

Representative Jerome Zeringue
Chairman



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Fiscal Year 21-22 HB1 Budget Review

Department of Revenue

House Committee on Appropriations
House Fiscal Division

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FY22 BUDGET RECOMMENDATION

Total Budget = \$112,578,767

Means of Finance	
State General Fund	\$0
Interagency Transfers	\$322,030
Fees & Self-generated	\$111,598,823
Statutory Dedications	\$657,914
Federal	\$0
Total	\$112,578,767

FSGR
99%

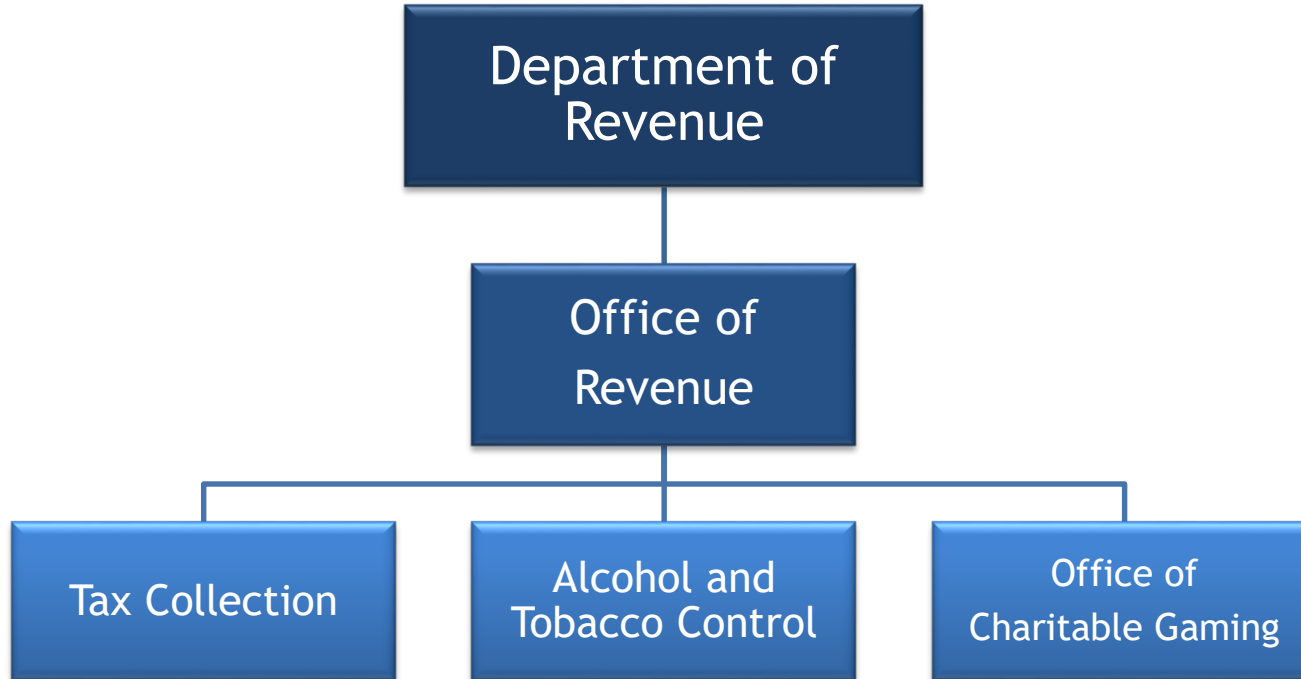
Program Breakdown		
	Budget	Positions
Tax Collection	\$103,055,028	642
Alcohol & Tobacco Control	\$7,172,693	58
Charitable Gaming	\$2,351,046	20
Total	\$112,578,767	720

Tax Collection
92%

ATC
6%

OCG
2%

DEPARTMENT ORGANIZATION



DEPARTMENT OVERVIEW



The mission of the Department of Revenue is to fairly and efficiently collect state tax revenues to fund public services; to regulate charitable gaming and the sale of alcoholic beverages and tobacco; and to support state agencies in the collection of overdue debts.

