

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	97,771,361	103,834,541	6,063,180	6.20 %
Operating Expenses	32,292,172	37,480,451	5,188,279	16.07 %
Equipment & Intangible Assets	3,178,711	61,108	(3,117,603)	(98.08)%
Capital Outlay	55,691	0	(55,691)	(100.00)%
Transfers	3,000	3,000	0	0.00 %
Debt Service	2,292,756	2,325,272	32,516	1.42 %
Total Expenditures	\$135,593,691	\$143,704,372	\$8,110,681	5.98 %
General Fund	114,525,454	120,517,049	5,991,595	5.23 %
State/Other Special Rev. Funds	13,053,707	14,494,458	1,440,751	11.04 %
Federal Spec. Rev. Funds	559,664	1,004,462	444,798	79.48 %
Proprietary Funds	7,454,866	7,688,403	233,537	3.13 %
Total Funds	\$135,593,691	\$143,704,372	\$8,110,681	5.98 %
Total Ongoing	\$135,343,782	\$143,837,434	\$8,493,652	6.28 %
Total OTO	\$249,909	(\$133,062)	(\$382,971)	(153.24)%

Agency Description

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

Agency Highlights

Department of Revenue Major Budget Highlights
<ul style="list-style-type: none"> • The legislature adopted an increase to the Department of Revenue's 2025 biennium budget of approximately \$8.1 million or 6.0% compared to the 2023 biennium budget. Changes adopted by the legislature include: <ul style="list-style-type: none"> ◦ A state special revenue increase of \$1.1 million in FY 2024 and \$1.6 million in FY 2025 for a Cannabis Control Division contract increase related to the seed-to-sale industry information technology regulatory system ◦ A one-time-only appropriation of \$135,000 each fiscal year for anticipated overtime and termination payouts in personal services in the Alcoholic Beverage Control Division ◦ 1.25 FTE increase in the Alcoholic Beverage Control Division due to the increased workload ◦ 1.00 FTE increase in the Director's Office for a tax policy specialist ◦ 1.00 FTE increase in the Property Assessment Division for a permanent county assessor ◦ A transfer of 1.50 FTE from the Department of Public Health and Human Services and establishment of 0.50 FTE in the Cannabis Control Division ◦ 9.00 FTE in FY 2024 and 2.50 FTE in FY 2025 to implement other house and senate bills adopted by the legislature

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	661.17	661.17	675.42	668.92
Personal Services	47,205,094	47,307,960	50,463,401	52,030,484	51,804,057
Operating Expenses	16,091,622	16,602,252	15,689,920	18,660,121	18,820,330
Equipment & Intangible Assets	3,148,157	3,148,157	30,554	30,554	30,554
Capital Outlay	55,691	55,691	0	0	0
Transfers	0	1,500	1,500	1,500	1,500
Debt Service	1,129,809	1,130,120	1,162,636	1,162,636	1,162,636
Total Expenditures	\$67,630,373	\$68,245,680	\$67,348,011	\$71,885,295	\$71,819,077
General Fund	55,845,978	56,332,879	58,192,575	60,210,806	60,306,243
State/Other Special Rev. Funds	7,920,025	7,924,070	5,129,637	7,334,029	7,160,429
Federal Spec. Rev. Funds	279,826	279,825	279,839	502,175	502,287
Proprietary Funds	3,584,544	3,708,906	3,745,960	3,838,285	3,850,118
Total Funds	\$67,630,373	\$68,245,680	\$67,348,011	\$71,885,295	\$71,819,077
Total Ongoing	\$67,580,815	\$68,120,771	\$67,223,011	\$71,901,826	\$71,935,608
Total OTO	\$49,558	\$124,909	\$125,000	(\$16,531)	(\$116,531)

Summary of Legislative Action

The legislature adopted an increase to the Department of Revenue’s 2025 biennium appropriation of approximately \$9.0 million or 6.7% 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 \$3.3 million over the 2025 biennium
- An increase of \$2.8 million state special revenue in the 2025 biennium for the seed-to-sale industry IT regulatory system in the Cannabis Control Division
- An increase of approximately \$693,000 in FY 2024 to fund a total of 6.00 FTE and additional operating costs to implement HB 192
- An increase of approximately \$440,000 federal special revenue in the 2025 biennium for the Federal Royalty Audit Program in the Business and Income Taxes Division
- An increase of approximately \$423,000 state special revenue in the 2025 biennium to fund 2.00 FTE and additional operating costs to implement HB 948
- An increase of approximately \$406,000 state special revenue in the 2025 biennium to transfer 1.50 FTE from the Department of Public Health and Human Services and establish an additional 0.50 FTE in the Cannabis Control Division
- An increase of approximately \$221,000 proprietary funding in the 2025 biennium for 1.25 FTE in the Alcoholic Beverage Control Division due to increased workload
- An increase of approximately \$127,000 general fund in the 2025 biennium for 1.00 FTE in FY 2024 and 0.50 FTE in FY 2025 to implement HB 189
- A general fund increase of approximately \$44,000 in the 2025 biennium to fund 1.00 county assessor FTE in the Property Assessment Division

Funding

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

Total Department of Revenue Funding by Source of Authority 2025 Biennium Budget Request - Department of Revenue						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	120,817,224	(300,175)	0	321,722,451	442,239,500	69.84 %
State Special Total	14,494,847	(389)	0	167,187,332	181,681,790	28.69 %
Federal Special Total	1,005,794	(1,332)	0	0	1,004,462	0.16 %
Proprietary Total	7,519,569	168,834	591,786	0	8,280,189	1.31 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$143,837,434	(\$133,062)	\$591,786	\$488,909,783	\$633,205,941	
Percent - Total All Sources	22.72 %	(0.02)%	0.09 %	77.21 %		

HB 2 Authority

General Fund

The Department of Revenue is primarily funded with general fund.

State Special Revenue

State special revenue HB 2 authority supports:

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

Federal Special Revenue

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

Proprietary

Proprietary funds are 1.3% of total appropriation authority and support the operation of the Alcoholic Beverage Control Division and other divisions that support alcoholic beverage control functions or the staff of the Alcoholic Beverage Control Division.

Non-Budgeted Proprietary Funding

The Department of Revenue has one non-budgeted proprietary fund for the collection of delinquent accounts. This fund will be discussed in more detail at the program level.

Statutory Authority

The agency also includes two large general fund statutory appropriations. The Director’s Office manages a pass-through general fund appropriation for the state entitlement share and is responsible for the statutorily appropriated distributions of various tax revenues to local and tribal governments. These statutory appropriations are described in more detail at the program level.

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	58,192,575	58,192,575	116,385,150	96.57 %	67,223,011	67,223,011	134,446,022	93.56 %
SWPL Adjustments	2,459,942	2,741,095	5,201,037	4.32 %	2,390,582	2,715,406	5,105,988	3.55 %
PL Adjustments	142,582	173,994	316,576	0.26 %	1,617,333	2,139,333	3,756,666	2.61 %
New Proposals	(584,293)	(801,421)	(1,385,714)	(1.15)%	654,369	(258,673)	395,696	0.28 %
Total Budget	\$60,210,806	\$60,306,243	\$120,517,049		\$71,885,295	\$71,819,077	\$143,704,372	

Other Legislation

HB 840 – This bill revises the tobacco tax allocation for the operation and maintenance of the state veterans’ nursing homes. To implement this bill and comply with administrative and computer programming expenses \$100 from the general fund is appropriated for FY 2024.

HB 948 – Prohibits the manufacturing and sales of synthetic marijuana products. This bill also creates the Synthetic Marijuana Products Advisory Council in the Department of Revenue. For the 2025 biennium, \$2,500 state special revenue is appropriated for the administration of the advisory council and for additional reporting requirements.

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	661.17	669.72	675.42	5.70	669.72	668.92	(0.80)	(0.80)
Personal Services	50,463,401	52,146,896	52,030,484	(116,412)	52,345,125	51,804,057	(541,068)	(657,480)
Operating Expenses	15,689,920	18,654,599	18,660,121	5,522	19,205,123	18,820,330	(384,793)	(379,271)
Equipment & Intangible Assets	30,554	30,554	30,554	0	30,554	30,554	0	0
Capital Outlay	0	0	0	0	0	0	0	0
Local Assistance	0	0	0	0	0	0	0	0
Transfers	1,500	1,500	1,500	0	1,500	1,500	0	0
Debt Service	1,162,636	1,162,636	1,162,636	0	1,162,636	1,162,636	0	0
Total Costs	\$67,348,011	\$71,996,185	\$71,885,295	(\$110,890)	\$72,744,938	\$71,819,077	(\$925,861)	(\$1,036,751)
General Fund	58,192,575	61,017,761	60,210,806	(806,955)	61,234,930	60,306,243	(928,687)	(1,735,642)
State/other Special Rev. Funds	5,129,637	6,460,682	7,334,029	873,347	6,982,794	7,160,429	177,635	1,050,982
Federal Spec. Rev. Funds	279,839	501,688	502,175	487	501,848	502,287	439	926
Other	3,745,960	4,016,054	3,838,285	(177,769)	4,025,366	3,850,118	(175,248)	(353,017)
Total Funds	\$67,348,011	\$71,996,185	\$71,885,295	(\$110,890)	\$72,744,938	\$71,819,077	(\$925,861)	(\$1,036,751)
Total Ongoing	\$67,223,011	\$71,761,185	\$71,901,826	\$140,641	\$72,609,938	\$71,935,608	(\$674,330)	(\$533,689)
Total OTO	\$125,000	\$235,000	(\$16,531)	(\$251,531)	\$135,000	(\$116,531)	(\$251,531)	(\$503,062)

