Total OTO	\$0	\$0	\$0	0.00 %

Program Description

Brand MT markets Montana’s nature, small towns, experiences, hospitality, and competitive business climate to promote the state as a place to visit and do business. The marketing, communications, film, and tourism programs are all part of the Brand MT team that works to sustain and grow Montana’s economy. The programs develop and use communications, advertising, development, and promotional campaigns to showcase Montana and create awareness about the state as a place to visit and do business. Through data-driven strategies and grant programs, the team aims to preserve and promote the genuine character of Montana and partners to achieve a sustainable economic future for all.

The division is comprised of five bureaus funded by House Bill 2 and statutory appropriations:

- Budget and Operations
- Marketing
- Communications
- Office of Tourism
- Film Office

Program Highlights

Brand MT Major Budget Highlights
<ul style="list-style-type: none"> • The legislature adopted a decrease to the Brand MT’s 2025 biennium budget of approximately \$165,000 or 25.6% compared to the 2023 biennium budget. Changes included: • State special revenue increases for statewide present law adjustments to fixed costs and inflation • A state special revenue decrease to implement SB 522

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
Operating Expenses	90,839	358,486	285,000	344,047	291,415
Grants	0	0	0	(75,505)	(81,258)
Total Expenditures	\$90,839	\$358,486	\$285,000	\$268,542	\$210,157
State/Other Special Rev. Funds	90,839	358,486	285,000	268,542	210,157
Total Funds	\$90,839	\$358,486	\$285,000	\$268,542	\$210,157
Total Ongoing	\$90,839	\$358,486	\$285,000	\$268,542	\$210,157
Total OTO	\$0	\$0	\$0	\$0	\$0

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Commerce, 52-Brand M T 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 %
02116 Accommodation Tax Account	54,255	0	68,275,059	68,329,314	72.48 %
02154 MT Promotion-Private	424,444	0	0	424,444	0.45 %
02254 Regional Accommodation Tax	0	0	25,475,196	25,475,196	27.02 %
02271 L&C Bicentennial Plate Fund	0	0	17,100	17,100	0.02 %
02293 Film Credit Applications	0	0	31,854	31,854	0.03 %
State Special Total	\$478,699	\$0	\$93,799,209	\$94,277,908	100.00 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$478,699	\$0	\$93,799,209	\$94,277,908	

HB 2 Authority

State Special Revenue

Brand MT’s HB 2 authority is funded by state special revenue from the accommodations tax account and primarily from proceeds from the Governor’s Tourism Conference. This funding accounts for less than 1.0% of the Brand MT’s total appropriation authority.

Statutory Appropriations

The majority of Brand MT’s funding comes from statutory appropriation authority. Statutory authority in this program includes funding from the lodging and facilities taxes used to support regional and state tourism and film promotion. Brand MT also includes funding for the Montana Economic Development Industry Advancement (MEDIA) Act and the Lewis and Clark bicentennial licenses plates.

The lodging facility use tax provides funds to the Department of Commerce through a 4.0% tax imposed on guests of hotels, motels, bed and breakfasts, resorts, campgrounds, and any other lodging sites. A portion of the tax proceeds go to the Department of Commerce for tourism and film production promotion as well as for regional tourism promotion.

The MEDIA Act film fee is a fee paid by production and post-production companies when they apply for certification with the Department of Commerce to claim the MEDIA Act transferable income tax credit. Therefore, expenditures are dependent on the revenue received from the total number of applications submitted. The use of these funds is to help pay for the implementation of the provisions of this act, including the presentation of a report on the economic impact of the tax credits created by an outside research organization called for by HB 293, enacted by the 2019 Legislature.

The Department of Commerce receives fees from Lewis & Clark bicentennial license plates sold through the Motor Vehicles Division at the Department of Justice. Three-fourths of the revenue from this source is placed in a state special revenue fund for the Department of Commerce for projects related to Lewis and Clark. The remaining one-fourth of revenue is placed in a state special revenue account for the Montana Historical Society.

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 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	285,000	285,000	570,000	119.07 %
SWPL Adjustments	0	0	0	0.00 %	63,530	12,355	75,885	15.85 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	(79,988)	(87,198)	(167,186)	(34.93)%
Total Budget	\$0	\$0	\$0		\$268,542	\$210,157	\$478,699	

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 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2 - Fixed Costs	0.00	0	54,255	0	54,255	0.00	0	0	0	0
DP 3 - Inflation Deflation	0.00	0	9,275	0	9,275	0.00	0	12,355	0	12,355
Grand Total All Present Law Adjustments	0.00	\$0	\$63,530	\$0	\$63,530	0.00	\$0	\$12,355	\$0	\$12,355

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

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

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: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 333 - Adjustment to Inflation	0.00	0	(4,483)	0	(4,483)	0.00	0	(5,940)	0	(5,940)
DP 1404 - SB 522	0.00	0	(75,505)	0	(75,505)	0.00	0	(81,258)	0	(81,258)
Total	0.00	\$0	(\$79,988)	\$0	(\$79,988)	0.00	\$0	(\$87,198)	\$0	(\$87,198)

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

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 1404 - SB 522 -

The legislature adopted contingency language to decrease appropriations if SB 522 was passed and approved and this decision package implements this language. This bill reduces the lodging facilities use tax allocation to the Department of Commerce from 60.3% to 60.2%. This will reduce grant authority in the Department of Commerce by \$75,505 state special revenue in FY 2024 and \$81,258 state special revenue in FY 2025.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	3,572,748	4,687,860	1,115,112	31.21 %
Operating Expenses	3,479,246	4,421,910	942,664	27.09 %
Grants	20,604,358	20,604,358	0	0.00 %
Debt Service	196,526	184,726	(11,800)	(6.00)%
Total Expenditures	\$27,852,878	\$29,898,854	\$2,045,976	7.35 %
General Fund	1,892,566	3,864,132	1,971,566	104.17 %
State/Other Special Rev. Funds	9,655,954	9,650,252	(5,702)	(0.06)%
Federal Spec. Rev. Funds	16,304,358	16,384,470	80,112	0.49 %
Total Funds	\$27,852,878	\$29,898,854	\$2,045,976	7.35 %
Total Ongoing	\$27,463,514	\$29,936,984	\$2,473,470	9.01 %
Total OTO	\$389,364	(\$38,130)	(\$427,494)	(109.79)%

Program Description

The Community MT Division helps communities plan for high quality growth and invests in the development of communities across Montana. Programs included in this division include the Montana Coal Endowment Program, Community Development Block Grant Program, Montana Historic Preservation Grant Program, Montana Main Street Program, and Community Technical Assistance Program. The division also provides administrative support to the Montana Coal Board and Montana Hard Rock Mining Impact Board.

Program Highlights

Community MT Major Budget Highlights
<ul style="list-style-type: none"> • The legislature adopted an increase to the Community MT Division’s 2025 biennium budget of approximately \$2.0 million or 7.4% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> ◦ Statewide present law adjustment increases for personal services, fixed costs, and inflation/deflation ◦ Increases in general fund to establish 2.00 FTE and for increased consulting services in the Community Technical Assistance Program ◦ State special revenue increases to establish 1.00 FTE for the Montana Historic Preservation Grant Program ◦ Increases for administrative cost adjustments ◦ Increased general fund and 5.25 FTE to implement other house and senate bills adopted by the legislature

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	19.45	19.45	26.70	26.70
Personal Services	1,460,190	1,766,217	1,806,531	2,338,439	2,349,421
Operating Expenses	610,035	1,747,133	1,732,113	2,229,154	2,192,756
Grants	9,503,324	10,302,179	10,302,179	10,302,179	10,302,179
Debt Service	90,928	98,263	98,263	92,363	92,363
Total Expenditures	\$11,664,477	\$13,913,792	\$13,939,086	\$14,962,135	\$14,936,719
General Fund	908,465	937,117	955,449	1,943,911	1,920,221
State/Other Special Rev. Funds	3,587,217	4,825,309	4,830,645	4,825,013	4,825,239
Federal Spec. Rev. Funds	7,168,795	8,151,366	8,152,992	8,193,211	8,191,259
Total Funds	\$11,664,477	\$13,913,792	\$13,939,086	\$14,962,135	\$14,936,719
Total Ongoing	\$11,507,692	\$13,719,314	\$13,744,200	\$14,981,200	\$14,955,784
Total OTO	\$156,785	\$194,478	\$194,886	(\$19,065)	(\$19,065)

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Commerce, 60-Community M T Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	3,864,132	0	0	3,864,132	12.44 %
02049 Hard Rock Mining	509,101	0	1,168,736	1,677,837	15.51 %
02116 Accommodation Tax Account	237,223	0	0	237,223	2.19 %
02270 MT Coal Endowment	1,607,853	0	0	1,607,853	14.86 %
02445 Coal Board	7,296,075	0	0	7,296,075	67.44 %
State Special Total	\$9,650,252	\$0	\$1,168,736	\$10,818,988	34.82 %
03059 Community Development Block	14,872,264	0	0	14,872,264	90.77 %
03061 EDA Revolving Loan Fund	945,974	0	0	945,974	5.77 %
03932 CDBG RLF	566,232	0	0	566,232	3.46 %
Federal Special Total	\$16,384,470	\$0	\$0	\$16,384,470	52.74 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$29,898,854	\$0	\$1,168,736	\$31,067,590	

HB 2 Authority

General Fund

General fund is used to provide matching funds for the Community Development Block Grant Program and support the Community Technical Assistance Program.

State Special Revenue

State special revenues are primarily comprised of funding for the Coal Board, Montana Coal Endowment Program (MCEP), and the Hard Rock Mining Impact Board. The Coal Board provides grants to governmental units to assist them in providing governmental services or facilities that are needed as a direct consequence of an increase or decrease in coal development or in the consumption of coal by the coal-using energy complex. MCEP is a local government infrastructure-financing program funded by investment earnings on the coal severance tax funds. Revenue from the coal tax trust is transferred to the state special revenue fund for administrative costs (appropriated in HB 2) and grants (typically appropriated in HB 11).

The Hard Rock Mining Impact Board provides technical assistance to local governments to mitigate local government services, facility, and fiscal impacts related to new large-scale hard rock mining developments. The Board is funded with metal mines license tax distributions for administrative costs (appropriated in HB 2) and community distributions (statutorily appropriated).

Federal Special Revenue

Federal special revenue is primarily for Community Development Block grants with the remaining portion being for the U.S. Economic Development Administration (EDA) Revolving Loan fund. The Community Development Block Grant Program provides funds to cities, towns, and counties with fewer than 50,000 residents. The purpose of these funds is to develop and preserve affordable housing, provide community services, and create and retain jobs.

Statutory Appropriations

Community MT has one statutory appropriation for the Hard Rock Mining Impact Board. As previously mentioned, the Hard Rock Mining Impact Board is administratively funded from HB 2 state special revenue while community distributions are statutorily appropriated.

