

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	133.45	133.45	138.45	138.45	133.45	138.45	5.00	3.75%
Personal Services	8,139,328	7,978,456	8,274,916	8,279,297	16,117,784	16,554,213	436,429	2.71%
Operating Expenses	1,313,986	1,517,250	1,497,682	1,472,324	2,831,236	2,970,006	138,770	4.90%
Total Costs	\$9,453,314	\$9,495,706	\$9,772,598	\$9,751,621	\$18,949,020	\$19,524,219	\$575,199	3.04%
General Fund	8,653,778	8,680,288	8,868,207	8,847,066	17,334,066	17,715,273	381,207	2.20%
State Special	543,928	545,200	656,944	657,243	1,089,128	1,314,187	225,059	20.66%
Federal Special	255,608	270,218	247,447	247,312	525,826	494,759	(31,067)	(5.91%)
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$9,453,314	\$9,495,706	\$9,772,598	\$9,751,621	\$18,949,020	\$19,524,219	\$575,199	3.04%

Program Description

The Business and Income Taxes Division is responsible for ensuring that Montana citizens and businesses pay the appropriate amount of taxes. This is done by providing tax expertise and ensuring tax compliance for 38 of Montana's taxes and fees. The tax types include but are not limited to corporation license, natural resource, withholding, individual income, lodging facilities, cigarette, contractor's gross receipts, and telecommunications taxes. The tax types account for approximately \$1.5 billion of state revenue. The division also values all industrial and centrally assessed property in the state which generates over \$350 million in state and local revenue annually. Some of the duties associated with the division's tax administration responsibilities include: tax expertise, taxpayer education, auditing, identification of non-compliant taxpayers, property appraisals, and overall program management and compliance.

Program Highlights

Business and Income Taxes Division	
Major Budget Highlights	
◆	The increase in the Business and Income Taxes Division budget is primarily due to: <ul style="list-style-type: none"> ● The addition of 5.00 FTE, which would replace temporary or modified positions with permanent positions in the Tobacco and Unclaimed Property Compliance Programs
◆	Operating expense increases are related to: <ul style="list-style-type: none"> ● Increases in fixed costs ● Funding for the increase cost of cigarette tax stamps
◆	Federal funds are reduced by an additional 2% vacancy savings

Program Narrative

The legislature approved the addition of 5.00 FTE for tax compliance purposes. The new FTE will cost \$576,571 in the 2015 biennium and are funded with state special revenue. The additional staff are not a new cost to the agency since the program has utilized temporary or modified staff for at least three biennia. The personal services budget is reduced by \$8,331 from the additional 2% vacancy savings attributed to federal special revenue.

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 - Business And Income Taxes Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$17,715,273	\$0	\$0	\$17,715,273	90.7%		
State Special Total	\$1,314,187	\$0	\$10,000	\$1,324,187	6.8%		
02025 Unclaimed Property	\$622,613	\$0	\$0	\$622,613	3.2%		
02110 Accommodation Tax Admin	\$282,135	\$0	\$0	\$282,135	1.4%		
02293 Film Production Credit	\$0	\$0	\$10,000	\$10,000	0.1%	15-31-906	Direct
02790 6901-statewide Tobacco Sttlmnt	\$409,439	\$0	\$0	\$409,439	2.1%		
Federal Special Total	\$494,759	\$0	\$0	\$494,759	2.5%		
03928 Royalty Audit - Nrct	\$494,759	\$0	\$0	\$494,759	2.5%		
Total All Funds	\$19,524,219	\$0	\$10,000	\$19,534,219	100.0%		
Percent - Total All Sources	99.9%	0.0%	0.1%				

The Business and Income Taxes Division is primarily funded with general fund, with some state special revenue and federal special revenue. State special revenue comes from the unclaimed property fund for program support and tobacco settlement funds that support tobacco tax compliance activities. Other state special revenue includes the accommodations tax and funds expenses for administering the tax. Federal special revenue comes from reimbursements for performing mineral royalty audits.

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	8,653,778	8,653,778	17,307,556	97.70%	9,453,314	9,453,314	18,906,628	96.84%
Statewide PL Adjustments	211,311	190,170	401,481	2.27%	31,836	11,279	43,115	0.22%
Other PL Adjustments	0	0	0	0.00%	288,494	288,077	576,571	2.95%
New Proposals	3,118	3,118	6,236	0.04%	(1,046)	(1,049)	(2,095)	(0.01%)
Total Budget	\$8,868,207	\$8,847,066	\$17,715,273		\$9,772,598	\$9,751,621	\$19,524,219	

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					189,449					194,445
Vacancy Savings					(333,157)					(333,352)
Inflation/Deflation					(2,042)					(1,296)
Fixed Costs					177,586					151,482
Total Statewide Present Law Adjustments		\$211,311	(\$175,478)	(\$3,997)	\$31,836		\$190,170	(\$174,762)	(\$4,129)	\$11,279
DP 50 - Initial Motion to FY 2012 Base	0.00	(211,311)	175,478	3,997	(31,836)	0.00	(190,170)	174,762	4,129	(11,279)
DP 51 - Adjustment for Statewide Personal Services	0.00	(131,554)	(8,268)	(3,886)	(143,708)	0.00	(127,160)	(7,991)	(3,756)	(138,907)
DP 52 - Adjustment for Statewide Operations	0.00	160,696	10,101	4,747	175,544	0.00	137,484	8,641	4,061	150,186
DP 53 - Base Funding Switch	0.00	182,169	(177,311)	(4,858)	0	0.00	179,846	(175,412)	(4,434)	0
DP 701 - Tobacco Tax Compliance Program (RST)	3.00	0	179,876	0	179,876	3.00	0	179,609	0	179,609
DP 702 - Unclaimed Property Compliance Program (RST)	2.00	0	108,618	0	108,618	2.00	0	108,468	0	108,468
Total Other Present Law Adjustments	5.00	\$0	\$288,494	\$0	\$288,494	5.00	\$0	\$288,077	\$0	\$288,077
Grand Total All Present Law Adjustments	5.00	\$211,311	\$113,016	(\$3,997)	\$320,330	5.00	\$190,170	\$113,315	(\$4,129)	\$299,356

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 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 701 - Tobacco Tax Compliance Program (RST) - The legislature approved 3.00 permanent FTE in the 2015 biennium to continue the Tobacco Tax Compliance Program. Funding was designated as restricted only for this purpose.

DP 702 - Unclaimed Property Compliance Program (RST) - The legislature approved an increase in state special revenue appropriation authority and 2.00 FTE in the 2015 biennium due to the changing nature and workload increases of the Unclaimed Property Program. Funding was designated as restricted only for this purpose.

New Proposals

New Proposals										
	-----Fiscal 2014-----					-----Fiscal 2015-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 54 - Additional Vacancy Savings										
07	0.00	0	0	(4,164)	(4,164)	0.00	0	0	(4,167)	(4,167)
DP 704 - Funding the Purchase of Cigarette Tax Stamps										
07	0.00	3,118	0	0	3,118	0.00	3,118	0	0	3,118
Total	0.00	\$3,118	\$0	(\$4,164)	(\$1,046)	0.00	\$3,118	\$0	(\$4,167)	(\$1,049)

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs. The general fund and state special revenue portion of the reduction is included in DP 54 in the Director’s office.

DP 704 - Funding the Purchase of Cigarette Tax Stamps - The legislature approved an increase in general fund authority to fund a 40%, or \$0.30/1,000 stamps, increase in cigarette tax stamps. The appropriation increases general fund support of tax stamps.