

## Agency Change Package Detail

Department: 58010 - DEPARTMENT OF REVENUE

Version: 2019F0658010

Program: 01

Type: NP

Status: Included

Number: 101

Group: None

Description: Directors Office PS Reduction

### Request Expenditures

|                                     | <u>Line Item</u> | <u>2018</u>        | <u>2019</u>        | <u>Biennium<br/>Total</u> |
|-------------------------------------|------------------|--------------------|--------------------|---------------------------|
| 61098 UNALLOCATED PERSONAL SERVICES |                  | (\$723,225)        | (\$730,274)        | (\$1,453,499)             |
| <b>First Level Subtotal</b>         |                  | <b>(\$723,225)</b> | <b>(\$730,274)</b> | <b>(\$1,453,499)</b>      |
| <b>Total Request Expenditures</b>   |                  | <b>(\$723,225)</b> | <b>(\$730,274)</b> | <b>(\$1,453,499)</b>      |

### Request Funding

|                              | <u>Line Item</u> | <u>2018</u>        | <u>2019</u>        | <u>Biennium<br/>Total</u> |
|------------------------------|------------------|--------------------|--------------------|---------------------------|
| 01100 General Fund           | 0                | (\$723,225)        | (\$730,274)        | (\$1,453,499)             |
| <b>Fund Type Subtotal</b>    |                  | <b>(\$723,225)</b> | <b>(\$730,274)</b> | <b>(\$1,453,499)</b>      |
| <b>Total Request Funding</b> |                  | <b>(\$723,225)</b> | <b>(\$730,274)</b> | <b>(\$1,453,499)</b>      |

### Description and Justification

The Director's Office will need to maintain the vacancy of three positions as well as implement a reduction in force of 12.00 FTE in order to meet the necessary reduction. Forced vacancy savings, a reduction in force, and reductions in the operating budget of this magnitude will severely impact the security, efficiency, and effectiveness of the department's tax administration thereby negatively impacting the state's general fund, school funding, and local government funding.

## Agency Change Package Detail

Department: 58010 - DEPARTMENT OF REVENUE

Version: 2019F0658010

Program: 01

Type: NP

Status: Included

Number: 102

Group: None

Description: Directors Office Operating Reduction

### Request Expenditures

|                                     | <u>Line Item</u> | <u>2018</u>        | <u>2019</u>        | <u>Biennium<br/>Total</u> |
|-------------------------------------|------------------|--------------------|--------------------|---------------------------|
| 62098 UNALLOCATED OPERATING EXPENSE |                  | (\$681,260)        | (\$679,683)        | (\$1,360,943)             |
| <b>First Level Subtotal</b>         |                  | <b>(\$681,260)</b> | <b>(\$679,683)</b> | <b>(\$1,360,943)</b>      |
| <b>Total Request Expenditures</b>   |                  | <b>(\$681,260)</b> | <b>(\$679,683)</b> | <b>(\$1,360,943)</b>      |

### Request Funding

|                              | <u>Line Item</u> | <u>2018</u>        | <u>2019</u>        | <u>Biennium<br/>Total</u> |
|------------------------------|------------------|--------------------|--------------------|---------------------------|
| 01100 General Fund           | 0                | (\$663,108)        | (\$661,575)        | (\$1,324,683)             |
| <b>Fund Type Subtotal</b>    |                  | <b>(\$663,108)</b> | <b>(\$661,575)</b> | <b>(\$1,324,683)</b>      |
| 06005 Liquor Division        | 0                | (\$18,152)         | (\$18,108)         | (\$36,260)                |
| <b>Fund Type Subtotal</b>    |                  | <b>(\$18,152)</b>  | <b>(\$18,108)</b>  | <b>(\$36,260)</b>         |
| <b>Total Request Funding</b> |                  | <b>(\$681,260)</b> | <b>(\$679,683)</b> | <b>(\$1,360,943)</b>      |

### Description and Justification

The Director's Office will work with contractors & vendors to make reductions to their contracts. The department will forgo computer replacements and decrease other operating costs wherever possible which could also increase security issues.

