

Representative Jim Fannin
Chairman



Representative Simone Champagne
Vice Chairman

FY 14-15 Executive Budget Review DEPARTMENT OF REVENUE

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



Agenda

Budget Overview

– Department Functions	3
– Department Structure	4
– Means of Finance Comparison	5
– 10-Year Budget History	6
– Agency Budget Comparisons	7
– Major Sources of Revenues	8
– Expenditure Breakdown	9
– Expenditure History	10
– Significant Adjustments	12
– Discretionary/Non-Discretionary Funding	13
– Salaries and Positions	15
– 2013 Amnesty Collections	19
– Department Contacts	20



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

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

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

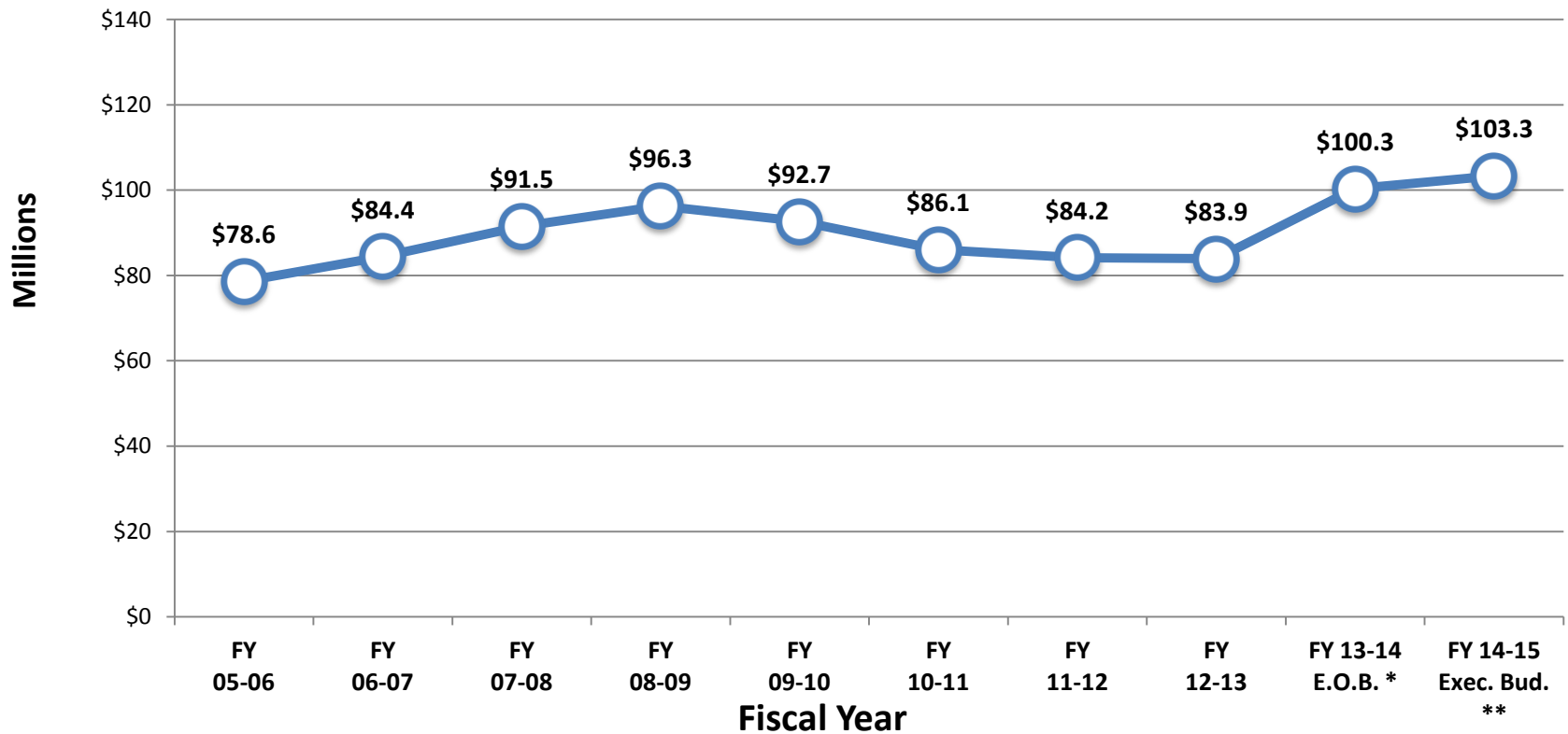
86 T.O.