Tax Collection Program

Administration

Executive arm of the department including management functions such as: accounting and budgeting, payroll, facilities management, purchasing, human resources, and technology management.

Tax Policy Management

Prepares fiscal notes, legislation, coordinates rules, and engages in a number of stakeholder efforts to address emerging and/or sensitive policy issues.

Revenue Collection & Distribution

Registers taxpayers, processes tax returns and remittances, maintains taxpayer accounts, and handles state and local tax revenues.

Taxpayer Assistance

Helps taxpayers understand their tax reporting and payment obligations via telephone, personal contact, and written inquiries; engages in outreach opportunities, consultation visits, and processing of tax exemptions, certifications, permits, and clearances.

Tax Compliance

Examines, audits, or investigates tax related issues. Conducts tax return examinations and reconciles information to identify non-filers and under reporters. Field office staff conduct audits of businesses that have activity in Louisiana to identify and correct improper reporting.

Tax Enforcement

Collects tax dollars owed on delinquent accounts, investigates tax fraud and evasion, and defends the state's interest through litigation of tax issues.

DEPARTMENT OVERVIEW



The mission of the Office of Alcohol and Tobacco Control (ATC) is to regulate the alcoholic beverage and tobacco industries and to consistently enforce state regulations under Title 26.

Alcohol and Tobacco Control (ATC) Program

Administration and Certification Division

Responsible for distributing alcoholic beverage licenses, tobacco licenses, CBD retail permits, and vendor providers, trainers, and servers. The Administrative Division issues approximately 30,000 alcohol and tobacco permits statewide annually, as well as over 100,000 responsible vendor permits annually.

Enforcement Division

Responsible for enforcing Title 26, the Beer and Liquor Law, and the Louisiana Administrative Code by conducting random inspections at locations where alcoholic beverages and tobacco products are sold. Agents also investigate current license holders' operations to ensure compliance with industry fair trade laws. Conducts over 20,000 inspections annually and responds to compliance checks annually.

DEPARTMENT OVERVIEW



The mission of the Charitable Gaming Program is to administer efficiently and effectively the state's tax and regulatory statutes in a manner that will generate the highest degree of public confidence in the Department's integrity and fairness.

Office of Charitable Gaming Program

Administrative Section

Administers and enforces the laws and regulations associated with the activities of charitable gaming.