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 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	955,449	955,449	1,910,898	49.45 %	13,744,200	13,744,200	27,488,400	91.94 %
SWPL Adjustments	110,425	112,797	223,222	5.78 %	166,880	171,482	338,362	1.13 %
PL Adjustments	66,263	66,655	132,918	3.44 %	148,846	150,155	299,001	1.00 %
New Proposals	811,774	785,320	1,597,094	41.33 %	902,209	870,882	1,773,091	5.93 %
Total Budget	\$1,943,911	\$1,920,221	\$3,864,132		\$14,962,135	\$14,936,719	\$29,898,854	

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 2024-----				-----Fiscal 2025-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	72,629	1,331	4,710	78,670	0.00	75,958	7,796	6,239	89,993
DP 2 - Fixed Costs	0.00	15,563	15,084	9,755	40,402	0.00	10,507	8,938	5,529	24,974
DP 3 - Inflation Deflation	0.00	22,233	13,752	11,823	47,808	0.00	26,332	17,248	12,935	56,515
DP 20 - SABHRS Rate Adjustment	0.00	238	232	80	550	0.00	168	164	56	388
DP 30 - Motor Pool Rate Adjustment	0.00	(102)	(246)	(15)	(363)	0.00	(96)	(230)	(14)	(340)
DP 222 - RMTD Adjustment	0.00	7,344	7,118	4,603	19,065	0.00	8,021	6,823	4,221	19,065
DP 223 - RMTD Adjustment (OTO)	0.00	(7,344)	(7,118)	(4,603)	(19,065)	0.00	(8,021)	(6,823)	(4,221)	(19,065)
DP 6003 - CMT ADMINISTRATIVE COSTS ADJUSTMENTS	0.00	66,127	61,488	21,044	148,659	0.00	66,583	62,358	21,166	150,107
Grand Total All Present Law Adjustments	0.00	\$176,688	\$91,641	\$47,397	\$315,726	0.00	\$179,452	\$96,274	\$45,911	\$321,637

*"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 adopted 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 provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

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: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 6003 - CMT ADMINISTRATIVE COSTS ADJUSTMENTS -

The legislature adopted administrative adjustments for non-state rent increases per the terms of the negotiated lease, and indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs. Additional adjustments are for computer replacement costs, printing and publication costs, consulting services for planning and reporting required by the U.S. Department of Housing and Urban Development, consulting and professional services to contract engineering services due to high turnover and difficulty hiring staff engineers, and additional educational and training costs made necessary by higher-than-average turnover.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	158	79	158	395	0.00	158	79	158	395
DP 333 - Adjustment to Inflation	0.00	(6,984)	(4,320)	(3,714)	(15,018)	0.00	(8,477)	(5,553)	(4,164)	(18,194)
DP 555 - Additional Vacancy Savings	0.00	(6,604)	(7,842)	(3,622)	(18,068)	0.00	(6,639)	(7,909)	(3,638)	(18,186)
DP 1401 - HB 314	0.00	0	1,250	0	1,250	0.00	0	1,250	0	1,250
DP 1402 - HB 355	4.75	473,370	0	0	473,370	4.75	457,695	0	0	457,695
DP 1403 - HB 819 (OTO)	0.50	56,235	0	0	56,235	0.50	53,950	0	0	53,950
DP 6001 - CMT MONTANA HERITAGE PRESERVATION FTE HB2	1.00	0	108,446	0	108,446	1.00	0	105,339	0	105,339
DP 6002 - CMT EXPAND COMMUNITY TECHNICAL ASSISTANCE HB2	1.00	295,599	0	0	295,599	1.00	288,633	0	0	288,633
Total	7.25	\$811,774	\$97,613	(\$7,178)	\$902,209	7.25	\$785,320	\$93,206	(\$7,644)	\$870,882

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

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$440 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 1401 - HB 314 -

The legislature adopted contingency language to increase appropriations if HB 314 was passed and approved and this decision package implements this language. This bill increases the compensation rate for boards, commissions, and councils from \$50 per day to \$100 per day. It is estimated this will cost the Department of Commerce an additional \$14,050 in proprietary funding and \$1,250 state special revenue each fiscal year.

DP 1402 - HB 355 -

The legislature adopted contingency language to increase appropriations if HB 355 was passed and approved and this decision package implements this language. This bill creates the State-Local Infrastructure Partnership Act of 2023. This bill appropriates \$267.0 million from the general fund to the Department of Commerce to administer and disburse grants to eligible counties. To implement and administer this grant program, the agency requires an additional 4.75 FTE each fiscal year and \$473,370 general fund in FY 2024 and \$457,695 general fund in FY 2025.

DP 1403 - HB 819 (OTO) -

The legislature adopted contingency language to increase appropriations if HB 819 was passed and approved and this decision package implements this language. This bill creates the Montana community reinvestment plan to provide funding for workforce housing. This bill creates the Montana Community Reinvestment Act Program, State Workforce Housing Incentive Program, Planning Grants Program, Montana Housing Infrastructure Revolving Loan Fund Program, and Workforce Housing Appropriations Program, as well as additional authority to the Coal Tax Trust.

DP 6001 - CMT MONTANA HERITAGE PRESERVATION FTE HB2 -

The legislature adopted 1.00 FTE to manage the Montana Historic Preservation Grant (MHPG) Program, established in 22-3-1307, MCA. Since the 2019 Legislature passed SB 338, there has been high demand for program services. The FTE will deliver technical assistance to help applicants develop and implement successful projects and provide staff support to the legislature as they make decisions. Funding for this program was approved during the 2021 Legislative Session as one-time-only operating expenses to fund a modified FTE position. This change package makes the modified FTE permanent along with the associated state special revenue funding. Personal service funding accounts for approximately \$85,000 in FY 2024 with the remainder being operating expenses.

DP 6002 - CMT EXPAND COMMUNITY TECHNICAL ASSISTANCE HB2 -

The legislature adopted 1.00 FTE and operating funds for consulting professional services for the Community Technical Assistance (CTAP) program. The program is charged with helping local governments plan for “orderly, productive, and coordinated development” with “particular attention to the planning and financing of public facilities and to the problems of metropolitan, suburban, and other areas in which economic and population factors are rapidly changing” (90-1-103, MCA). The staffing and funding would assist Montana communities with housing and infrastructure needs.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	677,240	712,677	35,437	5.23 %
Operating Expenses	452,513	509,508	56,995	12.60 %
Grants	300,000	300,000	0	0.00 %
Transfers	70,000	70,000	0	0.00 %
Debt Service	57,612	58,112	500	0.87 %
Total Expenditures	\$1,557,365	\$1,650,297	\$92,932	5.97 %
Proprietary Funds	1,557,365	1,650,297	92,932	5.97 %
Total Funds	\$1,557,365	\$1,650,297	\$92,932	5.97 %

Program Description

The mission of the Facility Finance Authority (FFA) is to enhance Montana healthcare and community capabilities through access to cost effective capital financing and development services.

The Facility Finance Authority was created by the 1983 Legislature to assist health care and related facilities contain future health care costs by offering debt financing at low-cost, tax-exempt interest rates for capital construction and improvements. The Legislature extended eligible facilities to include community pre-release centers and for-profit manufacturing facilities. Cost savings are shared with consumers in the form of lower fees. In 2021, the FFA was tasked to be the statewide administrator for the Commercial Property Assessed Capital Enhancement (C-PACE) Program which helps business owners secure low-cost private financing for energy and water efficiency as well as renewable energy projects.

The Facility Finance Authority is funded entirely by proprietary funds with revenues collected from interest, fees, and charges from participating institutions. There are no direct appropriations provided in HB 2.

The Authority is primarily mandated in Title 90, Chapter 7 and Title 2, Chapter 15, MCA.

Program Highlights

Facility Finance Authority Major Budget Highlights
<ul style="list-style-type: none"> • The legislature adopted an increase to the Facility Finance Authority’s 2025 biennium budget of approximately \$93,000 or 6.0% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> ◦ Statewide present law increases for personal services, fixed costs, and inflation/deflation ◦ Proprietary funding increases for administrative cost adjustments

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	3.00	3.00	3.00	3.00
Personal Services	364,723	336,220	341,020	355,251	357,426
Operating Expenses	197,563	249,872	202,641	265,718	243,790
Grants	25,000	150,000	150,000	150,000	150,000
Transfers	0	35,000	35,000	35,000	35,000
Debt Service	28,101	28,556	29,056	29,056	29,056
Total Expenditures	\$615,387	\$799,648	\$757,717	\$835,025	\$815,272
Proprietary Funds	615,387	799,648	757,717	835,025	815,272
Total Funds	\$615,387	\$799,648	\$757,717	\$835,025	\$815,272

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Commerce, 71-Montana Facility Finance Authority 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 %	
State Special Total	\$0	\$0	\$0	\$0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
06015 Facilities Finance Authority	0	1,530,267	0	1,530,267	92.73 %	
06017 C-PACE Commercial Property Ass	0	120,030	0	120,030	7.27 %	
Proprietary Total	\$0	\$1,650,297	\$0	\$1,650,297	100.00 %	
Total All Funds	\$0	\$1,650,297	\$0	\$1,650,297		

Non-Budgeted Proprietary Appropriations

The Montana Facility Finance Authority is entirely supported through non-budgeted 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 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	757,717	757,717	1,515,434	91.83 %
SWPL Adjustments	0	0	0	0.00 %	48,587	28,952	77,539	4.70 %
PL Adjustments	0	0	0	0.00 %	28,406	28,288	56,694	3.44 %
New Proposals	0	0	0	0.00 %	315	315	630	0.04 %
Total Budget	\$0	\$0	\$0		\$835,025	\$815,272	\$1,650,297	

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 2024-----					-----Fiscal 2025-----				
	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	14,231	0.00	0	0	0	16,406
DP 2 - Fixed Costs	0.00	0	0	0	27,622	0.00	0	0	0	4,404
DP 3 - Inflation Deflation	0.00	0	0	0	6,734	0.00	0	0	0	8,142
DP 20 - SABHRS Rate Adjustment	0.00	0	0	0	82	0.00	0	0	0	58
DP 222 - RMTD Adjustment	0.00	0	0	0	2,513	0.00	0	0	0	2,513
DP 223 - RMTD Adjustment (OTO)	0.00	0	0	0	(2,513)	0.00	0	0	0	(2,513)
DP 7101 - FFA ADMINISTRATIVE COSTS ADJUSTMENTS	0.00	0	0	0	28,344	0.00	0	0	0	28,249
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$77,013	0.00	\$0	\$0	\$0	\$57,259

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

DP 2 - Fixed Costs -

The legislature reviewed adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

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: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature reviewed an increase to proposed SABHRS rates.

