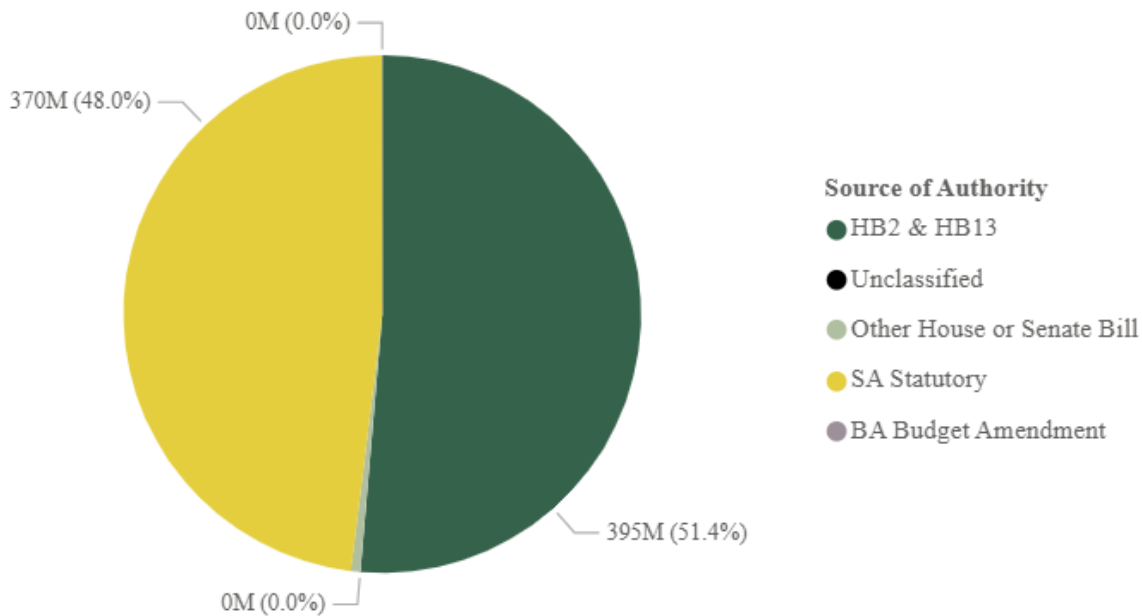


DEPARTMENT OF REVENUE

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Department of Revenue (DOR) is shown in the pie chart below. HB 2 and HB 13 consists of 51.4% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	% Expended
HB2 & HB13	395,020,052	85,570,682	21.7%
SA Statutory	369,581,000	136,505,006	36.9%
Other House or Senate Bill	4,474,828	575,605	12.9%
BA Budget Amendment	88,808	594	0.7%
Unclassified	37,025		
Total	769,201,713	222,651,888	28.9%

Statutory Appropriations

Statutory appropriations account for 48.0% of the Department of Revenue's total FY 2026 budget. Of the approximately \$369.6 million in appropriations, \$136.5 million has been expended as of the end of November 2025. Further detail on each statutory appropriation is below.

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. Appropriations from these agreements total \$4.4 million for FY 2026. As of November 30, 2025, appropriations are 25.7% expended.

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. Oil and natural gas-related production tax appropriations total \$65.3 million. Through November 2025, this appropriation has not been expended with this primarily being due to the timing of the oil and gas tax revenues.

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. Metal mines distribution appropriations total \$5.1 million. 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. As of November 30, 2025, this appropriation has not been expended with expenditures historically occurring towards the end of the fiscal year.

Bentonite production tax distribution (15-39-110, MCA)

All bentonite producers must file a bentonite production tax return every six months. Statutory appropriations for the bentonite production tax total \$800,000. This revenue is distributed semi-annually to local governments where the production occurred: Carter County and Carbon County. As of November 2025, this appropriation has not been expended with expenditures historically occurring towards the end of the fiscal year.

Entitlement share (15-1-121, MCA)

During the 2001 Legislative Session, the State of Montana assumed control of alcohol, vehicle, and gambling taxes as well as district court fees for local governments. In return, the state reimburses each local government in the form of an entitlement share. Statutory appropriations for entitlement share payments totaled \$173.1 million. As of November 30, 2025, this appropriation has been 25.0% expended.

