

Louisiana Senate Finance Committee



FY18 Executive Budget

12 – Department of Revenue

May 2017

Sen. John A. Alario, Jr., President

Sen. Eric LaFleur, Chairman

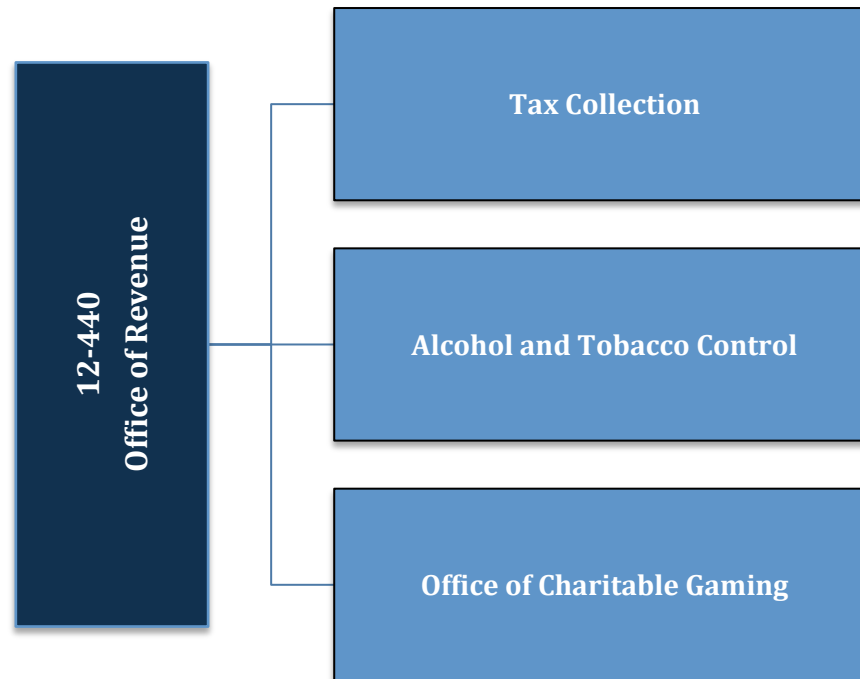




FY18 Executive Budget

Schedule 12— Department of Revenue

Departmental mission — “To fairly and efficiently collect state tax revenue 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.”





Department of Revenue

FY16, FY17, and FY18 Comparison

Total Funding — All Means of Finance

Total Funding	FY16 Actual	FY17 Enacted	FY17 EOB as of 12-1-16	FY18 Recommended	FY18 Re-engrossed HB1	Difference FY18 Re- engrossed HB1 vs. FY17 EOB as of 12-1-16
Preamble	\$ -	\$ -	\$ -	\$ -	\$ (1,338,712)	\$ (1,338,712)
Tax Collection	\$ 90,853,225	\$ 87,229,701	\$ 91,680,730	\$ 90,095,989	\$ 90,095,989	\$ (1,584,741)
Alcohol and Tobacco Control	\$ 4,921,489	\$ 5,532,637	\$ 5,877,706	\$ 6,126,601	\$ 6,126,601	\$ 248,895
Office of Charitable Gaming	\$ 1,878,237	\$ 2,329,593	\$ 2,329,593	\$ 2,310,888	\$ 2,310,888	\$ (18,705)
TOTAL	\$ 97,652,951	\$ 95,091,931	\$ 99,888,029	\$ 98,533,478	\$ 97,194,766	\$ (2,693,263)
Total Authorized FTEs	700	703	713	693	693	(20)

EOB March 2017	FY18 Re-engrossed HB1	Difference
\$ 95,716,536	\$ 97,194,766	\$ 1,478,230
713	693	(20)

Total State Effort — State General Fund, Dedicated Funds, and Fees and Self-generated Revenue