DP 222 - RMTD Adjustment -

The legislature reviewed an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature reviewed an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 7101 - FFA ADMINISTRATIVE COSTS ADJUSTMENTS -

The legislature reviewed administrative adjustments for annual rent increases, additional software licenses, computer replacement, and increased costs for travel, as well as indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs. There are reductions in contracted services as initial estimated consulting services will not be needed.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	0	0	0	315	0.00	0	0	0	315
Total	0.00	\$0	\$0	\$0	\$315	0.00	\$0	\$0	\$0	\$315

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

DP 99 - New Fixed Costs -

The legislature reviewed appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature reviewed appropriations of \$352 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

Other Issues

Proprietary Rates

Facility Finance Authority – 06015

FFA Loan Program – 06012

C-PACE Program – 06017

Proprietary Program Description

The Facility Finance Authority provides debt financing or refinancing to not-for-profit health care providers at low-cost, tax-exempt interest rates through various programs. The Authority has established reserve requirements for:

- Master Loan Program – The Authority provides qualified borrowers financing through tax exempt bond issuances. Loans can be used for eligible projects including equipment purchases, reimbursement of capital expenditures made during the current fiscal year (as approved by the bond counsel), new facility construction, renovation of existing facilities, and refunding or refinancing of outstanding debt
- Permanent Coal Tax Trust Loan Program – Statute allows the Authority to administer \$15.0 million of the permanent coal tax trust fund for capital projects. Individual loan amounts may not exceed 10.0% of the amount administered by the Authority
- Direct Loan Program – Statute allows the Authority to make direct loans to eligible facilities for eligible projects including construction and renovation, facility acquisition, refinancing of qualified outstanding debt, or purchase of equipment. Funding for the loans is derived from the revenues deposited in the Facility Finance Authority account that is transferred to the FFA Loan Program
- Working Capital Reserve – National bond rating agencies, national bond insurers, and institutional investors expect the Facility Finance Authority to maintain a working capital reserve of two years’ operating capital to assure that it can financially operate between legislative sessions

The 2021 Legislative Session authorized the Facility Finance Authority to administer the Commercial Property Assessed Capital Enhancements (C-PACE) Program. C-PACE provides financing to commercial building owners to make energy efficiency upgrades and renewable energy investments. This includes funding for solar panels, HVAC systems, lighting, and motors.

Department of Commerce Facility Finance Authority Reserve Requirements as of the Beginning of FY 2023		
	Required	Funded
Capital Reserve Account A (a)	11,583,840	2,345,088
Capital Reserve Account B (b)	4,905,556	4,905,556
Direct Loan Program (c)	1,265,668	1,194,255
Working Capital Fund (d)	1,710,612	1,710,612
Total	\$19,465,676	\$10,155,511
Percent Funded		52.2%
Policy Guidelines - Minimum Funding Requirements		
(a) Up to 10.0% of the outstanding BOI enhanced bond balance as of 7/1/2022		\$115,838,401
(b) \$4,905,556 as of 7/1/2021 plus YTD loan payments, account investment earnings		\$4,905,556
(c) 10.0% of the Trust Fund Loan Pool Balance as of 7/1/2022		\$12,656,678
(d) Twice the current fiscal year operating expense budget		\$855,306

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
06012	FFA Loan Program	65010	Dept of Commerce	MT Facility Finance Authority
06015	Facilities Finance Authority			
06017	C-PACE Commercial Property			

	Estimated FY 22	Estimated FY 23	Reviewed FY 24	Reviewed FY 25
Operating Revenues				
Fees and Charges				
Charges for Services	1,152,629	575,000	660,000	625,000
BOI Investment Earnings Class	81,720	125,000	85,000	87,500
Other Charges for Services		100,000	150,000	175,000
Total Operating Revenues	<u>1,234,348</u>	<u>800,000</u>	<u>895,000</u>	<u>887,500</u>
Expenses				
Personal Services	373,288	341,020	355,251	357,426
Other Operating Expense	225,578	202,641	265,656	243,751
Capital Leases	1,198	29,056	29,056	29,056
Total Operating Expense	<u>600,064</u>	<u>572,717</u>	<u>649,963</u>	<u>630,233</u>
Operating Income (Loss)	<u>634,284</u>	<u>227,283</u>	<u>245,037</u>	<u>257,267</u>
Nonoperating Revenues				
Other Revenue A				
Other Revenue B				
Nonoperating Expenses				
Grants	(25,000)	(150,000)	(150,000)	(150,000)
Other Expense B				
Total Nonoperating Revenues (Expenses)	<u>(25,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>
Income (Loss) Before Contributions and Transfers	<u>609,284</u>	<u>77,283</u>	<u>95,037</u>	<u>107,267</u>
Capital Contributions				
Transfers In				
Transfers Out		(35,000)	(35,000)	(35,000)
Loans and Lease Payments				
Change in Net Position	<u>609,284</u>	<u>42,283</u>	<u>60,037</u>	<u>72,267</u>
Beginning Net Position - July 1	8,940,138	9,543,611	9,585,894	9,645,931
Prior Period Adjustments	(5,812)			

Change in Net Position	609,284	42,283	60,037	72,267
Ending Net Position - June 30	9,543,611	9,585,894	9,645,931	9,718,198
Net Position (Fund Balance) Analysis				
Restricted Net Position (Enterprise Funds Only)				
Unrestricted Net Position	9,543,611	9,585,894	9,645,931	9,718,198

Expenses

Increased expenses are for personal services, operating costs, and capital leases in the 2025 biennium. This increase is primarily due to present law adjustments for personal services, fixed costs, and inflation. Other increases are for increased administrative costs for rent, software updates, computer replacements, and increased travel.

Revenues

Revenues are projected to decrease in the Facility Finance Authority.

Proprietary Rates

**Requested Rates for Internal Service or Enterprise Funds
Fee/Rate Information**

Fee Description:

Application Fee:

<u>Loan Amount</u>	<u>Fee</u>
Up to \$5,000,000	30 basis points (bp) (.0030)
Up to \$10,000,000	the > of 25 bp or \$ 15,000
Up to \$25,000,000	the > of 15 bp or \$ 25,000
Up to \$50,000,000	the > of 12.5 bp or \$ 37,500
Up to \$100,000,000	the > of 7.5 bp or \$ 62,500
Over \$100,000,000	the > of 6.5 bp or \$ 75,000

Annual Fee:

Stand Alone Bond Issues	5 bp X the outstanding principal amount
Private Placement bond issues	5 bp X the outstanding principal amount
Master Loan Program	10 bp X the outstanding principal amount

Monthly fee:

Trust Fund Loan Program	50 bp X the outstanding principal amount
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Authority: Fee revenues: 90-7-202 and 90-7-211, MCA; Investment Earnings: 90-7-202, MCA

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	871,167	926,858	55,691	6.39 %
Operating Expenses	541,988	611,629	69,641	12.85 %
Grants	21,211,146	18,600,000	(2,611,146)	(12.31)%
Debt Service	45,326	45,326	0	0.00 %
Total Expenditures	\$22,669,627	\$20,183,813	(\$2,485,814)	(10.97)%
Federal Spec. Rev. Funds	22,669,627	20,183,813	(2,485,814)	(10.97)%
Total Funds	\$22,669,627	\$20,183,813	(\$2,485,814)	(10.97)%
Total Ongoing	\$22,669,627	\$20,189,317	(\$2,480,310)	(10.94)%
Total OTO	\$0	(\$5,504)	(\$5,504)	100.00 %

Program Description

The Department of Commerce Housing Division, conducting business and known in the community as Housing MT, provides support to communities through access to safe, affordable, and sustainable homes for Montanans whose housing needs are not met by the market.

Montana Housing is comprised of three component units:

- **Board of Housing**, Montana’s statewide Housing Finance Agency (HFA) created under the Montana [Housing Act of 1975](#), is [administratively attached](#) to the Department of Commerce. The Board of Housing is funded by enterprise funds with revenues derived from an administrative charge applied to projects and mortgages financed; the Board does not receive any general fund and is completely self-supporting
- **Rental Assistance Bureau**, Montana’s statewide Public Housing Authority (PHA), is charged with the administration of various federally funded U.S. Department of Housing and Urban Development (HUD) programs. All Rental Assistance Bureau programs are funded by enterprise funds with revenues derived under HUD administrative fees and performance-based contracts
- **Community Housing** administers HUD Community Planning and Development (CPD) programs for the production and preservation of affordable homes. Community Housing administers federal funds and state special revenue account programs appropriated via HB 2

Montana Housing responsibilities are mandated primarily in Title 2, Chapter 15, Part 18; Title 90, Chapter 1 Part 1; Title 90, Chapter 6, Parts 1, 5, 6; Governor Executive Orders 2-87 and 27-81; 24 CFR Parts 5, 91, 93, 245, 570, 792, 813, 882, 887, 891, 982 and 984.

Program Highlights

Housing MT Division Major Budget Highlights
<ul style="list-style-type: none"> • The legislature adopted a decrease to the Housing MT Division’s 2025 biennium budget of approximately \$2.5 million or 11.0% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> ◦ A decrease in federal special revenue appropriation authority due to a reduction in anticipated grant funding in the 2025 biennium for HOME Investment Partnership Program (HOME) and Housing Trust Fund (HTF) grants ◦ Statewide present law adjustment increases in federal special revenue for personal services, fixed costs, and inflation/deflation

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	6.00	6.00	6.00	6.00
Personal Services	309,108	432,188	438,979	462,678	464,180
Operating Expenses	98,265	275,593	266,395	309,818	301,811
Grants	7,150,684	10,605,573	10,605,573	9,300,000	9,300,000
Debt Service	21,874	22,663	22,663	22,663	22,663
Total Expenditures	\$7,579,931	\$11,336,017	\$11,333,610	\$10,095,159	\$10,088,654
Federal Spec. Rev. Funds	7,579,931	11,336,017	11,333,610	10,095,159	10,088,654
Total Funds	\$7,579,931	\$11,336,017	\$11,333,610	\$10,095,159	\$10,088,654
Total Ongoing	\$7,579,931	\$11,336,017	\$11,333,610	\$10,097,911	\$10,091,406
Total OTO	\$0	\$0	\$0	(\$2,752)	(\$2,752)

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Commerce, 74-Housing M T 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 %	
State Special Total	\$0	\$0	\$0	\$0	0.00 %	
03300 Home Grants	10,730,215	0	0	10,730,215	53.16 %	
03585 HTF	9,453,598	0	0	9,453,598	46.84 %	
Federal Special Total	\$20,183,813	\$0	\$0	\$20,183,813	13.39 %	
06030 BOH Financial Program Fund	0	7,080,740	0	7,080,740	5.42 %	
06031 Housing Trust Fund	0	20,000	0	20,000	0.02 %	
06032 Mortgage Loan Servicing	0	4,384,248	0	4,384,248	3.36 %	
06074 SEC 8 Project Based	0	56,193,517	0	56,193,517	43.02 %	
06075 Section 8 Vouchers	0	7,787,036	0	7,787,036	5.96 %	
06078 Housing Montana Fund	0	20,000	0	20,000	0.02 %	
06079 Revolving Loan Fund - TANF	0	20,000	0	20,000	0.02 %	
06085 Section 8 Mod Rehab	0	616,409	0	616,409	0.47 %	
06037 Sect 8 Mod Rehab HAP	0	4,850,591	0	4,850,591	3.71 %	
06054 Section 8 HAP	0	49,637,299	0	49,637,299	38.00 %	
Proprietary Total	\$0	\$130,609,840	\$0	\$130,609,840	86.61 %	
Total All Funds	\$20,183,813	\$130,609,840	\$0	\$150,793,653		

HB 2 Authority

Federal Special Revenue

Federal funds are for the HOME Investment Partnerships (HOME) and Housing Trust Fund (HTF) programs. The HOME program is a federal block grant for the construction and creation of affordable housing for low-income households. The HOME Program is administered by the Housing MT Division, who also administers funds to local governments and non-profits throughout the state. The HTF is an affordable housing production program. The Housing MT Division administers the HTF program and helps qualified recipients' direct funds for construction, rehabilitation, and preservation of affordable rental housing.

