

Agency Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Agency Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	668.92	677.06	677.06	8.14	0.6%
General Fund	66,890,920	69,378,119	70,845,180	6,441,459	4.8%
State/Other Special Rev. Funds	98,549,795	100,056,798	100,160,479	3,117,687	1.6%
Federal Spec. Rev. Funds	503,023	503,023	503,023		0.0%
Proprietary Funds	224,030,446	224,531,518	224,547,989	1,018,615	0.2%
Total Funds	389,974,184	394,469,458	396,056,671	10,577,761	1.4%
Personal Services	56,603,989	58,816,616	59,582,409	5,191,047	4.6%
Operating Expenses	159,377,905	161,660,552	162,481,972	5,386,714	1.7%
Equipment & Intangible Assets	153,154	153,154	153,154		0.0%
Local Assistance	2,000,000	2,000,000	2,000,000		0.0%
Transfers	170,601,500	170,601,500	170,601,500		0.0%
Debt Service	1,237,636	1,237,636	1,237,636		0.0%
Total Expenditures	389,974,184	394,469,458	396,056,671	10,577,761	1.4%
Total Ongoing	389,974,184	394,469,458	396,056,671	10,577,761	1.4%
Total One-Time-Only	135,000			(270,000)	(100.0%)

Agency Highlights

Department of Revenue Major Budget Highlights
<ul style="list-style-type: none"> • The Department of Revenue's 2027 biennium requested appropriations are approximately \$10.6 million or 1.4% higher than the FY 2025 base budget. Significant requested changes include: <ul style="list-style-type: none"> ◦ Increases of \$1.2 million for software operating and maintenance costs primarily for GenTax, seed-to-sale, and liquor warehouse software ◦ The department requests an increase of approximately \$1.8 million for 7.00 PB within the Cannabis Control Division for compliance related to statutory changes ◦ Increases of \$3.4 million across the Director's Office, Information Management and Collections Division, and Property Assessment Division for personal services and operating expenses contingent on property tax revision legislation ◦ Increase of \$730,000 for temporary staff, overtime, and termination payouts in the Alcoholic Beverage and Control Division

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Department of Revenue 2027 Biennium Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	66,890,920	98,549,795	503,023	389,974,184	98.9%	66,890,920	98,549,795	503,023	389,974,184	98.5%
Statewide PL										
Personal Services	34,125	23,323	0	42,947	0.0%	169,836	28,345	0	190,599	0.0%
Fixed Costs	593,219	(13,577)	0	558,384	0.1%	687,532	(10,015)	0	658,556	0.2%
Inflation Deflation	(27,526)	(3,479)	0	(31,174)	(0.0%)	(18,603)	(2,352)	0	(21,069)	(0.0%)
Total Statewide PL	599,818	6,267	0	570,157	0.1%	838,765	15,978	0	828,086	0.2%
Present Law (PL)	472,213	1,445,236	0	1,968,449	0.5%	879,714	1,538,206	0	2,470,120	0.6%
New Proposals	1,415,168	55,500	0	1,956,668	0.5%	2,235,781	56,500	0	2,784,281	0.7%
Total HB 2 Adjustments	2,487,199	1,507,003	0	4,495,274	1.1%	3,954,260	1,610,684	0	6,082,487	1.5%
Total Requested Budget	69,378,119	100,056,798	503,023	394,469,458		70,845,180	100,160,479	503,023	396,056,671	

Statewide Present Law Adjustment for Personal Services

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP1) has been broken down into three categories, as follows:

- Legislative changes - This category includes adjustments explicitly approved by the legislature, such as, changes to benefit rates, longevity adjustments required by statute, and changes in rates for workers' compensation and unemployment insurance
- Management changes - This category includes agency management decisions that adjust personal services related to changes in pay. This includes changes such as hiring positions budgeted (PB) at a lower rate to replace senior staff and broadband pay adjustments for recruitment and retention
- Budget modifications - This category includes other modifications to the FY 2025 personal services base budget such as management decisions to transfer personal services funding between programs within an agency or movement of personal services funding to or from another expenditure category (e.g. moving funding from operating expenses to personal services)

The figure below shows the analysis of the executive budget for personal services for each program. Further detail is provided within each program.

Department of Revenue				
FY 2026 Statewide Present Law Adjustment for Personal Services (DP1)				
Program	Legislative Changes	Management Changes	Budget Modifications	Total DP1
01 Directors Office	\$ 94,360	44,255	-	\$138,615
02 Technology Services Division	18,210	(59,524)	-	(41,314)
03 Alcoholic Beverage Control Division	106,616	(121,117)	-	(14,501)
04 Cannabis Control Division	39,874	(16,551)	-	23,323
05 Information Management & Collections Division	90,927	(88,539)	-	2,388
07 Business & Income Taxes Division	43,552	(20,923)	-	22,629
08 Property Assessment Division	270,940	(359,133)	-	(88,193)
Agency Total	\$ 664,479	\$ (621,532)	\$ -	\$ 42,947

Present Law Adjustments

The Department of Revenue has one present law adjustment request that is made in numerous divisions within the agency. The executive is requesting authority for increased parking costs and possible increases in leasing expenses because the current lease expires on December 30, 2026. The request, across all divisions, is for an increase of authority of \$250,000.