The legislature adopted ongoing appropriations that are \$534,000 less than the proposed appropriations for the 2025 biennium. Significant changes include:

- The legislature did not adopt DP 22, which would have established 1.30 FTE to fund information technology interns in the Technology Services Division
- Adoption of only 1.25 FTE out of the 2.25 FTE proposed for the Alcoholic Beverage Control Division
- The legislature did not adopt DP 18, which would have established 1.00 FTE and approximately \$90,000 in FY 2024 and \$87,000 in FY 2025 in the Business and Income Taxes Division
- The legislature adopted authority totaling \$1.2 million over the 2025 biennium to implement other house and senate bills that have been passed and approved
- The legislature adopted an additional 1.0% vacancy savings and a reduction to the statewide present law adjustment for inflation

Language and Statutory Authority

The legislature adopted the following language in HB 2:

"Alcoholic Beverage Control Division proprietary funds necessary to maintain adequate inventories, pay freight charges, and transfer profits and taxes to appropriate accounts are appropriated from the liquor enterprise fund to the department in the amounts not to exceed \$220 million in FY 2024 and \$220 million in FY 2025. These costs are used to maintain adequate inventories necessary to meet statutory requirements, pay freight charges, and transfer profits and taxes to appropriate accounts."

"The department is appropriated \$2 million in the general fund each year of the 2025 biennium for payments to local governing bodies to 15-1-402(6)(d). Local governments may request partial reimbursement of protested taxes from the general fund if the final assessed value of a centrally assessed or industrial property is reduced less than 75% of the initial assessed value after resolution of an appeal."

"The Director's Office, Technology Services Division, Alcoholic Beverage Control Division, Information Management and Collections Division, Business and Income Taxes Division, and Property Assessment Division 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."

"Pursuant to 16-12-111, the Cannabis Control Division is appropriated an amount not to exceed \$81.0 million in FY 2024 and \$91.1 million in FY 2025 for transfers of cannabis revenue to other state special revenue funds and the general fund."

"The Director's Office includes an increase in general fund of \$56,099 in FY 2024 and \$70,505 in FY 2025, state special revenue of \$7,726 in FY 2024 and \$8,633 in FY 2025, and proprietary funds of \$18,955 in FY 2024 and \$22,453 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 both HB 2 and HB 128 are passed and approved, then [section 30] of HB 128 is void."

"If HB 189 is passed and approved, the Department of Revenue is increased by \$77,132 general fund in FY 2024 and \$50,348 general fund in FY 2025, and the Department of Revenue may increase fulltime equivalent positions authorized in HB 2 by 1.00 FTE in FY 2024 and 0.50 FTE in FY 2025."

"If HB 192 is passed and approved, the Department of Revenue is increased by \$692,617 state special revenue in FY 2024, and the Department of Revenue may increase full-time equivalent positions authorized in HB 2 by 6.00 FTE in FY 2024."

"If HB 223 is passed and approved, the Department of Revenue is increased by \$75,354 general fund in FY 2024 and \$2,380 general fund in FY 2025, and the Department of Revenue may increase fulltime equivalent positions authorized in HB 2 by 1.00 FTE in FY 2024."

"If HB 828 is passed and approved, the Department of Revenue is increased by \$548,347 general fund in FY 2024 and \$96,793 general fund in FY 2025, and the Department of Revenue may increase fulltime equivalent positions authorized in HB 2 by 1.00 FTE in FY 2024 and 1.00 FTE in FY 2025."

"If HB 906 is passed and approved, the Department of Revenue is increased by \$2,164,196 general fund in FY 2024 and \$153,915 general fund in FY 2025, and the Department of Revenue may increase full-time equivalent positions authorized in HB 2 by 27.00 FTE in FY 2024 and 2.00 FTE in FY 2025."

"If HB 943 is passed and approved, the Department of Revenue is increased by \$67,384 general fund in FY 2024 and \$65,338 general fund in FY 2025, and the Department of Revenue may increase full-time equivalent positions authorized in HB 2 by 1.00 FTE in FY 2024 and 1.00 FTE in FY 2025."

"If HB 948 is passed and approved, the Department of Revenue is increased by \$213,139 state special revenue in FY 2024 and \$210,231 state special revenue in FY 2025, and the Department of Revenue may increase full-time equivalent positions authorized in HB 2 by 2.00 FTE in FY 2024 and 2.00 FTE in FY 2025."

"If SB 14 is passed and approved, the Department of Revenue is increased by \$405,328 general fund in FY 2024 and \$196,460 general fund in FY 2025, and the Department of Revenue may increase full-time equivalent positions authorized in HB 2 by 2.00 FTE in FY 2024 and 2.00 FTE in FY 2025."

"If SB 529 is passed and approved, the Department of Revenue is increased by \$93,347 general fund in FY 2024 and \$91,793 general fund in FY 2025, and the Department of Revenue may increase fulltime equivalent positions authorized in HB 2 by 1.00 FTE in FY 2024 and 1.00 FTE in FY 2025."

"If SB 555 is passed and approved, the Department of Revenue is increased by \$94,651 general fund in FY 2025, and the Department of Revenue may increase full-time equivalent positions authorized in HB 2 by 1.00 FTE in FY 2025."

"If SB 530 is passed and approved, the Department of Revenue is increased by \$6,000 general fund in FY 2024."

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	11,304,776	12,318,877	1,014,101	8.97 %
Operating Expenses	4,055,132	4,703,051	647,919	15.98 %
Transfers	3,000	3,000	0	0.00 %
Debt Service	10,413	20,826	10,413	100.00 %
Total Expenditures	\$15,373,321	\$17,045,754	\$1,672,433	10.88 %
General Fund	14,353,432	15,645,353	1,291,921	9.00 %
State/Other Special Rev. Funds	708,985	1,047,484	338,499	47.74 %
Proprietary Funds	310,904	352,917	42,013	13.51 %
Total Funds	\$15,373,321	\$17,045,754	\$1,672,433	10.88 %
Total Ongoing	\$15,373,321	\$17,086,222	\$1,712,901	11.14 %
Total OTO	\$0	(\$40,468)	(\$40,468)	100.00 %

Program Description

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

- The Financial Services Office manages the department’s centralized accounting, budgeting, and asset management functions
- The Citizen Outreach Office communicates with internal and external stakeholders and is responsible for media relations, digital communications, design and branding, public education and outreach, and training and employee development. In addition, this office oversees the department’s call center, e-Stop business licensing and unclaimed property distribution
- The Taxpayer Advocate works independently from the department’s divisions to ensure citizens have an impartial advocate to hear their concerns and questions
- The Executive Office provides administrative support services for the work units within the Director’s Office
- The Human Resources Office manages organization and workforce development, policy and practice interpretation, employee and labor relations, staffing, employment law, performance reviews, and compensation
- The Legal Services Office supervises the overall legal efforts of the department, including rules, policies, and bankruptcy
- The Office of Dispute Resolution independently hears and/or mediates cases between the department and taxpayers, liquor licensees, and other members of the public. The office provides an accessible, cost-effective means for taxpayers and licensees to appeal agency determinations or proposed department actions
- The Procurement, Contracts, and Facilities Office manages the planning, procurement, contract negotiation, creation, and execution, performance measurement, contract resolution and invoice verification for the department
- The Tax Policy and Research Office provides accurate and timely information for the Governor, the Legislature, and Montana citizens. This includes the compilation of basic tax data and the publication of the statutory Biennial Report

Program Highlights

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 \$1.7 million or 10.9% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> ◦ Increases in general fund to re-establish funding for SB 212 (2021 Legislative Session) ◦ A transfer of general fund between expenditure categories to establish 1.00 FTE to carry out tax policy implementation ◦ An increase in state special revenue for 1.00 FTE and operating costs to implement HB 948 ◦ An increase in state special revenue in FY 2024 for 1.00 FTE and operating costs to implement HB 192

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	64.19	64.19	67.19	66.19
Personal Services	5,519,786	5,527,637	5,777,139	6,172,130	6,146,747
Operating Expenses	1,487,317	1,802,546	2,252,586	2,449,748	2,253,303
Transfers	0	1,500	1,500	1,500	1,500
Debt Service	0	0	10,413	10,413	10,413
Total Expenditures	\$7,007,103	\$7,331,683	\$8,041,638	\$8,633,791	\$8,411,963
General Fund	6,499,077	6,823,607	7,529,825	7,899,177	7,746,176
State/Other Special Rev. Funds	352,574	352,624	356,361	559,900	487,584
Proprietary Funds	155,452	155,452	155,452	174,714	178,203
Total Funds	\$7,007,103	\$7,331,683	\$8,041,638	\$8,633,791	\$8,411,963
Total Ongoing	\$7,007,103	\$7,331,683	\$8,041,638	\$8,654,025	\$8,432,197
Total OTO	\$0	\$0	\$0	(\$20,234)	(\$20,234)