Non-Budgeted Proprietary

The majority of the Housing MT Division's funding is from 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 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	11,333,610	11,333,610	22,667,220	112.30 %
SWPL Adjustments	0	0	0	0.00 %	63,848	59,518	123,366	0.61 %
PL Adjustments	0	0	0	0.00 %	(1,289,080)	(1,288,893)	(2,577,973)	(12.77)%
New Proposals	0	0	0	0.00 %	(13,219)	(15,581)	(28,800)	(0.14)%
Total Budget	\$0	\$0	\$0		\$10,095,159	\$10,088,654	\$20,183,813	

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 2024-----					-----Fiscal 2025-----				
	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	28,568	28,568	0.00	0	0	30,086	30,086
DP 2 - Fixed Costs	0.00	0	0	22,392	22,392	0.00	0	0	13,703	13,703
DP 3 - Inflation Deflation	0.00	0	0	12,888	12,888	0.00	0	0	15,729	15,729
DP 20 - SABHRS Rate Adjustment	0.00	0	0	75	75	0.00	0	0	53	53
DP 30 - Motor Pool Rate Adjustment	0.00	0	0	(48)	(48)	0.00	0	0	(45)	(45)
DP 222 - RMTD Adjustment	0.00	0	0	2,752	2,752	0.00	0	0	2,752	2,752
DP 223 - RMTD Adjustment (OTO)	0.00	0	0	(2,752)	(2,752)	0.00	0	0	(2,752)	(2,752)
DP 7402 - HMT ADMINISTRATIVE COSTS ADJUSTMENTS	0.00	0	0	(1,289,107)	(1,289,107)	0.00	0	0	(1,288,901)	(1,288,901)
Grand Total All Present Law Adjustments	0.00	\$0	\$0	(\$1,225,232)	(\$1,225,232)	0.00	\$0	\$0	(\$1,229,375)	(\$1,229,375)

*"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 adopted 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 provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

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: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 7402 - HMT ADMINISTRATIVE COSTS ADJUSTMENTS -

The legislature adopted adjustments for non-state rent increases per the terms of the negotiated lease, and indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs. Additional adjustments are for increases in field agent contracts, additional training, access to online resources due to higher than anticipated staff turnover, and projected increases in housing assistance payments based on HUD's fair market rents which historically increase each year. The decision package also decreases appropriations for grants in the HOME and HTF programs equal to the amount of federal funds anticipated to be available in the 2025 biennium.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	0	0	158	158	0.00	0	0	158	158
DP 333 - Adjustment to Inflation	0.00	0	0	(8,508)	(8,508)	0.00	0	0	(10,854)	(10,854)
DP 555 - Additional Vacancy Savings	0.00	0	0	(4,869)	(4,869)	0.00	0	0	(4,885)	(4,885)
Total	0.00	\$0	\$0	(\$13,219)	(\$13,219)	0.00	\$0	\$0	(\$15,581)	(\$15,581)

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

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$3,168 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Other Issues**Proprietary Rates**

The Housing Division has three programs that are funded through proprietary funds, which include:

- The Montana Board of Housing
- Project Based Section 8 Program
- Tenant Based Section 8 Program

Montana Board of Housing – Funds 06030, 06031, 06032, 06078, 06079*Proprietary Program Description*

The Montana Housing Act of 1975 created the Montana Board of Housing. The board is an agency of the state and operates within the Department of Commerce for administrative purposes. The Board of Housing is primarily mandated in Title 2, Chapter 15; and Title 90, Chapter 1, and Chapter 6, MCA. The powers of the board are vested in a seven-member board, appointed by the Governor, subject to the confirmation of the state Senate. The board provides direction to the agency staff for its programs that include the Homeownership Program, Multifamily Loan Program, Low Income Housing Tax Credit Program, Housing Montana fund, and the Reverse Annuity Mortgage (RAM) Program.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
06030	BOH Financial Programs	65010	Dept. of Commerce	Housing Division - Board of Housing
06031	Housing Trust Fund			
06032	BOH Loan Servicing			
06078	Affordable Housing Revolving			
06079	Revolving Loan - TANF			

	Actual FY 22	Estimated FY 23	Reviewed FY 24	Reviewed FY 25
Operating Revenues				
Fees and Charges				
Charges For Services	4,420,134	4,552,738	4,689,320	4,830,000
BOI Investment Earnings Class	15,578,470	21,575,000	22,330,125	23,111,679
Total Operating Revenues	<u>19,998,604</u>	<u>26,127,738</u>	<u>27,019,445</u>	<u>27,941,679</u>
Expenses				
Personal Services	2,464,928	2,728,756	2,800,247	2,817,873
Other Operating Expense	4,229,893	2,544,723	2,781,485	2,745,790
Debt Service	13,411,029	20,519,461	21,424,461	22,169,461
Expense B				
Expense C				
Total Operating Expense	<u>20,105,850</u>	<u>25,792,940</u>	<u>27,006,193</u>	<u>27,733,124</u>
Operating Income (Loss)	<u>(107,246)</u>	<u>334,798</u>	<u>13,252</u>	<u>208,555</u>
Income (Loss) Before Contributions and Transfers	<u>(107,246)</u>	<u>334,798</u>	<u>13,252</u>	<u>208,555</u>
Capital Contributions				
Transfers In	1,000,017	520,000		
Transfers Out	(1,000,000)	-	-	-
Loans and Lease Payments				
Change in Net Position	<u>(107,229)</u>	<u>854,798</u>	<u>13,252</u>	<u>208,555</u>
Beginning Net Position - July 1	162,324,018	163,578,211	164,433,008	164,446,261
Prior Period Adjustments	1,361,421			
Change in Net Position	<u>(107,229)</u>	<u>854,798</u>	<u>13,252</u>	<u>208,555</u>
Ending Net Position - June 30	<u>163,578,211</u>	<u>164,433,008</u>	<u>164,446,261</u>	<u>164,654,816</u>
Net Position (Fund Balance) Analysis				

Restricted Net Position (Enterprise Funds Only)	163,578,211	164,433,008	164,446,261	164,654,816
Unrestricted Net Position				

Expenditures

The Board of Housing and Loan Servicing Program increased expenditures are primarily for statewide present law adjustments for personal services, fixed costs, and inflation. Other increases are for new fixed costs and for increased administrative costs.

Revenues

The Board of Housing’s income is derived primarily from mortgage investment income. Mortgage income is the interest people pay on Board of Housing loans and is limited by the Internal Revenue Service as a condition of using tax-free bonds as a financing source. Mortgage income is also controlled by the national markets, which set both mortgage rates and bond financing rates. Investment income comes from interest earned on investing reserves that the Board of Housing is required to hold as well as bond and program moneys not yet used to buy mortgages and pay bondholders. Both future mortgage and investment income depend on the interest rate environment, which is determined by the national financial markets.

Proprietary Rates

The Board of Housing recovers costs from charging application and compliance fees for the Low-Income Tax Credit Program and from charging a spread on loan programs.

**Requested Rates for Internal Service or Enterprise Funds
Fee/Rate Information**

Fee Description:		Actual FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25
Pre 1980 Single Family Programs	% spread between mortgage interest rate and bond yield. No limit on investment earnings	1.50%	1.50%	1.50%	1.50%
Post Single Family Programs	% spread between mortgage interest rate and bond yield. Investment earnings limited to the bond yield	1.125%	1.125%	1.125%	1.125%
Pre 1986 Multifamily Program	% spread between the mortgage interest rate and the bond yield. No limit on investment earnings	1.50%	1.50%	1.50%	1.50%
Post 1986 Multifamily Program	% spread between the mortgage interest rate and the bond yield. Investment earnings limited to the bond yield	1.50%	1.50%	1.50%	1.50%
Multifamily Reservation Fee	up to a % of the loan amount reserved	1.00%	1.00%	1.00%	1.00%
Letter of Intent - Housing Credits	per submission	\$1,500	\$3,000	\$3,000	\$3,000
Application - Housing Credits	% of the tax credit amount requested	1.00%	1.00%	1.00%	1.00%
Reservation fees-Housing Credits	% of the tax credit amount reserved	10.00%	10.00%	10.00%	10.00%
Underwriting Fees - Housing Credits	per application	\$3,000	\$3,000	\$3,000	\$3,000
Compliance fees-Housing Credit Program	per unit	\$45	\$45	\$45	\$45
Interest income on reverse annuity mortgage loans	4-5% (new) 5% (old) loans	3-5%	3-5%	3-5%	3-5%
Housing Revolving Loan Fund (HRLA)	variable rates ranging from 2% to 6%	2-6%	2-6%	2-6%	2-6%
Interest on Investments	STIP investment rate	varies	varies	varies	varies

This program is funded with an enterprise fund, which is a type of proprietary fund. As such, the legislature does not appropriate the funds or approve the rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the fund.