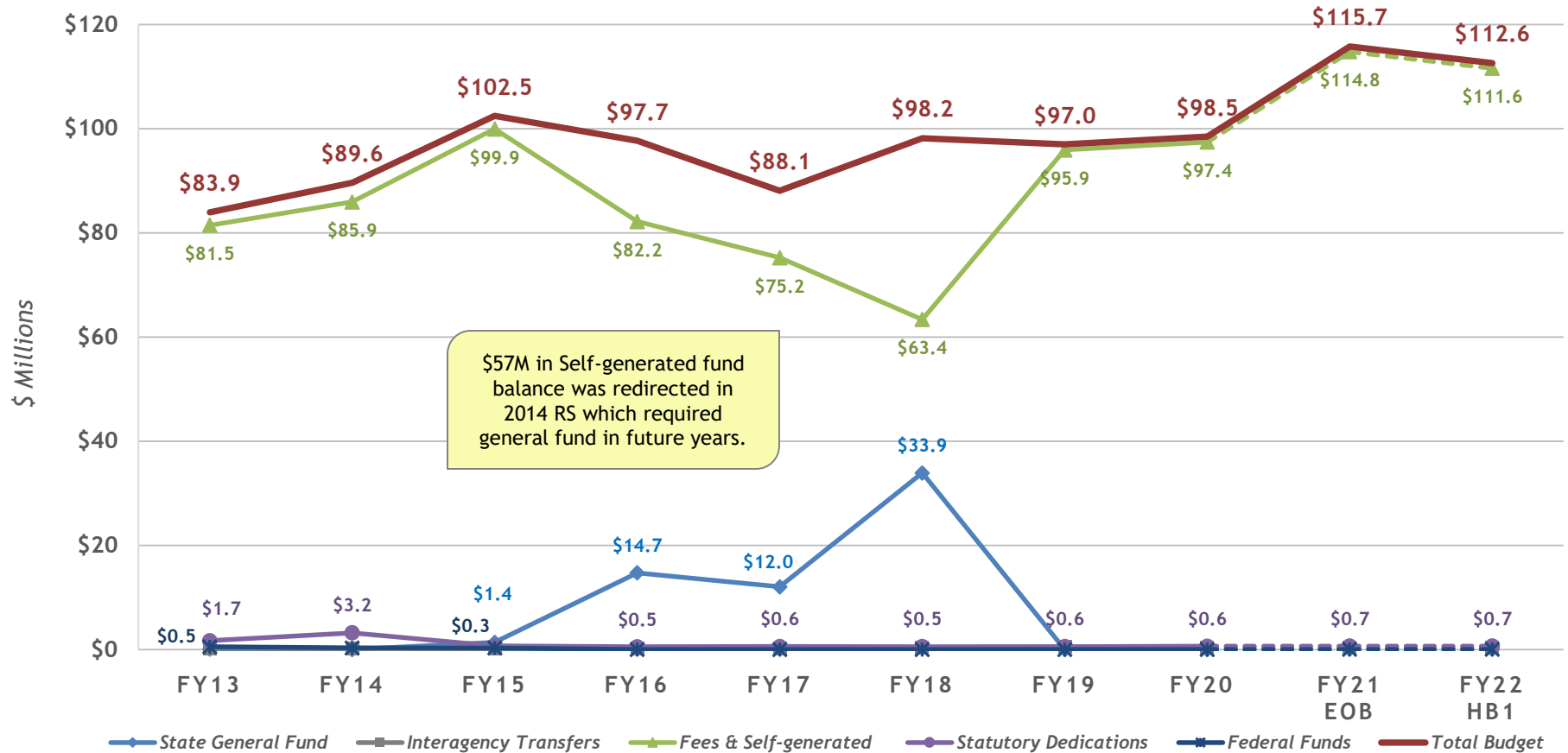
Certification Section

Reviews applications for licenses to conduct charitable gaming activities and the performs the issuance of licenses.

Audit and Enforcement Section

Conducts on-site inspection of gaming activities, training of organizations, review of required books and records maintained by organizations, and enforcement of gaming laws and regulations.

HISTORICAL SPENDING



Source: Office of Planning and Budget - Budget Supporting Documents; and HB1 of the 2021 Regular Session

FY20 UNSPENT AUTHORITY

	End of Fiscal Year Budget	Actual Amount Spent	Unspent Budget Authority	Unspent Authority %	Unspent % by MOF
SGF	\$0	\$0	\$0	0.0%	0.0%
IAT	\$500,530	\$428,352	\$72,178	14.4%	1.0%
FSGR	\$104,636,849	\$97,427,102	\$7,209,747	6.9%	98.7%
Stat Ded	\$650,000	\$626,858	\$23,142	3.6%	0.3%
Federal	\$0	\$0	\$0	0.0%	0.0%
FY20 Total	\$105,787,379	\$98,482,312	\$7,305,067	6.9%	100.0%

Historical Total Unspent Authority for Comparison

	End of Fiscal Year Budget	Actual Amount Spent	Unspent Budget Authority	Unspent %
FY19 Total	\$105,279,252	\$96,975,938	\$8,303,314	7.9%
FY18 Total	\$107,662,470	\$98,162,028	\$9,500,442	8.8%
3 Year Avg.	\$106,243,034	\$97,873,426	\$8,369,608	7.9%

FY20 UNSPENT AUTHORITY

Did department collect all revenue budgeted?

	Final Budget (w/o FY21 carryfwd)	Actual Revenue Collections	Uncollected Revenue
SGF	\$0	\$0	\$0
IAT	\$500,530	\$428,352	(\$72,178)
FSGR	\$104,636,849	\$100,779,597	(\$3,857,252)
SD	\$650,000	\$626,858	(\$23,142)
FED	\$0	\$0	\$0
FY20 Total	\$105,787,379	\$101,834,807	(\$3,952,572)
FY19 Total	\$105,279,252	\$109,261,483	\$3,982,231
FY18 Total	\$107,662,470	\$134,164,619	\$26,502,149
3 Year Avg.	\$106,243,034	\$115,086,970	\$8,843,936

The department collected \$4 million less than the FY20 budget nearly all coming from fees and self-generated revenue.