10-Year Budget History

DEPARTMENT OF REVENUE (Total Funding)



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/13

**Governor's Executive Budget Recommendation



Agency Budget Comparisons

Total Means of Financing

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



Major Sources of Revenues FY 14-15

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

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

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

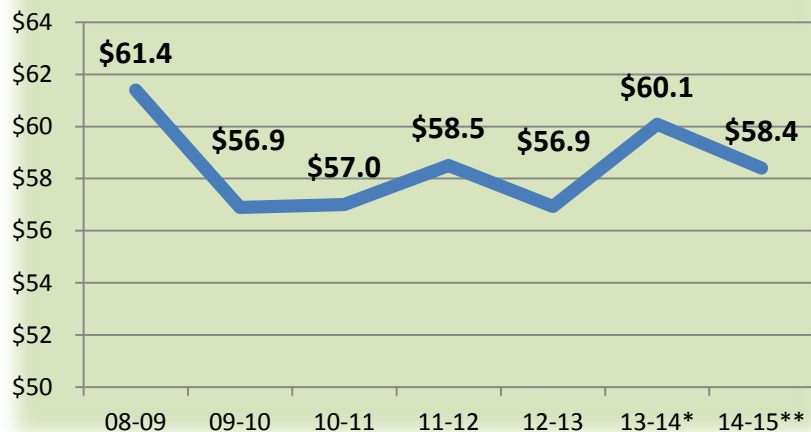
Other Charges

- Includes a \$21M Interagency Transfer to the Division of Administration for IT consolidation

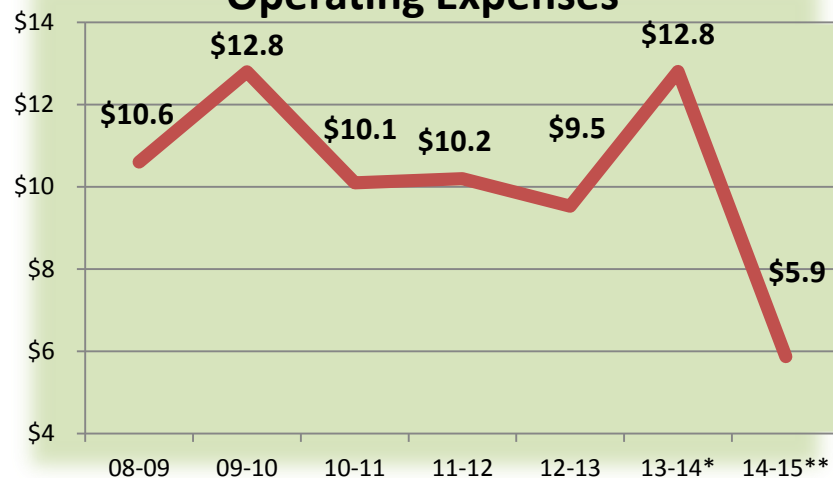


7-Year Expenditure History (in millions)