FY17 EOB as of 12-1-16	FY17 EOB as of March 2017 (Includes Attrition Adjustment)	Difference	FY18 Recommended	Difference	FY18 Re-engrossed HB1	Difference	Difference
TOTAL STATE EFFORT	TOTAL STATE EFFORT	EOB 12-1-16 vs. EOB March 2017	TOTAL STATE EFFORT	EOB March 2017 vs. FY18 Recommended	TOTAL STATE EFFORT	EOB March 2017 vs. FY18 Re-engrossed	FY18 Recommended vs. FY18 Re- engrossed
\$ 107,852,389	\$ 95,716,536	\$ (12,135,853)	\$ 98,533,478	\$ 2,816,942	\$ 97,194,766	\$ 1,478,230	\$ (1,338,712)

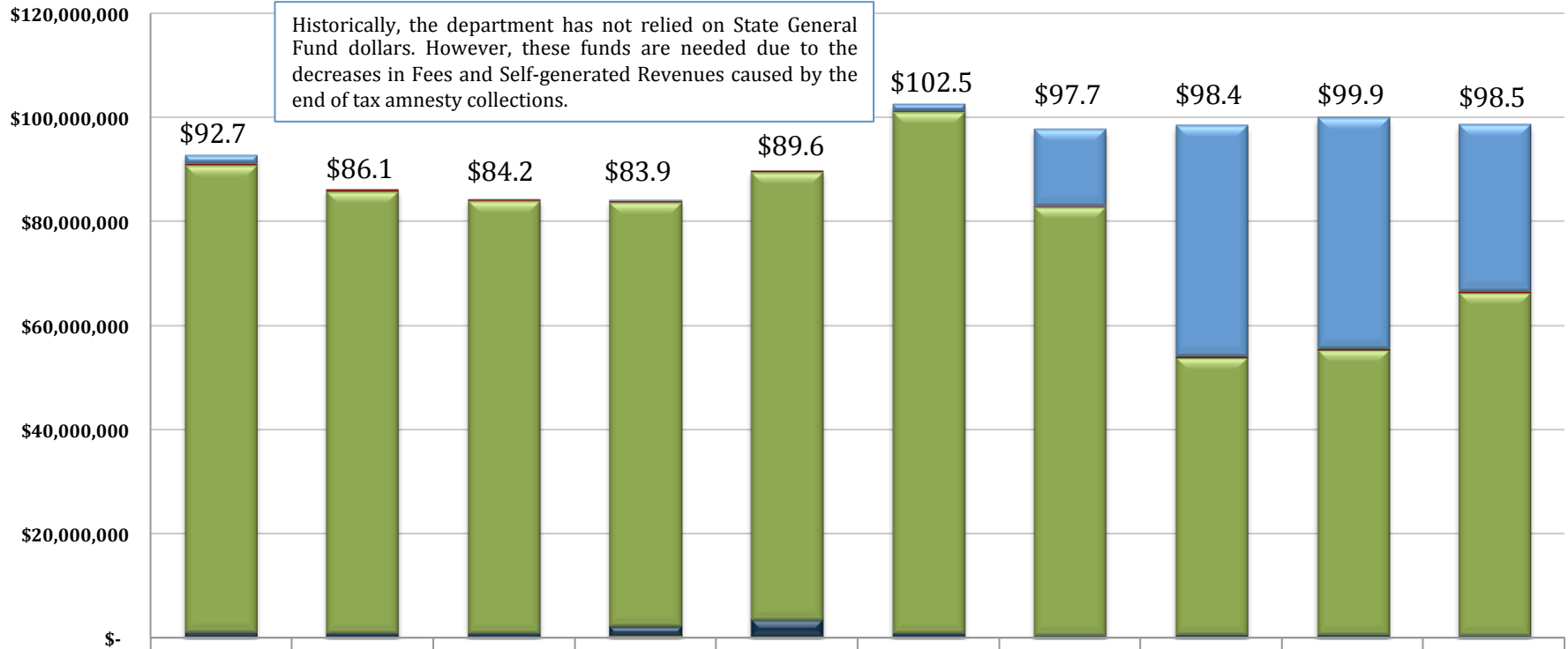


Department of Revenue

Changes in Funding since FY10

Total Budget by Fiscal Year and Means of Finance (in \$ millions)

Change from FY10 to FY18 is +6.3%.