Did department spend all collections?

	Actual Revenue Collections	Actual Expenditures	Unspent Revenue
SGF	\$0	\$0	\$0
IAT	\$428,352	\$428,352	\$0
FSGR	\$100,779,597	\$97,427,102	(\$3,352,495)
SD	\$626,858	\$626,858	\$0
FED	\$0	\$0	\$0
FY20 Total	\$101,834,807	\$98,482,312	(\$3,352,495)
FY19 Total	\$109,261,483	\$96,975,938	(\$12,285,545)
FY18 Total	\$134,164,619	\$98,162,028	(\$36,002,591)
3 Year Avg.	\$115,086,970	\$97,873,426	(\$17,213,544)

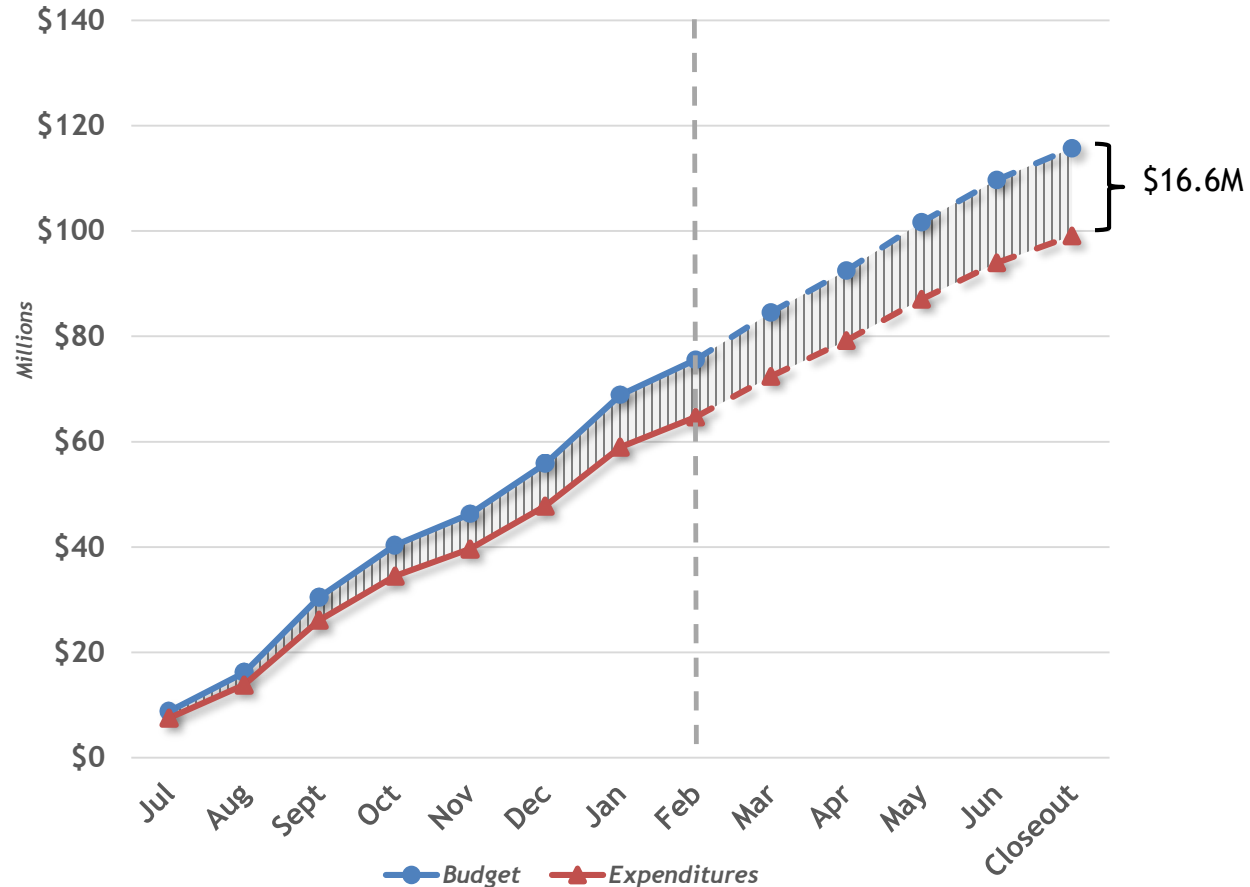
The department collected \$3.4 million more than was spent coming exclusively from fees and self-generated revenue. Unspent collections are authorized to be retained by LDR and carried into subsequent years.