New Proposal

The Department of Revenue has two new proposals that are in multiple divisions within the agency.

The executive is requesting funding for rental space in Livingston, Butte, and Boulder. This space will serve as a shared space for staff across multiple divisions. The request, across all divisions is for an increase in authority of \$320,000.

The executive requests an increase in general fund appropriations of \$3.4 million for property tax revision implementation. Although the majority is within the Property Assessment Division, \$375,000 of this request is within the Director’s Office and \$228,000 of this request is within the Information Management and Collections Division. The remaining \$2.8 million of this request is within the Property Assessment Division. The requested increase in authority is to fund 14.00 modified HB 2 PB in FY 2026 and an additional 10.00 modified HB 2 PB, or 24.00 PB total, in FY 2027. This request is contingent on LC0173.

LFD COMMENT This request is contingent on LC0173. The Legislative Finance Committee generally recommends that subcommittees not pass contingent DPs until the corresponding bill has passed. If the subcommittee wishes to approve this funding, the committee might consider language in HB 2 that this funding is contingent on approval of related legislation.

Funding

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

Total Department of Revenue Funding by Source of Authority 2027 Biennium Budget Request						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	140,223,299			352,583,000	492,806,299	38.0%
02442 Cannabis	198,135,869				198,135,869	15.3%
02168 MT Oil Production Tax				130,606,005	130,606,005	10.1%
02083 Oil & Gas Local Assistance				10,242,000	10,242,000	0.8%
02008 Tobacco And Cig. Tribal Agree.				6,159,910	6,159,910	0.5%
02966 Tribal Agreement - Alcohol				2,018,000	2,018,000	0.2%
Other State Special Revenue	2,081,408			3,912,037	5,993,445	0.5%
State Special Revenue Total	200,217,277	-	-	152,937,952	353,155,229	27.2%
03928 Royalty Audit - NRCT	1,006,046				1,006,046	0.1%
Federal Special Revenue Total	1,006,046	-	-	-	1,006,046	0.1%
06005 Liquor Division	449,079,507				449,079,507	34.6%
06554 Bad Debt Collection Services			700,666		700,666	0.1%
Proprietary Fund Total	449,079,507	-	700,666	-	449,780,173	34.7%
Total of All Funds	790,526,129	-	700,666	505,520,952	1,296,747,747	
Percent of All Sources of Authority	61.0%	0.0%	0.1%	39.0%		

HB 2 Appropriations

General Fund

The Department of Revenue (DOR) is funded in part by general fund with portions of this in both HB 2 appropriations and statutory appropriations. More detail on the general fund appropriations is provided at the division level.

State Special Revenue

Within the Cannabis Control Division, state special revenue is the primary source of funding. Revenues in this fund are generated from taxes collected on cannabis purchases as well as from fees for licensing and cardholder registration. Detail on fund balance, revenues, and expenditures for this specific fund can be found within program funding description.

Federal Special Revenue

Within the agency, federal special revenue equates to a small portion of the total appropriations with this fund supporting federal mineral royalty audits.

Proprietary

The liquor division proprietary fund is the only HB 2 proprietary fund and supports 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 Funds

The finances of the bad debt collection services are funded with non-budgeted proprietary funds which will be discussed in the Proprietary Rates analysis.

Statutory Appropriations

General Fund

Statutory appropriations out of the general fund are in the Director's Office. 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.

State Special Revenue

State special revenue funds that are statutorily appropriated primarily lie within the Director’s Office. These appropriations include oil and natural gas production tax, tribal alcohol and cigarette cooperative agreements, as well as others. Further detail on these appropriations can be found at the program level.

Agency Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	668.92	668.92	677.06	677.06
Personal Services	53,482,112	53,616,317	56,738,989	58,816,616	59,582,409
Operating Expenses	135,060,268	156,773,164	159,377,905	161,660,552	162,481,972
Equipment & Intangible Assets	2,774,829	2,775,198	153,154	153,154	153,154
Local Assistance	0	2,000,000	2,000,000	2,000,000	2,000,000
Transfers	108,204,085	161,207,720	170,601,500	170,601,500	170,601,500
Debt Service	1,274,044	1,274,072	1,237,636	1,237,636	1,237,636
Total Expenditures	\$300,795,338	\$377,646,471	\$390,109,184	\$394,469,458	\$396,056,671
General Fund	62,068,379	64,349,841	66,890,920	69,378,119	70,845,180
State/Other Special Rev. Funds	60,558,320	88,824,420	98,549,795	100,056,798	100,160,479
Federal Spec. Rev. Funds	502,175	502,175	503,023	503,023	503,023
Proprietary Funds	177,666,464	223,970,035	224,165,446	224,531,518	224,547,989
Total Funds	\$300,795,338	\$377,646,471	\$390,109,184	\$394,469,458	\$396,056,671
Total Ongoing	\$299,988,675	\$376,718,854	\$389,974,184	\$394,469,458	\$396,056,671
Total OTO	\$806,663	\$927,617	\$135,000	\$0	\$0

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
- Cooperates with local, state, tribal, and federal governments to advance the public interest under the law

Please refer to the agency profile [here](#) for additional information about the agency’s organization structure, historical expenditures, goals and objectives, and recent studies and audits.

