



Louisiana Senate Finance Committee



FY20 Executive Budget

12 – Department of Revenue

May 2019

Sen. John A. Alario, President
Sen. Eric LaFleur, Chairman



FY20 Proposed Budget

Schedule 12— Department of Revenue

Department of Revenue's 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

12-440 Office of Revenue

Alcohol and Tobacco Control

Regulates the alcoholic beverage and tobacco industries in the state; licenses alcoholic beverage manufacturers, native wineries, retailers, and wholesalers as well as retail and wholesale tobacco product dealers and enforces state alcoholic beverage and tobacco laws.

Tax Collection

Comprises the entire tax collection effort of the office, which is organized into four major divisions and the Office of Legal Affairs.

The **Office Management and Finance** handles accounting, support services, human resources management, information services, and internal audit.

Tax Administration Group I is responsible for collection, operations, personal income tax, sales tax, post processing services, and taxpayer services.

Tax Administration Group II is responsible for audit review, research and technical services, excise taxes, corporation income and franchise taxes, and severance taxes.

Tax Administration Group III is responsible for field audit services, district offices, regional offices, and special investigations.

Office of Charitable Gaming

Licenses, educates, and monitors organizations conducting legalized gaming as a fund-raising mechanism; provides for the licensing of commercial lessors and related matters regarding electronic video bingo and progressive mega-jackpot bingo.



Department of Revenue

Fiscal Year Comparison

Total Means of Financing By Office FY18, FY19, & FY20

| Total Funding | FY18 Actual | FY19 Enacted | FY19 EOB as of 12-1-18 | FY20 Proposed | Difference FY20 Proposed vs. FY19 EOB as of 12-1- 18 |
|--------------------------------|----------------------|-----------------------|---------------------------|-----------------------|------------------------------------------------------------|
| Tax Collection | \$ 87,762,608 | \$ 93,656,423 | \$ 96,670,045 | \$ 98,974,173 | \$ 2,304,128 |
| Alcohol and Tobacco Control | \$ 8,134,079 | \$ 6,378,473 | \$ 6,528,473 | \$ 6,742,189 | \$ 213,716 |
| Office of Charitable Gaming | \$ 2,265,341 | \$ 2,371,324 | \$ 2,371,324 | \$ 2,179,652 | \$ (191,672) |
| TOTAL | \$ 98,162,028 | \$ 102,406,220 | \$ 105,569,842 | \$ 107,896,014 | \$ 2,326,172 |
| Total Authorized FTEs | 712 | 712 | 712 | 712 | - |