HUD Section 8 (Project Based Housing) – Fund 06074

Proprietary Program Description

The Project Based Section 8 Program is the U.S. Department of Housing and Urban Development contract administrator for low-income rental properties HUD subsidizes throughout the state. The program provides rental assistance to projects at fixed locations instead of direct assistance to tenants. Landlords perform administrative tasks at the local level. The agency performs annual property reviews, oversees property management, and makes rent subsidy payments to owners. The agency earns fees from HUD under a performance-based contract for the tasks performed. The Project Based Program renews rent contracts to project owners as they expire. Contract managers prepare special damage claims, complete annual rent increases, respond to emergencies, check compliance for fair housing and waiting lists, conduct on-site management reviews, follow-up to physical inspections, review management decisions, and provides budget assistance to local property owners.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds				
Fund	Fund Name	Agency #	Agency Name	Program Name
06074	SEC 8 Project Based	65010	Dept. of Commerce	Housing MT - PB Section 8
			Actual	Estimated
			FY 22	FY 23
			Reviewed	Reviewed
			FY 24	FY 25
Operating Revenues				
Fees and Charges				
Charges For Services				
BOI Investment Earnings Class				
			8,673	13,349
			13,816	14,300
Federal				
			<u>26,551,142</u>	<u>27,480,432</u>
			<u>28,442,247</u>	<u>29,437,726</u>
Total Operating Revenues			<u>26,559,815</u>	<u>27,493,781</u>
			<u>28,456,063</u>	<u>29,452,026</u>
Expenses				
Personal Services				
			762,458	843,069
Other Operating Expense				
			313,924	350,334
Benefits & Claims				
			25,715,394	25,245,506
Debt Service				
			14,307	61,881
Equipment & Intangible Assets				
				156,000
				156,000
Total Operating Expense			<u>26,806,083</u>	<u>26,656,790</u>
			<u>27,637,642</u>	<u>28,556,056</u>
Operating Income (Loss)			<u>(246,268)</u>	<u>836,991</u>
			<u>818,421</u>	<u>895,970</u>
Income (Loss) Before Contributions and Transfers			<u>(246,268)</u>	<u>836,991</u>
			<u>818,421</u>	<u>895,970</u>
Change in Net Position			<u>(246,268)</u>	<u>836,991</u>
			<u>818,421</u>	<u>895,970</u>
Beginning Net Position - July 1			4,492,608	4,259,159
			5,096,150	5,914,571
Prior Period Adjustments				
			12,819	
Change in Net Position				
			<u>(246,268)</u>	<u>836,991</u>
			<u>818,421</u>	<u>895,970</u>
Ending Net Position - June 30			<u>4,259,159</u>	<u>5,096,150</u>
			<u>5,096,150</u>	<u>5,914,571</u>
			<u>5,914,571</u>	<u>6,810,541</u>

Expenditures

The increased expenditures are primarily in benefits and claims. The increase in benefits and claims is based on the U.S. Department of Housing and Urban Development’s (HUD) fair market rents, which traditionally increase each year.

Revenues

Revenues are generated in the Project Based Section 8 Contract Administration under a HUD performance-based contract using 17 incentive-based performance standards, which are calculated by HUD monthly, quarterly, and annually. Revenues generated are required to be used for contract administration. Rental assistance payments are made based on contracts negotiated by program staff and tenant income data. Payments are paid and reimbursed monthly by HUD, based on actual program benefits paid to owners.

Proprietary Rates

The Project Based Section 8 Contract Administration is funded through a performance-based contract with HUD, based on a 5-year renewable request for proposals. Retained earnings are to be used for operations of this program. Funding for rents is paid by HUD, based on actual contracts negotiated between the department and the individual owners of the projects, set up on a procedure dictated by HUD.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Actual FY 22	Estimated FY 23	Reviewed FY 24	Reviewed FY 25
Fee Description:				
Administration Contract	2.50%	2.50%	2.50%	2.50%
Base fee rate paid by HUD = 2.5% times the two-bedroom Fair Market Rent for all projects under ACC contract for standard performance, as judged by HUD monthly, quarterly, and annually.				
Administration Contract	1.00%	1.00%	1.00%	1.00%
Performance fee incentive rate based on 17 Incentive Based Performance Standards (IBPS), graded monthly, quarterly, and annually by HUD. Can be either positive or negative, based on whether time standards and performance requirements are met on each of the 17 IBPS standards. Rate 3 (per unit)				
Rents Contract	100.00%	100.00%	100.00%	100.00%
Amounts for rentals are based on 100% of contracted amounts per unit each month, less tenant share of rents.				

This program is funded with an enterprise fund, which is a type of proprietary fund. As such, the legislature does not appropriate the funds or approve the rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the fund.

HUD Section 8 – Fund 06037 (Mod Rehab HAP), 06054 (Section 8 HAP), 06075 (Tenant Based), 06085 (Mod Rehab)

The Tenant Based Section 8 Program provides rent assisted units for very low-income families (including elderly and disabled) to ensure they have decent, safe, and sanitary housing, using the HUD Section 8 Housing Choice Vouchers and Moderate Rehabilitation Programs. The programs operate on a first come, first serve basis statewide, through a network of field agencies the department contracts with for administration of local operations in the program. Leases are entered on the open rental market between tenants and private landlords. The program makes a subsidy payment to the property owner on behalf of the tenant. Payments are based on applicable unit rent limits, and tenants generally pay 30.0% of their income towards rent and utilities.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
06037	Sect 8 Mod Rehab HAP	65010	Dept. of Commerce	Housing MT - TB Section 8
06054	Section 8 HAP			
06075	Section 8 Vouchers			
06085	Section 8 Mod Rehab			

	Actual FY 22	Estimated FY 23	Reviewed FY 24	Reviewed FY 25
Operating Revenues				
Fees and Charges				
Charges For Services				
BOI Investment Earnings Class	11,329	18,707	19,362	20,040
Federal	24,399,644	26,253,631	29,637,508	32,052,321
Total Operating Revenues	24,410,973	26,272,338	29,656,870	32,072,361
Expenses				
Personal Services	820,616	918,668	878,218	882,133
Other Operating Expense	2,093,348	2,616,200	2,912,403	3,014,504
Benefits & Claims	21,138,425	25,869,929	26,775,376	27,712,514
Debt Service	14,307	201,600	201,600	201,600
Equipment & Intangible Assets		156,000	156,000	156,000
Total Operating Expense	24,066,696	29,762,397	30,923,597	31,966,751
Operating Income (Loss)	344,277	(3,490,059)	(1,266,727)	105,610
Income (Loss) Before Contributions and Transfers	344,277	(3,490,059)	(1,266,727)	105,610
Change in Net Position	344,277	(3,490,059)	(1,266,727)	105,610
Beginning Net Position - July 1	5,686,886	5,992,177	2,502,118	1,235,391
Prior Period Adjustments	(38,986)			
Change in Net Position	344,277	(3,490,059)	(1,266,727)	105,610
Ending Net Position - June 30	5,992,177	2,502,118	1,235,391	1,341,001
Net Position (Fund Balance) Analysis				
Restricted Net Position (Enterprise Funds Only)	5,992,177	2,502,118	1,235,391	1,341,001
Unrestricted Net Position	-	-	-	-

Expenditures

The increases in expenditures are primarily in operating expenses and benefits and claims. Operating expense increases are due to statewide present law adjustment for fixed costs and inflation. Benefits and claims are based on the U.S. Department of HUD fair market rents. This traditionally increases each year.

Revenues

The Tenant Based Section 8 Program is supported by an enterprise fund with revenues derived from performance-based Annual Contribution Contracts with HUD. Revenues for the Tenant Based Section 8 Program are generated per unit for each rental unit under lease each month.

Proprietary Rates

Fund revenues are derived from competitively awarded, performance-based Annual Contribution Contracts with HUD. The program is completely self-supporting. The department is the only statewide housing authority in Montana and specifically budgeted for in HUD’s ongoing appropriation for Tenant Based Section 8.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Actual FY 22	Estimated FY 23	Reviewed FY 24	Reviewed FY 25
Fee Description:				
Administration Contract	\$91.90	\$95.12	\$98.45	\$101.90
Base fee rate paid by HUD = \$91.90 (before proration) per unit per month under lease, which is HUD's column B rate for units beyond the first 600 Housing Choice Vouchers (or 7,200-unit months per year) for the majority of leases. Mod Rehab earned fee rate is \$98.46 per lease per month (HUD's column A rate, no proration). Estimate increases of 3.5% per year for FY 2023, FY 2024, and FY 2025.				
Rents Contract	100.00%	100.00%	100.00%	100.00%
Amounts for rentals are based on 100% of contracted amounts per unit each month, less tenant share of rents.				

This program is funded with an enterprise fund, which is a type of proprietary fund. As such, the legislature does not appropriate the funds or approve the rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the fund.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	9,698,118	9,555,426	(142,692)	(1.47)%
Operating Expenses	7,512,580	6,853,734	(658,846)	(8.77)%
Debt Service	3,706	1,112	(2,594)	(69.99)%
Total Expenditures	\$17,214,404	\$16,410,272	(\$804,132)	(4.67)%
Proprietary Funds	17,214,404	16,410,272	(804,132)	(4.67)%
Total Funds	\$17,214,404	\$16,410,272	(\$804,132)	(4.67)%

Program Description

Article VIII, Section 13 of the Montana Constitution created the Unified Investment Program, which includes all state agency funds. The Board of Investments (the “Board”), by law, invests the Unified Investment Program. Local governments may also invest with the Board. Today, the Board manages approximately \$24.9 billion for all state agencies, universities, school districts, and other local governments. To facilitate management of the Unified Investment Program, a combination of investment pools and separate accounts are used to meet the financial goals and expectations of the entities which entrust these funds to the Board. Investments not managed in pools are included in All Other Funds-Direct Holdings.

<u>Name of Pool</u>	<u>Eligible Participants</u>
1. Consolidated Asset Pension Pool	Retirement systems funds only
2. Trust Funds Investment Pool	Various state trust funds
3. Short Term Investment Pool	Eligible local & state agencies
4. All Other Funds–Direct Holdings	Non-pool state agency investments

The Board issues a “consolidated” financial statement for the investment pools and All Other Funds -Direct Holdings that provides a comprehensive view of total pool and All Other Funds-Direct Holdings’ assets.

In addition to the Board’s investment responsibilities, it is charged with creating solutions to financial issues facing new and expanding businesses in the State of Montana. To accomplish this goal, the Board administers several different loan programs that can be specifically tailored to meet an individual business’ or local government’s needs. The In-State Investment Program consists of commercial loans funded by the Coal Tax Trust, low interest loans for first time home buying Montana Veterans, and loans for the development and preservation of homes and apartments to assist eligible low- and moderate-income applicants.

The Board also issues bonds and lends the proceeds to Montana state agencies, universities, and local governments for various projects.

The Board of Investments is funded with both enterprise and internal service type proprietary funds, and no direct appropriations are provided in HB 2.

The Boards of Investments’ responsibilities are mandated primarily in Article VIII, Section 13 of the Montana Constitution, Title 2, Chapter 15, and Title 17, Chapters 5 and 6, MCA.