FY 2024 Appropriations Compared to FY 2024 Expenditures

Within the Department of Revenue, FY 2024 appropriations were 79.6% expended, with the majority of expenditures being in proprietary funding. Of the \$377.6 million in HB 2 authority, \$224.0 million is proprietary funding, \$64.3 million in general fund, \$88.8 million in state special revenue funding, and the remaining \$502,000 in federal special revenue.

Within the agency, 84.2% of the total appropriations are centralized in operating expenses and transfers. These are the two expenditure types with the lowest percent expended. Transfers are primarily within the Alcoholic Beverage Control Division. According to the agency, funds transferred from the liquor fund to the general fund were lower-than-anticipated due to lower revenues. Details surrounding each of these aspects will be described further at the program level.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Appropriations within the Department of Revenue in FY 2025 are 3.3% higher than that of FY 2024. Further detail surrounding this increase in appropriations in FY 2025 can be found at the agency level.

Comparison of FY 2025 Legislative Budget to FY 2025 Base

The figure below illustrates the beginning FY 2025 budget as adopted by the 2023 Legislature compared to the FY 2025 base budget, which includes modifications as approved by the approving authority (as authorized in statute) during the interim. The FY 2025 base budget was agreed upon by the Office of Budget and Program Planning and the Fiscal Division to be the point from which any changes would be recorded for the 2027 biennium budgeting process.

Department of Revenue				
Comparison of the FY 2025 Legislative Budget to the FY 2025 Base Budget				
	Legislative Budget	Executive Modifications	Base Budget	% Change
01 DIRECTORS OFFICE				
61000 Personal Services	6,665,486	(169,375)	6,496,111	-2.5%
62000 Operating Expenses	2,171,927	(52,493)	2,119,434	-2.4%
65000 Local Assistance	2,000,000		2,000,000	0.0%
68000 Transfers	1,500		1,500	0.0%
69000 Debt Service	10,413		10,413	0.0%
Total	10,849,326	(221,868)	10,627,458	-2.0%
02 TECHNOLOGY SERVICES DIVISION				0.0%
61000 Personal Services	4,355,701	52,838	4,408,539	1.2%
62000 Operating Expenses	6,064,578	(120,791)	5,943,787	-2.0%
63000 Equipment & Intangible Assets		122,600	122,600	100.0%
Total	10,420,279	54,647	10,474,926	0.5%
03 ALCOHOLIC BEVERAGE CONTROL DIV				0.0%
61000 Personal Services	2,851,925		2,851,925	0.0%
62000 Operating Expenses	141,175,613		141,175,613	0.0%
63000 Equipment & Intangible Assets	30,554		30,554	0.0%
68000 Transfers	79,500,000		79,500,000	0.0%
69000 Debt Service	35,275		35,275	0.0%
Total	223,593,367		223,593,367	0.0%
04 CANNABIS CONTROL DIVISION				0.0%
61000 Personal Services	3,203,049		3,203,049	0.0%
62000 Operating Expenses	2,640,936	(75,000)	2,565,936	-2.8%
68000 Transfers	91,100,000		91,100,000	0.0%
69000 Debt Service		75,000	75,000	100.0%
Total	96,943,985	-	96,943,985	0.0%
05 INFORMATION MGMT & COLLECTIONS				0.0%
61000 Personal Services	5,211,946	(52,838)	5,159,108	-1.0%
62000 Operating Expenses	2,001,977	(1,809)	2,000,168	-0.1%
69000 Debt Service	256,255		256,255	0.0%
Total	7,470,178	(54,647)	7,415,531	-0.7%
07 BUSINESS & INCOME TAXES DIV				0.0%
61000 Personal Services	11,561,716	169,375	11,731,091	1.5%
62000 Operating Expenses	2,075,211	52,493	2,127,704	2.5%
69000 Debt Service	7,558		7,558	0.0%
Total	13,644,485	221,868	13,866,353	1.6%
08 PROPERTY ASSESSMENT DIVISION				0.0%
61000 Personal Services	22,754,166		22,754,166	0.0%
62000 Operating Expenses	3,445,263		3,445,263	0.0%
69000 Debt Service	853,135		853,135	0.0%
Total	27,052,564		27,052,564	0.0%
Agency Total	389,974,184	-	389,974,184	0.0%

In comparing the FY 2025 legislative budget to the FY 2025 base budget, there were executive modifications that were