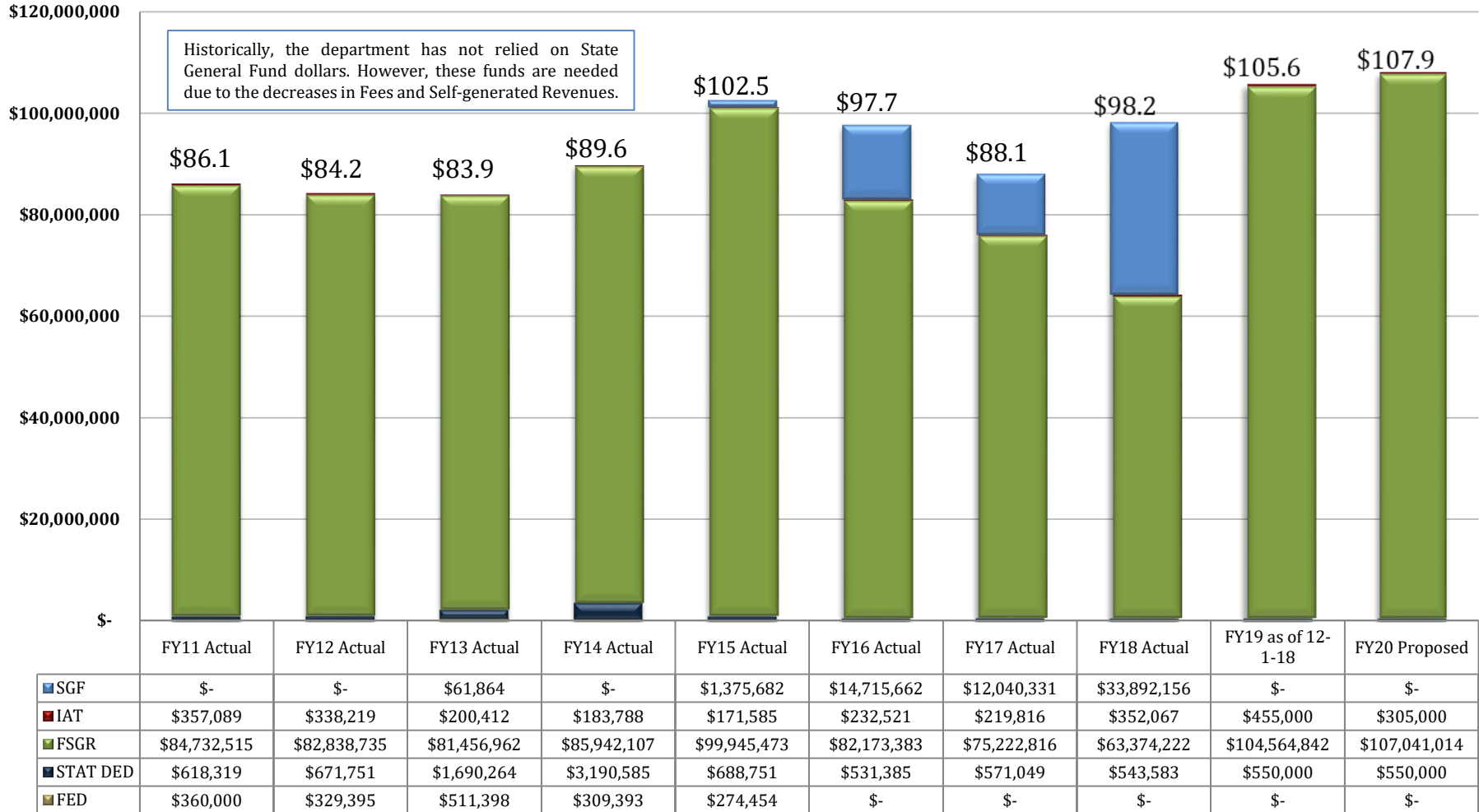


Department of Revenue

Changes in Funding since FY11

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

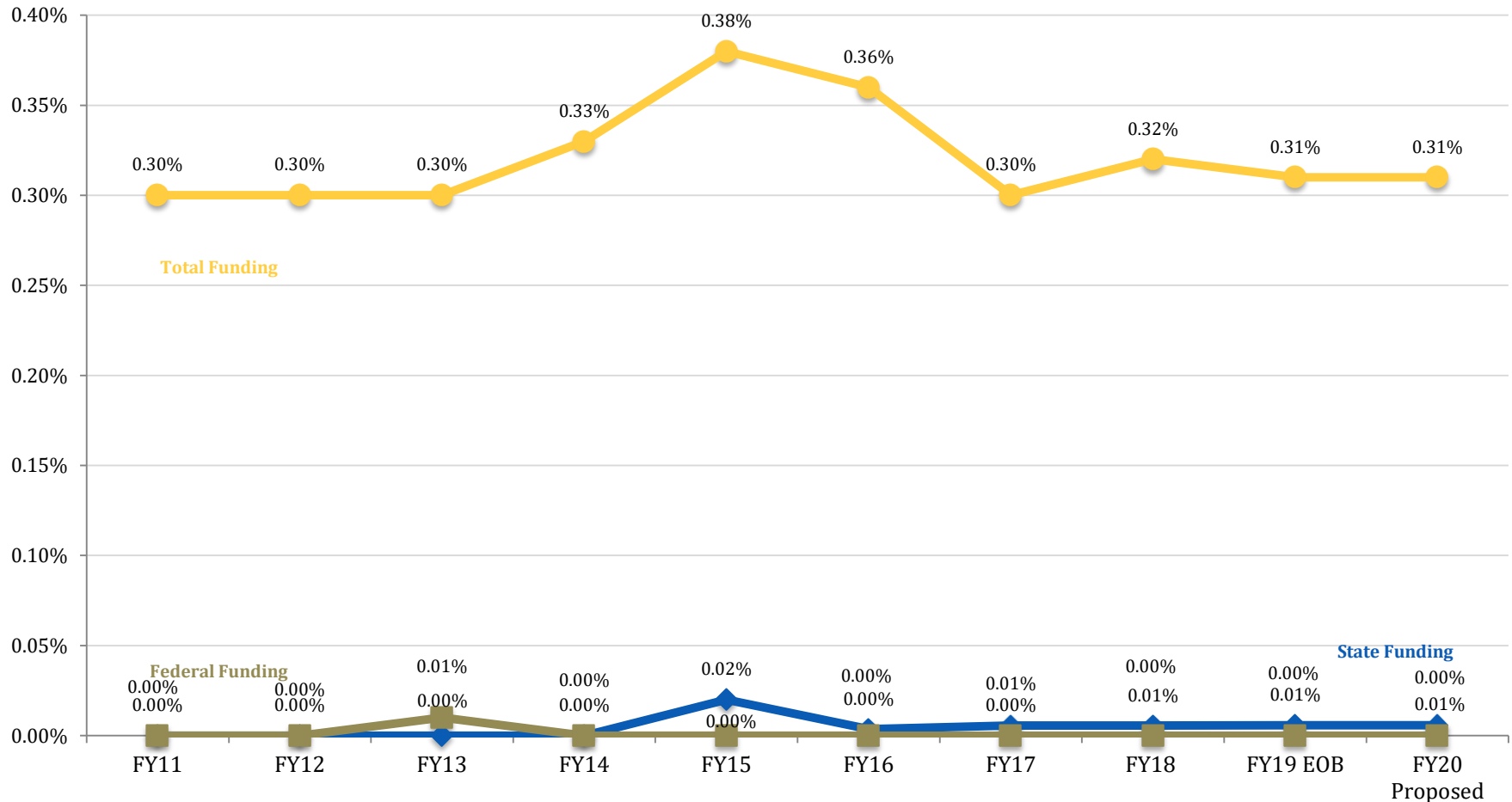
Change from FY11 to FY20 is +25.3%.