FY21 CURRENT EXPENDITURE TREND

Approximately \$99.1 million (85.6%) from all means of finance could be spent based on actual spending patterns through February and projections through the remainder of the fiscal year. This would leave \$16.6 million or 14% of the department's total budget authority unspent.

LDR's funding is comprised of 99% FSGR. Year end balances are typically authorized in HB1 to be carried into the next year. Projections show that Salaries and Related Benefits along with Interagency Transfers will be the major factors of any unspent authority left in FY21.

In FY20, the department spent 93% of its total budget comparing its end of year budget and actual expenditures while factoring out funding that was carried over into FY21.



FY22 SOURCES OF FUNDING

Interagency Transfers \$322,030

- **\$120,000** - Transfer from the Louisiana Department of Health to ATC to perform random, unannounced inspections at location where tobacco products are sold.
- **\$165,000** - Transfer from the Department of Public Safety to ATC to enforce laws relating to the sale of alcohol to underage consumers
- **\$17,530** - Transfer from Office of the Governor to ATC for enforcement, education, and training related to Alcohol, Tobacco, and Human Trafficking laws.

Self-generated Revenue \$111.6 M

- Revenue from late payment delinquent fees, negligence fees, underestimated tax fees, and debt recovery fees.
- Various ATC and OCG licenses, permits, and fines.

The department was authorized in Act 1 of the 2020 1st ES to carry over a \$97 million balance in fees and self-generated revenue from prior years into FY21. Carryover assists with cash flow early in the fiscal year before collections come in and limits reliance on the state general fund.

Statutory Dedications \$657,914

- **\$557,914 - Tobacco Regulation Enforcement Fund**
Receives revenues from one quarter of one-twentieth of one cent (.0125%) per cigarette from the tax on cigarettes.
- **\$100,000 - Louisiana Entertainment Development Fund**
The department receives 25% of the fee charged for motion picture tax credit transfers.

FY22 FUNDING COMPARISON

Means of Finance	FY20 Actual Expenditures	FY21 Existing Operating Budget 12/1/20	FY22 HB1 Budget	Change from Existing Operating Budget to HB1		Change from Actual Expenditures to HB1	
SGF	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
IAT	\$428,352	\$322,030	\$322,030	\$0	0.0%	(\$106,322)	(24.8%)
FSGR	\$97,427,102	\$114,768,642	\$111,598,823	(\$3,169,819)	(2.8%)	\$14,171,721	14.5%
Stat Ded	\$626,858	\$657,914	\$657,914	\$0	0.0%	\$31,056	5.0%
Federal	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
Total	\$98,482,312	\$115,748,586	\$112,578,767	(\$3,169,819)	(2.7%)	\$14,096,455	14.3%