Funding

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

Department of Revenue, 01-Directors Office Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	15,645,353	0	321,722,451	337,367,804	66.70 %	
02008 Tobacco And Cig. Tribal Agree.	0	0	8,054,000	8,054,000	4.79 %	
02025 Unclaimed Property	292,697	0	0	292,697	0.17 %	
02083 Oil & Gas Local Assistance	0	0	18,200,000	18,200,000	10.83 %	
02088 SSR Administrative Funds	35,140	0	0	35,140	0.02 %	
02168 MT Oil Production Tax	0	0	135,469,000	135,469,000	80.61 %	
02169 Bentonite Production Tax	0	0	1,300,000	1,300,000	0.77 %	
02511 Oil and Gas Natural Resource	0	0	1,700,000	1,700,000	1.01 %	
02790 6901-Statewide Tobacco Sttlmnt	85,324	0	0	85,324	0.05 %	
02966 Tribal Agreement - Alcohol	0	0	1,984,000	1,984,000	1.18 %	
02442 Cannabis	561,597	0	0	561,597	0.33 %	
02011 Tribal Agreement-Cannabis	0	0	300,000	300,000	0.18 %	
02227 Income Tax Rebate Fund	72,726	0	0	72,726	0.04 %	
State Special Total	\$1,047,484	\$0	\$167,007,000	\$168,054,484	33.23 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
06005 Liquor Division	352,917	0	0	352,917	100.00 %	
Proprietary Total	\$352,917	\$0	\$0	\$352,917	0.07 %	
Total All Funds	\$17,045,754	\$0	\$488,729,451	\$505,775,205		

HB 2 Authority

General Fund

The majority of the Director's Office HB 2 authority comes from general fund. General fund supports staff salary and benefit expenditures as well as operational expenses.

State Special Revenue

State special revenue funds the unclaimed property fund, administrative funds, statewide tobacco settlement fund, and the cannabis fund. The unclaimed property fund supports the Department of Revenue's operations around unclaimed property, which the agency holds indefinitely for owners to claim. Further explanation for the unclaimed property fund is done in the Business and Income Taxes Division section of this document. The tobacco settlement fund supports the dedicated attorney who supports tobacco tax compliance activities. The cannabis fund was established during the 2021 Legislative Session and is used for attorney costs in the Director's Office.

Proprietary Funding

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

Statutory Funding

General Fund

Funding for the Director's Office also includes two general fund statutory appropriations. The largest of the statutory appropriations is a pass-through general fund appropriation for the state entitlement shares, as provided in 15-1-121, MCA. This distribution resulted from HB 124 in the 2001 Legislative Session, which reallocated revenue received by local governments, school districts, and some state special revenue accounts (from alcohol, vehicle, and gambling taxes as well as district court fees for local governments) to the general fund and replaced foregone revenue with permanent state entitlement grants to counties and cities. A second general fund statutory appropriation included in the Director's Office is a direct use by the department for out of state debt collection services as provided for in 15-1-218, MCA.

State Special Revenue

The Director's Office is responsible for the statutorily appropriated distributions of various tax revenues to local and tribal governments, including the following:

- Tribal alcohol and cigarette cooperative agreement (18-11-101 through 18-11-121, MCA) - The State of Montana has taxation agreements with tribal nations for alcohol and cigarette sales to prevent possibilities of dual taxation while promoting state, local and tribal economic development
- Oil and natural gas production tax (15-36-331 through 15-36-332, MCA) - All oil and natural gas producers are required to file an oil and natural gas production tax quarterly return where they will be taxed on the gross value of oil or natural gas sold. Local governments receive a portion of this revenue. Additionally, local governments distribute the revenue to various school retirement funds, countywide transportation funds, school districts, and community colleges
- Metal mines distribution (15-37-117, MCA) - Individuals who operate any mine or mining property are required to pay a license tax which is based on the gross value of production. A portion of this revenue is distributed semi-annually to local governments where the mine is located or a county that is experiencing fiscal impacts from the mine
- Bentonite production tax distribution (15-39-110, MCA) - All bentonite producers must file a bentonite production tax return every six months. Revenue is distributed semi-annually to local governments where the production occurred: Carter County and Carbon County

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	7,529,825	7,529,825	15,059,650	96.26 %	8,041,638	8,041,638	16,083,276	94.35 %
SWPL Adjustments	392,628	231,996	624,624	3.99 %	401,559	241,754	643,313	3.77 %
PL Adjustments	10,961	10,335	21,296	0.14 %	10,961	10,335	21,296	0.12 %
New Proposals	(34,237)	(25,980)	(60,217)	(0.38)%	179,633	118,236	297,869	1.75 %
Total Budget	\$7,899,177	\$7,746,176	\$15,645,353		\$8,633,791	\$8,411,963	\$17,045,754	

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	191,704	4,714	0	196,418	0.00	225,339	5,541	0	230,880
DP 2 - Fixed Costs	0.00	109,514	27	0	109,541	0.00	(96,107)	27	0	(96,080)
DP 3 - Inflation Deflation	0.00	91,410	3,721	0	95,600	0.00	102,764	3,721	0	106,954
DP 20 - SABHRS Rate Adjustment	0.00	(1,020)	0	0	(1,020)	0.00	(1,680)	0	0	(1,680)
DP 26 - SB212 Funding Reappraisal Information to Taxpayers (BIEN)	0.00	12,500	0	0	12,500	0.00	12,500	0	0	12,500
DP 30 - Motor Pool Rate Adjustment	0.00	(519)	0	0	(519)	0.00	(485)	0	0	(485)
DP 222 - RMTD Adjustment	0.00	20,229	5	0	20,234	0.00	20,240	(6)	0	20,234
DP 223 - RMTD Adjustment (OTO)	0.00	(20,229)	(5)	0	(20,234)	0.00	(20,240)	6	0	(20,234)
Grand Total All Present Law Adjustments	0.00	\$403,589	\$8,462	\$0	\$412,520	0.00	\$242,331	\$9,289	\$0	\$252,089

*"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 26 - SB212 Funding Reappraisal Information to Taxpayers (BIEN) -

The legislature approved to re-establish biennial general fund appropriation authority of \$25,000 for the 2025 biennium for the passage of SB 212 in the 2021 Legislative Session. SB 212 requires the department to publish reappraisal information to taxpayers. This funding will allow the agency to continue to meet this requirement.

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.

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 14 - Tax Policy Implementation FTE for DO	1.00	0	0	0	0	1.00	0	0	0	0
DP 99 - New Fixed Costs	0.00	2,971	0	0	2,971	0.00	2,971	0	0	2,971
DP 333 - Adjustment to Inflation	0.00	(31,632)	(1,288)	0	(33,082)	0.00	(37,430)	(1,355)	0	(38,956)
DP 555 - Additional Vacancy Savings	0.00	(61,675)	(1,517)	0	(63,192)	0.00	(62,026)	(1,525)	0	(63,551)
DP 1400 - HB 948	1.00	0	117,430	0	117,430	1.00	0	116,181	0	116,181
DP 1402 - HB 192	1.00	0	72,726	0	72,726	0.00	0	0	0	0
DP 3333 - Additional Adjustment to Inflation	0.00	56,099	7,726	0	82,780	0.00	70,505	8,633	0	101,591
Total	3.00	(\$34,237)	\$195,077	\$0	\$179,633	2.00	(\$25,980)	\$121,934	\$0	\$118,236

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

DP 14 - Tax Policy Implementation FTE for DO -

The legislature adopted 1.00 FTE in the 2025 biennium to carry out tax policy legislation implementation. This change package was adopted during the 2021 Legislative Session but was adopted as operating expenses. This change package transfers \$95,000 from operating expenses to personal services and establishes 1.00 permanent HB 2 FTE. The net effect of this change on the overall budget amount is zero.

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 \$2,193 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 948 -

The legislature adopted contingency language to increase appropriations if HB 948 was passed and approved and this decision package implements this language. This bill prohibits the manufacturing and sales of synthetic marijuana products. This bill also creates the Synthetic Marijuana Products Advisory Council in the Department of Revenue. To implement this bill, the agency will need 1.00 FTE compliance specialist in the Cannabis Control Division and 1.00 FTE lawyer in the Director's Office.

DP 1402 - HB 192 -

The legislature adopted contingency language to increase appropriations if HB 192 was passed and approved and this decision package implements this language. This bill creates an income tax rebate to be administered by the Department of Revenue. To implement this bill, the agency requires 5.00 FTE to audit and verify taxpayer information in the Business and Income Taxes Division, 1.00 FTE for the call center to answer questions regarding the rebate program in the Director's Office, and additional operating costs to implement this bill.