MEDIA Act film production tax credit fee (15-31-1005(7), MCA)

The Montana Legislature established the Montana Economic Development Industry Advancement (MEDIA) Act (2019 Legislative Session) which provides a transferable income tax credit to eligible film production companies. To determine their eligibility, a company must apply with both the Department of Commerce and the Department of Revenue. Application fee revenue is used for the department to administer the program. As of November 2025, DOR has \$4,000 in statutory appropriations for this purpose with no expenditures being made.

Cigarette tax stamps (16-11-119, MCA)

The State of Montana charges a tax on cigarettes sold by selling tax decals to wholesalers who then attach the decal to each pack of cigarettes sold in Montana. As of November 30, 2025, appropriations from this source total approximately \$30,000, and approximately \$6,000 has been expended. Appropriations are used to administer this program and cover operating expenses.

Out-of-State Debt Collections (15-1-218, MCA)

The Department of Revenue has contracts with out-of-state attorneys for the out-of-state collections of taxes, fees, and other debts owed to the state. The costs of collection are statutorily appropriated from the general fund for the purpose of this collection. Appropriations total \$500,000, with \$67,000 being expended as of November 30, 2025.

Property Tax Rebate (SB 542)

Stemming from the 2025 Session, SB 542 gave the agency statutory appropriations to issue property tax rebates of up to \$400. Appropriations for this amount to \$100.0 million from the general fund with \$92.0 million being expended as of November 30, 2025. The agency is not expecting to use the full appropriation.

Other House and Senate Bills

Other house and senate bills account for \$4.5 million of the total appropriation authority in FY 2026, with \$576,000 being expended at this point in the fiscal year. Of this appropriation, \$3.5 million is associated with the implementation of SB 542 of the 2025 Session. All of the expenditures associated with this source of authority are tied to the implementation of SB 542 with these primarily being utilized towards printing and mailing costs. The agency anticipates using the remaining appropriations associated with SB 542 towards software development costs and other expenditures that may arise during the implementation process.

Budget Amendments

The Department of Revenue has one budget amendment totaling approximately \$89,000 federal special revenue in FY 2026 for the Federal Royalty Audit Program in the Business and Income Taxes Division (BIT). The agency expended approximately \$600 as of November 30, 2025.

Unclassified

The Department of Revenue has unclassified appropriation authority of \$37,025 because of lower workers' compensation premiums. Per 39-71-403(1)(b)(iv), MCA, when workers' compensation premiums are lower than the previous year, state agencies shall reduce personal services appropriations by the amount of the premium reduction. The reductions are included in the accounting system as unclassified authority that will not be spent by the agency.

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget from July 1, 2025, to November 30, 2025. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	HB 2 Budget	Modified Budget	Net Modifications
<input type="checkbox"/> Department of Revenue	395,056,925	395,020,052	-36,873
<input type="checkbox"/> 01 DIRECTORS OFFICE	11,239,466	11,253,220	13,754
<input type="checkbox"/> 02 TECHNOLOGY SERVICES DIVISION	11,055,952	11,171,312	115,360
<input type="checkbox"/> 03 CANNABIS AND ALCOHOL REG DIV	224,063,993	321,128,914	97,064,921
<input type="checkbox"/> 04 CANNABIS CONTROL DIVISION	97,071,850	0	-97,071,850
<input type="checkbox"/> 05 INFORMATION MGMT & COLLECTIONS	7,753,758	7,750,227	-3,531
<input type="checkbox"/> 07 BUSINESS & INCOME TAXES DIV	14,601,186	14,586,977	-14,209
<input type="checkbox"/> 08 PROPERTY ASSESSMENT DIVISION	29,270,720	29,129,402	-141,318
Total	395,056,925	395,020,052	-36,873

Expenditure Type	HB 2 Budget	Modified Budget	Net Modifications
<input type="checkbox"/> 61000 Personal Services	60,089,940	60,053,067	-36,873
<input type="checkbox"/> 62000 Operating Expenses	161,049,695	160,963,195	-86,500
<input type="checkbox"/> 63000 Equipment & Intangible Assets	153,154	153,154	
<input type="checkbox"/> 65000 Local Assistance	2,000,000	2,000,000	
<input type="checkbox"/> 68000 Transfers-out	170,601,500	170,622,500	21,000
<input type="checkbox"/> 69000 Debt Service	1,162,636	1,228,136	65,500
Total	395,056,925	395,020,052	-36,873

