FY 14-15 Executive Budget Review
DEPARTMENT OF REVENUE

House Committee on Appropriations
by the House Fiscal Division
MARCH 25, 2014
Agenda

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Department Functions

• Tax Collection
  – Utilizes efficient processes and mechanisms that encourage and ensure voluntary compliance is easier and less complex

• Alcohol and Tobacco Control
  – Provides the state with an effective regulatory system for the alcoholic beverage and tobacco industries
Department Structure

Office of Revenue

• Tax Collection

• Alcohol and Tobacco Control
  • Administrative and Certification Division
  • Enforcement Division

• Office of Charitable Gaming
  • Administration Section
  • Licensing Section
  • Audit Section
### Means of Finance

<table>
<thead>
<tr>
<th>Means of Finance</th>
<th>Actual Expenditures FY 12-13</th>
<th>Existing Operating Budget FY 13-14 (12/1/13)</th>
<th>Executive Budget Recommended FY 14-15</th>
<th>Change from FY 13-14 to FY 14-15</th>
<th>Percent Change from FY 13-14 to FY 14-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>State General Fund</td>
<td>$61,864</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Interagency Transfers</td>
<td>$200,412</td>
<td>$821,300</td>
<td>$750,000</td>
<td>($71,300)</td>
<td>(8.7%)</td>
</tr>
<tr>
<td>Fees and Self-Gen Rev</td>
<td>$81,456,962</td>
<td>$94,020,406</td>
<td>$101,548,243</td>
<td>$7,527,837</td>
<td>8.0%</td>
</tr>
<tr>
<td>Statutory Dedications</td>
<td>$1,690,264</td>
<td>$4,597,928</td>
<td>$702,807</td>
<td>($3,895,121)</td>
<td>(84.7%)</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>$511,398</td>
<td>$883,007</td>
<td>$328,792</td>
<td>($554,215)</td>
<td>(62.8%)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$83,920,900</strong></td>
<td><strong>$100,322,641</strong></td>
<td><strong>$103,329,842</strong></td>
<td><strong>$3,007,201</strong></td>
<td><strong>3.0%</strong></td>
</tr>
<tr>
<td>Authorized Positions</td>
<td>792</td>
<td>733</td>
<td>647</td>
<td>(86)</td>
<td>(11.7%)</td>
</tr>
</tbody>
</table>

**Significant Adjustments:**

- **Fees and Self-Gen Revenue**
  - Increase in budget authority for:
    - The Office of Debt Recovery for a financial institution data match system ($4M)
    - Tax Enforcement Software ($2.3M)
  - **$7.5M**

- **Statutory Dedications**
  - Elimination of funding carried forward from FY 12-13 for fraud initiatives
  - **$3.9M**

- **Federal**
  - Reduction in grant funding from the U.S. Department of Justice for the enforcement of underage drinking laws
  - **$554,215**

- **Authorized Positions**
  - 80 positions were transferred to the Office of Technology Services
  - Eliminated 6 vacancies
  - **86 T.O.**
10-Year Budget History

DEPARTMENT OF REVENUE
(Total Funding)

Fiscal Year

FY 05-06 FY 06-07 FY 07-08 FY 08-09 FY 09-10 FY 10-11 FY 11-12 FY 12-13 FY 13-14 E.O.B. * FY 14-15 Exec. Bud. **

Millions

$78.6 $84.4 $91.5 $96.3 $92.7 $86.1 $84.2 $83.9 $100.3 $103.3

Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/13
**Governor’s Executive Budget Recommendation

Ronnie Downey 225-342-0474

Department of Revenue

House Fiscal Division
### Total Means of Financing

<table>
<thead>
<tr>
<th>Agencies</th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Collection</td>
<td>$91,897,618</td>
<td>$94,010,364</td>
<td>$2,112,746</td>
</tr>
<tr>
<td>Alcohol and Tobacco</td>
<td>$6,527,370</td>
<td>$7,300,885</td>
<td>$773,515</td>
</tr>
<tr>
<td>Office of Charitable Gaming</td>
<td>$1,897,653</td>
<td>$2,018,593</td>
<td>$120,940</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$100,322,641</td>
<td>$103,329,842</td>
<td>$3,007,201</td>
</tr>
</tbody>
</table>

Ronnie Downey 225-342-0474  
Department of Revenue  
House Fiscal Division  
7
Self-Generated Revenues - $101.5 million

- Late payment/delinquent fees and negligence fees
- Fees assessed to the alcohol and tobacco industry through the required purchase of various licenses, permits, and fines for violations
## Expenditure Breakdown