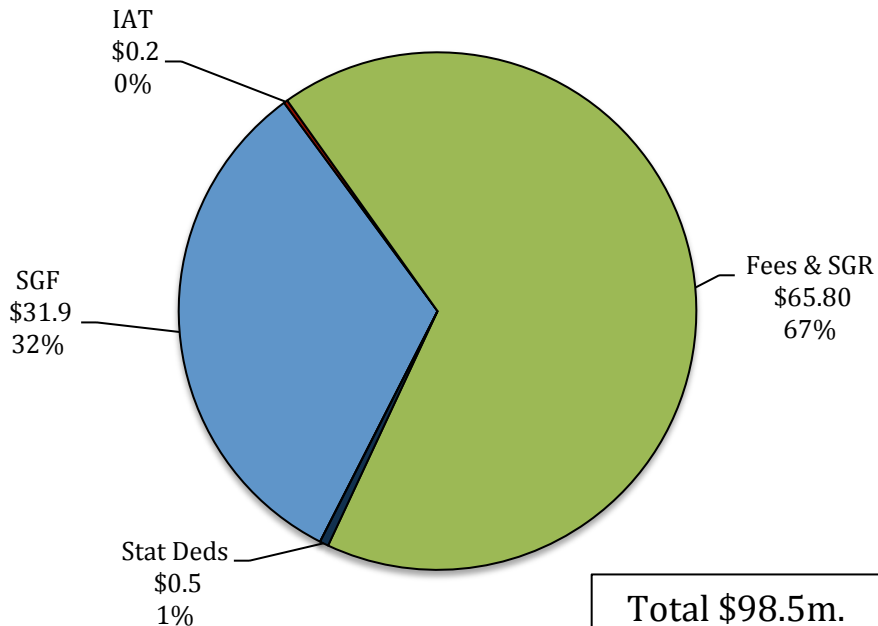
	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Enacted	FY17 as of 12-1-16	FY18 Recommended
SGF	\$1,617,270	\$-	\$-	\$61,864	\$-	\$1,375,682	\$14,715,662	\$44,207,089	\$44,207,089	\$31,944,804
IAT	\$310,884	\$357,089	\$338,219	\$200,412	\$183,788	\$171,585	\$232,521	\$243,000	\$243,000	\$243,000
FSGR	\$89,746,800	\$84,732,515	\$82,838,735	\$81,456,962	\$85,942,107	\$99,945,473	\$82,173,383	\$53,314,548	\$54,809,357	\$65,802,091
STAT DED	\$655,880	\$618,319	\$671,751	\$1,690,264	\$3,190,585	\$688,751	\$531,385	\$628,583	\$628,583	\$543,583
FED	\$359,000	\$360,000	\$329,395	\$511,398	\$309,393	\$274,454	\$-	\$-	\$-	\$-



Department of Revenue

FY18 Recommended Means of Finance

**FY18 Recommended
Total Means of Finance**
(In Millions)



Non-SGF Sources of Funding:

Fees and Self-generated Revenues are the largest non-SGF funding source. They are derived from late payment/delinquent fees, negligence fees, fees assessed for the required purchase of various licenses, permits, and fines for violations.

Interagency Transfers are derived from are derived from the Department of Justice for enforcement, reporting, permitting, and bonding requirements related to tobacco enforcement to comply with the Master Settlement Agreement, the Department of Public Safety for the enforcement of state and federal laws prohibiting the sale of alcoholic beverages to underage consumers, and the Department of Health and Hospitals for the enforcement of the Prevention of Youth Access to Tobacco.

Statutory Dedications are derived from are derived from the Tobacco Regulation Enforcement Fund (S) provided by a portion of the tax charged to consumers for the purchase of cigarettes.