## Agency Change Package Detail

Department: 58010 - DEPARTMENT OF REVENUE

Version: 2019F0658010

Program: 03

Type: NP

Status: Included

Number: 301

Group: None

Description: Liquor Control PS Reduction

### Request Expenditures

|                                     | <u>Line Item</u> | <u>2018</u>        | <u>2019</u>        | <u>Biennium<br/>Total</u> |
|-------------------------------------|------------------|--------------------|--------------------|---------------------------|
| 61098 UNALLOCATED PERSONAL SERVICES |                  | (\$221,821)        | (\$224,327)        | (\$446,148)               |
| <b>First Level Subtotal</b>         |                  | <b>(\$221,821)</b> | <b>(\$224,327)</b> | <b>(\$446,148)</b>        |
| <b>Total Request Expenditures</b>   |                  | <b>(\$221,821)</b> | <b>(\$224,327)</b> | <b>(\$446,148)</b>        |

### Request Funding

|                              | <u>Line Item</u> | <u>2018</u>        | <u>2019</u>        | <u>Biennium<br/>Total</u> |
|------------------------------|------------------|--------------------|--------------------|---------------------------|
| 06005 Liquor Division        | 0                | (\$221,821)        | (\$224,327)        | (\$446,148)               |
| <b>Fund Type Subtotal</b>    |                  | <b>(\$221,821)</b> | <b>(\$224,327)</b> | <b>(\$446,148)</b>        |
| <b>Total Request Funding</b> |                  | <b>(\$221,821)</b> | <b>(\$224,327)</b> | <b>(\$446,148)</b>        |

### Description and Justification

A 10% personal services reduction for the Liquor Control Division will require a reduction in force. To obtain this level of reduction, the division will need to keep a total of three positions vacant. This could result in slower processing time of applications, decreased response time to licensees, agency store franchisees, industry partners, legislative requests, public requests and legal issue follow up.

## Agency Change Package Detail

Department: 58010 - DEPARTMENT OF REVENUE

Version: 2019F0658010

Program: 03

Type: NP

Status: Included

Number: 302

Group: None

Description: Liquor Control Operating Reduction

### Request Expenditures

|                                     | <u>Line Item</u> | <u>2018</u>       | <u>2019</u>       | <u>Biennium<br/>Total</u> |
|-------------------------------------|------------------|-------------------|-------------------|---------------------------|
| 62098 UNALLOCATED OPERATING EXPENSE |                  | (\$57,726)        | (\$57,775)        | (\$115,501)               |
| <b>First Level Subtotal</b>         |                  | <b>(\$57,726)</b> | <b>(\$57,775)</b> | <b>(\$115,501)</b>        |
| <b>Total Request Expenditures</b>   |                  | <b>(\$57,726)</b> | <b>(\$57,775)</b> | <b>(\$115,501)</b>        |

### Request Funding

|                              | <u>Line Item</u> | <u>2018</u>       | <u>2019</u>       | <u>Biennium<br/>Total</u> |
|------------------------------|------------------|-------------------|-------------------|---------------------------|
| 06005 Liquor Division        | 0                | (\$57,726)        | (\$57,775)        | (\$115,501)               |
| <b>Fund Type Subtotal</b>    |                  | <b>(\$57,726)</b> | <b>(\$57,775)</b> | <b>(\$115,501)</b>        |
| <b>Total Request Funding</b> |                  | <b>(\$57,726)</b> | <b>(\$57,775)</b> | <b>(\$115,501)</b>        |

### Description and Justification

The Liquor Control Division reduction in operating costs will limit the ability to educate licensees on their requirements under the law, potentially increasing the number of violations.