Fund Type	HB 2 Budget	Modified Budget	Net Modifications
<input type="checkbox"/> 01 General	71,185,937	71,156,213	-29,724
<input type="checkbox"/> 02 State/Other Spec Rev	98,745,850	98,743,582	-2,268
<input type="checkbox"/> 03 Fed/Other Spec Rev	503,066	502,846	-220
<input type="checkbox"/> 06 Enterprise	224,622,072	224,617,411	-4,661
Total	395,056,925	395,020,052	-36,873

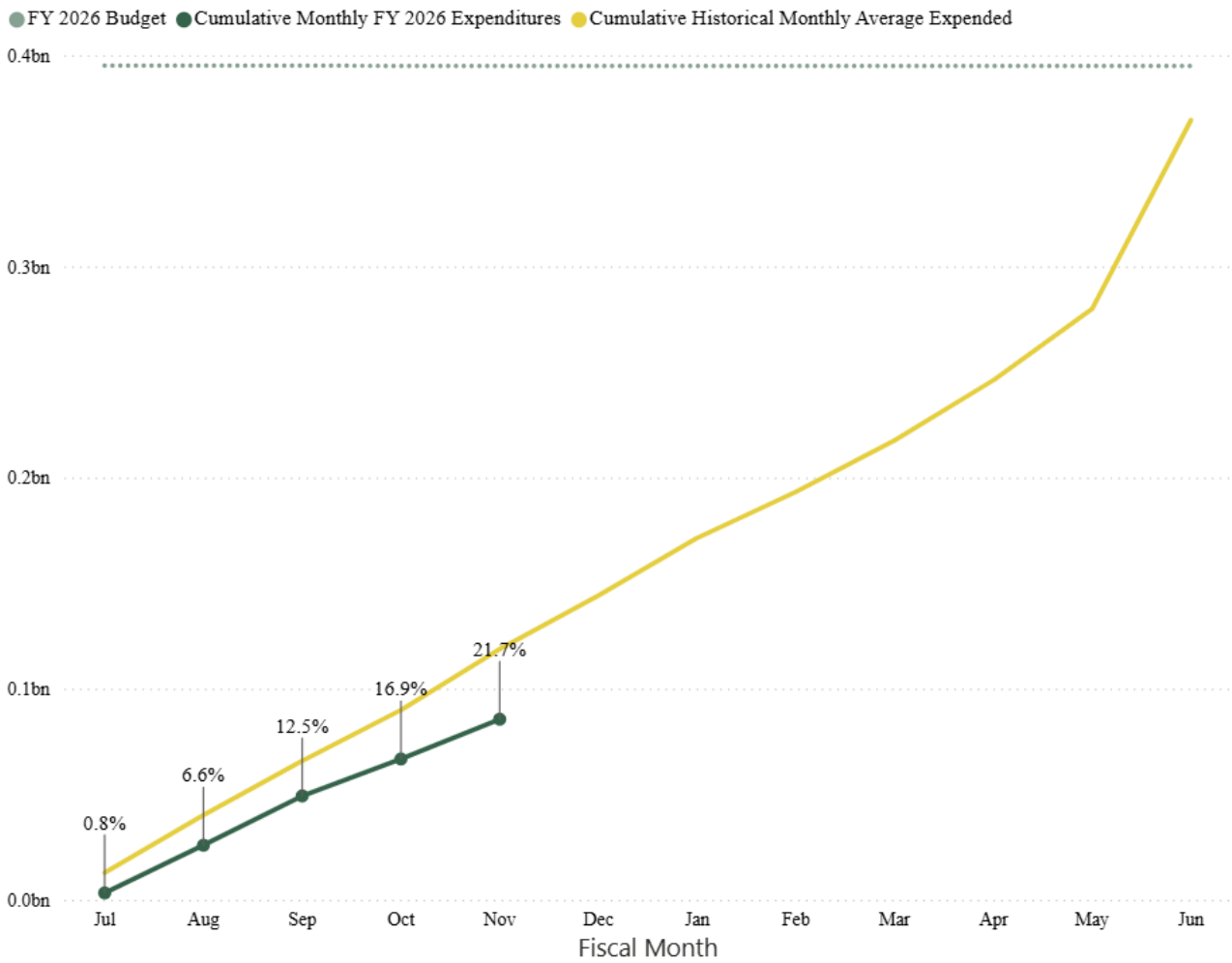
The Department of Revenue made numerous budget modifications through this point in the fiscal year. The largest of which was the consolidation of the Cannabis Control Division (CCD) and Alcoholic Beverage Control Division (ABCD) into the Cannabis and Alcohol Regulation Division (CARD). This modification moves the 35.00 PB from CCD, as well as the \$97.1 million in state special revenue appropriations into ABCD, while also renaming the division to CARD. The newly renamed division has 68.00 PB and \$321.1 million in appropriations (\$97.1 million in state special revenue funding and \$224.1 million in proprietary funding). Other modifications made by the agency include:

- Transfer of operating expenses to transfers out to pay rent for an office in Livingston, MT
- Reductions in appropriation authority attributed to workers' compensation premium reductions, described further in the unclassified source of authority section
- Transfer of operating expenses to debt service as well as moving operating expenses from the Property Assessment Division to the Technology Services Division, Director's Office, and Business and Income Taxes Division for rent re-allocation and a contract related to unclaimed stock properties

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures from July 1, 2025, through November 30, 2025.

Monthly Expenditures Compared to Historical Average



Program Name	Modified Budget	Expended Budget	% Expended
⊕ 01 DIRECTORS OFFICE	11,253,220	3,322,295	29.5%
⊕ 02 TECHNOLOGY SERVICES DIVISION	11,171,312	3,094,518	27.7%
⊕ 03 CANNABIS AND ALCOHOL REG DIV	321,128,914	59,808,305	18.6%
⊕ 04 CANNABIS CONTROL DIVISION	0	0	NaN
⊕ 05 INFORMATION MGMT & COLLECTIONS	7,750,227	3,067,913	39.6%
⊕ 07 BUSINESS & INCOME TAXES DIV	14,586,977	5,647,243	38.7%
⊕ 08 PROPERTY ASSESSMENT DIVISION	29,129,402	10,630,408	36.5%
Total	395,020,052	85,570,682	21.7%

Expenditure Type	Modified Budget	Expended Budget	% Expended
⊕ Personal Services	60,053,067	22,161,949	36.9%
⊕ Operating Expenses	160,963,195	48,350,285	30.0%
⊕ Equipment & Intangible Assets	153,154	66,000	43.1%
⊕ Local Assistance	2,000,000		
⊕ Transfers-out	170,622,500	14,347,580	8.4%
⊕ Debt Service	1,228,136	644,869	52.5%
Total	395,020,052	85,570,682	21.7%

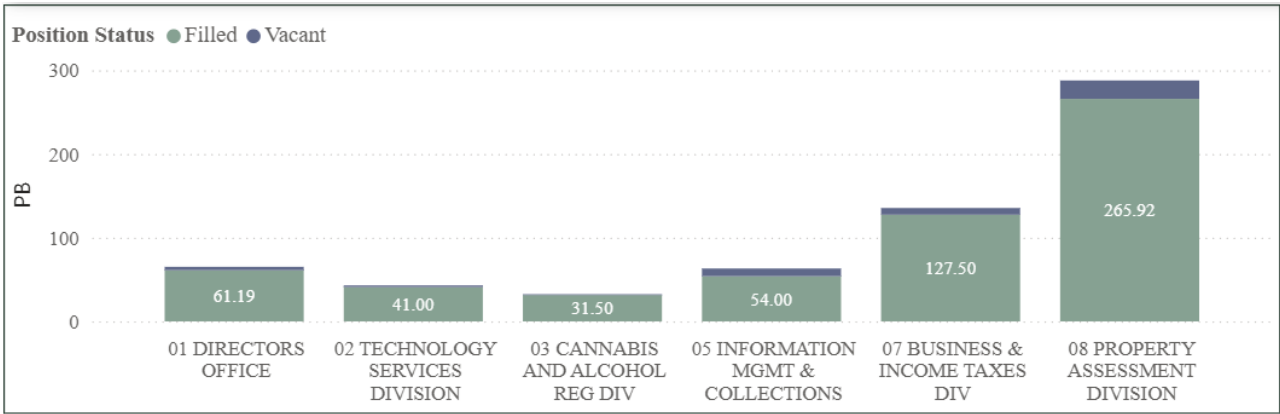
Fund Type	Modified Budget	Expended Budget	% Expended
⊕ 01 General	71,156,213	25,198,502	35.4%
⊕ 02 State/Other Spec Rev	98,743,582	1,877,185	1.9%
⊕ 03 Fed/Other Spec Rev	502,846	224,764	44.7%
⊕ 06 Enterprise	224,617,411	58,270,232	25.9%
Total	395,020,052	85,570,682	21.7%