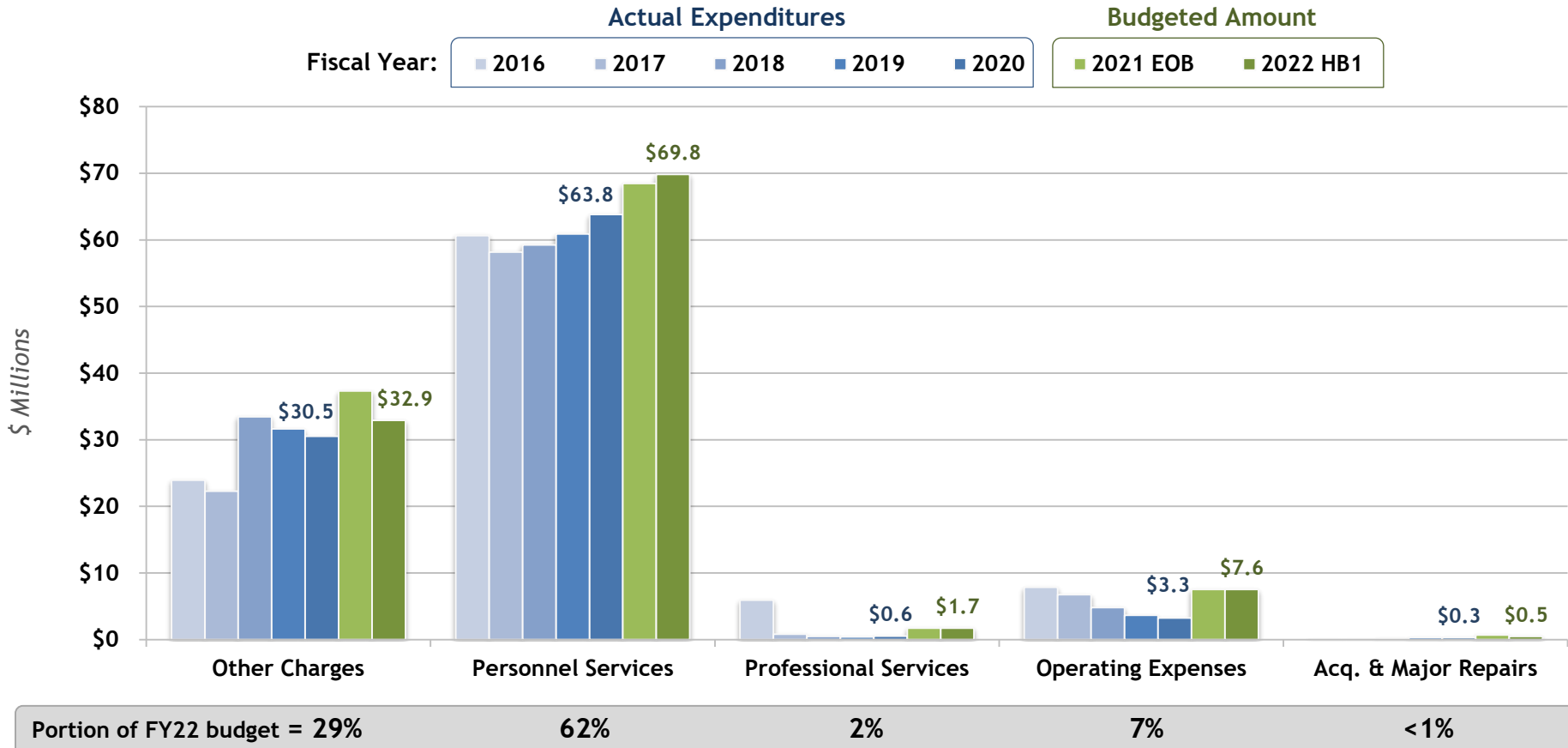
Significant funding changes from FY21 EOB:



\$3.2M Fees and Self-generated Revenue

Decrease in budget authority to align with projected changes in expenditures.

EXPENDITURE HISTORY



Source: Office of Planning and Budget - Executive and Proposed Budget Supporting Documents

FY22 EXPENDITURE COMPARISON

Expenditure Category	FY20 Actual Expenditures	FY21 Existing Operating Budget 12/1/20	FY22 HB1 Budget	Change from Existing Operating Budget to HB1		Change from Actual Expenditures to HB1	
Salaries	\$37,830,323	\$39,889,978	\$40,546,865	\$656,887	1.6%	\$2,716,542	7.2%
Other Compensation	\$1,273,699	\$1,718,388	\$1,718,388	\$0	0.0%	\$444,689	34.9%
Related Benefits	\$24,695,732	\$26,874,750	\$27,584,670	\$709,920	2.6%	\$2,888,938	11.7%
Travel	\$551,153	\$1,007,068	\$1,007,068	\$0	0.0%	\$455,915	82.7%
Operating Services	\$2,362,003	\$6,134,415	\$6,162,964	\$28,549	0.5%	\$3,800,961	160.9%
Supplies	\$355,380	\$387,211	\$387,211	\$0	0.0%	\$31,831	9.0%
Professional Services	\$551,575	\$1,745,949	\$1,745,949	\$0	0.0%	\$1,194,374	216.5%
Other Charges/IAT	\$30,544,507	\$37,304,714	\$32,934,342	(\$4,370,372)	(11.7%)	\$2,389,835	7.8%
Acq/Major Repairs	\$317,940	\$686,113	\$491,310	(\$194,803)	(28.4%)	\$173,370	54.5%
Total	\$98,482,312	\$115,748,586	\$112,578,767	(\$3,169,819)	(2.7%)	\$14,096,455	14.3%

