

**Program Budget Comparison**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	29.75	29.75	31.75	31.75	29.75	31.75	2.00	6.72%
Personal Services	1,667,801	1,805,120	2,031,730	1,842,737	3,472,921	3,874,467	401,546	11.56%
Operating Expenses	593,584	565,096	539,129	532,114	1,158,680	1,071,243	(87,437)	(7.55%)
Equipment & Intangible Assets	99,461	26,700	54,596	30,554	126,161	85,150	(41,011)	(32.51%)
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	0	0	31,925	31,925	0	63,850	63,850	n/a
<b>Total Costs</b>	<b>\$2,360,846</b>	<b>\$2,396,916</b>	<b>\$2,657,380</b>	<b>\$2,437,330</b>	<b>\$4,757,762</b>	<b>\$5,094,710</b>	<b>\$336,948</b>	<b>7.08%</b>
Other	2,360,846	2,396,916	2,657,380	2,437,330	4,757,762	5,094,710	336,948	7.08%
<b>Total Funds</b>	<b>\$2,360,846</b>	<b>\$2,396,916</b>	<b>\$2,657,380</b>	<b>\$2,437,330</b>	<b>\$4,757,762</b>	<b>\$5,094,710</b>	<b>\$336,948</b>	<b>7.08%</b>

**Program Description**

The Liquor Control Division provides effective and efficient administration of the Montana alcoholic beverage code with an emphasis on customer service and public safety. This is accomplished by applying uniform and fair regulations while ensuring an orderly system for the convenient distribution and responsible consumption of alcoholic beverages. The division consists of the Liquor Distribution Bureau, which maintains a regulated channel of distribution to fulfill the public demand for distilled spirits and fortified wine through agency liquor stores; and the Liquor Licensing Bureau, which protects the welfare and safety of the public by regulating liquor licensing laws in a uniform and fair manner.

**Program Highlights**

<b>Liquor Control Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The Liquor Control Division is increased of 7.1% from the 2013 biennium budget, primarily due to:                             <ul style="list-style-type: none"> <li>● The addition of 2.00 FTE for an increase in production capacity</li> <li>● Present law adjustments for personal services</li> <li>● Overtime and temporary employee costs</li> </ul> </li> <li>◆ All spending from the Liquor Control proprietary fund is an indirect use of general fund</li> <li>◆ Language is included for the purchase and freight costs of liquor for the state</li> </ul>

**Program Narrative**

The Liquor Control Division is a budgeted proprietary program. The program is budgeted by the legislature because profits from the operations of the program are deposited into the general fund. Consequently, expenditures of the program will impact the amount of profits available for transfer. In the 2015 biennium, the program budget increases by 7.8% from the 2013 biennium. Increases are primarily related to:

- The addition of 2.00 FTE at an overall (personal services and operating expense) cost of \$255,902
- Statewide present law personal service adjustments totaling \$134,461
- Approval of temporary services pay, overtime pay, and the provision of funding for retirement payouts with a cost of \$190,000, which are items not included in the base expenditures

The budget includes a language appropriation for up to \$254.0 million in the 2015 biennium for purchase of liquor and the associated freight costs, along with the administrative costs of the distribution of the profits and taxes. The full text of the appropriation may be seen in the “Language and Statutory Appropriation” section of this report.

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Revenue Funding by Source of Authority 2015 Biennium Budget - Liquor Control Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
Proprietary Total	\$5,094,710	\$0	\$0	\$5,094,710	100.0%		
06005 Liquor Division	\$5,094,710	\$0	\$0	\$5,094,710	100.0%		
Total All Funds	\$5,094,710	\$0	\$0	\$5,094,710	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

The division is funded with a direct appropriation of Liquor 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 summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	2,360,846	2,360,846	4,721,692	92.68%
Statewide PL Adjustments	0	0	0	0.00%	65,219	65,427	130,646	2.56%
Other PL Adjustments	0	0	0	0.00%	231,315	11,057	242,372	4.76%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$2,657,380</b>	<b>\$2,437,330</b>	<b>\$5,094,710</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					138,920					140,130
Vacancy Savings					(72,271)					(72,318)
Inflation/Deflation					902					1,799
Fixed Costs					(2,332)					(4,184)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$65,219*</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$65,427*</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	0	0	0	(65,219)*	0.00	0	0	0	(65,427)*
DP 51 - Adjustment for Statewide Personal Services	0.00	0	0	0	66,649*	0.00	0	0	0	67,812*
DP 52 - Adjustment for Statewide Operations	0.00	0	0	0	(1,430)*	0.00	0	0	0	(2,385)*
DP 301 - Production Capacity Increase	2.00	0	0	0	143,080*	2.00	0	0	0	112,822*
DP 304 - Adjust for Operating Plan Change	0.00	0	0	0	(101,765)*	0.00	0	0	0	(101,765)*
DP 305 - Personal Services-Termination Payout (BIEN/RST)	0.00	0	0	0	60,000*	0.00	0	0	0	0
DP 306 - Personal Services-Temp and Overtime (BIEN/RST)	0.00	0	0	0	130,000*	0.00	0	0	0	0
<b>Total Other Present Law Adjustments</b>	<b>2.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$231,315*</b>	<b>2.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,057*</b>
<b>Grand Total All Present Law Adjustments</b>	<b>2.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$296,534*</b>	<b>2.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$76,484*</b>

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

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 301 - Production Capacity Increase - The legislature approved an increase in proprietary revenue to meet the growing liquor case volume demand. This appropriation funds the personal service and operating costs of 2.00 permanent FTE. In the base year FY 2012, temporary employees were used to meet the demand.

DP 304 - Adjust for Operating Plan Change - The legislature approved a reduction of base operating expenses for the 2015 biennium. In the base year FY 2012, the division moved personal services budget authority into the operating expense and equipment budget to pay for expenditures. To maintain the base budget at the appropriated level, this amount was removed from the base budget.

DP 305 - Personal Services-Termination Payout (BIEN/RST) - The legislature approved funding for payouts of accrued leave balances in the event of staff terminations. Funding was designated biennial and restricted to be used only for this purpose.

DP 306 - Personal Services-Temp and Overtime (BIEN/RST) - The legislature approved funding for overtime pay and costs to hire additional temporary employees to maintain statutory service levels to agency liquor stores in the event that demand increases. Funding was designated biennial and restricted to be used only for this purpose.

**Language and Statutory Authority**

The legislature approved the following language for inclusion in HB 2.

"Liquor 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 (06005) to the department in the amounts not to exceed \$124 million in fiscal year 2014 and \$130 million in fiscal year 2015."