The Department of Revenue has expended 21.7% of their HB 2 appropriations through November 30, 2025, which is slightly lower than the Olympic average for this point in the fiscal year. At the division level, CARD has lower than anticipated expenditures. This is because the transfer of revenues to various funds typically occurs later in the fiscal year. Expenditures often look lower throughout the fiscal year until these transfers occur.

Transfers account for 43.2% of the total authority for the agency, so low expenditures in this category decrease the expenditure rate for the agency overall. Within transfers, low expenditures are due to the timing of the transfers within cannabis and liquor funds.

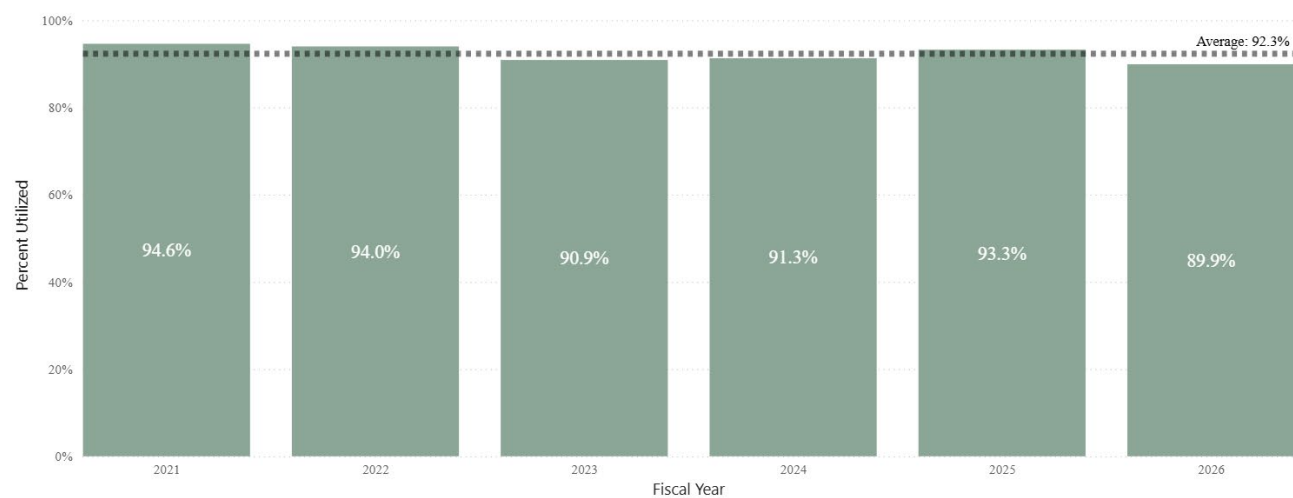
Personal Services

Appropriations for personal services in the Department of Revenue total \$60.1 million and were 36.9% expended through November 30, 2025. The department has 627.31 HB 2 positions budgeted (PB), excluding aggregate positions, and 92.6% of these positions were filled as of November 1, 2025. The following chart shows the filled and vacant PB within the agency as of November 1, 2025.



The Department of Revenue currently has 46.20 vacant PB as of November 1, 2025. Within the agency, vacancies are primarily in the Property Assessment Division (22.00 vacant PB). Other divisions with higher vacancies are the Information Management and Collection Division (9.20 vacant PB) and Business and Income Taxes Division (8.00 vacant PB). Of the vacancies within the Property Assessment Division, 14.50 PB are for various levels of property appraisers. According to the agency, vacancies for property appraisers is primarily due to the workload and hostility that can be experienced from taxpayers.

The chart below shows the hourly utilization percentage for the Department of Revenue for FY 2026 when compared to the available hours for previous fiscal years. Overall, the Department of Revenue utilized 89.9% of its available hours as of November 1, 2025, which closely aligns with the five-year average of 92.3%.