made effecting the FY 2025 base budget. Two of the executive modifications transferred 2.00 PB amongst programs. The first of which was transferring 1.00 PB out of the Directors Office into the Business and Income Taxes Division. This moved both personal services and operating expense authority. The second program transfer was the movement of 1.00 PB out of the Information Management and Collections Division into the Technology Services Division. Similar to the previous modification, this moved the associated personal services and operating expenses authority. The other modification made by the executive that impacted the FY 2025 base budget was a budget change within the Technology Services Division and Cannabis Control Division. In the Technology Services Division, there was a transfer of appropriation authority from operating expenses to equipment and intangible assets to account for software expenses. The second aspect of this was the transfer of authority from operating expenses to debt service in the Cannabis Control Division to pay licensing fees for a cloud-based software that needs to be expensed as debt service, per state accounting standards.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	65.19	65.19	65.19	0.00	0.0%
General Fund	10,123,168	10,523,922	10,547,208	824,794	4.1%
State/Other Special Rev. Funds	348,540	368,540	368,540	40,000	5.7%
Proprietary Funds	155,750	155,750	155,750		0.0%
Total Funds	10,627,458	11,048,212	11,071,498	864,794	4.1%
Personal Services	6,496,111	6,765,543	6,780,727	554,048	4.3%
Operating Expenses	2,119,434	2,270,756	2,278,858	310,746	7.3%
Local Assistance	2,000,000	2,000,000	2,000,000		0.0%
Transfers	1,500	1,500	1,500		0.0%
Debt Service	10,413	10,413	10,413		0.0%
Total Expenditures	10,627,458	11,048,212	11,071,498	864,794	4.1%
Total Ongoing	10,627,458	11,048,212	11,071,498	864,794	4.1%
Total One-Time-Only					0.0%

Program Highlights

Director's Office Major Budget Highlights
<ul style="list-style-type: none"> • The Director's Office 2027 biennium requested appropriations are approximately \$865,000 or 4.1% higher than the FY 2025 base budget • Significant requested changes include: <ul style="list-style-type: none"> ◦ Appropriations for personal services are requested to increase \$291,000 over the biennium, or 2.2%. This request is due to increases in pay rates and benefits ◦ Operating expense increase of 4.7%, or \$199,000 in the 2027 biennium due to increases in fixed costs for information technology costs and Capitol complex rent ◦ An increase of \$375,000 over the biennium for personal services and related operating expenses that is contingent on legislation

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Director's Office 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	10,123,168	348,540	0	10,627,458	96.2%	10,123,168	348,540	0	10,627,458	96.0%
Statewide PL										
Personal Services	138,615	0	0	138,615	1.3%	152,028	0	0	152,028	1.4%
Fixed Costs	59,557	0	0	59,557	0.5%	69,042	0	0	69,042	0.6%
Inflation Deflation	(846)	0	0	(846)	(0.0%)	(571)	0	0	(571)	(0.0%)
Total Statewide PL	197,326	0	0	197,326	1.8%	220,499	0	0	220,499	2.0%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	203,428	20,000	0	223,428	2.0%	203,541	20,000	0	223,541	2.0%
Total HB 2 Adjustments	400,754	20,000	0	420,754	3.8%	424,040	20,000	0	444,040	4.0%
Total Requested Budget	10,523,922	368,540	0	11,048,212		10,547,208	368,540	0	11,071,498	

Funding

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

Department of Revenue, 01-Director's Office Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	21,071,130	0	0	352,583,000	373,654,130	70.8%	
02008 Tobacco And Cig. Tribal Agree.	0	0	0	6,159,910	6,159,910	4.0%	
02011 THC Tribal Coop Tax Agreements	0	0	0	592,000	592,000	0.4%	
02083 Oil & Gas Local Assistance	0	0	0	10,242,000	10,242,000	6.7%	
02088 SSR Administrative Funds	75,128	0	0	0	75,128	0.0%	
02168 MT Oil Production Tax	0	0	0	130,606,005	130,606,005	85.0%	
02169 Bentonite Production Tax	0	0	0	1,600,000	1,600,000	1.0%	
02442 Cannabis	576,628	0	0	0	576,628	0.4%	
02511 Oil and Gas Natural Resource	0	0	0	1,652,995	1,652,995	1.1%	
02790 6901-Statewide Tobacco Sttlmnt	85,324	0	0	0	85,324	0.1%	
02966 Tribal Agreement - Alcohol	0	0	0	2,018,000	2,018,000	1.3%	
State Special Total	\$737,080	\$0	\$0	\$152,870,910	\$153,607,990	29.1%	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
06005 Liquor Division	311,500	0	0	0	311,500	100.0%	
Proprietary Total	\$311,500	\$0	\$0	\$0	\$311,500	0.1%	
Total All Funds	\$22,119,710	\$0	\$0	\$505,453,910	\$527,573,620		

HB 2 Appropriations

General Fund

Funding for the Director's Office HB 2 budget is primarily from the general fund. General fund supports staff salary and benefit expenditures as well as operational expenses.

State Special Revenue

Within the Director's Office, HB 2 state special revenue funds include the administrative funds, tobacco settlement fund, and the cannabis fund. The tobacco settlement fund is used within this program towards the attorney that 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 is from a direct appropriation of Alcoholic Beverage Control Division proprietary fund and is for the Alcoholic Beverage Control Division's 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 Appropriations

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 share, 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, cigarette, and cannabis cooperative agreement (18-11-101 through 18-11-121, MCA) - The State of Montana has taxation agreements with tribal nations for alcohol, cigarette, and cannabis 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 semiannually 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