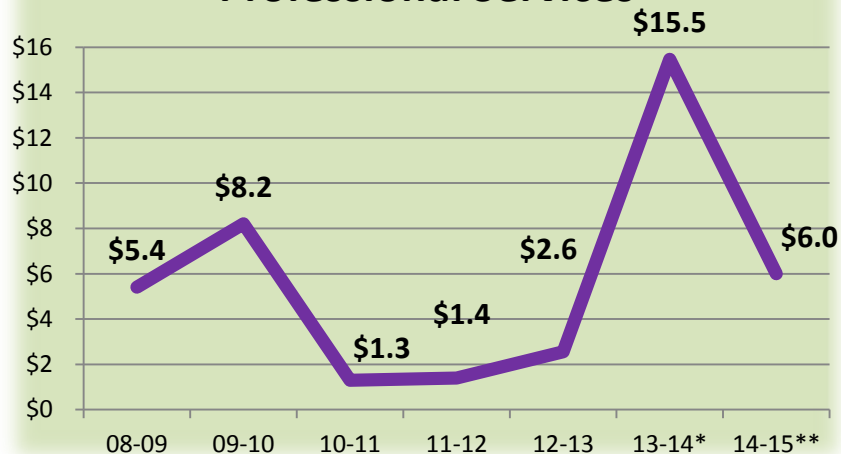
Personal Services



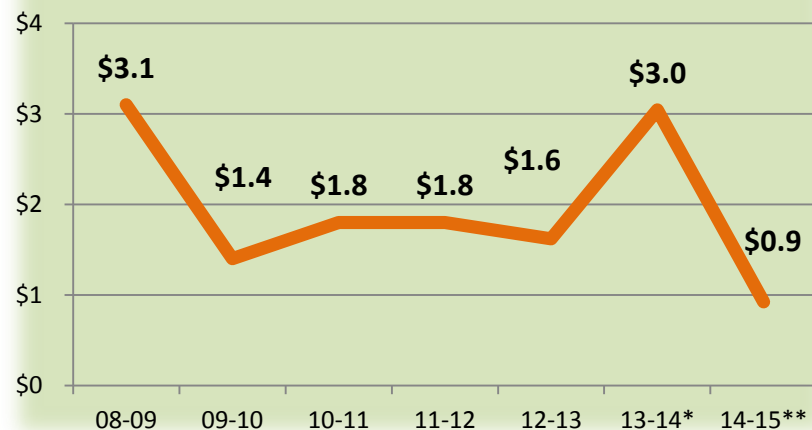
Operating Expenses



Professional Services

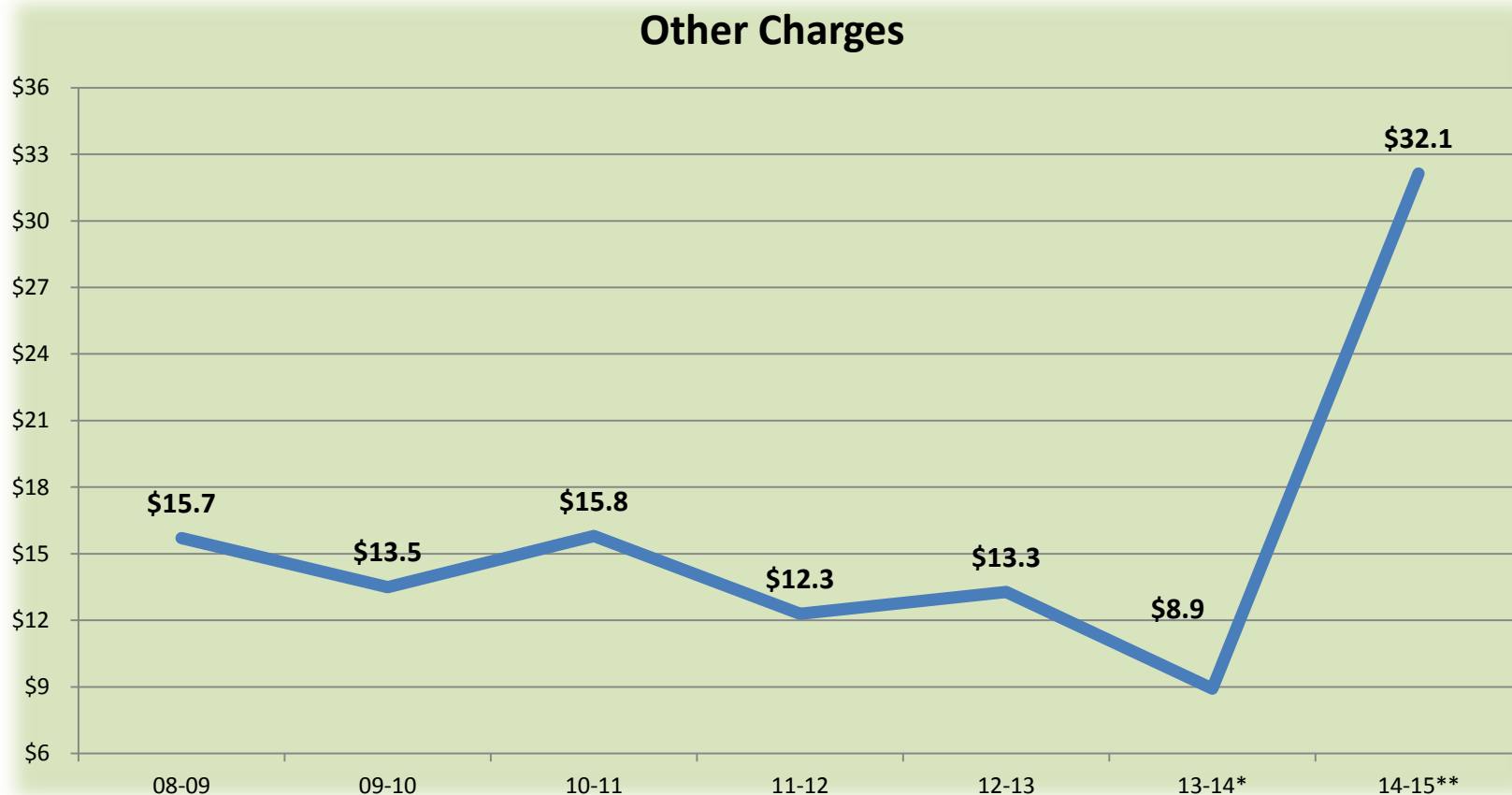


Acquisitions & Major Repairs





7-Year Expenditure History (in millions)



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/13

**Governor's Executive Budget Recommendation



Significant Adjustments