Source: Office of Planning and Budget - Budget Supporting Documents and HB1 of the 2021 Regular Session

SIGNIFICANT EXPENDITURE CHANGES

Compared to the FY21 Existing Operating Budget

\$1.4 M - Personnel Services Net Adjustment

\$4.0 M

Increase primarily from standard statewide budget adjustments for market rate increases for classified employees, related benefits and salary base realignment, and group insurance rate increases

(\$2.7 M)

Decrease due to projected attrition savings and the retirement contribution rate

(\$4.4 M) - Other Charges/Interagency Transfers

(\$1.6 M)

Reduction in projected billing from the Office of Technology Services

(\$2.6 M)

Removal of expenses carried into FY21 from FY20, primarily technology contracts facilitated by OTS

(\$205,504)

Reduction in billing for rent in state-owned buildings and Risk Management premiums

(\$194,803) - Acquisitions

(\$194,803)

Net change in funding needed for anticipated acquisitions. FY22 acquisitions total \$491,310 for 7 replacement vehicles and tactical gear for ATC, and one vehicle and various office furniture in Tax Collection

OTHER CHARGES DETAIL

Other Charges

Amount	Description
\$718,043	Other Charges positions (15) for call center operations
\$266,000	ATC investigative compliance checks
\$984,043	Total Other Charges

Interagency Transfers

Amount	Description
\$19,227,822	Technology related expenses
\$2,983,500	Mailing Services
\$2,062,462	Rent (LaSalle Building and Benson Tower)
\$1,809,959	Office of Telecommunications
\$1,659,752	State Printing
\$1,458,237	Statewide Services (LLA, UPS, Civil Service, Procurement)
\$820,750	Other state department transfers (DoJ, DNR, Board of Tax Appeals)
\$794,800	Building Maintenance
\$552,592	Office of Risk Management Fees
\$493,913	Security Costs
\$86,512	All Other (State Register, Treasury, Div. of Admin Law, Supplies)
\$31,950,299	Total Interagency Transfers

DISCRETIONARY EXPENSES

**Total Budget
\$112.6 Million**

State General Fund
\$0

Interagency
Transfers
\$322,030

Self-generated
Revenue
\$111.6 Million

Statutory
Dedications
\$657,914

Federal Funds
\$0

Non-discretionary
\$21.1 Million

Retirement UAL
\$13.5 Million

Retirees' Group Insurance
\$5.4 Million

Rent
\$1.7 Million

Legislative Auditor Fees
\$601,218

Discretionary
\$90.5 Million

Tax Collection
\$83.3 Million

Alcohol & Tobacco Control
\$5.2 Million

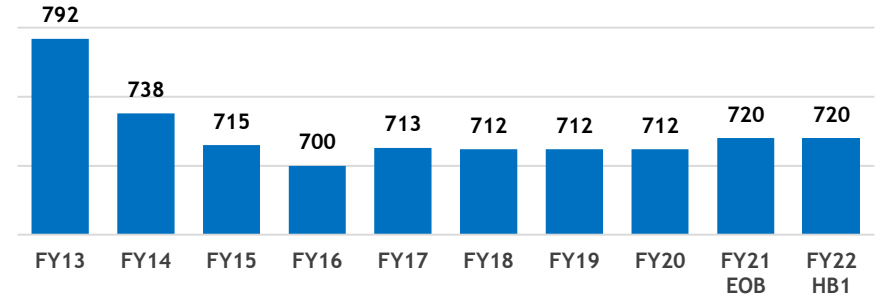
Office of Charitable Gaming
\$2.0 Million