Dept. of Revenue's Changes in Funding since FY11

Dept. of Revenue's Budget as a Portion of the Total State Budget

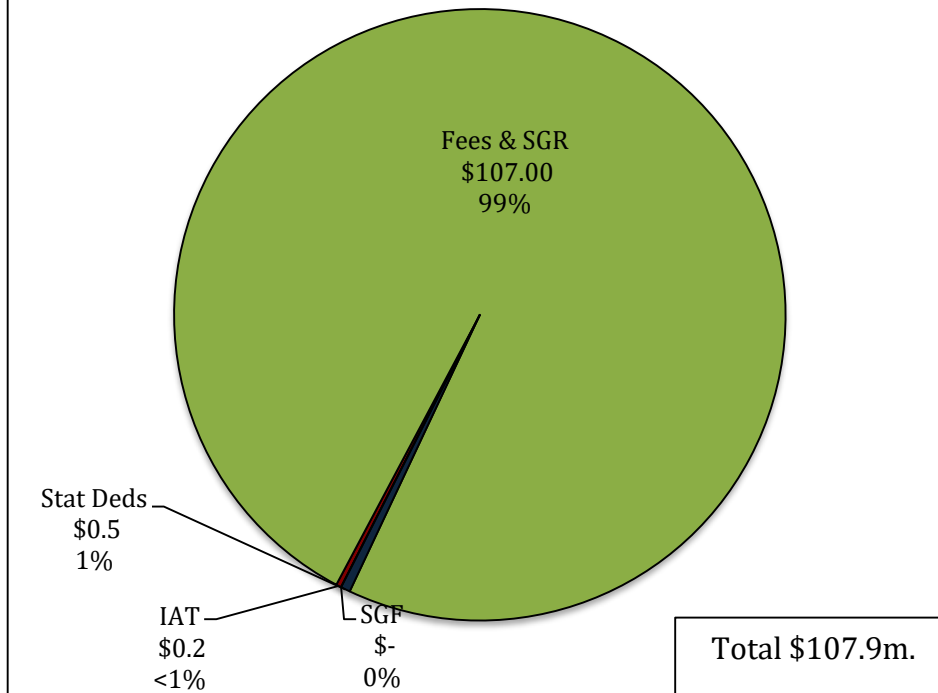




Department of Revenue

FY20 Means of Finance

**FY20 Proposed
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 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 the **Tobacco Regulation Enforcement Fund (S)** provided by a portion of the tax charged to consumers for the purchase of cigarettes.



Department of Revenue

FY20 Proposed Means of Finance by Agency

| Total MOF by Agency | SGF | IAT | FSGR | Stat Deds | Federal | Total |
|-----------------------------|------------|------------------|----------------------|------------------|------------|----------------------|
| Office of Revenue | \$0 | \$305,000 | \$107,041,014 | \$550,000 | \$0 | \$107,896,014 |
| Tax Collection | \$0 | \$20,000 | \$98,954,173 | \$0 | \$0 | \$98,974,173 |
| Alcohol and Tobacco Control | \$0 | \$285,000 | \$5,907,189 | \$550,000 | \$0 | \$6,742,189 |
| Charitable Gaming | \$0 | \$0 | \$2,179,652 | \$0 | \$0 | \$2,179,652 |
| Office of Revenue | \$0 | \$305,000 | \$107,041,014 | \$550,000 | \$0 | \$107,896,014 |

| Agency | Program Description |
|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Tax Collection | Fairly and efficiently collects state tax revenue to fund public services. |
| Alcohol and Tobacco Control | Provides effective, efficient regulation and enforcement of the alcohol and tobacco industries to protect the citizens of Louisiana and the stakeholders in the industries. |
| Charitable Gaming | Administers 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. |



Department of Revenue Dedicated Funds FY18, FY19, and FY20

Dedicated Fund Review Committee

| Source of Funding | FY18 Actual | FY19 EOB | FY20 Proposed |
|------------------------------------------------------------------------------|------------------|------------------|------------------|
| A portion of the tax charged to consumers for the purchase of cigarettes. | \$543,583 | \$550,000 | \$550,000 |
| Total | \$543,583 | \$550,000 | \$550,000 |

Dedicated Fund Review Subcommittee recommendation:

Tobacco Regulation Enforcement Fund = No change (2018)