Program Highlights

Board of Investment Major Budget Highlights
<ul style="list-style-type: none"> • The legislature adopted a decrease to the Board of Investment’s 2025 biennium budget of approximately \$804,000 or 4.7% less than the 2023 biennium budget • This decrease is primarily due to the 2023 biennium budget being greater as the Board issued dividend payments • Other decreases are due to statewide present law adjustments for personal services

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	33.00	33.00	33.00	33.00
Personal Services	4,477,772	4,646,804	5,051,314	4,766,023	4,789,403
Operating Expenses	4,201,627	4,306,622	3,205,958	3,470,143	3,383,591
Debt Service	0	3,150	556	556	556
Total Expenditures	\$8,679,399	\$8,956,576	\$8,257,828	\$8,236,722	\$8,173,550
Proprietary Funds	8,679,399	8,956,576	8,257,828	8,236,722	8,173,550
Total Funds	\$8,679,399	\$8,956,576	\$8,257,828	\$8,236,722	\$8,173,550

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Commerce, 75-Board of Investments 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 %	
State Special Total	\$0	\$0	\$0	\$0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
06014 BOI Municipal Finance Programs	0	1,300,462	1,200,000	2,500,462	14.20 %	
06527 Investment Division	0	15,109,810	0	15,109,810	85.80 %	
Proprietary Total	\$0	\$16,410,272	\$1,200,000	\$17,610,272	100.00 %	
Total All Funds	\$0	\$16,410,272	\$1,200,000	\$17,610,272		

Statutory Authority

Section 17-7-502, MCA provides funding to the Board of Investments related to the debt services for the INTERCAP Program. Statutory authority provides funding for legal and marketing fees related to these debt services.

Non-Budgeted Proprietary Fund

The majority of the Board of Investments funding comes from non-budgeted proprietary funding. These funds are discussed in the Proprietary Rates section of this narrative.

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 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	
2023 Base Budget	0	0	0	0.00 %	8,257,828	8,257,828	16,515,656	100.64 %	
SWPL Adjustments	0	0	0	0.00 %	(52,043)	(125,561)	(177,604)	(1.08)%	
PL Adjustments	0	0	0	0.00 %	30,306	40,652	70,958	0.43 %	
New Proposals	0	0	0	0.00 %	631	631	1,262	0.01 %	
Total Budget	\$0	\$0	\$0		\$8,236,722	\$8,173,550	\$16,410,272		

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 2024-----					-----Fiscal 2025-----				
	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	(285,291)	0.00	0	0	0	(261,911)
DP 2 - Fixed Costs	0.00	0	0	0	119,376	0.00	0	0	0	(12,214)
DP 3 - Inflation Deflation	0.00	0	0	0	113,872	0.00	0	0	0	148,564
DP 20 - SABHRS Rate Adjustment	0.00	0	0	0	1,274	0.00	0	0	0	901
DP 30 - Motor Pool Rate Adjustment	0.00	0	0	0	(62)	0.00	0	0	0	(58)
DP 222 - RMTD Adjustment	0.00	0	0	0	77,419	0.00	0	0	0	77,419
DP 223 - RMTD Adjustment (OTO)	0.00	0	0	0	(77,419)	0.00	0	0	0	(77,419)
DP 7502 - BOI ADMINISTRATIVE COSTS ADJUSTMENTS	0.00	0	0	0	29,094	0.00	0	0	0	39,809
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	(\$21,737)	0.00	\$0	\$0	\$0	(\$84,909)

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

DP 2 - Fixed Costs -

The legislature reviewed adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

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: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature reviewed an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature reviewed a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature reviewed an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature reviewed an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 7502 - BOI ADMINISTRATIVE COSTS ADJUSTMENTS -

The legislature reviewed adjustments to ongoing appropriations for increases in non-state building rent per the terms of the lease agreement, as well as a decrease in the indirect costs paid to Director's Office for support services provided to supported divisions, bureaus, and programs.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	0	0	0	631	0.00	0	0	0	631
Total	0.00	\$0	\$0	\$0	\$631	0.00	\$0	\$0	\$0	\$631

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

DP 99 - New Fixed Costs -

The legislature reviewed appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature reviewed appropriations of \$704 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

Other Issues

Proprietary Rates

The Board of Investments has two programs funded by proprietary funds, which include:

- The Industrial Revenue Bond, which funds the Intermediate Term Capital (INTERCAP) Program
- The Investment Division Program, which funds the investment programs

The Board of Investments' customers include state agencies, the university system, local governments, financial institutions, and local economic development organizations.

Industrial Revenue Bond 1-95 – 06014

Proprietary Program Description

The Industrial Revenue Bond proprietary fund is used to fund the INTERCAP Program, an enterprise fund. The INTERCAP program only loans funds to eligible governmental units as defined under 17-5-1604, MCA. The Board sells bonds and lends the proceeds to eligible governments for various projects. Loan terms range from 1 to 15 years. Short-term loans to finance cash flow deficits or bridge financing are also available.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name				
06014	BOI Municipal Finance Programs	65010	Dept. of Commerce	Board of Investments				
					Actual	Estimated	Reviewed	Reviewed
					FY 22	FY 23	FY 24	FY 25
Operating Revenues								
Fees and Charges								
	BOI Investment Earnings Class				1,136,430	1,200,000	1,211,901	1,211,901
	Grants/Transfers/Misc.				-	-		
	Total Operating Revenues				1,136,430	1,200,000	1,211,901	1,211,901
Expenses								
	Personal Services				382,250	440,715	431,859	434,503
	Operating Expense				91,374	202,104	228,702	206,896
	Debt Service				-	556	556	556
	Total Operating Expense				473,624	643,375	661,117	641,955
	Operating Income (Loss)				662,806	556,625	550,784	569,946
Nonoperating Revenues								
	Other Revenue A							
	Other Revenue B							
Nonoperating Expenses								
	Debt Service (Bonds)				(478,899)	(2,080,451)	(600,000)	(600,000)
	Other Expense B							
	Total Nonoperating Revenues (Expenses)				(478,899)	(2,080,451)	(600,000)	(600,000)
	Change in Net Position				183,907	(1,523,826)	(49,216)	(30,054)
	Beginning Net Position - July 1				5,290,933	5,475,158	3,951,332	3,902,116
	Prior Period Adjustments				318			
	Change in Net Position				183,907	(1,523,826)	(49,216)	(30,054)
	Ending Net Position - June 30				5,475,158	3,951,332	3,902,116	3,872,062

Expenses

The decrease in personal services is due to employee turnover and hiring new employees at lower wages. Increases in operating expenses are due to statewide present law adjustments for fixed costs and inflation, as well as increased administrative costs for non-state building rent.

Revenues

Nearly all bond program revenues are generated by the difference between interest rates on bonds sold and the interest rate charged on loans to borrowers. Since these revenues are only received from the trustee on an annual basis, a 270-day fund balance is required to provide adequate funding for the bond program between draws. Remaining revenues are received monthly from the board's contract with the Montana Facility Finance Authority.

Proprietary Rates

The Board of Investments recovers its costs from the entities that use its services. Typically, this has been done by requesting a maximum level of expenditures and setting a fee at that level. Fees reviewed for the INTERCAP Program are shown below.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Actual FY 22	Estimated FY 23	Reviewed FY 24	Reviewed FY 25
Fee Description:				
Fees & Investment Revenues	\$ 1,136,429	\$ 1,200,000	\$ 1,211,901	\$ 1,211,901

This program is funded with an enterprise fund, which is a type of proprietary fund. As such, the legislature does not appropriate the funds or approve the rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the fund.

Investment Division – 06527

Proprietary Program Description

The Investment Division proprietary fund is an internal service fund that funds the Investment Program. The Board of Investment's customers include state agencies, the university system, local governments, financial institutions, and local economic development organizations.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Agency Name	Program Name		
06527	Investment Division	65010	Dept of Commerce	Board of Investments		
			Actual FY 22	Estimated FY 23	Reviewed FY 24	Reviewed FY 25
Operating Revenues						
Fees and Charges						
Charges For Services			7,471,210	7,695,543	7,826,543	7,826,543
Total Operating Revenues			7,471,210	7,695,543	7,826,543	7,826,543
Expenses						
Personal Services			4,234,775	4,691,689	4,334,164	4,354,900
Operating Expense			4,113,300	3,003,854	3,240,229	3,175,852
Debt Service						
Total Operating Expense			8,348,075	7,695,543	7,574,393	7,530,752
Operating Income (Loss)			(876,865)	-	252,150	295,791
Change in Net Position			(876,865)	-	252,150	295,791
Beginning Net Position - July 1			1,245,259	368,828	368,828	620,978
Prior Period Adjustments			434			
Change in Net Position			(876,865)	-	252,150	295,791
Ending Net Position - June 30			368,828	368,828	620,978	916,769

Expenses

The decreased expenditures are primarily due to reductions in statewide present law adjustments for personal services due to employee turnover and hiring new positions at lower wage rates. Increases in operating expenses are due to statewide present law adjustments for fixed costs and inflation, as well as increased administrative costs for non-state building rent.

Revenues

Nearly all Investment Program revenues are generated from charges to each account that the board invests. The revenue objective of the Investment Program is to fairly assess the costs of operations while maintaining a 60-day working capital reserve.

Proprietary Rates

The Board of Investments recovers its costs from the entities that use its services. Typically, this has been done by requesting a maximum level of expenditures and setting the fee at that level.

Proprietary Rates

The Board of Investments recovers its costs from the entities that use its services. Typically, this has been done by requesting a maximum level of expenditures and setting the fee at that level.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Actual FY 22	Estimated FY 23	Reviewed FY 24	Reviewed FY 25
BOI Administrative Fee Rate	\$7,471,401	\$7,695,543	\$7,826,543	\$7,826,543

This program is funded with an internal service fund, which is a type proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	39,265	36,967	(2,298)	(5.85)%
Operating Expenses	363,196	870,791	507,595	139.76 %
Total Expenditures	\$402,461	\$907,758	\$505,297	125.55 %
General Fund	0	500,000	500,000	0.00 %
State/Other Special Rev. Funds	402,461	407,758	5,297	1.32 %
Total Funds	\$402,461	\$907,758	\$505,297	125.55 %
Total Ongoing	\$402,461	\$907,758	\$505,297	125.55 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Description

The Montana Board of Horse Racing originated in 1965 through the legislative process. The stated purpose is to regulate and monitor horse racing in the State of Montana. Over the course of 57 years their role has been modified and grown. The Board continues to regulate and monitor but it now also offers support and guidance.

The Board of Horse Racing is appropriated through HB 2 and statutory appropriations, and funded by revenue derived from licenses and fees, as well as the collection of a percentage of wagering on live and remote racing events.

The program work is mandated in Title 2, Chapter 15, and Title 23, Chapter 4, MCA.

