

OFFICE OF THE GOVERNOR  
BUDGET AND PROGRAM PLANNING  
STATE OF MONTANA


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MEMORANDUM

TO: Amy Carlson, Legislative Fiscal Analyst  
Legislative Fiscal Division

FROM: Tom Livers, Budget Director   
Office of Budget and Program Planning

DATE: September 11, 2019

SUBJECT: **Fee accounts with balances exceeding the biennium appropriations**

In accordance with 17-2-304, MCA, the report from the Office of Budget and Program Planning to the Legislative Finance Committee – via the Legislative Fiscal Analyst - on fee accounts with balances exceeding the biennium appropriations is attached.

The attached sheet lists for all state special revenue “charge for services” funds which exceed the limits of section 17-2-302(1) and are not exempt under 17-2-302(4): the agency and account, the fiscal year end 2017 balance, the amount the balance exceeds the limitation, and any certified exception to the limitation as allowed under 17-2-302(2).

Please let me know if you have questions or wish additional information.

CC: Affected Agency Centralized Services Administrators

17-2-302, MCA Compliance Report  
FY 2019

Compliance with 17-2-302, MCA						
Agency Name	Fund	Fund Name	Approp. Authority	7/1/19 Balance	Excess Cash Balance	Certified Exception/Explanation
41100	02016	Criminal Justice Info Network	\$1,186,605	\$1,213,661	\$27,056	This funding is used to cover costs in administration of the Criminal Justice Information Network statewide. The balance has been reserved in preparation for a system refresh that is forthcoming.
41100	02200	Permits and Transfer Plates	\$0	\$48,965	\$48,965	This excess fund balance is to be used to defray the expense of administering the program. Budget authority may be established in FY 2020 to defray expenses as available, understanding that the fund has only collected an average of \$7,917 per year.
41100	02796	MVD Real ID	\$0	\$706,686	\$706,686	This newly established fund has not been appropriated. The department plans on requesting appropriation once revenue streams have stabilized and become more consistent to fund ongoing operations.
41100	02798	61-3-550 MVD MERLIN HB261	\$5,842,977	\$6,805,514	\$962,537	The 61-3-550 MVD MERLIN HB261 excess fund balance will be used to pay the expenses incurred for the creation and maintenance of the new information technology system for motor vehicles (MERLIN) Drivers' License phase and will also be utilized to support costs directly incurred in the support of the system.
41100	02945	DOJ Blood draw MCA 61-8-402	\$449,485	\$625,054	\$175,569	Excess balance in the DOJ Blood draw fund is due to timing of lease payments and appropriated amounts provided by legislature since this is a fairly new revenue source.
52010	02171	Smith R. Corridor Enhancement	\$763,412	\$911,931	\$148,518	FWP spends \$176,000 annually to operate and maintain the Smith River corridor. FWP was also appropriation \$200,000 in HB 5 by the 2019 Legislature. These funds will be used in FY 2020-2021 on corridor enhancement projects as approved by the Smith River Advisory Council. The cash balance will fluctuate depending on legislative appropriation, enhancement work needed, and council approval of the proposed work. Authority for the 2021 biennium is listed at \$763,412, actual authority is \$552,259.
52010	02273	Motorboat Fees	\$333,037	\$371,396	\$38,358	Annual operations budget is \$59,000. FWP is also appropriated funding in HB 5 for major maintenance and projects. The cash balance was due to unspent continuing authority from HB 5. The cash balance will fluctuate depending on when projects are completed. Also, authority for the 2021 biennium is listed at \$333,037 actual authority is \$224,338.