\$553,715
Federal



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

\$3.1M
FSGR



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

\$4M
FSGR



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

\$1.9M
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.



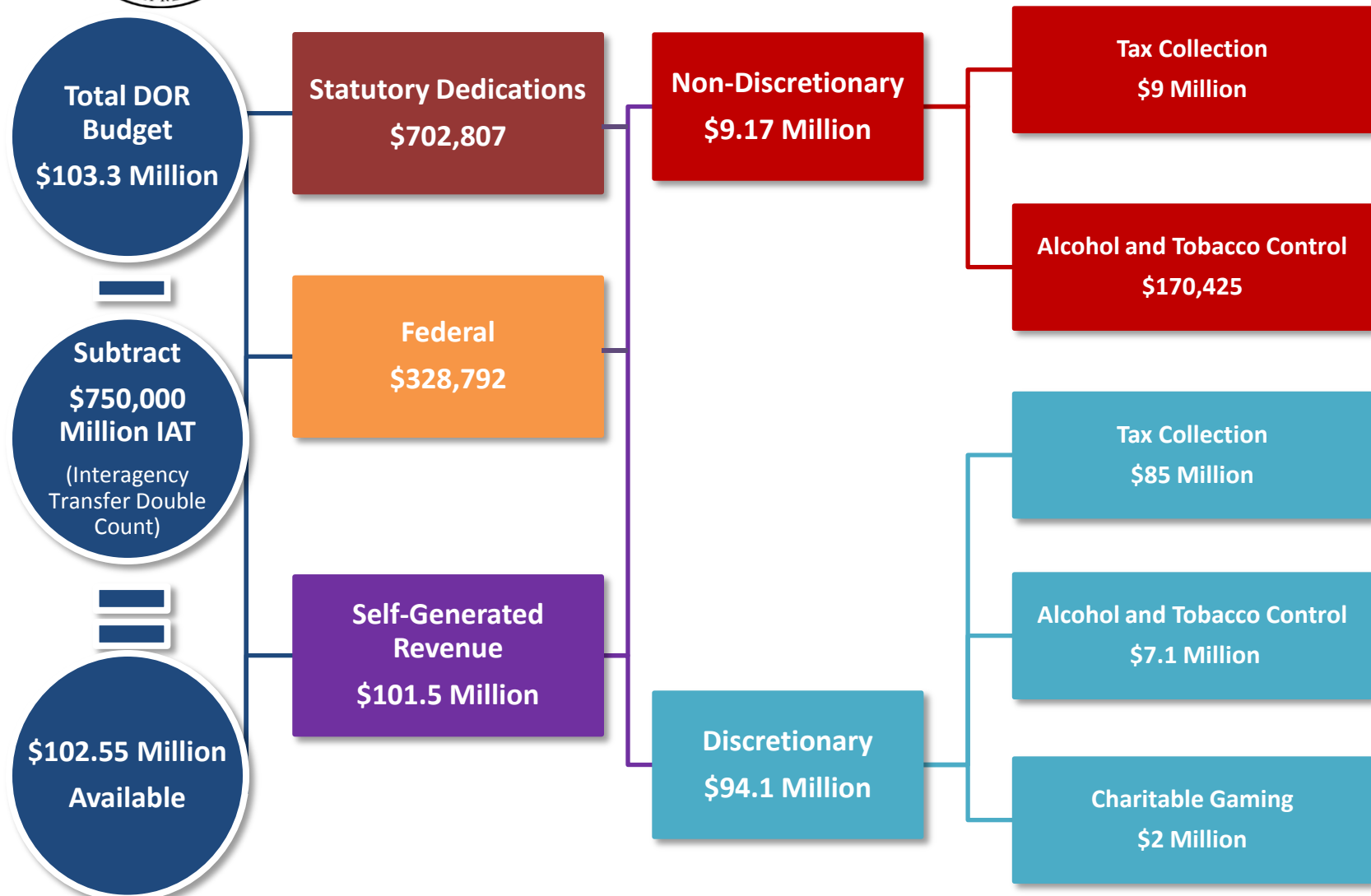
Discretionary/Nondiscretionary Funding in FY 14-15