The chart below shows the vacant PB in each division, the number of months each position has been vacant, and the midpoint hourly pay rate.

Within the agency as a whole, 2.70 PB have been vacant for over one year with 2.00 of these being in the Business and Income Taxes Division. The agency states that they intend to begin recruiting for these positions in the coming months.

	PB	Median Months Vacant	Market Midpoint (Hourly)
58010 REVENUE	46.20	1.84	27.85
01 DIRECTORS OFFICE	4.00	0.93	22.91
Accounting Technician 2	1.00	1.41	20.30
Customer Service Assistant 2	1.00	3.67	17.28
Paralegal-II	1.00	0.39	25.52
Tax Counsel	1.00	0.46	41.36
02 TECHNOLOGY SERVICES DIVISION	2.00	1.84	41.76
Database Administrator Senior	1.00	1.84	49.32
Enterprise Projects BA	1.00	1.84	34.19
03 CANNABIS AND ALCOHOL REG DIV	1.00	1.84	64.01
Division Administrator	1.00	1.84	64.01
05 INFORMATION MGMT & COLLECTIONS	9.20	1.87	18.37
Administrative Specialist 3	2.00	3.90	43.02
Business Analyst 2	1.00	0.46	34.19
Collections Agent 1	4.00	1.87	18.37
Collections Technician	0.20	102.36	18.37
Data Processor 2	1.00	4.13	15.84
Program Officer 2	1.00	1.84	30.17
07 BUSINESS & INCOME TAXES DIV	8.00	1.15	25.92
Audit Research Technician Lead	1.00	18.00	26.38
Auditing Technician	1.00	1.38	24.97
Property Appraiser 3	1.00	26.95	31.39
Tax Examiner 1	3.00	0.46	25.45
Tax Examiner 3	2.00	1.38	35.94
08 PROPERTY ASSESSMENT DIVISION	22.00	1.84	28.05
Exemption Processing Spec	0.50	178.10	20.41
Prop. Valuation Support Tech	1.00	1.84	24.08
Property Appraiser 1	5.00	2.98	23.60
Property Appraiser 2	4.50	0.92	28.05
Property Appraiser 3	3.00	0.46	31.39
Property Appraiser 3 Lead	2.00	3.67	31.39
Property Valuation Support Tec	2.00	10.85	24.08
PVS Area Manager	1.00	0.46	27.65
Systems & Program Development	1.00	2.30	42.74
Trainer 2	1.00	0.46	29.91
Utility/Industrial Tax Apprasi	1.00	3.67	31.39
Total	46.20	1.84	27.85

OTHER ISSUES & APPENDIX

Appendix A

Did the agency utilize contractors in FY 2026? If so, how much did you pay to contractors?

The below table was provided by the agency when asked this appendix question. This table has been consolidated from the original version. A more detailed outlay of each contractor and description of their work, as provided by the agency, can be available upon request.

Department of Revenue Payments to Contractors 7/1/2025 - 11/14/2025		
Contractor Category	FY 2026 Paid	
General Operations	\$	141,925
Janitorial Contracts		6,687
Tax Processing		859,351
Alcoholic Beverage Control Contracts		323,481
Cannabis Control Contracts		384,203
Property Assessment Contracts		1,303,526
Unclaimed Property Contracts		71,440
Leases/Rentals		967,708
Temporary Hires		58,040
Fiscal YTD Paid to Contractors	\$	4,116,359

How much of the overtime paid do you estimate is due to vacant positions? If overtime was paid because of vacant positions, what are the types of vacant positions that resulted in the need for overtime?

The below chart was provided by the agency in November of FY 2026.

Division	Overtime Pd Due to Vacancies	Comp Time Earned	Vacant Position Type Resulting in Comp/Over Time Earned
Director's Office	None	86% due to workload 14% vacancies	Customer service representative
Technology Services	None	38% due to workload 47% rebates 15% due to vacancies	IT Systems Analyst 1
Cannabis & Alcohol Regulation Division	None	71% due to workload 29% due to vacancies	Licensing specialist Inspectors
Information Management & Collections	None	90% due to workload 5% rebates 5% vacancies	Collection technicians
Business & Income Taxes	None	90% due to workload 10% rebates	NA
Property Assessment	None	82% due to workload 5% due to rebates 13% due to vacancies	Appraiser Property valuation specialist