PERSONNEL INFORMATION

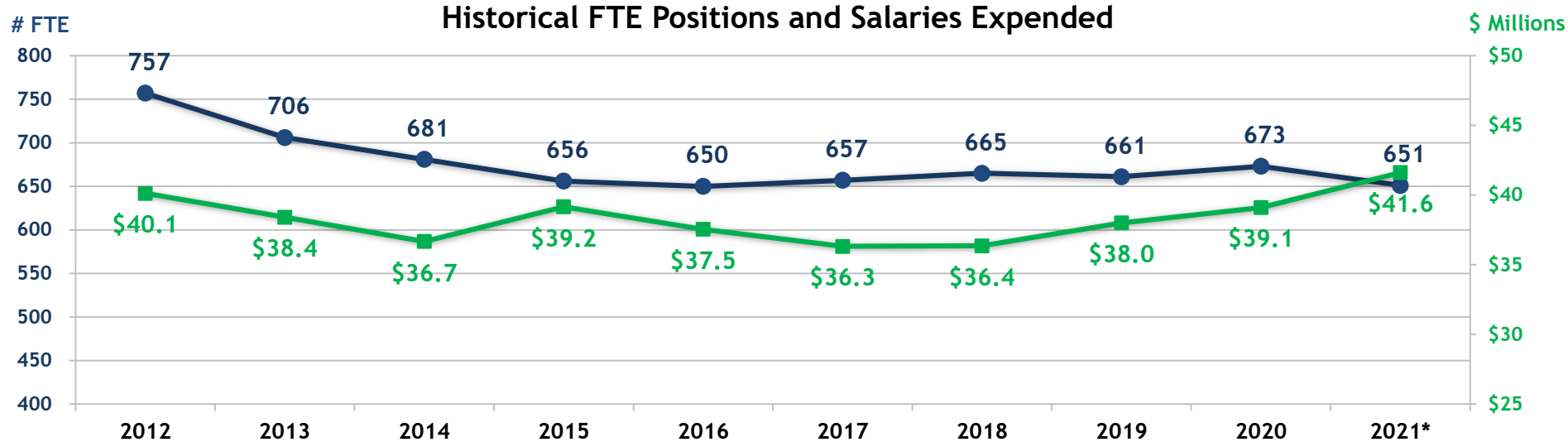
FY 2022 Recommended Positions

720	Total Authorized T.O. Positions (709 Classified, 11 Unclassified)
15	Authorized Other Charges Positions
6	Non-T.O. FTE Positions
93	Vacant Positions (February 1, 2021)

Historical Authorized T.O. Positions



Source: Office of Planning and Budget - Budget Supporting Documents



Source: Dept. of Civil Service and Budget Supporting Documents

*Existing Operating Budget 12/1/20

OFFICE OF DEBT RECOVERY

About the Office of Debt Recovery:

Established in Act 399 of the 2013 Regular Session, for the purpose of collecting delinquent debts, accounts, or claims due on behalf of all other state agencies.

A total of 113 state and local agencies have placed debt with ODR.

ODR Operations:

There is no cost to the agency for participating with ODR. Once a debt is placed, a 25% ODR collection fee is added to the debt. ODR operates entirely on this fee.

Agencies receive funds as they are collected up to 100% of the original amount.

Entity Type with Debt at ODR	Number of Debt Accounts	Total Dollar Amount of Debt <i>as of Sept. 30, 2020</i>
State Agencies	786,382	\$484,045,724
Higher Education	4,189	\$4,669,406
Municipalities	26,482	\$14,459,396
ODR Total	817,053	\$503,174,526

Fiscal Year	Total Debt Collected
FY 2015	\$96,474
FY 2016	\$50,781,585
FY 2017	\$41,427,463
FY 2018	\$31,948,792
FY 2019	\$60,750,004
FY 2020	\$58,555,958
FY 2021 - 9/30/20	\$7,637,541
Total Collected	\$251,197,817

DEPARTMENT CONTACTS



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