Executive Budget

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



Discretionary/Nondiscretionary Funding in FY 14-15 Executive Budget





Salaries and Positions

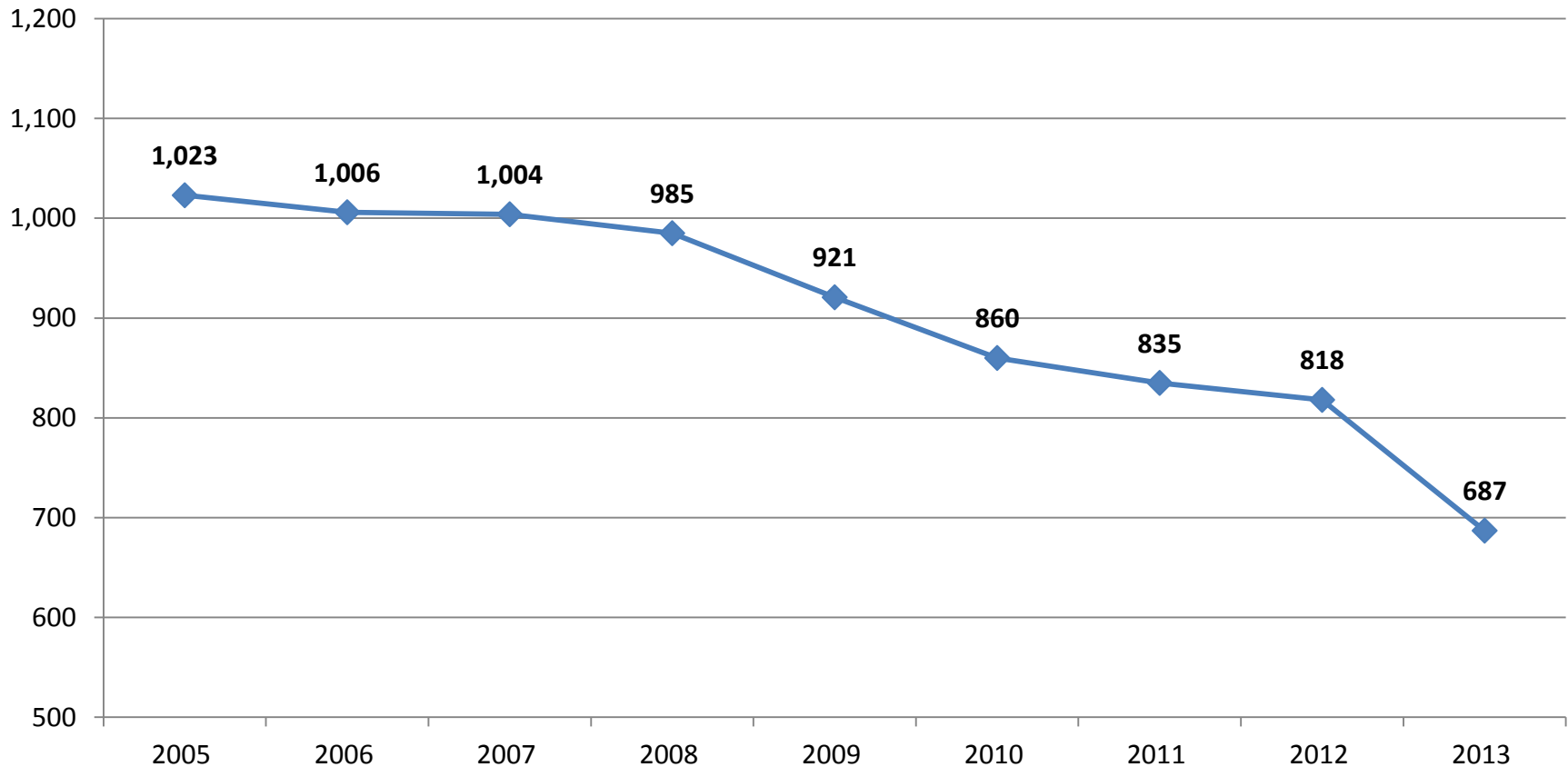
FY 14-15 SALARIES/POSITIONS

- \$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

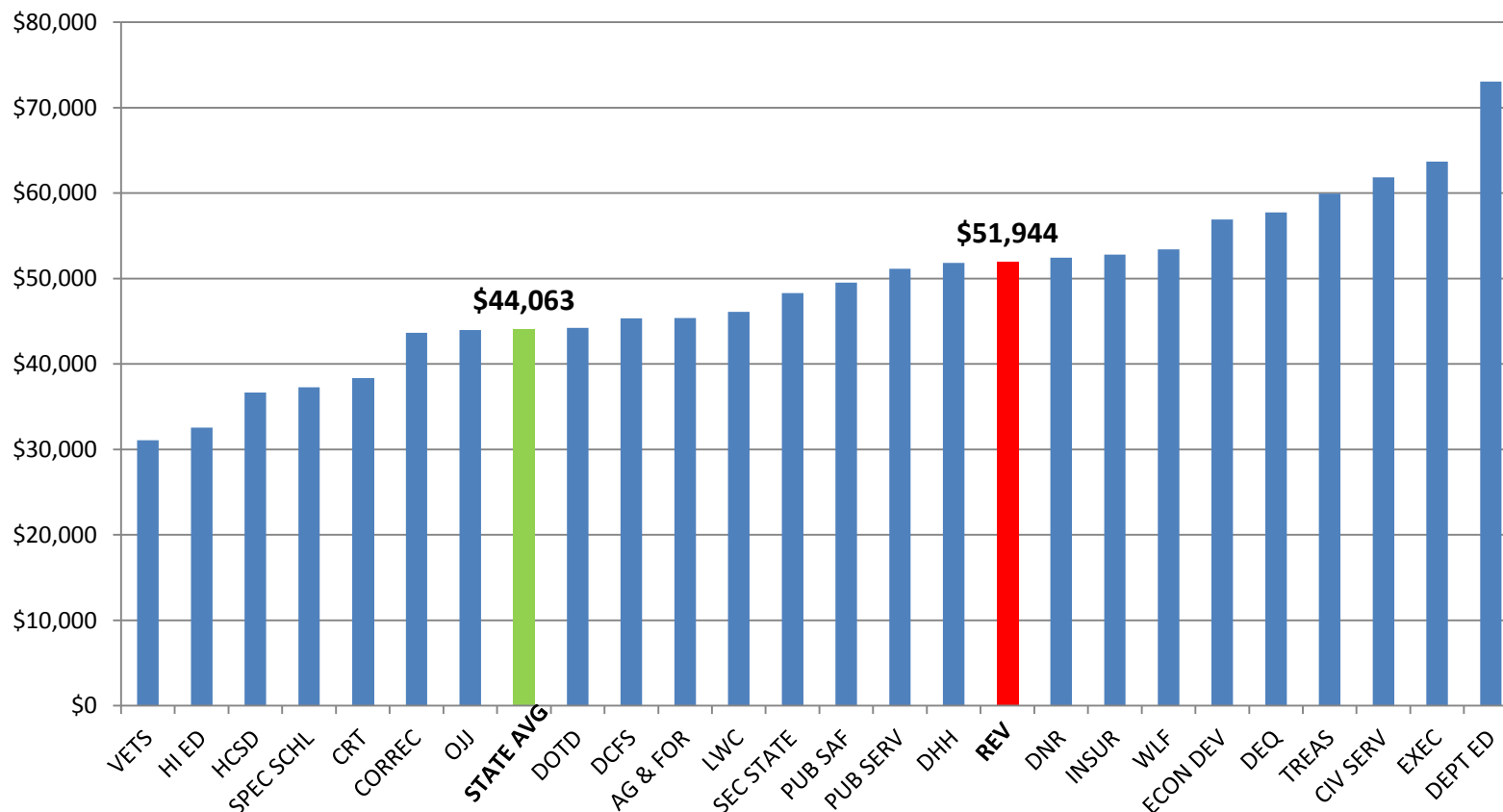