Department of Revenue

FY18 Recommended Means of Finance by Agency

Total MOF by Agency	SGF	IAT	FSGR	Stat Deds	Federal	Total
Tax Collection	\$31,944,804	\$0	\$58,151,185	\$0	\$0	\$90,095,989
Alcohol and Tobacco Control	\$0	\$243,000	\$5,340,018	\$543,583	\$0	\$6,126,601
Office of Charitable Gaming	\$0	\$0	\$2,310,888	\$0	\$0	\$2,310,888
TOTALS	\$31,944,804	\$243,000	\$65,802,091	\$543,583	\$0	\$98,533,478



Department of Revenue Dedicated Funds

FY16, FY17, and FY18

Dedicated Funds	Source of Funding	FY16 Actual	FY17 Enacted	FY18 Recommended
Tobacco Regulation Enforcement Fund	A portion of the tax charged to consumers for the purchase of cigarettes.	\$531,385	\$628,583	\$543,583
TOTALS		\$531,385	\$628,583	\$543,583



Department of Revenue Expenditures

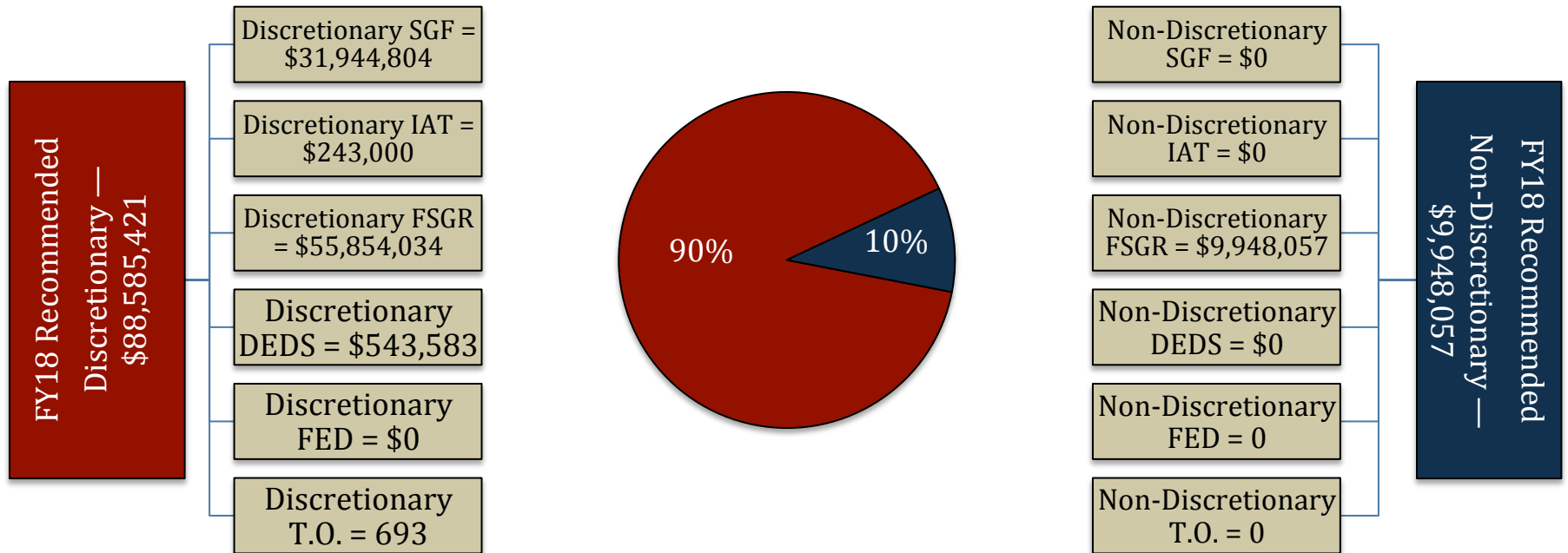
FY16, FY17, and FY18

Expenditure Category	FY16 Actual	FY17 Enacted	FY18 Recommended	Percent Change FY17 Enacted vs. FY18 Recommended
Personal Services:	\$60,630,133	\$61,690,483	\$63,167,257	2.4
Salaries	\$35,842,071	\$35,016,175	\$37,109,047	6.0
Other Compensation	\$1,704,752	\$1,633,368	\$1,671,536	2.3
Related Benefits	\$23,083,310	\$25,040,940	\$24,386,674	(2.6)
Operating Expenses:	\$7,885,520	\$7,658,068	\$7,908,068	3.3