DP 3333 - Additional Adjustment to Inflation -

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

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	7,975,869	8,129,650	153,781	1.93 %
Operating Expenses	11,152,485	12,012,619	860,134	7.71 %
Equipment & Intangible Assets	3,005,270	0	(3,005,270)	(100.00)%
Total Expenditures	\$22,133,624	\$20,142,269	(\$1,991,355)	(9.00)%
General Fund	18,294,030	19,280,045	986,015	5.39 %
State/Other Special Rev. Funds	3,327,710	333,295	(2,994,415)	(89.98)%
Proprietary Funds	511,884	528,929	17,045	3.33 %
Total Funds	\$22,133,624	\$20,142,269	(\$1,991,355)	(9.00)%
Total Ongoing	\$22,133,624	\$20,060,321	(\$2,073,303)	(9.37)%
Total OTO	\$0	\$81,948	\$81,948	100.00 %

Program Description

The Technology Services Division (TSD) serves as the technological foundation for the department's business units, leveraging IT systems and services to increase internal business operations efficiencies and optimize citizen services. The TSD operates through the following offices:

- The Applications Development Services Bureau provides program development support services for the department's numerous applications and external facing systems provided to Montana's property owners, businesses, and citizens
- The Technology Operations Services Bureau provides server and workstation support and training for department hardware and software systems
- The Project Facilitation and Analysis Services Unit manages projects to improve agency operations and ensure critical enterprise functions are accomplished with more efficiency, higher quality, and lower costs
- The Security Office serves as the department liaison with the Internal Revenue Service (IRS) and is responsible for the security of all taxpayer information

Program Highlights

Technology Services Division Major Budget Highlights
<ul style="list-style-type: none"> • The legislature adopted a decrease to the Technology Services Division's 2025 biennium budget of approximately \$2.0 million or 9.0% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> ◦ An overall biennial decrease due to a one-time-only \$3.0 million increase in equipment and intangible assets for the GenTax system that was not included in the 2025 biennium ◦ A restricted, biennial, one-time-only appropriation for overtime payments to implement the new GenTax upgrade

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	42.00	42.00	42.00	42.00
Personal Services	3,877,041	3,878,332	4,097,537	4,100,415	4,029,235
Operating Expenses	5,753,985	5,754,986	5,397,499	5,957,171	6,055,448
Equipment & Intangible Assets	3,005,270	3,005,270	0	0	0
Total Expenditures	\$12,636,296	\$12,638,588	\$9,495,036	\$10,057,586	\$10,084,683
General Fund	9,216,499	9,218,791	9,075,239	9,626,440	9,653,605
State/Other Special Rev. Funds	3,163,855	3,163,855	163,855	166,656	166,639
Proprietary Funds	255,942	255,942	255,942	264,490	264,439
Total Funds	\$12,636,296	\$12,638,588	\$9,495,036	\$10,057,586	\$10,084,683
Total Ongoing	\$12,636,296	\$12,638,588	\$9,495,036	\$9,966,612	\$10,093,709
Total OTO	\$0	\$0	\$0	\$90,974	(\$9,026)

Funding

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

Department of Revenue, 02-Technology Services Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	19,280,045	0	0	19,280,045	95.72 %	
02790 6901-Statewide Tobacco Sttlmnt	173,295	0	0	173,295	51.99 %	
02442 Cannabis	160,000	0	0	160,000	48.01 %	
State Special Total	\$333,295	\$0	\$0	\$333,295	1.65 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
06005 Liquor Division	528,929	0	0	528,929	100.00 %	
Proprietary Total	\$528,929	\$0	\$0	\$528,929	2.63 %	
Total All Funds	\$20,142,269	\$0	\$0	\$20,142,269		

HB 2 Authority

General Fund

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

State Special Revenue

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

Proprietary Funding

Appropriations from the liquor enterprise fund supports technology services for the Alcoholic Beverage Control Division.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget 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	9,075,239	9,075,239	18,150,478	94.14 %	9,495,036	9,495,036	18,990,072	94.28 %
SWPL Adjustments	661,015	842,815	1,503,830	7.80 %	677,540	859,340	1,536,880	7.63 %
PL Adjustments	(25)	(26)	(51)	(0.00)%	(25)	(26)	(51)	(0.00)%
New Proposals	(109,789)	(264,423)	(374,212)	(1.94)%	(114,965)	(269,667)	(384,632)	(1.91)%
Total Budget	\$9,626,440	\$9,653,605	\$19,280,045		\$10,057,586	\$10,084,683	\$20,142,269	

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	(55,012)	0	0	(55,012)	0.00	(25,889)	0	0	(25,889)
DP 2 - Fixed Costs	0.00	155,496	0	0	155,496	0.00	163,047	0	0	163,047
DP 3 - Inflation Deflation	0.00	560,531	4,078	0	577,056	0.00	705,657	4,078	0	722,182
DP 20 - SABHRS Rate Adjustment	0.00	(7)	0	0	(7)	0.00	(8)	0	0	(8)
DP 30 - Motor Pool Rate Adjustment	0.00	(18)	0	0	(18)	0.00	(18)	0	0	(18)
DP 222 - RMTD Adjustment	0.00	9,026	0	0	9,026	0.00	9,026	0	0	9,026
DP 223 - RMTD Adjustment (OTO)	0.00	(9,026)	0	0	(9,026)	0.00	(9,026)	0	0	(9,026)
Grand Total All Present Law Adjustments	0.00	\$660,990	\$4,078	\$0	\$677,515	0.00	\$842,789	\$4,078	\$0	\$859,314

*"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.

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 13 - TSD Staff Overtime for GenTax upgrade (RST/BIEN/OTO)	0.00	100,000	0	0	100,000	0.00	0	0	0	0
DP 99 - New Fixed Costs	0.00	1,914	0	0	1,914	0.00	1,914	0	0	1,914
DP 333 - Adjustment to Inflation	0.00	(175,593)	(1,277)	0	(180,769)	0.00	(223,924)	(1,294)	0	(229,168)
DP 555 - Additional Vacancy Savings	0.00	(42,110)	0	0	(42,110)	0.00	(42,413)	0	0	(42,413)
DP 1403 - SB 530	0.00	6,000	0	0	6,000	0.00	0	0	0	0
Total	0.00	(\$109,789)	(\$1,277)	\$0	(\$114,965)	0.00	(\$264,423)	(\$1,294)	\$0	(\$269,667)

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

DP 13 - TSD Staff Overtime for GenTax upgrade (RST/BIEN/OTO) -

The legislature adopted a restricted, biennial, one-time-only general fund appropriation for the 2025 biennium for overtime payments related to the GenTax upgrade. FAST Enterprises, the state's tax processing software (GenTax) vendor, requires the department to upgrade to the newest version of GenTax every other biennium. Typically, the department's information technology staff work overtime hours in order to move this upgrade to production. Also, FAST Enterprises create periodic service packs that require the department's information technology staff to work overtime hours.

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 \$1,413 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 1403 - SB 530 -

The legislature adopted contingency language to increase appropriations if SB 530 was passed and approved and this decision package implements this language. This bill creates an exemption for property used in a manufacturing process. To implement this bill, the Department of Revenue estimates it will need \$6,000 general fund in FY 2024 for operating costs.

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	5,246,075	5,430,088	184,013	3.51 %
Operating Expenses	1,163,327	1,211,025	47,698	4.10 %
Equipment & Intangible Assets	122,676	61,108	(61,568)	(50.19)%
Debt Service	66,754	70,550	3,796	5.69 %
Total Expenditures	\$6,598,832	\$6,772,771	\$173,939	2.64 %
Proprietary Funds	6,598,832	6,772,771	173,939	2.64 %
Total Funds	\$6,598,832	\$6,772,771	\$173,939	2.64 %
Total Ongoing	\$6,348,923	\$6,603,937	\$255,014	4.02 %
Total OTO	\$249,909	\$168,834	(\$81,075)	(32.44)%

Program Description

The Alcoholic Beverage Control Division (ABCD) provides effective and efficient administration of the Montana alcoholic beverage code with an emphasis on customer service and public safety. The division includes two bureaus:

- The Licensing and Compliance Bureau protects the welfare and safety of the public by regulating alcoholic beverage licensing laws in a uniform and fair manner
- The Liquor Distribution Bureau maintains a regulated channel of distribution to fulfill the public's demand for distilled spirits and fortified wine through agency liquor stores

Program Highlights

Alcoholic Beverage Control Division Major Budget Highlights
<ul style="list-style-type: none"> • The legislature adopted an increase to the Alcoholic Beverage Control Division's 2025 biennium budget of approximately \$174,000 or 2.6% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> ◦ An increase in proprietary authority for increased operating costs due to higher sales and contracted janitorial services ◦ An increase in restricted, biennial, one-time-only proprietary authority for overtime and termination payouts ◦ 1.25 additional FTE and corresponding funding for a workload increase

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	31.75	31.75	33.00	33.00
Personal Services	2,488,244	2,573,355	2,672,720	2,707,775	2,722,313
Operating Expenses	544,993	583,933	579,394	608,581	602,444
Equipment & Intangible Assets	92,122	92,122	30,554	30,554	30,554
Debt Service	31,168	31,479	35,275	35,275	35,275
Total Expenditures	\$3,156,527	\$3,280,889	\$3,317,943	\$3,382,185	\$3,390,586
Proprietary Funds	3,156,527	3,280,889	3,317,943	3,382,185	3,390,586
Total Funds	\$3,156,527	\$3,280,889	\$3,317,943	\$3,382,185	\$3,390,586
Total Ongoing	\$3,106,969	\$3,155,980	\$3,192,943	\$3,297,768	\$3,306,169
Total OTO	\$49,558	\$124,909	\$125,000	\$84,417	\$84,417

Funding

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

Department of Revenue, 03-Alcoholic Beverage Control Div Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 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 %
06005 Liquor Division	6,772,771	0	0	6,772,771	100.00 %
Proprietary Total	\$6,772,771	\$0	\$0	\$6,772,771	100.00 %
Total All Funds	\$6,772,771	\$0	\$0	\$6,772,771	

HB 2 Authority

Proprietary Funding

The division is funded with a direct appropriation of Alcoholic Beverage Control Division proprietary funds. Net revenues from liquor sales are transferred to the general fund after operating costs are deducted from gross revenues. Consequently, any proposals funded through this program are an indirect use of state general fund.