Program Highlights

Montana Board of Horse Racing Major Budget Highlights
<ul style="list-style-type: none"> • The legislature adopted an increase to the Montana Board of Horse Racing’s 2025 biennium budget of approximately \$505,000 or 125.6% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> ◦ Increases in statewide present law adjustments for personal services, fixed costs, and inflation/ deflation ◦ A reduction in personal services to account for the executive secretary position that is contracted out ◦ A \$500,000 biennial general fund increase for the 2025 biennium

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison						
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025	
FTE	0.00	1.25	1.25	1.25	1.25	
Personal Services	22,293	19,131	20,134	18,449	18,518	
Operating Expenses	118,786	181,602	181,594	435,320	435,471	
Total Expenditures	\$141,079	\$200,733	\$201,728	\$453,769	\$453,989	
General Fund	0	0	0	250,000	250,000	
State/Other Special Rev. Funds	141,079	200,733	201,728	203,769	203,989	
Total Funds	\$141,079	\$200,733	\$201,728	\$453,769	\$453,989	
Total Ongoing	\$141,079	\$200,733	\$201,728	\$453,769	\$453,989	
Total OTO	\$0	\$0	\$0	\$0	\$0	

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Commerce, 78-Board of Horse Racing Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	500,000	0	0	500,000	29.80 %	
02029 BOHR Operation Fund	407,758	0	770,000	1,177,758	100.00 %	
State Special Total	\$407,758	\$0	\$770,000	\$1,177,758	70.20 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$907,758	\$0	\$770,000	\$1,677,758		

The Board of Horse Racing is responsible for regulating, ensuring compliance, licensing, and auditing all horse racing in the State of Montana. The board is funded with state special revenue from a 1.0% tax on gross receipts from pari-mutuel betting (for simulcast facilities, the tax is greater than 1.0%). Statutory authority is for live race purses. The legislature also adopted \$500,000 general fund for the 2025 biennium.

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 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	201,728	201,728	403,456	44.45 %
SWPL Adjustments	0	0	0	0.00 %	90,157	90,885	181,042	19.94 %
PL Adjustments	0	0	0	0.00 %	(86,300)	(86,574)	(172,874)	(19.04)%
New Proposals	250,000	250,000	500,000	100.00 %	248,184	247,950	496,134	54.65 %
Total Budget	\$250,000	\$250,000	\$500,000		\$453,769	\$453,989	\$907,758	

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 2024-----					-----Fiscal 2025-----				
	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	85,363	0	85,363	0.00	0	85,720	0	85,720
DP 2 - Fixed Costs	0.00	0	1,940	0	1,940	0.00	0	1,408	0	1,408
DP 3 - Inflation Deflation	0.00	0	2,854	0	2,854	0.00	0	3,757	0	3,757
DP 7801 - BOHR ADMINISTRATIVE COSTS ADJUSTMENTS	0.00	0	(86,300)	0	(86,300)	0.00	0	(86,574)	0	(86,574)
Grand Total All Present Law Adjustments	0.00	\$0	\$3,857	\$0	\$3,857	0.00	\$0	\$4,311	\$0	\$4,311

**"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 adopted 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 provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

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: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 7801 - BOHR ADMINISTRATIVE COSTS ADJUSTMENTS -

The legislature adopted a reduction for the Board of Horse Racing's 2025 biennium personal services budget to current estimates for the 2025 biennium. The Board of Horse Racing currently is contracting for its executive secretary, which is funded through an operating expense category. This change package removes the 2025 biennium personal services funding for the position without removing the board's executive secretary position.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 333 - Adjustment to Inflation	0.00	0	(724)	0	(724)	0.00	0	(954)	0	(954)
DP 555 - Additional Vacancy Savings	0.00	0	(1,092)	0	(1,092)	0.00	0	(1,096)	0	(1,096)
DP 7802 - Board of Horseracing Funding (BIEN)	0.00	250,000	0	0	250,000	0.00	250,000	0	0	250,000
Total	0.00	\$250,000	(\$1,816)	\$0	\$248,184	0.00	\$250,000	(\$2,050)	\$0	\$247,950

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

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 7802 - Board of Horseracing Funding (BIEN) -

The legislature adopted a biennial general fund increase for the Board of Horse Racing.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	939,941	1,246,780	306,839	32.64 %
Operating Expenses	2,700,000	2,756,384	56,384	2.09 %
Equipment & Intangible Assets	400,000	300,000	(100,000)	(25.00)%
Capital Outlay	500,000	600,000	100,000	20.00 %
Total Expenditures	\$4,539,941	\$4,903,164	\$363,223	8.00 %
State/Other Special Rev. Funds	4,539,941	4,903,164	363,223	8.00 %
Total Funds	\$4,539,941	\$4,903,164	\$363,223	8.00 %
Total Ongoing	\$4,539,941	\$5,033,298	\$493,357	10.87 %
Total OTO	\$0	(\$130,134)	(\$130,134)	100.00 %

Program Description

In 1997, the 55th Montana Legislature established the Montana Heritage Preservation and Development Commission (MHC) to acquire and manage historic properties for the State of Montana. This legislation approved the purchase of Virginia and Nevada City which comprised 248 buildings and 1.2 million Americana artifacts residing on 260 acres. These large historic town sites were the first properties managed by the MHC.

Since 1997, the Montana Board of Land Commissioners approved two additional acquisitions of historic Reeder's Alley and the Pioneer Cabin in Helena. Reeder's Alley was received through a private donation on November 19, 2001. The Pioneer Cabin at the front of Reeder's Alley was received from a private donation on June 19, 2006.

The Montana Legislature authorizes MHC to care for heritage resources "in a manner that protects the properties and encourages economic independence" (MCA 22-3-1001). Our statutory purpose is to acquire and manage, on behalf of the state, properties that possess outstanding historical value, display exceptional qualities worth preserving, and are genuinely representative of the state's culture and history. MHC has worked to expand the economic and revenue generating uses for our state buildings. MHC is responsible for the management and economic use of these historic properties including building improvements, structural stabilization, site maintenance, artifact conservation, and protection of diverse historic features. MHC serves as a resource for the public and professionals interested in learning more about Montana history, historic building preservation, and archaeology, conservation of artifacts, education, living history, and historic site management.

Program Highlights

Montana Heritage Commission Major Budget Highlights
<ul style="list-style-type: none"> • The legislature approved an increase to the Montana Heritage Commission’s 2025 biennium budget of approximately \$363,000 or 8.0% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> ◦ Increases in statewide present law adjustments for personal services and inflation/deflation ◦ Decreases in statewide present law adjustments for fixed costs ◦ State special revenue increases for administrative costs provided by the Director’s Office and for new fixed costs related to the new Chief Data Office in the Department of Administration

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	8.00	8.00	8.00	8.00
Personal Services	530,078	469,941	470,000	621,717	625,063
Operating Expenses	1,444,402	1,350,000	1,350,000	1,374,806	1,381,578
Equipment & Intangible Assets	130,000	250,000	150,000	150,000	150,000
Capital Outlay	69,500	200,000	300,000	300,000	300,000
Total Expenditures	\$2,173,980	\$2,269,941	\$2,270,000	\$2,446,523	\$2,456,641
State/Other Special Rev. Funds	2,173,980	2,269,941	2,270,000	2,446,523	2,456,641
Total Funds	\$2,173,980	\$2,269,941	\$2,270,000	\$2,446,523	\$2,456,641
Total Ongoing	\$2,173,980	\$2,269,941	\$2,270,000	\$2,511,590	\$2,521,708
Total OTO	\$0	\$0	\$0	(\$65,067)	(\$65,067)

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Commerce, 80-Montana Heritage Commission 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 %	
02102 Montana Heritage Commission	4,903,164	0	0	4,903,164	100.00 %	
State Special Total	\$4,903,164	\$0	\$0	\$4,903,164	100.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$4,903,164	\$0	\$0	\$4,903,164		

HB 2 Authority

State Special Revenue

The Montana Heritage Commission has been entirely funded with HB 2 state special revenue since the 2021 Legislative Session. Funding comes from revenues from Virginia City, Nevada City, and Reeder’s Alley, as well as light vehicle registrations. The Commission also receives \$1.0 million each fiscal year from the lodging facility use tax.

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 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	2,270,000	2,270,000	4,540,000	92.59 %
SWPL Adjustments	0	0	0	0.00 %	189,749	205,236	394,985	8.06 %
PL Adjustments	0	0	0	0.00 %	15,251	15,221	30,472	0.62 %
New Proposals	0	0	0	0.00 %	(28,477)	(33,816)	(62,293)	(1.27)%
Total Budget	\$0	\$0	\$0		\$2,446,523	\$2,456,641	\$4,903,164	

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 2024-----				-----Fiscal 2025-----					
	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	158,170	0	158,170	0.00	0	161,551	0	161,551
DP 2 - Fixed Costs	0.00	0	(41,883)	0	(41,883)	0.00	0	(46,027)	0	(46,027)
DP 3 - Inflation Deflation	0.00	0	73,462	0	73,462	0.00	0	89,712	0	89,712
DP 20 - SABHRS Rate Adjustment	0.00	0	103	0	103	0.00	0	73	0	73
DP 222 - RMTD Adjustment	0.00	0	65,067	0	65,067	0.00	0	65,067	0	65,067
DP 223 - RMTD Adjustment (OTO)	0.00	0	(65,067)	0	(65,067)	0.00	0	(65,067)	0	(65,067)
DP 8003 - MHC ADMINISTRATIVE COSTS ADJUSTMENTS	0.00	0	15,148	0	15,148	0.00	0	15,148	0	15,148
Grand Total All Present Law Adjustments	0.00	\$0	\$205,000	\$0	\$205,000	0.00	\$0	\$220,457	\$0	\$220,457

**"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 adopted 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 provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

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: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 8003 - MHC ADMINISTRATIVE COSTS ADJUSTMENTS -

The legislature adopted administrative adjustments for indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	0	79	0	79	0.00	0	79	0	79
DP 333 - Adjustment to Inflation	0.00	0	(22,103)	0	(22,103)	0.00	0	(27,407)	0	(27,407)
DP 555 - Additional Vacancy Savings	0.00	0	(6,453)	0	(6,453)	0.00	0	(6,488)	0	(6,488)
Total	0.00	\$0	(\$28,477)	\$0	(\$28,477)	0.00	\$0	(\$33,816)	\$0	(\$33,816)

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

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$88 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	966,040	866,887	(99,153)	(10.26)%
Operating Expenses	410,580	539,644	129,064	31.43 %
Grants	1,200,000	1,200,000	0	0.00 %
Debt Service	130,034	130,034	0	0.00 %
Total Expenditures	\$2,706,654	\$2,736,565	\$29,911	1.11 %
General Fund	1,488,704	1,449,743	(38,961)	(2.62)%
State/Other Special Rev. Funds	17,950	67,460	49,510	275.82 %
Federal Spec. Rev. Funds	1,200,000	1,219,362	19,362	1.61 %
Total Funds	\$2,706,654	\$2,736,565	\$29,911	1.11 %
Total Ongoing	\$2,706,654	\$2,744,957	\$38,303	1.42 %
Total OTO	\$0	(\$8,392)	(\$8,392)	100.00 %

Program Description

Director's Office:

The Director's Office at the Montana Department of Commerce leads the Department's mission of economic and community development of the state and provides effective and efficient customer service to the Department's programs and professionals. Services are provided by the Offices of Accounting and Budget, Legal Affairs, Human Resources, Information Technology, and Research.