Travel	\$634,762	\$552,094	\$802,094	45.3
Operating Services	\$7,010,428	\$6,727,922	\$6,727,922	-
Supplies	\$240,330	\$378,052	\$378,052	-
Professional Services	\$5,193,270	\$4,650,458	\$1,682,352	(63.8)
Other Charges:	\$23,914,085	\$24,254,656	\$25,538,985	5.3
Other Charges	\$1,488,100	\$1,268,684	\$1,758,110	38.6
Debt Service	\$0	\$0	\$0	-
Interagency Transfers	\$22,425,985	\$22,985,972	\$23,780,875	3.5
Acquisitions & Major Repairs:	\$29,943	\$139,555	\$236,816	69.7
Acquisitions	\$29,943	\$139,555	\$236,816	69.7
Major Repairs	\$0	\$0	\$0	-
Total Expenditures	\$97,652,951	\$98,393,220	\$98,533,478	0.1



Department of Revenue

FY18 Discretionary/Non-Discretionary Comparison



Total Discretionary Funding by Office			
Office of Revenue	\$	80,366,650	91%
Alcohol and Tobacco Control	\$	5,907,883	7%
Office of Charitable Gaming	\$	2,310,888	3%
Total Discretionary	\$	88,585,421	100%

Total Non-Discretionary Funding by Type			
Needed for Debt Service	\$	3,350,356	34%
Statutory Obligations	\$	616,848	6%
Unavoidable Obligations	\$	5,980,853	60%
Total Non-Discretionary	\$	9,948,057	100%

Debt Service = Rent in State-owned Buildings

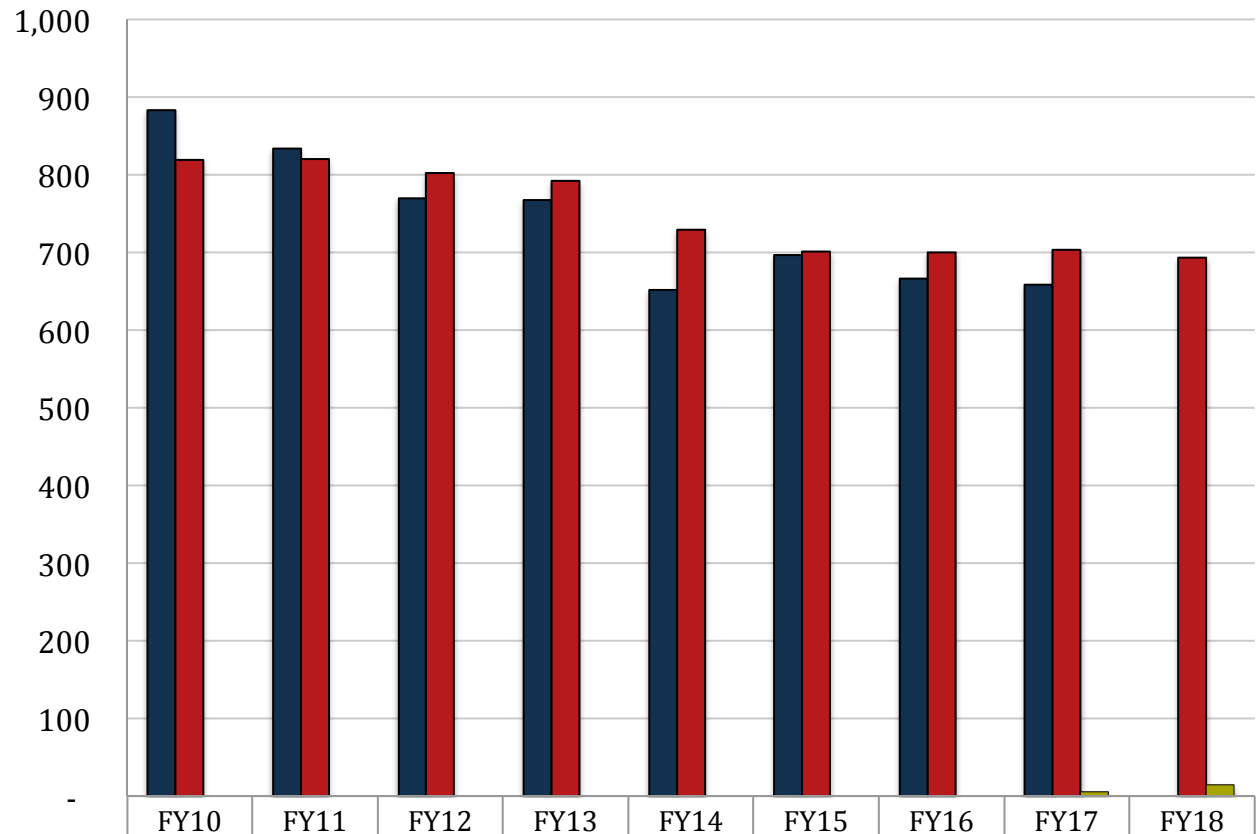
Statutory Obligations = Tax Collections Owed to Locals