Department of Revenue

Categorical Expenditures

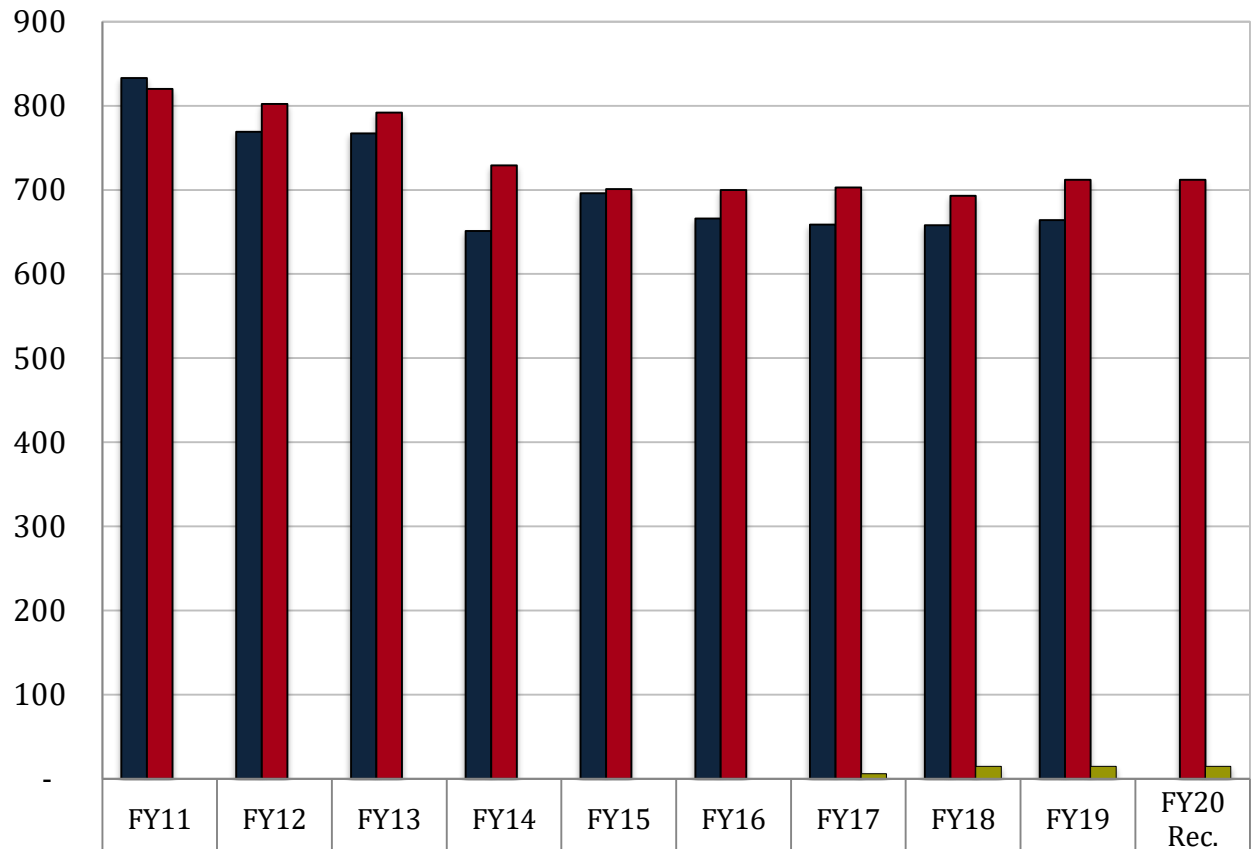
| Expenditure Category | FY18 Actual | FY19 EOB (as of 12-01-18) | FY20 | | Difference FY19 to FY20 |
|----------------------------------------------|---------------------|------------------------------|----------------------|---------------------------------|----------------------------|
| | | | Proposed Budget | Category as Percent of Total | |
| Personal Services: | \$59,233,836 | \$66,377,991 | \$68,017,980 | 63% | \$1,639,989 |
| Salaries | \$34,998,959 | \$39,156,888 | \$39,909,407 | 37% | \$752,519 |
| Other Compensation | \$1,355,416 | \$1,671,536 | \$1,671,536 | 2% | \$0 |
| Related Benefits | \$22,879,461 | \$25,549,567 | \$26,437,037 | 25% | \$887,470 |
| Operating Expenses: | \$4,799,221 | \$7,377,713 | \$7,663,741 | 7% | \$286,028 |
| Travel | \$687,785 | \$887,094 | \$887,094 | 1% | \$0 |
| Operating Services | \$3,944,073 | \$6,112,567 | \$6,398,595 | 6% | \$286,028 |
| Supplies | \$167,363 | \$378,052 | \$378,052 | 0% | \$0 |
| Professional Services | \$492,534 | \$1,850,458 | \$1,850,458 | 2% | \$0 |
| Other Charges: | \$33,454,316 | \$29,527,673 | \$29,871,905 | 28% | \$344,232 |
| Other Charges | \$2,355,999 | \$1,071,883 | \$1,009,383 | 1% | (\$62,500) |
| Debt Service | \$0 | \$0 | \$0 | 0% | \$0 |
| Interagency Transfers | \$31,098,317 | \$28,455,790 | \$28,862,522 | 27% | \$406,732 |
| Acquisitions & Major Repairs: | \$182,121 | \$436,007 | \$491,930 | 0% | \$55,923 |
| Acquisitions | \$182,121 | \$436,007 | \$491,930 | 0% | \$55,923 |
| Major Repairs | \$0 | \$0 | \$0 | 0% | \$0 |
| Total Expenditures | \$98,162,028 | \$105,569,842 | \$107,896,014 | 100% | \$2,326,172 |



Department of Revenue

FTEs, Authorized Positions, and Other Charges Positions

Total FY20
Proposed
Authorized Positions
of 712 are 2.1%
of Total State FY20
Proposed
Authorized Positions
of 33,675.



| | | | | | | | | | | |
|-------------------------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| ■ Total FTEs (as of July 1 of each fiscal year) | 833 | 769 | 767 | 651 | 696 | 666 | 659 | 658 | 664 | - |
| ■ Total Authorized Positions (Enacted) | 820 | 802 | 792 | 729 | 701 | 700 | 703 | 693 | 712 | 712 |
| ■ Authorized Other Charges Positions | - | - | - | - | - | - | 6 | 15 | 15 | 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 FY20 Proposed.