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	65.19	65.19	65.19	65.19
Personal Services	6,327,153	6,328,595	6,496,111	6,765,543	6,780,727
Operating Expenses	1,523,708	1,656,928	2,119,434	2,270,756	2,278,858
Local Assistance	0	2,000,000	2,000,000	2,000,000	2,000,000
Transfers	0	1,500	1,500	1,500	1,500
Debt Service	8,364	8,364	10,413	10,413	10,413
Total Expenditures	\$7,859,225	\$9,995,387	\$10,627,458	\$11,048,212	\$11,071,498
General Fund	7,082,948	9,218,610	10,123,168	10,523,922	10,547,208
State/Other Special Rev. Funds	620,519	621,018	348,540	368,540	368,540
Proprietary Funds	155,758	155,759	155,750	155,750	155,750
Total Funds	\$7,859,225	\$9,995,387	\$10,627,458	\$11,048,212	\$11,071,498
Total Ongoing	\$7,783,459	\$9,919,621	\$10,627,458	\$11,048,212	\$11,071,498
Total OTO	\$75,766	\$75,766	\$0	\$0	\$0

Program Description

The Director's Office (DO) supports the agency's director, provides guidance and oversight for the department, and coordinates the department's legislative efforts. The DO 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 also oversees the department's call center
- 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 as well as support for e-Stop business licensing
- 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
- The Professional Development Program provides mission-centric and adaptive professional development opportunities specific to the department's administration of taxes, property valuation, liquor control, and cannabis regulation

FY 2024 Appropriations Compared to FY 2024 Expenditures

Within the Director's Office of the Department of Revenue, appropriations for FY 2024 were 78.6% expended. This division is primarily comprised of general fund, with smaller amounts of state special revenue and proprietary funding as well. Personal services for the Director's Office were 100.0% expended with operating expenses also being 92.0% expended. Expenditures within local assistance were 0.0% expended with the \$2.0 million in appropriations being unspent. This appropriation is regarding centrally assessed protested tax valuations. As the agency did not require the use of this funding,

it did not have any corresponding expenditures.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Appropriations in FY 2025 within the Director's Office are 6.3% higher than appropriations in FY 2024. Increases in appropriation are primarily in personal services and operating expenses. The main reason for the increase in appropriations in FY 2025 is due to a transfer of authority which shifted appropriations out of the Director's Office in FY 2024 into the Technology Services Division.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed 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 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	138,615	0	0	138,615	0.00	152,028	0	0	152,028
DP 2 - Fixed Costs	0.00	59,557	0	0	59,557	0.00	69,042	0	0	69,042
DP 3 - Inflation Deflation	0.00	(846)	0	0	(846)	0.00	(571)	0	0	(571)
Grand Total All Present Law Adjustments	0.00	\$197,326	\$0	\$0	\$197,326	0.00	\$220,499	\$0	\$0	\$220,499

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

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

Department of Revenue Director's Office FY 2026 Statewide Present Law Adjustment for Personal Services (DP1)	
Legislative Changes	\$ 94,360
Management Changes	44,255
Total Budget Modifications	-
Total	\$ 138,615

The executive requests an increase in personal services funding in the upcoming biennium. This change is primarily in legislative changes with a portion of management changes as well. The increase in legislative changes is mainly due to the increase in cost of benefits within the division. The increase shown in management changes is due to various pay increases made by the division, including career ladder adjustments and promotions.

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, 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 executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include in-state state motor pool and motor pool leased vehicles.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 15 - DO, CCD, BITD, PAD Administrative Resources	0.00	15,500	0	0	15,500	0.00	16,500	0	0	16,500
DP 101 - DO E-Stop Budget Increase	0.00	0	20,000	0	20,000	0.00	0	20,000	0	20,000
DP 801 - PAD Property Tax Revision Implementation (BIEN)	0.00	187,928	0	0	187,928	0.00	187,041	0	0	187,041
Total	0.00	\$203,428	\$20,000	\$0	\$223,428	0.00	\$203,541	\$20,000	\$0	\$223,541

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

DP 15 - DO, CCD, BITD, PAD Administrative Resources -

The executive requests an increase in general fund appropriation authority in the upcoming biennium. This request would be utilized towards rental space in Livingston, Boulder, and Butte for staff of various divisions. As the agency experiences challenges in recruitment and training in high cost-of-living locations, this allows for staff of multiple divisions to work in one location to limit the need for travel.

DP 101 - DO E-Stop Budget Increase -

The executive requests an increase in state special revenue authority for the upcoming biennium. This authority would be used towards general operating expenses within the e-Stop Program.

DP 801 - PAD Property Tax Revision Implementation (BIEN) -

The executive requests an increase in general fund authority to fund 1.00 modified HB 2 PB within this program, as well as operating expenses for rent, communications, and supplies. This request is contingent on LC0173.