Unavoidable Obligations = Retirees Group Insurance; Maintenance in State-owned Buildings; and Legislative Auditor Fees.



Department of Revenue

FTEs, Authorized Positions, and Other Charges Positions



	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
■ Total FTEs (as of July 1 of each fiscal year)	883	833	769	767	651	696	666	659	-
■ Total Authorized Positions (Enacted)	819	820	802	792	729	701	700	703	693
■ Authorized Other Charges Positions	-	-	-	-	-	-	-	6	15

Notes:

Data for Total FTEs uses the first weekly employment report published by State Civil Service in July at the start of the named fiscal year.

Data for Total Authorized Positions uses fiscal year enacted levels, except for FY18 Recommended.

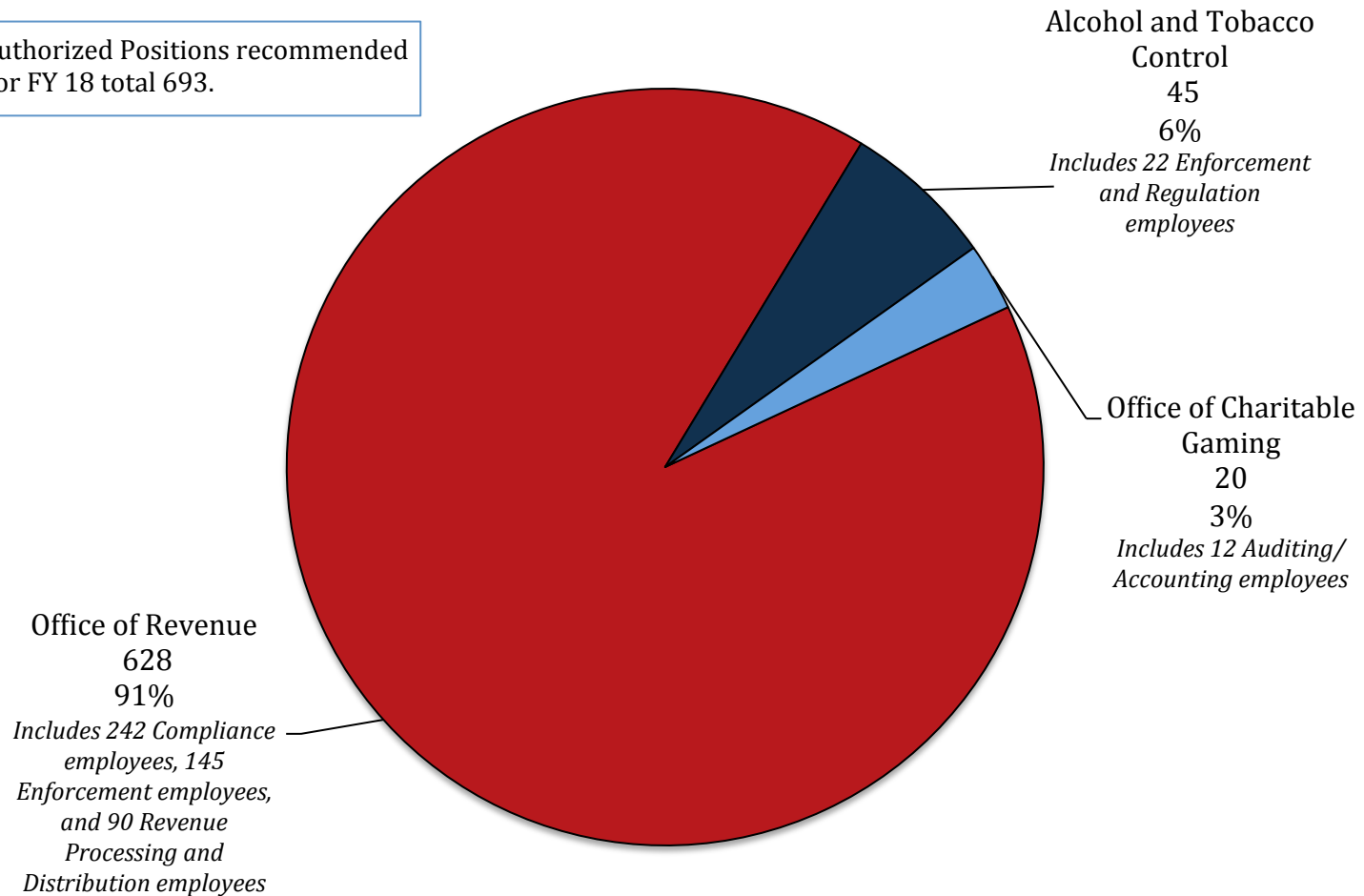
Data for Other Charges Positions are reflected in the Executive Budget per Act 377 of the 2013 Regular Legislative Session (beginning in FY15).