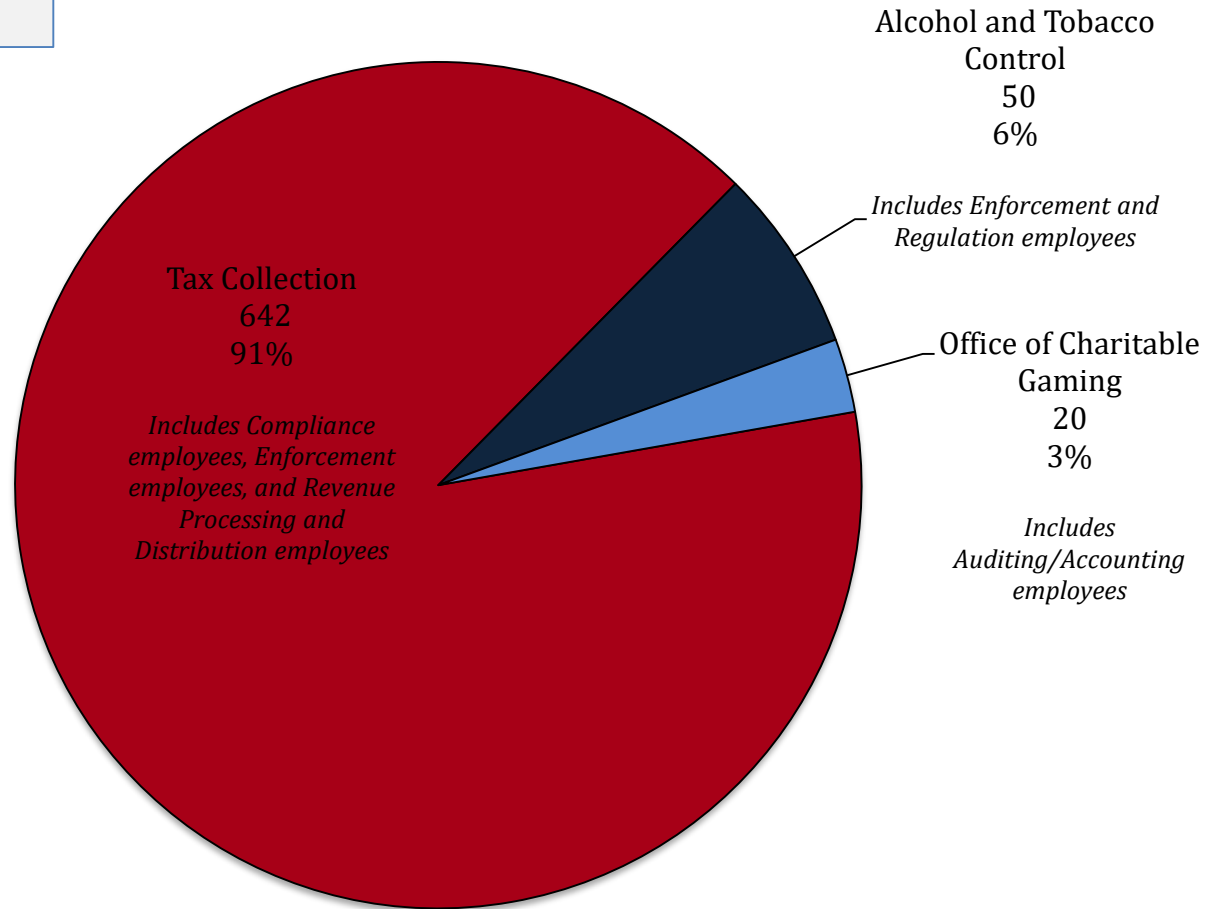
Data for Other Charges Positions are reflected in the Executive Budget per Act 377 of the 2013 Regular Legislative Session (beginning in FY15).



Department of Revenue

FY20 Proposed Total Authorized Positions by Agency

Authorized Positions recommended
for FY20 total 712.





Significant Budget Adjustments Proposed for FY20

Statewide Adjustments to the Department of Revenue's Budget

| State General Fund (Direct) | Interagency Transfers | Fees and Self-generated Revenues | Statutory Dedications | Federal Funds | Total | T.O. | Adjustment |
|-----------------------------|-----------------------|----------------------------------|-----------------------|---------------|---------------|------|------------------------------------------------------|
| \$0 | \$0 | \$1,246,704 | \$0 | \$0 | \$1,246,704 | 0 | Market Rate Classified |
| \$0 | \$0 | \$232,041 | \$0 | \$0 | \$232,041 | 0 | Civil Service Training Series Adjustment |
| \$0 | \$0 | (\$199,847) | \$0 | \$0 | (\$199,847) | 0 | Related Benefits Base Adjustment |
| \$0 | \$0 | \$1,042,048 | \$0 | \$0 | \$1,042,048 | 0 | Retirement Rate Adjustment |
| \$0 | \$0 | \$125,433 | \$0 | \$0 | \$125,433 | 0 | Group Insurance Rate Adjustment for Active Employees |
| \$0 | \$0 | \$136,365 | \$0 | \$0 | \$136,365 | 0 | Group Insurance Rate Adjustment for Retirees |
| \$0 | \$0 | \$1,040,109 | \$0 | \$0 | \$1,040,109 | 0 | Salary Base Adjustment |
| \$0 | \$0 | (\$1,782,153) | \$0 | \$0 | (\$1,782,153) | 0 | Attrition Adjustment |
| \$0 | \$0 | (\$473,563) | \$0 | \$0 | (\$473,563) | (5) | Personnel Reductions |
| \$0 | \$0 | \$364,344 | \$32,586 | \$0 | \$396,930 | 0 | Acquisitions & Major Repairs |
| \$0 | \$0 | (\$403,421) | (\$32,586) | \$0 | (\$436,007) | 0 | Non-recurring Acquisitions & Major Repairs |
| \$0 | \$0 | (\$2,993,622) | \$0 | \$0 | (\$2,993,622) | 0 | Non-recurring Carryforwards |
| \$0 | \$0 | \$4,860 | \$0 | \$0 | \$4,860 | 0 | Risk Management |
| \$0 | \$0 | \$11,905 | \$0 | \$0 | \$11,905 | 0 | Legislative Auditor Fees |
| \$0 | \$0 | (\$1,215,182) | \$0 | \$0 | (\$1,215,182) | 0 | Rent in State-owned Buildings |
| \$0 | \$0 | (\$126) | \$0 | \$0 | (\$126) | 0 | Capitol Park Security |
| \$0 | \$0 | \$1,768 | \$0 | \$0 | \$1,768 | 0 | UPS Fees |
| \$0 | \$0 | \$7,657 | \$0 | \$0 | \$7,657 | 0 | Civil Service Fees |
| \$0 | \$0 | (\$30,970) | \$0 | \$0 | (\$30,970) | 0 | State Treasury Fees |
| \$0 | \$0 | \$854,014 | \$0 | \$0 | \$854,014 | 0 | Office of Technology Services (OTS) |
| \$0 | \$0 | \$2,400 | \$0 | \$0 | \$2,400 | 0 | Administrative Law Judges |
| \$0 | \$0 | (\$957) | \$0 | \$0 | (\$957) | 0 | Office of State Procurement |
| \$0 | (\$150,000) | \$4,506,365 | \$0 | \$0 | \$4,356,365 | 5 | TOTAL OTHER ADJUSTMENTS ADJUSTMENTS |
| \$0 | (\$150,000) | \$2,476,172 | \$0 | \$0 | \$2,326,172 | 0 | Total Statewide Adjustments |