LFD COMMENT	This request is contingent on LC0173. The Legislative Finance Committee generally recommends that subcommittees not pass contingent DPs until the corresponding bill has passed. If the subcommittee wishes to approve this funding, the committee might consider language in HB 2 that this funding is contingent on approval of related legislation.
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Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	70.95	70.95	70.95	0.00	0.0%
General Fund	7,252,044	7,399,280	7,598,518	493,710	3.4%
State/Other Special Rev. Funds	146,597	146,597	146,597		0.0%
Proprietary Funds	16,890	16,890	16,890		0.0%
Total Funds	7,415,531	7,562,767	7,762,005	493,710	3.3%
Personal Services	5,159,108	5,161,496	5,173,755	17,035	0.2%
Operating Expenses	2,000,168	2,145,016	2,331,995	476,675	11.9%
Debt Service	256,255	256,255	256,255		0.0%
Total Expenditures	7,415,531	7,562,767	7,762,005	493,710	3.3%
Total Ongoing	7,415,531	7,562,767	7,762,005	493,710	3.3%
Total One-Time-Only					0.0%

Program Highlights

Information Management and Collections Major Budget Highlights
<ul style="list-style-type: none"> • The Information Management and Collections Division’s 2027 biennium requested appropriations are approximately \$494,000 or 3.3% higher than the FY 2025 base budget. Significant requested changes include: <ul style="list-style-type: none"> ◦ Operating expenses increase by \$120,000 in the upcoming biennium due to increases in printing, postage, and information technology costs ◦ An increase in operating expenses of \$228,000 related to mailing costs that is contingent on legislation

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Information Management and Collections Division 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	7,252,044	146,597	0	7,415,531	98.1%	7,252,044	146,597	0	7,415,531	95.5%
Statewide PL										
Personal Services	2,388	0	0	2,388	0.0%	14,647	0	0	14,647	0.2%
Fixed Costs	37,848	0	0	37,848	0.5%	45,227	0	0	45,227	0.6%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	40,236	0	0	40,236	0.5%	59,874	0	0	59,874	0.8%
Present Law (PL)	51,000	0	0	51,000	0.7%	115,000	0	0	115,000	1.5%
New Proposals	56,000	0	0	56,000	0.7%	171,600	0	0	171,600	2.2%
Total HB 2 Adjustments	147,236	0	0	147,236	1.9%	346,474	0	0	346,474	4.5%
Total Requested Budget	7,399,280	146,597	0	7,562,767		7,598,518	146,597	0	7,762,005	

Funding

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

Department of Revenue, 05-Information Management and Collections Division Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	14,997,798	0	0	0	14,997,798	93.6%
02025 Unclaimed Property	52,630	0	0	0	52,630	18.0%
02088 SSR Administrative Funds	55,404	0	0	0	55,404	18.9%
02442 Cannabis	185,160	0	0	0	185,160	63.2%
State Special Total	\$293,194	\$0	\$0	\$0	\$293,194	1.8%
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
06005 Liquor Division	33,780	0	0	0	33,780	4.6%
06554 Bad Debt Collection Services	0	0	700,666	0	700,666	95.4%
Proprietary Total	\$33,780	\$0	\$700,666	\$0	\$734,446	4.6%
Total All Funds	\$15,324,772	\$0	\$700,666	\$0	\$16,025,438	

HB 2 Appropriations

General Fund

The majority of the Information Management and Collections Division’s 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 Funds

The finances of the bad debt collection services are funded with non-budgeted proprietary funds which will be discussed in the report on non-budgeted proprietary funds.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	70.95	70.95	70.95	70.95
Personal Services	4,263,818	4,264,329	5,159,108	5,161,496	5,173,755
Operating Expenses	1,864,461	1,901,202	2,000,168	2,145,016	2,331,995
Equipment & Intangible Assets	69,429	69,429	0	0	0
Debt Service	265,400	265,400	256,255	256,255	256,255
Total Expenditures	\$6,463,108	\$6,500,360	\$7,415,531	\$7,562,767	\$7,762,005
General Fund	6,326,346	6,336,854	7,252,044	7,399,280	7,598,518
State/Other Special Rev. Funds	119,865	146,610	146,597	146,597	146,597
Proprietary Funds	16,897	16,896	16,890	16,890	16,890
Total Funds	\$6,463,108	\$6,500,360	\$7,415,531	\$7,562,767	\$7,762,005
Total Ongoing	\$6,463,108	\$6,500,360	\$7,415,531	\$7,562,767	\$7,762,005
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Information Management and Collections Division (IMCD) is responsible for processing tax returns, refunds, and payments timely and accurately; integrating improved technology to enhance the user experience; increasing electronic filings, resolving overdue debt, and collecting of other state debt. IMCD consists of two bureaus and four units:

The Collections Bureau is responsible for administering collection activities associated with delinquent taxes statutorily administered by the department. These activities include contacting taxpayers by phone and/or letter to establish payment arrangements, filing warrants for distraint to secure the state's interest on outstanding tax liabilities, and initiating wage and fund levies to secure payment of debts

The Information Management Bureau processes tax information, returns, and payments, and ensures the integrity and security of that data. The bureau also maintains and advances electronic alternatives for submission of data to meet the changing demands of tax compliance. The bureau is organized into three units: the Digitization Unit, the Information Governance Unit, and the Customer and Payment Management Unit

The Statewide Collections and Program Planning Unit coordinates the offset of payments from state agencies against debts owed to other state agencies, local governments entities, and universities that are considered uncollectible