Department of Revenue

FY18 Recommended Total Authorized Positions by Agency

Authorized Positions recommended
for FY 18 total 693.





Department of Revenue

Total Statewide Adjustments for FY18

12_440
Office of Revenue
ADJUSTMENTS TO EXISTING OPERATING BUDGET
Recommended

GEN. FUND	I.A.T.	SELF-GEN.	STAT. DED.	I.E.B.	FEDERAL	TOTAL	T.O.	DESCRIPTION
\$44,207,089	\$243,000	\$54,809,357	\$628,583	\$0	\$0	\$99,888,029	713	Existing Oper Budget as of 12/01/16
A. STATEWIDE STANDARDS								
(\$698,689)	\$0	\$0	\$0	\$0	\$0	(\$698,689)	0	State General Fund (SGF) reduction in accordance with the Louisiana Constitution, Article VII, Section 11(A).
\$0	\$0	\$281,811	\$0	\$0	\$0	\$281,811	0	Civil Service Training Series
\$0	\$0	(\$283,083)	\$0	\$0	\$0	(\$283,083)	0	Related Benefits Base Adjustment
\$0	\$0	\$739,659	\$0	\$0	\$0	\$739,659	0	Retirement Rate Adjustment
\$0	\$0	\$3,789,155	\$0	\$0	\$0	\$3,789,155	0	Salary Base Adjustment
\$0	\$0	(\$1,479,616)	\$0	\$0	\$0	(\$1,479,616)	0	Attrition Adjustment
\$0	\$0	(\$1,526,786)	\$0	\$0	\$0	(\$1,526,786)	(20)	Personnel Reductions
\$0	\$0	\$236,816	\$0	\$0	\$0	\$236,816	0	Acquisitions & Major Repairs
\$0	\$0	(\$54,555)	(\$85,000)	\$0	\$0	(\$139,555)	0	Non-Recurring Acquisitions & Major Repairs
\$0	\$0	(\$1,494,809)	\$0	\$0	\$0	(\$1,494,809)	0	Non-recurring Carryforwards
\$0	\$0	(\$56,226)	\$0	\$0	\$0	(\$56,226)	0	Risk Management
\$0	\$0	\$63,498	\$0	\$0	\$0	\$63,498	0	Legislative Auditor Fees
\$0	\$0	(\$58,279)	\$0	\$0	\$0	(\$58,279)	0	Rent in State-Owned Buildings
\$0	\$0	\$826	\$0	\$0	\$0	\$826	0	Capitol Park Security
\$0	\$0	(\$1,922)	\$0	\$0	\$0	(\$1,922)	0	UPS Fees
\$0	\$0	\$2,113	\$0	\$0	\$0	\$2,113	0	Civil Service Fees
\$0	\$0	\$78,590	\$0	\$0	\$0	\$78,590	0	State Treasury Fees
\$0	\$0	(\$907,095)	\$0	\$0	\$0	(\$907,095)	0	Office of Technology Services (OTS)
\$0	\$0	(\$5,610)	\$0	\$0	\$0	(\$5,610)	0	Administrative Law Judges