## Agency Change Package Detail

Department: 58010 - DEPARTMENT OF REVENUE

Version: 2019F0658010

Program: 05

Type: NP

Status: Included

Number: 501

Group: None

Description: Citizen Services PS Reduction

### Request Expenditures

|                                     | <u>Line Item</u> | <u>2018</u>        | <u>2019</u>        | <u>Biennium<br/>Total</u> |
|-------------------------------------|------------------|--------------------|--------------------|---------------------------|
| 61098 UNALLOCATED PERSONAL SERVICES |                  | (\$576,941)        | (\$580,521)        | (\$1,157,462)             |
| <b>First Level Subtotal</b>         |                  | <b>(\$576,941)</b> | <b>(\$580,521)</b> | <b>(\$1,157,462)</b>      |
| <b>Total Request Expenditures</b>   |                  | <b>(\$576,941)</b> | <b>(\$580,521)</b> | <b>(\$1,157,462)</b>      |

### Request Funding

|                              | <u>Line Item</u> | <u>2018</u>        | <u>2019</u>        | <u>Biennium<br/>Total</u> |
|------------------------------|------------------|--------------------|--------------------|---------------------------|
| 01100 General Fund           | 0                | (\$576,941)        | (\$580,521)        | (\$1,157,462)             |
| <b>Fund Type Subtotal</b>    |                  | <b>(\$576,941)</b> | <b>(\$580,521)</b> | <b>(\$1,157,462)</b>      |
| <b>Total Request Funding</b> |                  | <b>(\$576,941)</b> | <b>(\$580,521)</b> | <b>(\$1,157,462)</b>      |

### Description and Justification

The Citizen Services and Resource Management Division will maintain a hiring freeze for 13.5 current vacant positions as well as reduce temporary services employed to timely meet processing of tax returns. A reduction in the service levels provided could negatively impact tax compliance; frustrate taxpayers interacting with the department; delay income tax return and refund processing; and ultimately slow the deposit and distribution of state, local, and tribal government revenues.

## Agency Change Package Detail

Department: 58010 - DEPARTMENT OF REVENUE

Version: 2019F0658010

Program: 05

Type: NP

Status: Included

Number: 502

Group: None

Description: Citizen Services Operating Reduction

### Request Expenditures

|                                     | <u>Line Item</u> | <u>2018</u>        | <u>2019</u>        | <u>Biennium<br/>Total</u> |
|-------------------------------------|------------------|--------------------|--------------------|---------------------------|
| 62098 UNALLOCATED OPERATING EXPENSE |                  | (\$269,079)        | (\$269,136)        | (\$538,215)               |
| <b>First Level Subtotal</b>         |                  | <b>(\$269,079)</b> | <b>(\$269,136)</b> | <b>(\$538,215)</b>        |
| <b>Total Request Expenditures</b>   |                  | <b>(\$269,079)</b> | <b>(\$269,136)</b> | <b>(\$538,215)</b>        |

### Request Funding

|                              | <u>Line Item</u> | <u>2018</u>        | <u>2019</u>        | <u>Biennium<br/>Total</u> |
|------------------------------|------------------|--------------------|--------------------|---------------------------|
| 01100 General Fund           | 0                | (\$267,807)        | (\$267,869)        | (\$535,676)               |
| <b>Fund Type Subtotal</b>    |                  | <b>(\$267,807)</b> | <b>(\$267,869)</b> | <b>(\$535,676)</b>        |
| 06005 Liquor Division        | 0                | (\$1,272)          | (\$1,267)          | (\$2,539)                 |
| <b>Fund Type Subtotal</b>    |                  | <b>(\$1,272)</b>   | <b>(\$1,267)</b>   | <b>(\$2,539)</b>          |
| <b>Total Request Funding</b> |                  | <b>(\$269,079)</b> | <b>(\$269,136)</b> | <b>(\$538,215)</b>        |

### Description and Justification

The Citizen Services and Resource Management Division reduction in operating expenses include elimination of the toll-free number allowing taxpayers access to the department; elimination of tax season public service announcements; eliminating partnership in montanafreefile.org; and eliminating all training and related travel expense.