FY 2024 Appropriations Compared to FY 2024 Expenditures

The Information Management and Collections Division expended 99.4% of its total HB 2 appropriations. This is in line with anticipated expenditures at the end of the fiscal year.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Appropriations in FY 2025 are 14.1% greater than that of FY 2024. The main reason for the large increase in appropriations

from FY 2024 to FY 2025 is due a transfer of funding from IMCD to the Technology Services Division. This HB 2 budget modification reduced the authority for this division in FY 2024, thus increasing the difference when compared to FY 2025.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed 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 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	2,388	0	0	2,388	0.00	14,647	0	0	14,647
DP 2 - Fixed Costs	0.00	37,848	0	0	37,848	0.00	45,227	0	0	45,227
DP 16 - TSD, PAD, and IMCD - Administrative Cost Adjustment	0.00	11,000	0	0	11,000	0.00	35,000	0	0	35,000
DP 501 - IMCD Administrative Resources	0.00	40,000	0	0	40,000	0.00	80,000	0	0	80,000
Grand Total All Present Law Adjustments	0.00	\$91,236	\$0	\$0	\$91,236	0.00	\$174,874	\$0	\$0	\$174,874

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

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

Department of Revenue Information Management and Collections Division FY 2026 Statewide Present Law Adjustment for Personal Services (DP1)	
Legislative Changes	\$ 90,927
Management Changes	(88,539)
Total Budget Modifications	-
Total	\$ 2,388

The executive requests an increase in personal services funding within this division. Within legislative changes, this increase is primarily because of the increase in cost of benefits. Management changes is decreased due mainly to vacancy savings as well as changes in the median market pay rate for vacant positions.

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol

complex rent, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 16 - TSD, PAD, and IMCD - Administrative Cost Adjustment -

The executive requests an increase in general fund appropriation authority for the upcoming biennium. This requested increase is due to the increase in parking costs associated with staff located at the Donovan building, which is in downtown Helena. This increase also includes a possible increase in leasing expenses as the current lease expires on December 30, 2026.

DP 501 - IMCD Administrative Resources -

The executive requests an increase of general fund appropriations for the upcoming biennium. This increase is for an increase in printing and postage costs due to inflation.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 801 - PAD Property Tax Revision Implementation (BIEN)	0.00	56,000	0	0	56,000	0.00	171,600	0	0	171,600
Total	0.00	\$56,000	\$0	\$0	\$56,000	0.00	\$171,600	\$0	\$0	\$171,600

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

DP 801 - PAD Property Tax Revision Implementation (BIEN) -

The executive requests an increase in general fund authority regarding mailing communications for property tax revisions. This request is contingent on LC0173.

LFD COMMENT	This request is contingent on LC0173. The Legislative Finance Committee generally recommends that subcommittees not pass contingent DPs until the corresponding bill has passed. If the subcommittee wishes to approve this funding, the committee might consider language in HB 2 that this funding is contingent on approval of related legislation.
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Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	287.42	287.42	287.42	0.00	0.0%
General Fund	27,035,288	28,312,566	29,157,138	3,399,128	6.3%
State/Other Special Rev. Funds	17,276	17,276	17,276		0.0%
Total Funds	27,052,564	28,329,842	29,174,414	3,399,128	6.3%
Personal Services	22,754,166	23,572,536	24,228,357	2,292,561	5.0%
Operating Expenses	3,445,263	3,904,171	4,092,922	1,106,567	16.1%
Debt Service	853,135	853,135	853,135		0.0%
Total Expenditures	27,052,564	28,329,842	29,174,414	3,399,128	6.3%
Total Ongoing	27,052,564	28,329,842	29,174,414	3,399,128	6.3%
Total One-Time-Only					0.0%

Program Highlights

Property Assessment Division Major Budget Highlights
<ul style="list-style-type: none"> • The Property Assessment Division's 2027 biennium requested appropriations are approximately \$3.4 million or 6.3% higher than the FY 2025 base budget. Significant requested changes include: <ul style="list-style-type: none"> ◦ An increase in appropriations of \$224,000 due to rental space expenses for staffing needs in Livingston, Butte, and Boulder ◦ An increase of \$431,000 in appropriations for fixed costs with this mainly due to information technology costs ◦ \$2.8 million in personal services and related operating expenses for implementation of revisions in property taxes contingent on legislation

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Property Assessment Division 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	27,035,288	17,276	0	27,052,564	95.5%	27,035,288	17,276	0	27,052,564	92.7%
Statewide PL										
Personal Services	(88,193)	0	0	(88,193)	(0.3%)	(23,740)	0	0	(23,740)	(0.1%)
Fixed Costs	201,764	0	0	201,764	0.7%	229,383	0	0	229,383	0.8%
Inflation Deflation	(26,533)	0	0	(26,533)	(0.1%)	(17,933)	0	0	(17,933)	(0.1%)
Total Statewide PL	87,038	0	0	87,038	0.3%	187,710	0	0	187,710	0.6%
Present Law (PL)	50,000	0	0	50,000	0.2%	90,000	0	0	90,000	0.3%
New Proposals	1,140,240	0	0	1,140,240	4.0%	1,844,140	0	0	1,844,140	6.3%
Total HB 2 Adjustments	1,277,278	0	0	1,277,278	4.5%	2,121,850	0	0	2,121,850	7.3%
Total Requested Budget	28,312,566	17,276	0	28,329,842		29,157,138	17,276	0	29,174,414	

Funding

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

Department of Revenue, 08-Property Assessment Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	57,469,704	0	0	0	57,469,704	99.9%	
02088 SSR Administrative Funds	28,552	0	0	0	28,552	82.6%	
02320 Property Value, Improv. Fund	6,000	0	0	0	6,000	17.4%	
State Special Total	\$34,552	\$0	\$0	\$0	\$34,552	0.1%	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$57,504,256	\$0	\$0	\$0	\$57,504,256		

HB 2 Appropriations

General Fund

The Property Assessment Division is almost entirely funded through general fund appropriations to support its business operations.