Department of Revenue

Significant Increases for FY20

| Increase | Source | T.O. | Agency | Description |
|-------------|--------|------|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| \$876,410 | FSGR | 0 | Tax Collection | Increase in Fees and Self-generated Revenues to open offices in Houston, Shreveport, Monroe, Alexandria, Lake Charles and Lafayette. |
| \$3,554,725 | FSGR | 0 | Tax Collection | Increase in funding to replace the department's data capture and imaging software. |
| \$350,352 | FSGR | 5 | Alcohol and Tobacco Control | Increase in funding to address enforcement needs in the areas of Human Trafficking Compliance Enforcement, illegal shipment of alcohol into the state and E-Cigarette and Vapor Compliance Enforcement. |

Significant Decreases for FY20

| Decrease | Source | T.O. | Agency | Description |
|-------------|--------|------|-----------------------------|----------------------------------------------------------------------------------------------------------------|
| (\$150,000) | IAT | 0 | Alcohol and Tobacco Control | Decreases Interagency Transfers revenue due to an agreement with DHH for additional alcohol compliance checks. |
| (\$275,122) | FSGR | 0 | Charitable Gaming | Decreases Fees and Self-generated Revenues for moving expenses. |

Significant Means of Financing Substitutions for FY20

| MOF Swap | Source | T.O. | Agency | Description |
|----------|--------|------|--------|-------------|
| --- | --- | 0 | --- | --- |



Incentive Expenditure Forecast

Schedule 12 Department of Revenue

Incentive Expenditure Forecast

In accordance with Act 401 of the 2017 Regular Session, below is the listing of the incentive expenditure programs as recognized by the Revenue Estimating Conference on February 11, 2019. This department administers the following incentive expenditure programs:

INCENTIVE EXPENDITURES:

Louisiana Capital Companies Tax Credit Program
Procurement Processing Company Rebate Program

AUTHORITY

R.S. 51:1921
R.S. 47:6351

FORECAST

\$ Negligible
\$ 15,000,000

Payment from Current Collections:

The payment provision for the quality jobs rebate program is R.S. 51:2457(B)(3)(b) & (c). These payments are made out of current collections of the sales tax. The total amount of rebates paid under this program in FY 2018 was \$100 million.