## Agency Change Package Detail

Department: 58010 - DEPARTMENT OF REVENUE

Version: 2019F0658010

Program: 07

Type: NP

Status: Included

Number: 701

Group: None

Description: Business Income Taxes PS Reduction

### Request Expenditures

|                                     | <u>Line Item</u> | <u>2018</u>        | <u>2019</u>        | <u>Biennium<br/>Total</u> |
|-------------------------------------|------------------|--------------------|--------------------|---------------------------|
| 61098 UNALLOCATED PERSONAL SERVICES |                  | (\$872,849)        | (\$883,440)        | (\$1,756,289)             |
| <b>First Level Subtotal</b>         |                  | <b>(\$872,849)</b> | <b>(\$883,440)</b> | <b>(\$1,756,289)</b>      |
| <b>Total Request Expenditures</b>   |                  | <b>(\$872,849)</b> | <b>(\$883,440)</b> | <b>(\$1,756,289)</b>      |

### Request Funding

|                              | <u>Line Item</u> | <u>2018</u>        | <u>2019</u>        | <u>Biennium<br/>Total</u> |
|------------------------------|------------------|--------------------|--------------------|---------------------------|
| 01100 General Fund           | 0                | (\$872,849)        | (\$883,440)        | (\$1,756,289)             |
| <b>Fund Type Subtotal</b>    |                  | <b>(\$872,849)</b> | <b>(\$883,440)</b> | <b>(\$1,756,289)</b>      |
| <b>Total Request Funding</b> |                  | <b>(\$872,849)</b> | <b>(\$883,440)</b> | <b>(\$1,756,289)</b>      |

### Description and Justification

A 10% personal services reduction will require the Business Income Taxes Division to leave four vacant positions unfilled throughout FY 2018 and FY 2019 and require a reduction in force for 24.0 FTE in FY 2018 and continue with a reduction of 15.0 FTE throughout FY 2019. The decrease in personnel will have a negative impact upon the department's ability to collect revenue for the state's general fund and for local governments and schools. Income tax refunds, return of unclaimed property, and personal property tax refunds from contractors' gross receipts will be delayed.

## Agency Change Package Detail

Department: 58010 - DEPARTMENT OF REVENUE

Version: 2019F0658010

Program: 07

Type: NP

Status: Included

Number: 702

Group: None

Description: Business Income Tax Operating Reduction

### Request Expenditures

|                                     | <u>Line Item</u> | <u>2018</u>        | <u>2019</u>        | <u>Biennium<br/>Total</u> |
|-------------------------------------|------------------|--------------------|--------------------|---------------------------|
| 62098 UNALLOCATED OPERATING EXPENSE |                  | (\$137,092)        | (\$135,534)        | (\$272,626)               |
| <b>First Level Subtotal</b>         |                  | <b>(\$137,092)</b> | <b>(\$135,534)</b> | <b>(\$272,626)</b>        |
| <b>Total Request Expenditures</b>   |                  | <b>(\$137,092)</b> | <b>(\$135,534)</b> | <b>(\$272,626)</b>        |

### Request Funding

|                              | <u>Line Item</u> | <u>2018</u>        | <u>2019</u>        | <u>Biennium<br/>Total</u> |
|------------------------------|------------------|--------------------|--------------------|---------------------------|
| 01100 General Fund           | 0                | (\$137,092)        | (\$135,534)        | (\$272,626)               |
| <b>Fund Type Subtotal</b>    |                  | <b>(\$137,092)</b> | <b>(\$135,534)</b> | <b>(\$272,626)</b>        |
| <b>Total Request Funding</b> |                  | <b>(\$137,092)</b> | <b>(\$135,534)</b> | <b>(\$272,626)</b>        |

### Description and Justification

The Business and Income Taxes Division operating reduction will mostly be for travel, directly relating to audit collections.



