

**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	306.35	306.35	311.35	311.35	306.35	311.35	5.00	1.63%
Personal Services	15,399,290	15,821,439	16,552,855	16,564,618	31,220,729	33,117,473	1,896,744	6.08%
Operating Expenses	3,720,741	3,451,629	3,927,942	4,133,186	7,172,370	8,061,128	888,758	12.39%
Equipment & Intangible Assets	0	66,158	0	0	66,158	0	(66,158)	(100.00%)
<b>Total Costs</b>	<b>\$19,120,031</b>	<b>\$19,339,226</b>	<b>\$20,480,797</b>	<b>\$20,697,804</b>	<b>\$38,459,257</b>	<b>\$41,178,601</b>	<b>\$2,719,344</b>	<b>7.07%</b>
General Fund	19,066,860	19,275,198	20,427,626	20,644,633	38,342,058	41,072,259	2,730,201	7.12%
State Special	53,171	64,028	53,171	53,171	117,199	106,342	(10,857)	(9.26%)
<b>Total Funds</b>	<b>\$19,120,031</b>	<b>\$19,339,226</b>	<b>\$20,480,797</b>	<b>\$20,697,804</b>	<b>\$38,459,257</b>	<b>\$41,178,601</b>	<b>\$2,719,344</b>	<b>7.07%</b>

**Program Description**

The Property Assessment Division administers the state's real and personal property tax laws. It accomplishes this through uniform and equitable valuation and assessment regulations for residential, commercial, agricultural, forestland, and business equipment property. The division discovers, appraises, and assesses real and personal property for the local governing bodies that include about 1,200 levy districts and another 1,200 individual taxing jurisdictions. The division provides tax billing information to the local county treasurers for their generation of more than a half million tax bills and \$1 billion in taxes for all classes of property. The division consists of the Central Office Bureau and four regions. The Central Office Bureau provides technical and administrative support to the department's local office staff in each of the four regions. The department's local office staff provides the property taxpayers with information and assistance.

**Program Highlights**

<b>Property Assessment Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ Personal service costs increase by \$1.9 million or 6.1% primarily due to:                             <ul style="list-style-type: none"> <li>• A one-time-only appropriation adding 5.00 FTE for workload increases related to the 2015 appraisal cycle</li> <li>• Raises given to staff in FY 2012 that drive the increase in statewide present law adjustments</li> </ul> </li> <li>◆ Operating expenses increase primarily due to:                             <ul style="list-style-type: none"> <li>• Rent increases for the county offices, \$259,687</li> <li>• Postage for property reappraisal notices, \$225,000</li> </ul> </li> </ul>

**Program Narrative**

The Property Assessment Division is gearing up for the next appraisal cycle, which will begin in FY 2015. For this reason, the legislature provided an additional 5.00 FTE for the division to accomplish the associated appraisal functions. The new FTE are provided on a one-time-only basis and will have a general fund personal services cost of \$1.4 million in the biennium. Operating costs associated with the 5.00 FTE are \$334,595 and include \$225,000 in FY 2015 to fund the postage on appraisal notices.

**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 - Property Assessment Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$41,072,259	\$0	\$0	\$41,072,259	99.7%		
State Special Total	\$106,342	\$0	\$0	\$106,342	0.3%		
02088 Ssr Administrative Funds	\$106,342	\$0	\$0	\$106,342	0.3%		
Total All Funds	\$41,178,601	\$0	\$0	\$41,178,601	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

Funding for the Property Assessment Division is primarily from general fund, with state special support from the administration of hail insurance premiums and the livestock per capita fee. SB 162 redirects the administration of the hail insurance premiums to the Department of Agriculture beginning January 1, 2014. As a result, the division will no longer receive the administrative hail insurance premiums fees associated with its oversight.

**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	19,066,860	19,066,860	38,133,720	92.85%	19,120,031	19,120,031	38,240,062	92.86%
Statewide PL Adjustments	467,892	467,005	934,897	2.28%	467,892	467,005	934,897	2.27%
Other PL Adjustments	138,004	123,108	261,112	0.64%	138,004	123,108	261,112	0.63%
New Proposals	754,870	987,660	1,742,530	4.24%	754,870	987,660	1,742,530	4.23%
<b>Total Budget</b>	<b>\$20,427,626</b>	<b>\$20,644,633</b>	<b>\$41,072,259</b>		<b>\$20,480,797</b>	<b>\$20,697,804</b>	<b>\$41,178,601</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					1,109,819					1,122,355
Vacancy Savings					(660,364)					(660,852)
Inflation/Deflation					(27,601)					(16,552)
Fixed Costs					46,038					22,054
<b>Total Statewide Present Law Adjustments</b>		<b>\$467,892</b>	<b>\$0</b>	<b>\$0</b>	<b>\$467,892</b>		<b>\$467,005</b>	<b>\$0</b>	<b>\$0</b>	<b>\$467,005</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	(467,892)	0	0	(467,892)	0.00	(467,005)	0	0	(467,005)
DP 51 - Adjustment for Statewide Personal Services	0.00	448,205	1,250	0	449,455	0.00	460,220	1,283	0	461,503
DP 52 - Adjustment for Statewide Operations	0.00	19,041	51	0	19,092	0.00	6,257	15	0	6,272
DP 53 - Base Funding Switch	0.00	1,301	(1,301)	0	0	0.00	1,298	(1,298)	0	0
DP 801 - Rent	0.00	137,349	0	0	137,349	0.00	122,338	0	0	122,338
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$138,004</b>	<b>\$0</b>	<b>\$0</b>	<b>\$138,004</b>	<b>0.00</b>	<b>\$123,108</b>	<b>\$0</b>	<b>\$0</b>	<b>\$123,108</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$605,896</b>	<b>\$0</b>	<b>\$0</b>	<b>\$605,896</b>	<b>0.00</b>	<b>\$590,113</b>	<b>\$0</b>	<b>\$0</b>	<b>\$590,113</b>

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. The fixed cost changes related to this agency are reflected in this decision package.

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

DP 801 - Rent - The legislature approved a general fund appropriation in the 2015 biennium to pay for rent increases and building costs for division office space. Statute allows counties to charge rates for space in county facilities equal to the rental rates charged by the Department of Administration.

**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 802 - 6-Year Reappraisal Cycle Needs (OTO/RST)											
08	5.00	754,870	0	0	754,870	5.00	987,660	0	0	987,660	
<b>Total</b>	<b>5.00</b>	<b>\$754,870</b>	<b>\$0</b>	<b>\$0</b>	<b>\$754,870</b>	<b>5.00</b>	<b>\$987,660</b>	<b>\$0</b>	<b>\$0</b>	<b>\$987,660</b>	

DP 802 - 6-Year Reappraisal Cycle Needs (OTO/RST) - The legislature approved an increase in general fund and 5.00 temporary FTE for the 2015 required statewide appraisal cycle. The new FTE will address workload increases.

Additional personal services funds are provided to decrease the required vacancies during the reappraisal biennium and additional printing and postage monies will pay for the increase in assessment notices required during the reappraisal biennium. This appropriation is restricted and one-time-only.