Source: Prepared by House Fiscal Division staff using information from ISIS-HR



Salaries and Positions

FY 13 CLASSIFIED AVERAGE ANNUAL PAY PER FTE

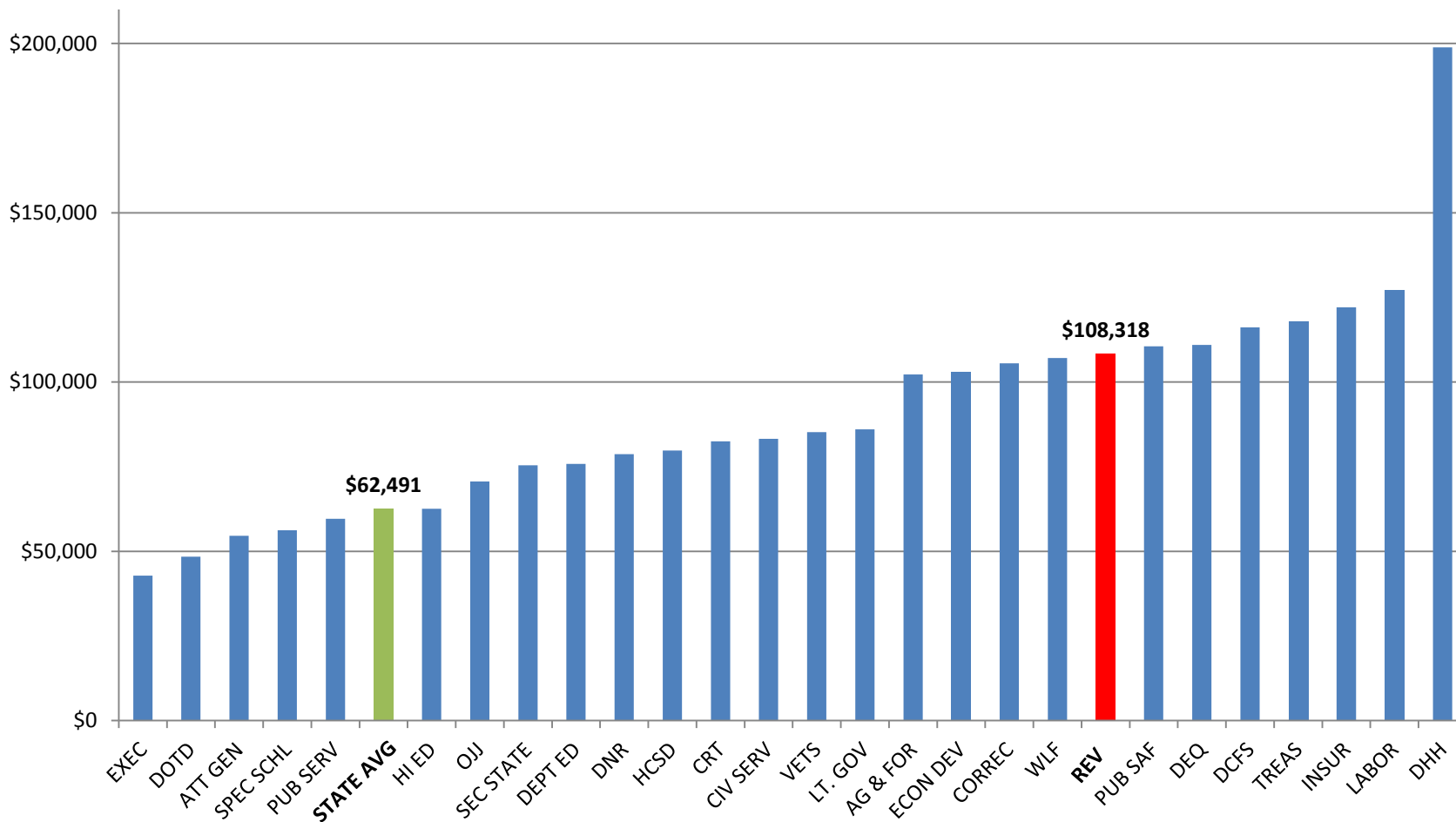


Source: Prepared by House Fiscal Division staff using information from ISIS-HR and Civil Service



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

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

Source: Louisiana Department of Revenue



Department Contacts

Title	Agency Head	Phone
Secretary	Tim Barfield	225-219-2700
Undersecretary	Natalie Howell	225-219-2710
Commissioner, Alcohol and Tobacco Control	Troy Hebert	225-925-4041