## Agency Change Package Detail

Department: 58010 - DEPARTMENT OF REVENUE

Version: 2019F0658010

Program: 08

Type: NP

Status: Included

Number: 801

Group: None

Description: Property Assessment PS Reduction

### Request Expenditures

|                                     | <u>Line Item</u> | <u>2018</u>          | <u>2019</u>          | <u>Biennium<br/>Total</u> |
|-------------------------------------|------------------|----------------------|----------------------|---------------------------|
| 61098 UNALLOCATED PERSONAL SERVICES |                  | (\$1,701,015)        | (\$1,712,595)        | (\$3,413,610)             |
| <b>First Level Subtotal</b>         |                  | <b>(\$1,701,015)</b> | <b>(\$1,712,595)</b> | <b>(\$3,413,610)</b>      |
| <b>Total Request Expenditures</b>   |                  | <b>(\$1,701,015)</b> | <b>(\$1,712,595)</b> | <b>(\$3,413,610)</b>      |

### Request Funding

|                              | <u>Line Item</u> | <u>2018</u>          | <u>2019</u>          | <u>Biennium<br/>Total</u> |
|------------------------------|------------------|----------------------|----------------------|---------------------------|
| 01100 General Fund           | 0                | (\$1,701,015)        | (\$1,712,595)        | (\$3,413,610)             |
| <b>Fund Type Subtotal</b>    |                  | <b>(\$1,701,015)</b> | <b>(\$1,712,595)</b> | <b>(\$3,413,610)</b>      |
| <b>Total Request Funding</b> |                  | <b>(\$1,701,015)</b> | <b>(\$1,712,595)</b> | <b>(\$3,413,610)</b>      |

### Description and Justification

The additional 10% reduction in the Property Assessment Division will require a hiring freeze and a reduction in force. Currently the division has 11 vacancies which will be left open throughout FY 2018 and FY 2019. The budget reduction will also require a reduction in force of 80 FTE for the remainder of FY 2018 and continue with a reduction of 52 FTE throughout FY 2019. The number of position varies from FY 2018 to FY 2019 due to the timing of the reductions.

## Agency Change Package Detail

Department: 58010 - DEPARTMENT OF REVENUE

Version: 2019F0658010

Program: 08

Type: NP

Status: Included

Number: 802

Group: None

Description: Property Assessment Operating Reduction

### Request Expenditures

|                                     | <u>Line Item</u> | <u>2018</u>        | <u>2019</u>        | <u>Biennium<br/>Total</u> |
|-------------------------------------|------------------|--------------------|--------------------|---------------------------|
| 62098 UNALLOCATED OPERATING EXPENSE |                  | (\$347,070)        | (\$347,422)        | (\$694,492)               |
| <b>First Level Subtotal</b>         |                  | <b>(\$347,070)</b> | <b>(\$347,422)</b> | <b>(\$694,492)</b>        |
| <b>Total Request Expenditures</b>   |                  | <b>(\$347,070)</b> | <b>(\$347,422)</b> | <b>(\$694,492)</b>        |

### Request Funding

|                              | <u>Line Item</u> | <u>2018</u>        | <u>2019</u>        | <u>Biennium<br/>Total</u> |
|------------------------------|------------------|--------------------|--------------------|---------------------------|
| 01100 General Fund           | 0                | (\$347,070)        | (\$347,422)        | (\$694,492)               |
| <b>Fund Type Subtotal</b>    |                  | <b>(\$347,070)</b> | <b>(\$347,422)</b> | <b>(\$694,492)</b>        |
| <b>Total Request Funding</b> |                  | <b>(\$347,070)</b> | <b>(\$347,422)</b> | <b>(\$694,492)</b>        |

### Description and Justification

A 10% reduction in operating expenses will necessitate drastically reducing office hours and potentially closing of several county offices. This will reduce customer service to the public within the counties and limit services provided to local governments.