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 %	3,192,943	3,192,943	6,385,886	94.29 %
SWPL Adjustments	0	0	0	0.00 %	(35,673)	(14,274)	(49,947)	(0.74)%
PL Adjustments	0	0	0	0.00 %	130,302	120,889	251,191	3.71 %
New Proposals	0	0	0	0.00 %	94,613	91,028	185,641	2.74 %
Total Budget	\$0	\$0	\$0		\$3,382,185	\$3,390,586	\$6,772,771	

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	0	0	(38,794)	0.00	0	0	0	(24,187)
DP 2 - Fixed Costs	0.00	0	0	0	(33,406)	0.00	0	0	0	(32,904)
DP 3 - Inflation Deflation	0.00	0	0	0	36,527	0.00	0	0	0	42,817
DP 7 - ABCD Liquor Warehouse Operating Cost Adjustment	0.00	0	0	0	17,507	0.00	0	0	0	13,824
DP 19 - Liquor FTE for increased workload	1.25	0	0	0	113,255	1.25	0	0	0	107,643
DP 20 - SABHRS Rate Adjustment	0.00	0	0	0	(356)	0.00	0	0	0	(481)
DP 30 - Motor Pool Rate Adjustment	0.00	0	0	0	(104)	0.00	0	0	0	(97)
DP 222 - RMTD Adjustment	0.00	0	0	0	50,583	0.00	0	0	0	50,583
DP 223 - RMTD Adjustment (OTO)	0.00	0	0	0	(50,583)	0.00	0	0	0	(50,583)
Grand Total All Present Law Adjustments	1.25	\$0	\$0	\$0	\$94,629	1.25	\$0	\$0	\$0	\$106,615

*"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 7 - ABCD Liquor Warehouse Operating Cost Adjustment -

The legislature adopted additional authority to cover operating costs resulting from increased workload due to an increase in sales and increased cost of contracted janitorial services.

DP 19 - Liquor FTE for increased workload -

The legislature adopted a proprietary fund appropriation in the 2025 biennium for additional staffing needs in the Alcoholic Beverage Control Division (ABCD). Increased alcohol sales have resulted in an increase in the workload for the liquor warehouse and a corresponding increase in tax administration functions related to increased liquor sales.

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.

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 15 - ABCD Overtime (RST/BIEN/OTO)	0.00	0	0	0	75,000	0.00	0	0	0	75,000
DP 16 - ABCD Termination Payout (RST/BIEN/OTO)	0.00	0	0	0	60,000	0.00	0	0	0	60,000
DP 99 - New Fixed Costs	0.00	0	0	0	1,446	0.00	0	0	0	1,446
DP 333 - Adjustment to Inflation	0.00	0	0	0	(14,751)	0.00	0	0	0	(18,183)
DP 555 - Additional Vacancy Savings	0.00	0	0	0	(27,082)	0.00	0	0	0	(27,235)
Total	0.00	\$0	\$0	\$0	\$94,613	0.00	\$0	\$0	\$0	\$91,028

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

DP 15 - ABCD Overtime (RST/BIEN/OTO) -

The legislature adopted a restricted, biennial, one-time-only increase in proprietary fund authority for the 2025 biennium. These funds will pay for overtime and temporary staff to meet the increase in demand for liquor products especially during peak periods, holiday weeks, and to back-fill personnel while out on vacation or sick leave.

DP 16 - ABCD Termination Payout (RST/BIEN/OTO) -

The legislature adopted a restricted, biennial, one-time-only proprietary fund appropriation for the 2025 biennium. This change package provides funds to payout accrued leave balances for employees retiring and/or leaving the department. This change package allows the department to efficiently distribute alcoholic beverages to the agency liquor stores and comply with the statutory requirement of 16-2-101(12), MCA, requiring the department to maintain a 97.0% monthly service level to the agency stores. If the department is required to use additional vacancy savings to pay for the termination payouts, the department will not be able to meet this statutory requirement.

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 \$1,068 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	5,062,235	5,870,488	808,253	15.97 %
Operating Expenses	2,229,874	4,765,791	2,535,917	113.72 %
Total Expenditures	\$7,292,109	\$10,636,279	\$3,344,170	45.86 %
State/Other Special Rev. Funds	7,292,109	10,636,279	3,344,170	45.86 %
Total Funds	\$7,292,109	\$10,636,279	\$3,344,170	45.86 %
Total Ongoing	\$7,292,109	\$10,636,279	\$3,344,170	45.86 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Description

The Cannabis Control Division (CCD) ensures the health and safety of all Montanans through fair administration, education, and enforcement of the Montana Marijuana Regulation and Taxation Act (MMRT). The division includes two bureaus:

- The Licensing Bureau is responsible for processing all worker, patient, business, and packing and labeling applications and renewals in a timely and efficient manner
- The Inspection/Compliance Bureau protects the welfare and safety of the public by regulating marijuana laws in a uniform and fair manner

Program Highlights

Cannabis Control Division Major Budget Highlights
<ul style="list-style-type: none"> • The legislature adopted an increase to the Cannabis Control Division's 2025 biennium budget of approximately \$3.3 million or 45.9% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> ◦ An increase in state special revenue for the seed-to-sale industry IT regulatory system ◦ A transfer of 1.50 FTE and associated funding from the Department of Public Health and Human Services and the establishment of 0.50 new FTE for laboratory inspection and application review work for cannabis ◦ An increase in state special revenue in the 2025 biennium for 1.00 FTE and operating costs to implement HB 948

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	32.00	32.00	35.00	35.00
Personal Services	2,133,227	2,134,050	2,928,185	2,923,898	2,946,590
Operating Expenses	1,424,091	1,424,230	805,644	2,133,338	2,632,453
Total Expenditures	\$3,557,318	\$3,558,280	\$3,733,829	\$5,057,236	\$5,579,043
State/Other Special Rev. Funds	3,557,318	3,558,280	3,733,829	5,057,236	5,579,043
Total Funds	\$3,557,318	\$3,558,280	\$3,733,829	\$5,057,236	\$5,579,043
Total Ongoing	\$3,557,318	\$3,558,280	\$3,733,829	\$5,057,236	\$5,579,043
Total OTO	\$0	\$0	\$0	\$0	\$0

Funding

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

Department of Revenue, 04-Cannabis Control Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02442 Cannabis	10,636,279	0	0	10,636,279	100.00 %	
State Special Total	\$10,636,279	\$0	\$0	\$10,636,279	100.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$10,636,279	\$0	\$0	\$10,636,279		

HB 2 Authority

State Special Revenue

The Cannabis Control Division is entirely funded with state special revenue generated from taxes collected on cannabis purchases as well as from fees for licensing and cardholder registration.

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 %	3,733,829	3,733,829	7,467,658	70.21 %
SWPL Adjustments	0	0	0	0.00 %	(71,093)	(47,001)	(118,094)	(1.11)%
PL Adjustments	0	0	0	0.00 %	1,123,625	1,623,746	2,747,371	25.83 %
New Proposals	0	0	0	0.00 %	270,875	268,469	539,344	5.07 %
Total Budget	\$0	\$0	\$0		\$5,057,236	\$5,579,043	\$10,636,279	

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	(220,728)	0	(220,728)	0.00	0	(199,495)	0	(199,495)
DP 2 - Fixed Costs	0.00	0	145,702	0	145,702	0.00	0	146,459	0	146,459
DP 3 - Inflation Deflation	0.00	0	3,933	0	3,933	0.00	0	6,035	0	6,035
DP 5 - CCD Contract Increase (RST)	0.00	0	1,125,400	0	1,125,400	0.00	0	1,625,400	0	1,625,400
DP 20 - SABHRS Rate Adjustment	0.00	0	360	0	360	0.00	0	343	0	343
DP 30 - Motor Pool Rate Adjustment	0.00	0	(2,135)	0	(2,135)	0.00	0	(1,997)	0	(1,997)
Grand Total All Present Law Adjustments	0.00	\$0	\$1,052,532	\$0	\$1,052,532	0.00	\$0	\$1,576,745	\$0	\$1,576,745

**"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 5 - CCD Contract Increase (RST) -

The legislature adopted an increase in state special revenue for the 2025 biennium to pay for the seed-to-sale industry IT regulatory system. The department is responsible for paying a variety of fees including program and support fees and annual cloud hosting fees. Some fees are based on the number of cannabis licensees, and it is unknown how many licensees will enter the recreational cannabis market beginning July 1, 2023. The legislature adopted this appropriation as restricted so the department can only spend the appropriation on costs related to the system.

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.

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 27 - CCD Cannabis Transfer from DPHHS	2.00	0	202,894	0	202,894	2.00	0	202,894	0	202,894
DP 99 - New Fixed Costs	0.00	0	1,458	0	1,458	0.00	0	1,458	0	1,458
DP 333 - Adjustment to Inflation	0.00	0	(983)	0	(983)	0.00	0	(1,509)	0	(1,509)
DP 555 - Additional Vacancy Savings	0.00	0	(28,203)	0	(28,203)	0.00	0	(28,424)	0	(28,424)
DP 1400 - HB 948	1.00	0	95,709	0	95,709	1.00	0	94,050	0	94,050
Total	3.00	\$0	\$270,875	\$0	\$270,875	3.00	\$0	\$268,469	\$0	\$268,469

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

DP 27 - CCD Cannabis Transfer from DPHHS -

The legislature adopted a transfer of 1.50 FTE, an additional 0.50 FTE, and funding from the Department of Public Health and Human Services that was established as part of the implementation of HB 598 from the 2019 Session. This change package increases state special marijuana funds each fiscal year of the biennium.