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>FY 12-13 Actual Expenditures</th>
<th>FY 13-14 Existing Operating Budget (12/1/13)</th>
<th>FY 14-15 Executive Budget Recommendation</th>
<th>Change from FY 13-14 to FY 14-15</th>
<th>Percent Change from FY 13-14 to FY 14-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$36,492,101</td>
<td>$38,947,701</td>
<td>$34,435,893</td>
<td>($4,511,808)</td>
<td>(11.6%)</td>
</tr>
<tr>
<td>Other Compensation</td>
<td>$1,912,822</td>
<td>$2,507,564</td>
<td>$2,507,564</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Related Benefits</td>
<td>$18,531,291</td>
<td>$18,627,848</td>
<td>$21,466,429</td>
<td>$2,838,581</td>
<td>15.2%</td>
</tr>
<tr>
<td>Travel</td>
<td>$586,329</td>
<td>$925,086</td>
<td>$1,016,093</td>
<td>$91,007</td>
<td>9.8%</td>
</tr>
<tr>
<td>Operating Services</td>
<td>$8,505,362</td>
<td>$11,392,505</td>
<td>$4,519,073</td>
<td>($6,873,432)</td>
<td>(60.3%)</td>
</tr>
<tr>
<td>Supplies</td>
<td>$439,248</td>
<td>$490,159</td>
<td>$332,350</td>
<td>($157,809)</td>
<td>(32.2%)</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$2,557,513</td>
<td>$15,464,821</td>
<td>$5,996,588</td>
<td>($9,468,233)</td>
<td>(61.2%)</td>
</tr>
<tr>
<td>Other Charges</td>
<td>$13,275,772</td>
<td>$8,924,710</td>
<td>$32,132,337</td>
<td>$23,207,627</td>
<td>260.0%</td>
</tr>
<tr>
<td>Acq/Major Repairs</td>
<td>$1,620,462</td>
<td>$3,042,247</td>
<td>$923,515</td>
<td>($2,118,732)</td>
<td>(69.6%)</td>
</tr>
<tr>
<td>Unallotted</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>TOTAL EXP</td>
<td>$83,920,900</td>
<td>$100,322,641</td>
<td>$103,329,842</td>
<td>$3,007,201</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

**Operating Services**
- Decrease is due to IT consolidation

**Professional Services**
- Elimination of funding associated with a one time upgrade for Tax Express 3D, fraud initiatives, and Tax Amnesty collection services

**Other Charges**
- Includes a $21M Interagency Transfer to the Division of Administration for IT consolidation
7-Year Expenditure History (in millions)

**Personal Services**

- 08-09: $61.4
- 09-10: $56.9
- 10-11: $57.0
- 11-12: $58.5
- 12-13: $56.9
- 13-14*: $60.1
- 14-15**: $58.4

**Operating Expenses**

- 08-09: $10.6
- 09-10: $12.8
- 10-11: $10.1
- 11-12: $10.2
- 12-13: $9.5
- 13-14*: $12.8
- 14-15**: $5.9

**Professional Services**

- 08-09: $5.4
- 09-10: $8.2
- 10-11: $1.3
- 11-12: $1.4
- 12-13: $2.6
- 13-14*: $15.5
- 14-15**: $6.0

**Acquisitions & Major Repairs**

- 08-09: $3.1
- 09-10: $1.4
- 10-11: $1.8
- 11-12: $1.8
- 12-13: $1.6
- 13-14*: $3.0
- 14-15**: $0.9

Ronnie Downey 225-342-0474  Department of Revenue  House Fiscal Division
7-Year Expenditure History (in millions)

Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/13
**Governor’s Executive Budget Recommendation

Ronnie Downey 225-342-0474
Department of Revenue
House Fiscal Division

- 08-09: $15.7
- 09-10: $13.5
- 10-11: $15.8
- 11-12: $12.3
- 12-13: $13.3
- 13-14*: $8.9
- 14-15**: $32.1

Other Charges

$6 $7 $8 $9 $10 $11 $12 $13 $14 $15 $16 $17 $18 $19 $20 $21 $22 $23 $24 $25 $26 $27 $28 $29 $30 $31 $32 $33 $34 $35 $36

08-09 09-10 10-11 11-12 12-13 13-14* 14-15**
Significant Adjustments

Reduction in federal budget authority due to a reduction in grant funding from the U.S. Department of Justice, Office of Juvenile Justice and Delinquency Prevention, for the enforcement of underage drinking laws

$553,715 Federal

Reduction in professional services for a one time IT upgrade for Tax Express 3D programming and Tax Amnesty collection services

$3.1M FSGR

Provides funding for the Office of Debt Recovery to design, implement, and maintain an electronic financial institution data match system

$4M FSGR

Increase in budget authority for professional services expenditures related to call center services. The call center provides efficient delivery of information and quality service options for citizens and businesses to comply with state tax laws.

$1.9M FSGR
### Discretionary/Nondiscretionary Funding in FY 14-15

**Executive Budget**

<table>
<thead>
<tr>
<th>Activity/Program</th>
<th>TOTAL FUNDING - $103,329,842</th>
<th>STATE GENERAL FUND - $0</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Discretionary</td>
<td>Non-Discretionary</td>
</tr>
<tr>
<td>Tax Collection</td>
<td>$ 85,006,799</td>
<td>$ 9,003,565</td>
</tr>
<tr>
<td>Call Center services</td>
<td>$ 1,989,428</td>
<td>$ 0</td>
</tr>
<tr>
<td>Ongoing legal consultation, analysis, and expertise in tax litigation</td>
<td>$1,602,372</td>
<td>$ 0</td>
</tr>
<tr>
<td>Alcohol and Tobacco Control</td>
<td>$ 7,124,766</td>
<td>$ 176,119</td>
</tr>
<tr>
<td>Replacement of vehicles, bulletproof vests, ammunition, uniforms, etc</td>
<td>$ 213,515</td>
<td>$ 0</td>
</tr>
<tr>
<td>Customer relationship management system upgrade</td>
<td>$ 700,000</td>
<td>$ 0</td>
</tr>
<tr>
<td>Charitable Gaming</td>
<td>$ 2,018,593</td>
<td>$ 0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$94,150,158</td>
<td>$ 9,179,684</td>
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</table>
Discretionary/Nondiscretionary Funding in FY 14-15
Executive Budget