Department of Revenue

Total Statewide Adjustments for FY18

12_440
Office of Revenue
ADJUSTMENTS TO EXISTING OPERATING BUDGET
Recommended

GEN. FUND	I.A.T.	SELF-GEN.	STAT. DED.	I.E.B.	FEDERAL	TOTAL	T.O.	DESCRIPTION
A. STATEWIDE STANDARDS								
\$0	\$0	\$225	\$0	\$0	\$0	\$225	0	Office of State Procurement
(\$11,563,596)	\$0	\$11,563,596	\$0	\$0	\$0	\$0	0	TOTAL MEANS OF FINANCING SUB ADJUSTMENT
\$0	\$0	(\$1,635,000)	\$0	\$0	\$0	(\$1,635,000)	0	TOTAL NON-RECURRING OTHER ADJUSTMENT
\$0	\$0	\$1,739,426	\$0	\$0	\$0	\$1,739,426	0	TOTAL OTHER ADJUSTMENTS ADJUSTMENT
\$31,944,804	\$243,000	\$65,802,091	\$543,583	\$0	\$0	\$98,533,478	693	Total Budget
(\$12,262,285)	\$0	\$10,992,734	(\$85,000)	\$0	\$0	(\$1,354,551)	(20)	Total Adjustments



Department of Revenue

Significant Increases for FY18

Increase	Source	T.O.	Agency	Description
\$250,000	FSGR	0	Office of Revenue	Increases FSGR funding for travel in the Tax Collection program for field audit and delinquent collections operations. LDR's field audit staff travel within the continental U.S. to audit businesses operating in LA, while its delinquent collections staff travel within LA to collect delinquent tax debt owed by taxpayers.
\$700,000	FSGR	0	Office of Revenue	Increases FSGR funding for the Tax Collection program to purchase replacement scanners. LDR reports that it will purchase 2 identical scanners with this enhancement that will be used to produce electronic images of paper documents that will be loaded onto the agency's integrated tax processing system.



Department of Revenue

Significant Decreases for FY18

Decrease	Source	T.O.	Agency	Description
(\$698,689)	SGF	0	Office of Revenue	Reduction in accordance with Louisiana Constitution, Article VII, Section 11(A).
(\$636,738)	FSGR	0	Office of Revenue	\$1.49 M elimination of Tier 1 Call Center contract as a continuation of the mid-year deficit reduction plan. Because the contract elimination resulted in longer wait times and a higher call abandonment rate. Will be offset by an enhancement of \$848,262 FSGR for 15 other charges positions that will be used in same capacity as the Tier 1 Call Center.



Department of Revenue

Significant Means of Financing Substitutions for FY18

MOF Swap	Source	T.O.	Agency	Description
(\$11,563,596)	SGF	0	Office of Revenue	Decrease of State General Fund to compensate for the increase of REC forecast for FSGR.
\$11,563,596	FSGR	0	Office of Revenue	Increase of FSGR based upon increased collections of non-tax debt on behalf of state agencies by the Office of Debt Recovery.



Department of Revenue

Changes from FY18 Recommended to FY18 Re-engrossed

Changes from FY18 Recommended to FY18 Re- engrossed	Source	T.O.	Agency	Description
(\$1,338,712)	State General Fund	0	Department of Revenue – Preamble	Authorizes and directs the commissioner of administration to reduce the departmental appropriation out of SGF.