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 \$1,077 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 948 -

The legislature adopted contingency language to increase appropriations if HB 948 was passed and approved and this decision package implements this language. This bill prohibits the manufacturing and sales of synthetic marijuana products. This bill also creates the Synthetic Marijuana Products Advisory Council in the Department of Revenue. To implement this bill, the agency will need 1.00 FTE compliance specialist in the Cannabis Control Division and 1.00 FTE lawyer in the Director's Office.

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	8,809,011	9,350,688	541,677	6.15 %	
Operating Expenses	3,341,812	3,942,402	600,590	17.97 %	
Equipment & Intangible Assets	20,874	0	(20,874)	(100.00)%	
Capital Outlay	27,000	0	(27,000)	(100.00)%	
Debt Service	507,485	512,510	5,025	0.99 %	
Total Expenditures	\$12,706,182	\$13,805,600	\$1,099,418	8.65 %	
General Fund	12,506,262	13,478,607	972,345	7.77 %	
State/Other Special Rev. Funds	166,674	293,207	126,533	75.92 %	
Proprietary Funds	33,246	33,786	540	1.62 %	
Total Funds	\$12,706,182	\$13,805,600	\$1,099,418	8.65 %	
Total Ongoing	\$12,706,182	\$13,847,904	\$1,141,722	8.99 %	
Total OTO	\$0	(\$42,304)	(\$42,304)	100.00 %	

Program Description

The Information Management and Collections Division (IMCD) provides consistent service to Montana citizens, businesses, and nonresident taxpayers through electronic data and records management, account registration, collection of delinquent accounts, and data and remittance processing operations. The division includes three bureaus:

- The Collections Bureau manages collections of the department’s delinquent debts and provides collection services to other state agencies and local governments
- The Information Management Bureau ensures secure handling and processing of taxpayer information, payments, and data in electronic and paper form. The bureau is organized into three units: Digitization, Information Governance, and Customer and Payment Management. The focus of the bureau has recently realigned to better serve the customer with increased electronic options and use of technology to further enhance efficiencies
- The Other Agency Debts Program provides statewide collections services to other state agencies, local governments, universities, and colleges

Program Highlights

Information Management & Collections Division Major Budget Highlights
<ul style="list-style-type: none"> • The legislature adopted an increase to the Information Management and Collections Division’s 2025 biennium budget of approximately \$1.1 million or 8.7% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> ◦ Increases in general fund for non-state rent, parking costs, and new fixed costs related to the Chief Data Office in the Department of Administration ◦ An increase in state special revenue for postage and printing costs for cannabis licensure and permits

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	71.95	71.95	71.95	71.95
Personal Services	4,144,368	4,145,378	4,663,633	4,660,268	4,690,420
Operating Expenses	1,505,149	1,529,661	1,812,151	1,961,641	1,980,761
Equipment & Intangible Assets	20,874	20,874	0	0	0
Capital Outlay	27,000	27,000	0	0	0
Debt Service	251,230	251,230	256,255	256,255	256,255
Total Expenditures	\$5,948,621	\$5,974,143	\$6,732,039	\$6,878,164	\$6,927,436
General Fund	5,861,390	5,886,913	6,619,349	6,714,658	6,763,949
State/Other Special Rev. Funds	70,608	70,607	96,067	146,610	146,597
Proprietary Funds	16,623	16,623	16,623	16,896	16,890
Total Funds	\$5,948,621	\$5,974,143	\$6,732,039	\$6,878,164	\$6,927,436
Total Ongoing	\$5,948,621	\$5,974,143	\$6,732,039	\$6,899,316	\$6,948,588
Total OTO	\$0	\$0	\$0	(\$21,152)	(\$21,152)

Funding

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

Department of Revenue, 05-Information Mgmt & Collections Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	13,478,607	0	0	13,478,607	93.62 %	
02025 Unclaimed Property	52,630	0	0	52,630	17.95 %	
02088 SSR Administrative Funds	55,417	0	0	55,417	18.90 %	
02442 Cannabis	185,160	0	0	185,160	63.15 %	
State Special Total	\$293,207	\$0	\$0	\$293,207	2.04 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
06005 Liquor Division	33,786	0	0	33,786	5.40 %	
06554 Bad Debt Collection Services	0	591,786	0	591,786	94.60 %	
Proprietary Total	\$33,786	\$591,786	\$0	\$625,572	4.34 %	
Total All Funds	\$13,805,600	\$591,786	\$0	\$14,397,386		

HB 2 Authority

General Fund

The majority of the Information Management and Collections Divisions total appropriation authority comes from general fund and supports personal service and operational expenditures of the division.

State Special Revenue

State special revenue funds the division's administration of the livestock per capita fee, medical marijuana tax, recreational marijuana tax, and unclaimed property program. Further explanation for the unclaimed property fund is done in the Business and Income Taxes Division.

Proprietary

Appropriations from the liquor enterprise fund supports tax and revenue data collections for the Information Management and Collections Divisions.

Non-Budgeted Proprietary

The finances of the bad debt collection services are funded with non-budgeted proprietary funds which will be 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 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	6,619,349	6,619,349	13,238,698	98.22 %	6,732,039	6,732,039	13,464,078	97.53 %
SWPL Adjustments	167,045	213,389	380,434	2.82 %	168,287	214,631	382,918	2.77 %
PL Adjustments	9,865	19,918	29,783	0.22 %	9,865	19,918	29,783	0.22 %
New Proposals	(81,601)	(88,707)	(170,308)	(1.26)%	(32,027)	(39,152)	(71,179)	(0.52)%
Total Budget	\$6,714,658	\$6,763,949	\$13,478,607		\$6,878,164	\$6,927,436	\$13,805,600	

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	45,690	0	0	45,690	0.00	76,160	0	0	76,160
DP 2 - Fixed Costs	0.00	16,390	0	0	16,390	0.00	18,071	0	0	18,071
DP 3 - Inflation Deflation	0.00	104,965	826	0	106,207	0.00	119,158	826	0	120,400
DP 11 - IMCD Administrative Costs Adjustment	0.00	9,980	0	0	9,980	0.00	20,034	0	0	20,034
DP 20 - SABHRS Rate Adjustment	0.00	(115)	0	0	(115)	0.00	(116)	0	0	(116)
DP 222 - RMTD Adjustment	0.00	21,152	0	0	21,152	0.00	21,152	0	0	21,152
DP 223 - RMTD Adjustment (OTO)	0.00	(21,152)	0	0	(21,152)	0.00	(21,152)	0	0	(21,152)
Grand Total All Present Law Adjustments	0.00	\$176,910	\$826	\$0	\$178,152	0.00	\$233,307	\$826	\$0	\$234,549

**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 11 - IMCD Administrative Costs Adjustment -

The legislature adopted an increase in general fund appropriations in FY 2024 and FY 2025 to pay for non-state contractual rent increases and associated parking costs for space currently occupied by Information Management and Collections Division staff.

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.

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 29 - IMCD Printing Costs for Cannabis Program Administration	0.00	0	50,000	0	50,000	0.00	0	50,000	0	50,000
DP 99 - New Fixed Costs	0.00	3,438	0	0	3,438	0.00	3,438	0	0	3,438
DP 333 - Adjustment to Inflation	0.00	(35,984)	(283)	0	(36,410)	0.00	(42,772)	(296)	0	(43,217)
DP 555 - Additional Vacancy Savings	0.00	(49,055)	0	0	(49,055)	0.00	(49,373)	0	0	(49,373)
Total	0.00	(\$81,601)	\$49,717	\$0	(\$32,027)	0.00	(\$88,707)	\$49,704	\$0	(\$39,152)

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

DP 29 - IMCD Printing Costs for Cannabis Program Administration -

The legislature adopted a state special revenue appropriation increase for the 2025 biennium for postage and printing costs related to the Cannabis Control Division. All the department's postage and printing costs are charged to the Information Management and Collections Division. The department did not take postage and printing costs into consideration when the cannabis budget was built in the 2021 Legislative Session. The department is required to print and mail various types of cannabis licenses. Additionally, the department is responsible for printing cardholder and worker permits. When applicable, the department utilizes emails for license renewals.

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 \$2,539 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****Collections Services Program – Fund 06554***Proprietary Program Description*

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

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
06554	IMCD Collection Services	58010	Department of Revenue	Information Management and Collections Division - Other Agency Debt
			Actual FY 22	Estimated FY 23
			Reviewed FY 24	Reviewed FY 25
Operating Revenues				
Fees and Charges				
	Fee Revenue		203,061	265,541
			312,402	296,781
Total Operating Revenues			203,061	265,541
			312,402	296,781
Expenses				
	Personal Services		189,070	210,142
	Other Operating Expense		63,640	67,575
			229,459	230,672
Total Operating Expense			252,710	277,717
			297,579	298,537
Operating Income (Loss)			(49,649)	(12,176)
			14,823	(1,756)
Change in Net Position			(49,649)	(12,176)
			14,823	(1,756)
Beginning Net Position - July 1			239,829	190,180
	Prior Period Adjustments		178,004	192,826
	Change in Net Position		(49,649)	(12,176)
			14,823	(1,756)
Ending Net Position - June 30			190,180	178,004
			192,826	191,071

Expenditures

The Department of Revenue is currently authorized to charge a commission rate for its collection services, excluding the collection of overpaid child support payments made to custodial parents and collection of delinquent child support payments from noncustodial parents. The commissions collected are used to pay the expenses of the Collection Services Program. On average, approximately 74.0% of the expenditures are paid in salaries and benefits with the remaining expenditures representing operating expenses of the program.