State Special Revenue

There is a small portion from state special revenue for the livestock per capita fee and the property valuation improvement fund. The livestock per capita fee fund is funded through fees placed on various livestock to impose livestock laws. The appropriations from this fund within the division are a percentage of the total fund used to help collect the fee. 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.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures

requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	287.42	287.42	287.42	287.42
Personal Services	21,492,991	21,495,898	22,754,166	23,572,536	24,228,357
Operating Expenses	3,433,013	3,456,005	3,445,263	3,904,171	4,092,922
Debt Service	881,911	881,911	853,135	853,135	853,135
Total Expenditures	\$25,807,915	\$25,833,814	\$27,052,564	\$28,329,842	\$29,174,414
General Fund	25,793,632	25,816,538	27,035,288	28,312,566	29,157,138
State/Other Special Rev. Funds	14,283	17,276	17,276	17,276	17,276
Total Funds	\$25,807,915	\$25,833,814	\$27,052,564	\$28,329,842	\$29,174,414
Total Ongoing	\$25,807,915	\$25,833,814	\$27,052,564	\$28,329,842	\$29,174,414
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

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

FY 2024 Appropriations Compared to FY 2024 Expenditures

The Property Assessment Division expended 99.9% of its FY 2024 appropriations, with the primary expenditure being within personal services. This is in line with anticipated expenditures at this point in the fiscal year.

FY 2024 Appropriations Compared to FY 2025 Appropriations

FY 2025 appropriations for the Property Assessment Division are 4.7% higher than that of FY 2024. Growth in appropriations primarily occurs within personal services, with a \$1.2 million increase from FY 2024 to FY 2025. This increase is primarily due to the HB 13 pay plan funding.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed 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 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(88,193)	0	0	(88,193)	0.00	(23,740)	0	0	(23,740)
DP 2 - Fixed Costs	0.00	201,764	0	0	201,764	0.00	229,383	0	0	229,383
DP 3 - Inflation Deflation	0.00	(26,533)	0	0	(26,533)	0.00	(17,933)	0	0	(17,933)
DP 16 - TSD, PAD, and IMCD - Administrative Cost Adjustment	0.00	50,000	0	0	50,000	0.00	90,000	0	0	90,000
Grand Total All Present Law Adjustments	0.00	\$137,038	\$0	\$0	\$137,038	0.00	\$277,710	\$0	\$0	\$277,710

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

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

Department of Revenue Property Assessment Division FY 2026 Statewide Present Law Adjustment for Personal Services (DP1)	
Legislative Changes	\$ 270,940
Management Changes	(359,133)
Total Budget Modifications	-
Total	\$ (88,193)

The executive requests a decrease in personal services funding for the upcoming biennium. Within legislative changes the increase shown is the increase in cost of benefits for the division. The decrease within management changes is mainly due to the vacancy savings within the division.

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, 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 executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include in-state state motor pool and motor pool leased vehicles.

DP 16 - TSD, PAD, and IMCD - Administrative Cost Adjustment -

The executive requests an increase in general fund appropriations for the upcoming biennium. This requested increase is due to the increase in parking costs associated with staff located at the Donovan building, which is located in downtown Helena. This increase also includes a possible increase in leasing expenses as the current lease expires on December 30, 2026.

New Proposals

The “New Proposals” table shows new proposals for spending.

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 15 - DO, CCD, BITD, PAD Administrative Resources	0.00	108,500	0	0	108,500	0.00	115,500	0	0	115,500
DP 801 - PAD Property Tax Revision Implementation (BIEN)	0.00	1,031,740	0	0	1,031,740	0.00	1,728,640	0	0	1,728,640
Total	0.00	\$1,140,240	\$0	\$0	\$1,140,240	0.00	\$1,844,140	\$0	\$0	\$1,844,140

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

DP 15 - DO, CCD, BITD, PAD Administrative Resources -

The executive requests an increase in general fund appropriation authority in the upcoming biennium. This request would be utilized towards rental space in Livingston, Boulder, and Butte for staff of various divisions. As the agency experiences challenges in recruitment and training in high cost-of-living locations, this allows for staff of multiple divisions to work in one location to limit the need for travel.

DP 801 - PAD Property Tax Revision Implementation (BIEN) -

The executive requests an increase in general fund authority for personal services and operating expenses in the upcoming biennium. The personal services requested funds 13.00 modified HB 2 PB in FY 2026 and 23.00 modified HB 2 PB in FY 2027. The operating expenses for this request are towards network and supplies costs. This request is contingent on LC0173.

LFD COMMENT	This request is contingent on LC0173. The Legislative Finance Committee generally recommends that subcommittees not pass contingent DPs until the corresponding bill has passed. If the subcommittee wishes to approve this funding, the committee might consider language in HB 2 that this funding is contingent on approval of related legislation.
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