Incentive Expenditure Forecast

| Incentive Expenditure Forecast | | | | | | | | | |
|-------------------------------------------------------------|---------------------|-------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Fiscal Year 2019 | | | | | | | | | |
| Incentive Expenditure | Legal Authority | Adm. Agency | FYE 6-17 (Projected) | FYE 6-17 (Actual) | FYE 6-18 (Projected) | FYE 6-18 (Actual) | FYE 6-19 (Projected) | FYE 6-19 (Actual) | FYE 6-20 (Projected) |
| Atchafalaya Trace Heritage Area Development Zone | R.S. 25:1226 | CRT/LED | Unable to anticipate | \$0 | \$0 | \$0 | Unable to anticipate | \$0 | Unable to anticipate |
| Cane River Heritage Tax Credit | R.S. 47:6026 | CRT | Unable to anticipate | \$0 | Unable to anticipate | \$0 | Unable to anticipate | \$0 | Unable to anticipate |
| Tax Credit for Rehabilitation of Historic Structures | R.S. 47:6019 | CRT/LDR | \$64,391,000 | \$91,902,642 | \$78,000,000 | \$101,295,455 | \$120,000,000 | \$58,513,884 | \$150,000,000 |
| Subtotal | | CRT | \$64,391,000 | \$91,902,642 | \$78,000,000 | \$101,295,455 | \$120,000,000 | \$58,513,884 | \$150,000,000 |
| Brownfields Investor Tax Credit | R.S. 47:6021 | DEQ | \$25,000 | \$17,652 | \$40,000 | \$51,412 | Negligible | \$22,726 | Negligible |
| Subtotal | | DEQ | \$25,000 | \$17,652 | \$40,000 | \$51,412 | \$0 | \$22,726 | \$0 |
| Louisiana Community Economic Development Act | R.S. 47:6031 | LED | Unable to anticipate | \$0 | Not in effect | \$0 | Not in effect | \$0 | Not in effect |
| Ports of Louisiana Tax Credits | R.S. 47:6036 | LED | Unable to anticipate | \$0 | Unable to anticipate | \$0 | Unable to anticipate | \$0 | Unable to anticipate |
| Motion Picture Investor Tax Credit (See Note 1) | R.S. 47:6007 | LED | \$205,833,000 | \$205,833,457 | \$180,000,000 | \$180,000,000 | \$180,000,000 | \$28,279,595 | \$180,000,000 |
| Research and Development Tax Credit | R.S. 47:6015 | LED | \$26,658,000 | \$5,386,914 | \$8,000,000 | \$4,853,884 | \$9,000,000 | \$4,343,715 | \$7,000,000 |
| Digital Interactive Media and Software Act | R.S. 47:6022 | LED | \$11,749,000 | \$9,885,415 | \$30,000,000 | \$11,441,752 | \$50,000,000 | \$12,527,674 | \$75,000,000 |
| Louisiana Motion Picture Incentive Act | R.S. 47:1121 | LED/OFI | \$0 | \$0 | Not in effect | \$0 | Not in effect | \$0 | Not in effect |
| New Markets Tax Credit (See Note 2) | R.S. 47:6016 | LED/LDR | \$1,111,000 | \$1,459,027 | \$1,000,000 | \$1,938,840 | Unable to anticipate | (\$3,178,573) | Unable to anticipate |
| University Research and Development Parks | R.S. 17:3389 | LED | Negligible | \$0 | Not in effect | \$0 | Not in effect | \$0 | Not in effect |
| Industrial Tax Equalization Program | R.S. 47:3201 - 3205 | LED | \$1,833,000 | \$14,529,182 | \$4,000,000 | \$7,349,133 | \$4,000,000 | \$2,506,233 | \$6,000,000 |
| Exemptions for Manufacturing Establishments | R.S. 47:4301 - 4306 | LED | Unable to anticipate | \$0 | Unable to anticipate | \$0 | \$1,500,000 | \$0 | \$1,500,000 |
| Louisiana Enterprise Zone Act | R.S. 51:1781 | LED | \$47,393,000 | \$41,081,153 | \$40,000,000 | \$33,335,908 | \$50,000,000 | \$12,841,169 | \$52,000,000 |
| Sound Recording Investor Tax Credit | R.S. 47:6023 | LED | \$307,000 | \$81,550 | \$200,000 | \$41,673 | \$2,000,000 | \$11,116 | \$330,000 |
| Urban Revitalization Tax Incentive Program | R.S. 51:1801 | LED | Unable to anticipate | \$0 | Not in effect | \$0 | Not in effect | \$0 | Not in effect |
| Technology Commercialization Credit and Jobs Program | R.S. 51:2351 | LED | \$123,000 | \$57,076 | \$100,000 | \$70,399 | Not in effect | \$0 | Not in effect |
| Angel Investor Tax Credit Program | R.S. 47:6020 | LED | \$792,000 | \$1,535,732 | \$2,000,000 | \$1,993,213 | \$3,000,000 | \$1,780,273 | \$4,000,000 |
| Musical and Theatrical Productions Income Tax Credit | R.S. 47:6034 | LED | \$9,552,000 | \$6,100,794 | \$7,800,000 | \$6,377,078 | \$6,000,000 | \$829,591 | \$6,500,000 |
| Retention and Modernization Act | R.S. 51:2399.1 - .6 | LED | \$1,236,000 | \$3,643,558 | \$5,000,000 | \$3,815,575 | \$6,000,000 | \$2,976,074 | \$9,000,000 |
| Tax Credit for Green Jobs Industries | R.S. 47:6037 | LED | Not in effect | Not in effect | Not in effect | Not in effect | Not in effect | \$0 | Not in effect |
| Louisiana Quality Jobs Program Act | R.S. 51:2451 | LED | \$291,495,000 | \$99,342,295 | \$100,000,000 | \$99,949,313 | \$150,000,000 | \$29,306,296 | \$160,000,000 |
| Corporate Headquarters Relocation Program | R.S. 51:3111 | LED | Unable to anticipate | \$0 | Not in effect | Not in effect | Not in effect | \$0 | Not in effect |
| Competitive Projects Payroll Incentive Program | R.S. 51:3121 | LED | Unable to anticipate | \$0 | \$400,000 | \$0 | \$0 | \$0 | \$0 |
| Subtotal | | LED | \$598,082,000 | \$388,936,153 | \$378,500,000 | \$351,166,769 | \$461,500,000 | \$92,223,163 | \$501,330,000 |
| Louisiana Capital Companies Tax Credit Program (See Note 3) | R.S. 51:1921 | LDR | \$1,838,000 | \$18,626 | Negligible | \$2,699 | Negligible | Negligible | Negligible |
| Procurement Processing Company Rebate Program | R.S. 47:6351 | LDR | \$2,400,000 | \$4,211,331 | \$11,500,000 | \$10,102,211 | \$15,000,000 | \$9,154,270 | \$15,000,000 |
| Subtotal | | LDR | \$4,238,000 | \$4,229,957 | \$11,500,000 | \$10,104,910 | \$15,000,000 | \$9,154,270 | \$15,000,000 |
| Rebates for Donations to School Tuition Organizations | R.S. 47:6301 | DOE | \$2,600,000 | \$3,139,789 | \$7,200,000 | \$6,745,297 | \$8,000,000 | \$4,468,210 | \$9,250,000 |
| Subtotal | | DOE | \$2,600,000 | \$3,139,789 | \$7,200,000 | \$6,745,297 | \$8,000,000 | \$4,468,210 | \$9,250,000 |
| TOTAL | | | \$669,336,000 | \$488,226,193 | \$475,240,000 | \$469,363,843 | \$604,500,000 | \$164,382,252 | \$675,580,000 |

Negligible means less than \$10,000.

Note 1 - Motion Picture Investor Credits sold to the state under the buy back provisions of R.S. 47:6007 are accounted for based on when the check associated with the buy back is issued rather than the date the credit is transferred to the state for buy back. The FYE 6-16 revenue

loss includes the amount of \$57,068,973 for buy backs transferred to the state in FYE 6-15, prior to the enactment of the program cap. The projected and actual for FYE 6-17 includes the unused credit cap carry forward of \$25,833,457 from FYE 6-16. FYE 6-18 projection is limited to the \$180,000,000 credit cap set forth in Acts 2015, No. 134.