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Agency Name	Fund	Fund Name	Approp. Authority	7/1/19 Balance	Excess Cash Balance	Certified Exception/Explanation
54010	02440	Refunds/IFTA Suspende	\$0	\$486,814	\$486,814	<p>It appears MDT's fund (02440) and updated procedures for managing refunds has met the threshold of excess cash balances. Following 60-3-201 MCA, MDT recently started managing a suspense account for refunds. This was allowed and in law before, but not used. These updated suspense account procedures will help MDT manage cash resources and availability in our "charge for service state funds" (fuel taxes, and commercial vehicle tax).</p> <p>These funds are initially collected from gas, diesel, and commercial motor vehicle taxes and use to be deposited directly into the "charge for service state funds" before being paid out as refunds. MDT will now deposit an amount equal to a three year average of gasoline tax refunds, special fuel tax refunds (mostly diesel), and moneys collected for international fuel tax agreements (IFTA), into the authorized suspense account to be paid back out as revenue abatements to authorized refund recipients. There is no appropriation in this account and after unearned revenues are paid back out of this account, cash will be zero or minimal at each FYE.</p>
61010	02317	Capital Fin Adv Council Fees	\$0	\$62,636	\$62,636	<ul style="list-style-type: none"> <li>• Date on which the balance exceeded the limitation; 2010</li> <li>• Amount by which the balance was exceeded; \$55,340</li> <li>• Amount usually needed for one year; \$3,648 – Based upon an 8 year average of expenses from 2002 to 2010</li> <li>• Whether the excess is necessary because of an emergency, special or unusual circumstance, or fluctuation in the service, function, or charges for services; Executive Order (EO) 12-2009 was the last EO for this council. The EO said that the council shall exist for a period of two years. The final order was signed October 29, 2009. The council has not spent any funds since FY 2010.</li> <li>• A description of the circumstances demonstrating the above. DOA is contemplating transferring the cash balance to the General Fund by Fiscal Year End.</li> </ul>
65010	02063	Boulder Development Fund	\$0	\$310,048	\$310,048	<p>In the 2017 legislative session HB 387 was passed and approved with a \$500,000 appropriation from the general fund to the Department of Public Health and Human Services (DPHHS) for the Boulder Development Fund.</p> <p>Additionally, in the 2017 legislative session HB 642 was passed and approved with a \$500,000 transfer from the Big Sky Trust Fund (BSTF) state special revenue fund in the Department of Commerce to the general fund for the purposes of funding the DPHHS appropriation contained in HB 387 for the Boulder Development Fund.</p> <p>BCD 65010 730 AA234 transferred the \$500,000 HB 387 DPHHS Boulder Development Fund appropriation back to the Department of Commerce to administer.</p> <p>The Department of Commerce subsequently accrued \$500,000 in expenditures during the FYE 2018 closing. In FY 2019 the Department of Commerce reduced the Boulder Development Fund accrual by \$189,952 leaving a FYE 2019 cash balance of \$310,048 which the Department anticipates completely disbursing in FY 2020.</p>



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Agency Name	Fund	Fund Name	Approp. Authority	7/1/19 Balance	Excess Cash Balance	Certified Exception/Explanation
66020	02818	Electrical Board	\$1,101,708	\$1,294,809	\$193,101	The Electrical Board anticipated additional expenses for inspections and public outreach regarding unlicensed practice would absorb the excess but that did not occur. As a result the Board will be abating license renewal fees by at least 50% in their upcoming renewal cycle which will open May 31, 2020, for Journeyman, Residential, and Master Electrical licenses. Cash will be monitored up to that point and if necessary, renewals for Electrical Contractor licenses will also be abated. It is anticipated that the abatement will reduce cash sufficiently to meet requirements of cash balances being less than two times the board's appropriation. If the abatement is not successful, the board will begin consideration of lowering fees in the next fiscal year.
66020	02819	Board of Realty Regulations	\$2,201,719	\$2,507,086	\$305,367	The Board will be discussing options to reduce the fund balance. Some factors believed to have impacted the excess cash balance are: reduced out of state travel by the board, increases to applications for new real estate licenses, as well as increased applications from out of state applicants. Steps in progress that will affect cash are the Board eliminating continuing education course approval which went into effect 7/27/19. While the Board will not have the expense from the Licensing Audit Group for course approval (increase to cash), they will also not have revenue charged for those course approvals (cash reduction). The board will be completing a large administrative rules package in FY 20 to implement legislation passed in the 2019 session, including conducting a required Limited Solicitation to seek an agreement for contracted services to provide licensees with liability/errors and omissions professional insurance. The required "rookie course" post licensing, will be realigned per legislation, to be a pre-license education requirement. The rulemaking for these legislative changes will result in additional legal costs and administrative costs to the Board which should help bring the fund balance down. If the board is still in an excess cash situation following these reductions to revenue and increases to expenditures, possible fee reductions will be discussed and acted upon in time for the FY 2021 renewal period.
69010	02496	Family Preservation Conference	\$28,532	\$74,968	\$46,436	Fund 02496, Family Preservation Conference went over the cash limitation in June, 2017. The balance is exceeded by \$46,436. The cash amount that is needed for one year varies depending on conference needs. In prior years, the Family Preservation Conference had developed excess of funds due to getting funds from the Department of Justice to use as matching funds for the Child Advocacy Center in Great Falls. This was resolved in 2018. The additional revenue coming into the fund are from the Annual Montana Child Abuse and Neglect Conference (CAN) registration fees. These excess funds will be spent in FY20 as the conference venue is less centralized, resulting in higher lodging/travel costs for attendees. In addition, the agency is procuring highly specialized child welfare presenters at an increased cost and will continue to allow more foster families and providers to attend at no cost.