The Director's Office builds relationships with private businesses, local governments, administratively attached boards, public, private, non-profit interest groups, the Legislature, Indian tribes, individuals, other governmental agencies, the U.S. Census Bureau, the Governor's Office, and other key stakeholders.

In addition, the Director's Office provides critical central services to the agency and administratively attached boards and commissions; as, every division, bureau, and program in the agency uses the services in the Director's Office in some capacity.

The Director's Office responsibilities are mandated primarily in Title 2, Chapter 15 and Title 90, Chapter 1, MCA.

Montana Council on Developmental Disabilities (MCDD):

The Montana Council on Developmental Disabilities is a citizen-based advocacy group administratively attached to the Director's Office. Its members, appointed by the Governor, work to provide increased independence, integration, and productivity for persons with developmental disabilities.

The Council administers federal funds in three major areas; 1) assistance in the provision of comprehensive services to persons with developmental disabilities; 2) assistance to the state in appropriate planning activities; and 3) contracting with public and private agencies to establish model programs, demonstrate innovative habilitation techniques and to train professional and paraprofessional personnel in providing services to persons with developmental disabilities.

MCDD responsibilities are mandated primarily in Title 53, Chapter 20, MCA.

Program Highlights

Director's Office Major Budget Highlights
<ul style="list-style-type: none"> • The legislature adopted an increase to the Director's Office 2025 biennium budget of approximately \$30,000 or 1.1% compared to the 2023 biennium budget. Changes include: <ul style="list-style-type: none"> ◦ Statewide present law increases for fixed costs and inflation ◦ A decrease in statewide present law adjustments for personal services ◦ General fund increases for increased administrative costs and New fixed costs related to the Chief Data Office in the Department of Administration ◦ A 0.50 FTE reduction

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	4.85	4.85	4.35	4.35
Personal Services	484,284	482,710	483,330	431,874	435,013
Operating Expenses	174,297	212,785	197,795	264,465	275,179
Grants	512,577	600,000	600,000	600,000	600,000
Debt Service	64,033	65,017	65,017	65,017	65,017
Total Expenditures	\$1,235,191	\$1,360,512	\$1,346,142	\$1,361,356	\$1,375,209
General Fund	722,614	751,537	737,167	721,770	727,973
State/Other Special Rev. Funds	0	8,975	8,975	31,078	36,382
Federal Spec. Rev. Funds	512,577	600,000	600,000	608,508	610,854
Total Funds	\$1,235,191	\$1,360,512	\$1,346,142	\$1,361,356	\$1,375,209
Total Ongoing	\$1,235,191	\$1,360,512	\$1,346,142	\$1,365,552	\$1,379,405
Total OTO	\$0	\$0	\$0	(\$4,196)	(\$4,196)

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Commerce, 81-Directors Office Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	1,449,743	0	0	1,449,743	17.94 %	
02102 Montana Heritage Commission	49,510	0	0	49,510	73.39 %	
02324 Montana Community Reinvestment	17,950	0	0	17,950	26.61 %	
State Special Total	\$67,460	\$0	\$0	\$67,460	0.83 %	
03441 MCDD	1,200,000	0	0	1,200,000	98.41 %	
03585 HTF	19,362	0	0	19,362	1.59 %	
Federal Special Total	\$1,219,362	\$0	\$0	\$1,219,362	15.09 %	
06542 Commerce Centralized Services	0	5,344,256	0	5,344,256	100.00 %	
Proprietary Total	\$0	\$5,344,256	\$0	\$5,344,256	66.14 %	
Total All Funds	\$2,736,565	\$5,344,256	\$0	\$8,080,821		

General Fund

During the 2023 biennium, the Department of Commerce underwent a reorganization which transferred the Bureau of Research and Information to the Director’s Office. This transferred 4.85 FTE and associated general fund authority.

State Special Revenue

The reorganization also transferred authority for the census voting district project state special fund to the Director’s Office. This is a small amount of state special authority used as a holdover account for the state library grant.

Federal Special Revenue

The Montana Council on Developmental Disabilities is funded entirely with federal special revenues that pay for the contract for the nonprofit that carries out the responsibilities of the Developmental Disabilities Planning and Advisory Council.

Non-Budgeted Proprietary Funding

The Director’s Office is funded by an internal service type proprietary fund from indirect costs charged to programs in the Department of Commerce. This fund will be discussed in further detail in the Proprietary Rates section below.

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 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	737,167	737,167	1,474,334	101.70 %	1,346,142	1,346,142	2,692,284	98.38 %
SWPL Adjustments	693	4,211	4,904	0.34 %	693	4,211	4,904	0.18 %
PL Adjustments	7,447	7,899	15,346	1.06 %	7,447	7,899	15,346	0.56 %
New Proposals	(23,537)	(21,304)	(44,841)	(3.09)%	7,074	16,957	24,031	0.88 %
Total Budget	\$721,770	\$727,973	\$1,449,743		\$1,361,356	\$1,375,209	\$2,736,565	

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 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(10,145)	0	0	(10,145)	0.00	(6,465)	0	0	(6,465)
DP 2 - Fixed Costs	0.00	7,164	0	0	7,164	0.00	6,399	0	0	6,399
DP 3 - Inflation Deflation	0.00	3,674	0	0	3,674	0.00	4,277	0	0	4,277
DP 20 - SABHRS Rate Adjustment	0.00	132	0	0	132	0.00	78	0	0	78
DP 30 - Motor Pool Rate Adjustment	0.00	(33)	0	0	(33)	0.00	(31)	0	0	(31)
DP 222 - RMTD Adjustment	0.00	4,196	0	0	4,196	0.00	4,196	0	0	4,196
DP 223 - RMTD Adjustment (OTO)	0.00	(4,196)	0	0	(4,196)	0.00	(4,196)	0	0	(4,196)
DP 8106 - DO ADMINISTRATIVE COSTS ADJUSTMENTS	0.00	7,348	0	0	7,348	0.00	7,852	0	0	7,852
Grand Total All Present Law Adjustments	0.00	\$8,140	\$0	\$0	\$8,140	0.00	\$12,110	\$0	\$0	\$12,110

**"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 adopted 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 provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

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: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 8106 - DO ADMINISTRATIVE COSTS ADJUSTMENTS -

The legislature adopted adjustments for increased non-state building rent per the terms of the lease agreement, and indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs. Additional adjustments are included for software licenses, and vehicle maintenance. This change package reflects a 0.26% change to the internal service rate.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	Fiscal 2024					Fiscal 2025				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	237	0	0	237	0.00	237	0	0	237
DP 333 - Adjustment to Inflation	0.00	(2,294)	0	0	(2,294)	0.00	(2,896)	0	0	(2,896)
DP 555 - Additional Vacancy Savings	0.00	(4,539)	0	0	(4,539)	0.00	(4,445)	0	0	(4,445)
DP 3333 - Additional Adjustment to Inflation	0.00	19,831	22,103	8,508	50,442	0.00	23,207	27,407	10,854	61,468
DP 8107 - DO FTE Reduction	(0.50)	(36,772)	0	0	(36,772)	(0.50)	(37,407)	0	0	(37,407)
Total	(0.50)	(\$23,537)	\$22,103	\$8,508	\$7,074	(0.50)	(\$21,304)	\$27,407	\$10,854	\$16,957

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

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$616 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 3333 - Additional Adjustment to Inflation -

The legislature adopted an additional adjustment to inflation included in DP 3.

DP 8107 - DO FTE Reduction -

The legislature adopted an FTE reduction.

Other Issues

Proprietary Rates

Commerce Centralized Services – Fund 06542

Proprietary Program Description

The Director's Office provides overall leadership, communication, and management support to the Department of Commerce's staff, programs, bureaus, divisions, and administratively attached boards. The office provides executive, administrative, legal, and policy direction, along with offering problem-solving guidance. The office keeps abreast of department-related issues, and acts in a public relations and informational capacity. The office works closely with economic and community development organizations, businesses, communities, governmental entities, elected officials, and the public to diversify and expand the state's economic base. The office also acts as the liaison with private business, local governments, administratively attached boards, public and private interest groups, the legislature, Indian tribes, individuals, other governmental agencies, and the Governor's Office.

Services are provided by the Offices of Accounting and Budget, Legal Affairs, Human Resources, Information Technology, and Public Information.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds					
Fund	Fund Name	Agency #	Agency Name	Program Name	
06542	Commerce Centralized Services	65010	Dept. of Commerce	Director's Office	
		Actual	Estimated	Reviewed	Reviewed
		FY 22	FY 23	FY 24	FY 25
Operating Revenues					
Fees and Charges					
Charges For Services		1,981,566	2,234,291	2,160,978	2,172,476
Grants/Transfers/Misc.		656,314	388,076	372,131	373,729
Total Operating Revenues		2,637,880	2,622,367	2,533,109	2,546,205
Expenses					
Personal Services		1,971,828	2,152,831	2,230,389	2,240,174
Operating Expense		382,169	185,895	298,333	295,908
Debt Service		<u>32,174</u>	<u>139,728</u>	<u>139,728</u>	<u>139,728</u>
Total Operating Expenses		2,386,171	2,478,454	2,668,450	2,675,810
Operating Income (Loss)		251,709	143,913	(135,341)	(129,605)
Change in Net Position		251,709	143,913	(135,341)	(129,605)
Beginning Net Position - July 1		199,240	451,032	594,945	459,604
Prior Period Adjustments		83			
Change in Net Position		251,709	143,913	(135,341)	(129,605)
Ending Net Position - June 30		451,032	594,945	459,604	329,999

Expenses

Overall, the legislature reviewed a slight increase in personal services and operating expenses. These increases are primarily due to statewide present law adjustments for personal services and operating expenses.

Revenues

The Director's Office is funded by revenues from charges allocated to all divisions, bureaus, and programs supported by the division's indirect cost plan. Indirect costs are allocated to supported programs based upon federally calculated, and legislatively approved, indirect cost rates applied to actual personal services expenditures.

Proprietary Rates

Indirect costs for the Director’s Office are allocated to supported programs via a federally calculated indirect cost plan for federally funded programs and a legislatively approved rate for state funded programs. Indirect cost rates are charged to supported programs based upon actual personal services expenditures.

The Director’s Office calculates a federal indirect cost rate on an annual basis. This rate is a fixed rate for federally funded programs, which is applied against actual federally funded personal services expenditures within the department.

The federally calculated rate requires that a carry-forward amount be built into the rate. This carry-forward amount represents the amount the Director’s Office under-recovered or over-recovered in a given fiscal year. This computation compares what was originally calculated to what actually occurred. The difference is then carried forward into the following year’s rate.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Actual FY 22	Estimated FY 23	Adopted FY 24	Adopted FY 25
Fee Description:	14.78%	14.78%	13.47%	13.47%

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.