Revenues

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

Proprietary Rates

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:	3.25%	4.25%	5.00%	4.75%

The legislature approved a commission rate of 5.0% in FY 2024 and 4.75% in FY 2025. This will provide the department with approximately nine months' worth of working capital. It is necessary to maintain a nine-month working capital balance to pay expenses as they are incurred as most of commission revenue is not collected until the income tax filing season each year, six to nine months after the start of the fiscal year. The department will continue to evaluate the commission rate as actual revenues and expenditures are received and incurred to maintain the working capital balance at the appropriate level.

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

Program Budget Comparison

The following table compares the 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	20,006,838	21,445,676	1,438,838	7.19 %
Operating Expenses	3,514,645	4,371,035	856,390	24.37 %
Capital Outlay	28,691	0	(28,691)	(100.00)%
Debt Service	7,558	15,116	7,558	100.00 %
Total Expenditures	\$23,557,732	\$25,831,827	\$2,274,095	9.65 %
General Fund	21,474,391	22,677,724	1,203,333	5.60 %
State/Other Special Rev. Funds	1,523,677	2,149,641	625,964	41.08 %
Federal Spec. Rev. Funds	559,664	1,004,462	444,798	79.48 %
Total Funds	\$23,557,732	\$25,831,827	\$2,274,095	9.65 %
Total Ongoing	\$23,557,732	\$25,911,629	\$2,353,897	9.99 %
Total OTO	\$0	(\$79,802)	(\$79,802)	100.00 %

Program Description

The Business and Income Taxes Division (BITD) is responsible for the administration and collection of roughly 40 Montana taxes and fees. BITD also determines valuation of all centrally assessed property in the state.

Regardless of the tax type, BITD is tasked with ensuring Montana’s taxpayers pay the correct amount of tax required under the law, no more and no less. Accordingly, BITD provides clear and timely explanations to taxpayers regarding their obligations and how those obligations may be fulfilled.

BITD is comprised of the following four areas:

- Administration includes the administrator and deputy division administrator along with a management officer and support staff. The management officer and staff work collaboratively with all BITD units and are an integral part of the division’s daily operations
- The Analytics and Planning Bureau houses management analysts and tax specialists. These employees are essential to the division’s compliance efforts and forms and rule development. The bureau is also tasked with finding and implementing efficiencies within BITD’s operations
- The Income and Withholding Tax Bureau is responsible for the daily management and administration of individual, pass-through entity, and withholding taxes. The bureau is organized into five units: compliance, pass-through, field audit, taxpayer accounting, and withholding
- The Business Tax and Valuation Bureau is responsible for the daily management and administration of over 25 tax programs. Four units make up the bureau including natural resources, corporation tax, miscellaneous tax, and centrally assessed property

Program Highlights

Business and Income Taxes Division Major Budget Highlights
<ul style="list-style-type: none"> • The legislature adopted an increase to the Business and Income Taxes Division’s 2025 biennium budget of approximately \$2.3 million or 9.7% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> ◦ General fund increases to pay for a contracted financial manager of unclaimed property securities ◦ A federal special revenue increase for the Federal Royalty Audit Program ◦ An increase in state special revenue in FY 2024 for 5.00 FTE and operating costs to implement HB 192

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	133.36	133.36	138.36	133.36
Personal Services	9,798,204	9,801,750	10,205,088	10,863,734	10,581,942
Operating Expenses	1,686,174	1,721,798	1,792,847	2,336,455	2,034,580
Capital Outlay	28,691	28,691	0	0	0
Debt Service	0	0	7,558	7,558	7,558
Total Expenditures	\$11,513,069	\$11,552,239	\$12,005,493	\$13,207,747	\$12,624,080
General Fund	10,471,863	10,510,986	10,963,405	11,319,221	11,358,503
State/Other Special Rev. Funds	761,380	761,428	762,249	1,386,351	763,290
Federal Spec. Rev. Funds	279,826	279,825	279,839	502,175	502,287
Total Funds	\$11,513,069	\$11,552,239	\$12,005,493	\$13,207,747	\$12,624,080
Total Ongoing	\$11,513,069	\$11,552,239	\$12,005,493	\$13,247,648	\$12,663,981
Total OTO	\$0	\$0	\$0	(\$39,901)	(\$39,901)

Funding

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

Department of Revenue, 07-Business & Income Taxes Div Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	22,677,724	0	0	22,677,724	87.18 %
02025 Unclaimed Property	627,929	0	0	627,929	26.95 %
02110 Accommodation Tax Admin	264,169	0	0	264,169	11.34 %
02293 Film Applications Credit	0	0	40,971	40,971	1.76 %
02790 6901-Statewide Tobacco Sttlmnt	380,228	0	0	380,228	16.32 %
02020 Cigarette Tax Stamps	0	0	139,361	139,361	5.98 %
02442 Cannabis	257,424	0	0	257,424	11.05 %
02227 Income Tax Rebate Fund	619,891	0	0	619,891	26.61 %
State Special Total	\$2,149,641	\$0	\$180,332	\$2,329,973	8.96 %
03928 Royalty Audit - NRCT	1,004,462	0	0	1,004,462	100.00 %
Federal Special Total	\$1,004,462	\$0	\$0	\$1,004,462	3.86 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$25,831,827	\$0	\$180,332	\$26,012,159	

HB 2 Authority

General Fund

The Business and Income Taxes Division is primarily funded with general fund authority. General fund supports most of the division’s personal services and operating expenses.

State Special Revenue

State special revenue comes from the unclaimed property fund for program support, tobacco tax compliance activities, cannabis tax compliance activities, and accommodations tax which funds expenses related to administering the tax.

Federal Special Revenue

Federal special revenue comes from reimbursements for performing mineral royalty audits.

Proprietary Funding

The Business and Income Taxes Division receives a small portion from the liquor enterprise fund to support liquor tax compliance activities.

Statutory Funding

The Business and Income Taxes Division has statutory authority for the Montana Economic Development Industry Advancement (MEDIA) Act film tax credit fee and the cigarette tax stamps. The Montana Legislature established the MEDIA Act (2019 Legislative Session) which provides a transferable income tax credit to eligible film production companies. To determine a company’s eligibility, they must apply with both the Department of Commerce and the Department of Revenue. Statutory authority for the cigarette tax stamps results from the State of Montana charging a tax on cigarettes sold by selling tax decals to wholesalers who then attach the decal to each pack of cigarettes sold in Montana.

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	10,963,405	10,963,405	21,926,810	96.69 %	12,005,493	12,005,493	24,010,986	92.95 %
SWPL Adjustments	446,398	509,867	956,265	4.22 %	457,106	517,928	975,034	3.77 %
PL Adjustments	61,820	53,208	115,028	0.51 %	282,644	273,912	556,556	2.15 %
New Proposals	(152,402)	(167,977)	(320,379)	(1.41)%	462,504	(173,253)	289,251	1.12 %
Total Budget	\$11,319,221	\$11,358,503	\$22,677,724		\$13,207,747	\$12,624,080	\$25,831,827	

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	260,784	2,634	0	263,418	0.00	321,384	0	0	321,384
DP 2 - Fixed Costs	0.00	110,635	610	1,688	112,933	0.00	97,884	437	1,848	100,169
DP 3 - Inflation Deflation	0.00	74,979	5,776	0	80,755	0.00	90,599	5,776	0	96,375
DP 6 - BIT Contract for UCP Stocks	0.00	30,000	0	0	30,000	0.00	30,000	0	0	30,000
DP 20 - SABHRS Rate Adjustment	0.00	31,891	176	487	32,554	0.00	23,275	104	439	23,818
DP 25 - Federal Royalty Audit Program Increased Authority	0.00	0	0	220,161	220,161	0.00	0	0	220,161	220,161
DP 30 - Motor Pool Rate Adjustment	0.00	(71)	0	0	(71)	0.00	(67)	0	0	(67)
DP 222 - RMTD Adjustment	0.00	39,089	216	596	39,901	0.00	38,991	174	736	39,901
DP 223 - RMTD Adjustment (OTO)	0.00	(39,089)	(216)	(596)	(39,901)	0.00	(38,991)	(174)	(736)	(39,901)
Grand Total All Present Law Adjustments	0.00	\$508,218	\$9,196	\$222,336	\$739,750	0.00	\$563,075	\$6,317	\$222,448	\$791,840

*"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 6 - BIT Contract for UCP Stocks -

The legislature adopted additional general fund appropriation authority in the 2025 biennium to pay its contracted financial manager of unclaimed property securities. The contractor is responsible for maintaining the state’s current securities assets and facilitates the delivery, collection, and sales of reported unclaimed securities. The state’s contract spans several years, and the contractor retains all the department’s historical data regarding unclaimed property securities. Multiple transaction fee amounts are set forth in the initial contract and are charged to the state on a “per transaction” basis. Due to an expected increase in the number of transactions during the 2025 biennium, the legislature adopted additional appropriation authority.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 25 - Federal Royalty Audit Program Increased Authority -

The legislature adopted an additional federal fund appropriation for the 2025 biennium. Since the Federal Royalty Audit Program’s spending has stabilized, the legislature adopted additional appropriation authority to ensure the funding and spending of this program coincides with the federal grant. The Federal Royalty Audit Program conducts auditing and compliance services for the federal government on producers extracting minerals from federal lands within the state.