Note 2 - New Markets Jobs Act, R.S. 47:6016.1, reduced insurance premium taxes by \$4,675,020 in FYE 6-17.

Note 3 - Louisiana Capital Companies Tax Credit Program also allows a credit against insurance premium taxes; reducing insurance premium taxes by \$122,903 in FYE 6-17.



Department of Revenue Office of Debt Recovery

The Office of Debt Recovery (ODR) was established by Act 399 of the 2013 Regular Session. It is an office within the Department of Revenue created to collect delinquent taxes and other debt on behalf of other state agencies. All agencies without contracts with the Attorney General's Office (by January 1, 2014) referred all outstanding final debt to ODR.

There are currently 123 Agency Participation Agreements.

| ODR Collections Since Inception | \$140,112,710 |
|---------------------------------|---------------|
| FY2019 | \$15,858,396 |
| FY2018 | \$31,948,792 |
| FY2017 | \$41,427,463 |
| FY2016 | \$50,781,585 |
| FY2015 | \$96,474 |



Comparison Adjustments to the State General Fund in the FY20 Continuation, Standstill and Proposed Budgets

| Louisiana Department of Revenue | FY19 EOB | FY20 Proposed Budget | FY 20 Continuation Budget | FY20 Standstill Budget | DIFFERENCE | | | | | |
|---------------------------------|----------|----------------------|---------------------------|------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|----------------------------------|--------------------------------|
| | | | | | CONTINUATION OVER/(UNDER) FY19 EOB | STANDSTILL OVER/(UNDER) FY19 EOB | CONTINUATION OVER/(UNDER) STANDSTILL | PROPOSED OVER/(UNDER) CONTINUATION | PROPOSED OVER/(UNDER) STANDSTILL | PROPOSED OVER/(UNDER) FY19 EOB |
| STATE GENERAL FUND | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Continuation Budget versus Standstill Budget

There are no State General Fund dollars in the Department of Revenue's budget.

Difference between the Governor's Proposed Budget and House Bill No. 105 by Rep. Henry

For this agency, there is no difference between the FY20 budget proposed by the governor and the amount contained in HB 105.



Department of Revenue

House Amendments to HB105

| House Amendments to HB105 | | | | | | |
|-------------------------------------------------------------------------------------------------------|---------------------------|------------------------------|-----------------------------------------|------------------------------|----------------|----------------------|
| HB 105 | State General Fund | Interagency Transfers | Fees and Self-generated Revenues | Statutory Dedications | Federal | TOTAL |
| Original | \$0 | \$305,000 | \$107,041,014 | \$550,000 | \$0 | \$107,896,014 |
| Appropriations Amendments: | State General Fund | Interagency Transfers | Fees and Self-generated Revenues | Statutory Dedications | Federal | TOTAL |
| Tax Collection - the Louisiana Entertainment Development Fund for maintenance of the taxpayer System. | | | | | | |
| | \$0 | \$0 | \$0 | \$100,000 | \$0 | \$100,000 |
| Engrossed | \$0 | \$305,000 | \$107,041,014 | \$650,000 | \$0 | \$107,996,014 |
| <i>Difference HB105 Original to HB105 Engrossed</i> | <i>\$0</i> | <i>\$0</i> | <i>\$0</i> | <i>\$1,000,000</i> | <i>\$0</i> | <i>\$1,000,000</i> |
| FY20 Proposed | \$0 | \$305,000 | \$107,041,014 | \$550,000 | \$0 | \$107,896,014 |
| <i>Difference HB105 Original to FY20 Proposed</i> | <i>\$0</i> | <i>\$0</i> | <i>\$0</i> | <i>\$0</i> | <i>\$0</i> | <i>\$0</i> |
| <i>Difference HB105 Engrossed to FY20 Proposed</i> | <i>\$0</i> | <i>\$0</i> | <i>\$0</i> | <i>\$100,000</i> | <i>\$0</i> | <i>\$100,000</i> |



Department of Revenue

Audit Findings

Tax Incentive Reporting – Evaluation of Agency Compliance with Act 191 of the 2013 Regular Session (October 3, 2018)

Five state agencies oversee 78 tax incentives that are subject to the reporting requirements of Act 191. In total, those incentives resulted in the loss of approximately \$1.1 billion in revenue in fiscal year 2017, according to the 20172018 Tax Exemption Budget (TEB) put together by the Louisiana Department of Revenue. Auditors found that 25 of the 78 tax incentive reports submitted to the Legislature by March 1, 2018, did not include information about whether Louisiana received a positive return on its investment as required by state law. The TEB reported the revenue loss from these 25 incentives to be approximately \$127 million in fiscal year 2017.

Louisiana Department of Revenue – Management Letter (December 19, 2018)

The Department incorrectly reported net receivables and the estimated amount of protested taxes to be transferred to the General Fund. Net receivables were overstated by \$31.1 million and protested taxes were overstated by \$25.8 million.

Source: Legislative Auditor



Department of Revenue

Departmental Issues

Duplicate Refunds

An error in an electronic payment system caused 66,780 state individual income tax refunds issued on Tuesday, March 12, 2019 to be issued a second time on Wednesday, March 13, 2019. The affected refunds were issued electronically through the ACH Clearinghouse out of the Office of Technology Services. The system error caused the issuance of more than \$26 million in duplicate tax refunds. The error was identified early on Wednesday, March 13 and corrected, with new procedures put in place to keep it from happening again. To date about \$22.19 million of the duplicate refunds have been returned.

Source: Department of Revenue