Total DOR Budget
$103.3 Million

<table>
<thead>
<tr>
<th>Statutory Dedications</th>
<th>$702,807</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Discretionary</td>
<td>$9.17 Million</td>
</tr>
<tr>
<td></td>
<td>$9 Million</td>
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<tr>
<td>Alcohol and Tobacco Control</td>
<td>$170,425</td>
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</table>

Federal
$328,792

Self-Generated Revenue
$101.5 Million

Discretionary
$94.1 Million

<table>
<thead>
<tr>
<th>Tax Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>$85 Million</td>
</tr>
<tr>
<td>Alcohol and Tobacco Control</td>
</tr>
<tr>
<td>Charitable Gaming</td>
</tr>
</tbody>
</table>

Subtract
$750,000 Million IAT
(Interagency Transfer Double Count)

$102.55 Million Available

Ronnie Downey 225-342-0474
Department of Revenue
House Fiscal Division
FY 14-15 SALARIES/POSITIONS

- $36.9 million for Salaries and Other Compensation
- $21.5 million for Related Benefits
- Total Personnel Services = $58.4 million; 82% of the Department of Revenue total Executive Budget Recommendation (excluding Other Charges)

- 647 Authorized Positions (635 classified and 12 unclassified)
- 6 full-time non-T.O. positions
- 0 Other Charges positions

- As of 12/27/2013, the Department of Revenue had 70 vacancies. The Executive Budget eliminated 6 of these vacancies.
Salaries and Positions

TOTAL FULL-TIME EQUIVALENT (FTE) POSITIONS

Source: Prepared by House Fiscal Division staff using information from ISIS-HR

Ronnie Downey 225-342-0474  Department of Revenue  House Fiscal Division
Salaries and Positions

FY 13 CLASSIFIED AVERAGE ANNUAL PAY PER FTE

Source: Prepared by House Fiscal Division staff using information from ISIS-HR and Civil Service

Ronnie Downey 225-342-0474
Department of Revenue

House Fiscal Division
Salaries and Positions

FY 13 UNCLASSIFIED AVERAGE ANNUAL PAY PER FTE

Source: Prepared by House Fiscal Division staff using information from ISIS-HR and Civil Service
## 2013 Amnesty Collections

<table>
<thead>
<tr>
<th>Share of Total</th>
<th>Tax</th>
<th>Accounts</th>
<th>Cash As Payment</th>
<th>Tax Credits As Payment</th>
<th>Total Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.9%</td>
<td>Severance Tax</td>
<td>57</td>
<td>$4,009,796</td>
<td>$0</td>
<td>$4,009,796</td>
</tr>
<tr>
<td>84.1%</td>
<td>Corporate Income &amp; Franchise Taxes</td>
<td>8,167</td>
<td>$311,914,103</td>
<td>$68,095,488</td>
<td>$380,009,591</td>
</tr>
<tr>
<td>8.7%</td>
<td>Individual Income Tax</td>
<td>40,885</td>
<td>$37,706,909</td>
<td>$1,820,307</td>
<td>$39,527,216</td>
</tr>
<tr>
<td>5.5%</td>
<td>General Sales Tax</td>
<td>2,933</td>
<td>$24,898,158</td>
<td>$1,072</td>
<td>$24,899,230</td>
</tr>
<tr>
<td>0.01%</td>
<td>Various Excise Taxes</td>
<td>74</td>
<td>$64,810</td>
<td>$0</td>
<td>$64,810</td>
</tr>
<tr>
<td>0.8%</td>
<td>Non-REC Taxes</td>
<td>20</td>
<td>$3,415,105</td>
<td>$0</td>
<td>$3,415,105</td>
</tr>
<tr>
<td>100.0%</td>
<td>Total Program</td>
<td>52,136</td>
<td>$382,008,881</td>
<td>$69,916,867</td>
<td>$451,925,747</td>
</tr>
</tbody>
</table>

Source: Louisiana Department of Revenue
# Department Contacts

<table>
<thead>
<tr>
<th>Title</th>
<th>Agency Head</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secretary</td>
<td>Tim Barfield</td>
<td>225-219-2700</td>
</tr>
<tr>
<td>Undersecretary</td>
<td>Natalie Howell</td>
<td>225-219-2710</td>
</tr>
<tr>
<td>Commissioner, Alcohol and Tobacco Control</td>
<td>Troy Hebert</td>
<td>225-925-4041</td>
</tr>
</tbody>
</table>