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.

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	6,121	0	0	6,121	0.00	6,121	0	0	6,121
DP 333 - Adjustment to Inflation	0.00	(50,567)	(3,895)	0	(54,462)	0.00	(65,544)	(4,179)	0	(69,723)
DP 555 - Additional Vacancy Savings	0.00	(107,956)	(1,090)	0	(109,046)	0.00	(108,554)	(1,097)	0	(109,651)
DP 1402 - HB 192	5.00	0	619,891	0	619,891	0.00	0	0	0	0
Total	5.00	(\$152,402)	\$614,906	\$0	\$462,504	0.00	(\$167,977)	(\$5,276)	\$0	(\$173,253)

**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 \$4,521 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 1402 - HB 192 -

The legislature adopted contingency language to increase appropriations if HB 192 was passed and approved and this decision package implements this language. This bill creates an income tax rebate to be administered by the Department of Revenue. To implement this bill, the agency requires 5.00 FTE to audit and verify taxpayer information in the Business and Income Taxes Division, 1.00 FTE for the call center to answer questions regarding the rebate program in the Director's Office, and additional operating costs to implement this bill.

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	39,366,557	41,289,074	1,922,517	4.88 %
Operating Expenses	6,834,897	6,474,528	(360,369)	(5.27)%
Equipment & Intangible Assets	29,891	0	(29,891)	(100.00)%
Debt Service	1,700,546	1,706,270	5,724	0.34 %
Total Expenditures	\$47,931,891	\$49,469,872	\$1,537,981	3.21 %
General Fund	47,897,339	49,435,320	1,537,981	3.21 %
State/Other Special Rev. Funds	34,552	34,552	0	0.00 %
Total Funds	\$47,931,891	\$49,469,872	\$1,537,981	3.21 %
Total Ongoing	\$47,931,891	\$49,691,142	\$1,759,251	3.67 %
Total OTO	\$0	(\$221,270)	(\$221,270)	100.00 %

Program Description

The Property Assessment Division (PAD) administers Montana’s property tax laws, which includes the valuation and classification of all taxable property. The division ensures all classes of property are valued uniformly and equally throughout the state. These classifications include but are not limited to agricultural and forest land, residential and commercial property, industrial facilities, exempt properties, and business equipment personal property.

PAD provides every taxing jurisdiction with the total market and taxable value of property in each county. Local governments use these certified values to determine the number of mills necessary to levy for property tax billing. Funds collected from property taxes are used for important services such as public schools, law enforcement, ambulance services, special improvement districts, infrastructure improvements, and road construction and maintenance.

Program Highlights

Property Assessment Division Major Budget Highlights
<ul style="list-style-type: none"> • The legislature adopted an increase to the Property Assessment Division’s 2025 biennium budget of approximately \$1.5 million or 3.2% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> ◦ An increase in general fund and 1.00 new FTE for a county assessor position ◦ General fund increases due to rent, parking, and technology cost increases ◦ A general fund increase for 1.00 FTE in FY 2024 and 0.50 FTE in FY 2025 to implement HB 189

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	285.92	285.92	287.92	287.42
Personal Services	19,244,224	19,247,458	20,119,099	20,602,264	20,686,810
Operating Expenses	3,689,913	3,785,098	3,049,799	3,213,187	3,261,341
Equipment & Intangible Assets	29,891	29,891	0	0	0
Debt Service	847,411	847,411	853,135	853,135	853,135
Total Expenditures	\$23,811,439	\$23,909,858	\$24,022,033	\$24,668,586	\$24,801,286
General Fund	23,797,149	23,892,582	24,004,757	24,651,310	24,784,010
State/Other Special Rev. Funds	14,290	17,276	17,276	17,276	17,276
Total Funds	\$23,811,439	\$23,909,858	\$24,022,033	\$24,668,586	\$24,801,286
Total Ongoing	\$23,811,439	\$23,909,858	\$24,022,033	\$24,779,221	\$24,911,921
Total OTO	\$0	\$0	\$0	(\$110,635)	(\$110,635)

Funding

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

Department of Revenue, 08-Property Assessment Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	49,435,320	0	0	49,435,320	99.93 %	
02088 SSR Administrative Funds	28,552	0	0	28,552	82.63 %	
02320 Property Value. Improv. Fund	6,000	0	0	6,000	17.37 %	
State Special Total	\$34,552	\$0	\$0	\$34,552	0.07 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$49,469,872	\$0	\$0	\$49,469,872		

HB 2 Authority

The Property Assessment Division is almost entirely funded with general fund. There is a small portion from state special revenue for the livestock per capita fee and the property valuation improvement fund. The property valuation improvement fund charges a photocopy fee in the county offices throughout the state. This fee is used to reimburse the cost of developing and maintaining the property valuation database.

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	24,004,757	24,004,757	48,009,514	97.12 %	24,022,033	24,022,033	48,044,066	97.12 %
SWPL Adjustments	792,856	943,028	1,735,884	3.51 %	792,856	943,028	1,735,884	3.51 %
PL Adjustments	59,961	90,559	150,520	0.30 %	59,961	90,559	150,520	0.30 %
New Proposals	(206,264)	(254,334)	(460,598)	(0.93)%	(206,264)	(254,334)	(460,598)	(0.93)%
Total Budget	\$24,651,310	\$24,784,010	\$49,435,320		\$24,668,586	\$24,801,286	\$49,469,872	

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	570,151	0	0	570,151	0.00	679,715	0	0	679,715
DP 2 - Fixed Costs	0.00	43,667	0	0	43,667	0.00	50,591	0	0	50,591
DP 3 - Inflation Deflation	0.00	179,038	0	0	179,038	0.00	212,722	0	0	212,722
DP 4 - PAD FTE 1.0 for loss of County Assessor	1.00	24,164	0	0	24,164	1.00	21,364	0	0	21,364
DP 12 - PAD Administrative Cost Adjustment	0.00	52,405	0	0	52,405	0.00	84,800	0	0	84,800
DP 20 - SABHRS Rate Adjustment	0.00	(326)	0	0	(326)	0.00	(369)	0	0	(369)
DP 30 - Motor Pool Rate Adjustment	0.00	(16,282)	0	0	(16,282)	0.00	(15,236)	0	0	(15,236)
DP 222 - RMTD Adjustment	0.00	110,635	0	0	110,635	0.00	110,635	0	0	110,635
DP 223 - RMTD Adjustment (OTO)	0.00	(110,635)	0	0	(110,635)	0.00	(110,635)	0	0	(110,635)
Grand Total All Present Law Adjustments	1.00	\$852,817	\$0	\$0	\$852,817	1.00	\$1,033,587	\$0	\$0	\$1,033,587

*"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 4 - PAD FTE 1.0 for loss of County Assessor -

The legislature adopted 1.00 FTE and an increase in general fund in the 2025 biennium to complete the Silver Bow County Assessor's workload. In FY 2022, the Department of Revenue terminated its existing contract with Silver Bow County. The laws regarding elected assessors were changed in 1993 (HB 50) to phase-out elected assessors and move their duties under the Department of Revenue's Property Assessment Division. The bill allowed current assessors to remain in their positions until they chose to step down, retire, or voluntarily become a department employee. The Silver Bow County assessor is the last remaining elected assessor in the state that was performing duties under a contract. Per HB 50, the department had a contract with the assessor that described the duties that would need to be performed in order to receive the compensation. The department was paying Silver Bow County approximately \$54,000 each fiscal year to perform the county assessor's job duties. Because of the termination of the Silver Bow County Assessor contract and the state's responsibility to administer Montana's property tax laws, the department requires an FTE to perform the assessor's job duties. This position will be in the department's Butte field office.

DP 12 - PAD Administrative Cost Adjustment -

The legislature adopted an increase in general fund appropriation for the 2025 biennium to pay for contractual rent increases, associated parking, and technology costs for space currently occupied by Property Assessment Division staff throughout the state. Many county leases follow the Department of Administration rent rate increase.

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.

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	13,027	0	0	13,027	0.00	13,027	0	0	13,027
DP 333 - Adjustment to Inflation	0.00	(80,218)	0	0	(80,218)	0.00	(100,362)	0	0	(100,362)
DP 555 - Additional Vacancy Savings	0.00	(216,205)	0	0	(216,205)	0.00	(217,347)	0	0	(217,347)
DP 1401 - HB 189	1.00	77,132	0	0	77,132	0.50	50,348	0	0	50,348
Total	1.00	(\$206,264)	\$0	\$0	(\$206,264)	0.50	(\$254,334)	\$0	\$0	(\$254,334)

*"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 \$9,620 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 189 -

The legislature adopted contingency language to increase appropriations if HB 189 was passed and approved and this decision package implements this language. This bill revises the Property Tax Assistance Program (PTAP) by increasing the market value cap for homes enrolled in PTAP from \$200,000 to \$350,000, indexes the cap to median home value, and changes the income limits for each tier of exemption percentages. Due to the expansion of eligible PTAP applicants, the Department of Revenue requires 1.00 additional FTE in FY 2024 and 0.50 FTE in FY 2025 for program maintenance.