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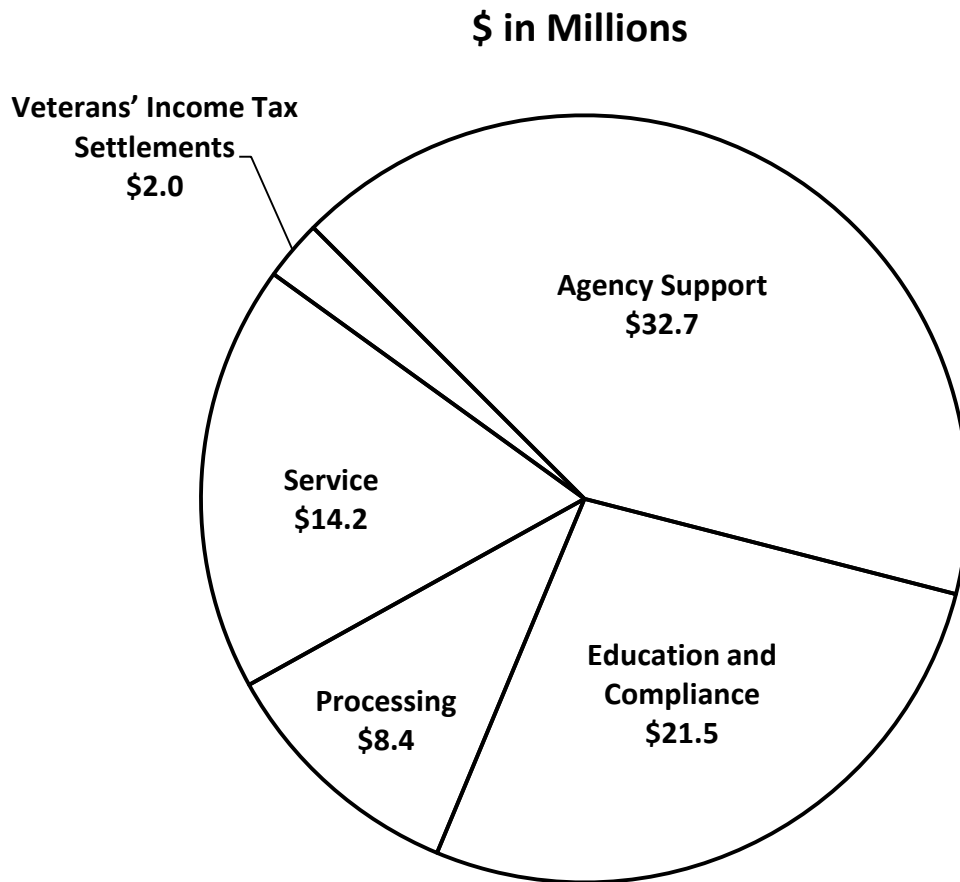
# Department of Revenue

February 7, 2017  
Health and Welfare

JLBC

# Department of Revenue

## - Total Funds by Function



### Agency Support

- Human Resources
- Information Technology
- Management, Accounting and Legal Services
- BRITS Operational Support

### Education and Compliance

- Education and Outreach
- Audit and Assessing
- Collections
- Enforcement
- Unclaimed Property Administration and Audit

### Processing

- Process Tax Filings/Returns
- Debt Setoff Program

### Service

- Inquiries and Requests
- Administration of Property Tax and Centrally Valued Properties
- Office of Economic Research and Analysis

### Veterans' Income Tax Settlements

- \$2.0 million of One-time Funding Allocated in FY 2017 Budget
- Funds to be distributed to Native American Veterans Who Had Income Tax Improperly Withheld

FY 2017 Total Funding = \$78.8 M

# Department of Revenue

## - Total FY 2018 Baseline Funding

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	<u>\$ in Millions</u>
General Fund	\$ 30.0
DOR Admin Fund – Unclaimed Property	24.4
DOR Admin Fund – Local Cost Sharing	20.8
Other Appropriated Funds	1.0
Non-Appropriated Funds	<u>0.6</u>
Total	\$ 76.8

# Department of Revenue

## - Major Executive Funding Changes

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	\$ in M	
	<u>Exec GF</u>	<u>Exec OF</u>
- One-Time Funding for Veterans' Income Tax Settlements	\$(2.0)	
- IT Infrastructure Project/Data Center (via ADOA)	7.0	3.0

- Executive also proposes to use \$1.0 million from FY 2017 appropriation for IT/Data Center project as well.
- JLBC Baseline also has \$(2.0) million reduction for Veterans' Income Tax Settlements

# Department of Revenue

## - IT Infrastructure Project/Data Center

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- ❑ The Executive proposes to spend \$11.0 million in FY 2018 one-time to purchase IT infrastructure and relocate their data center to a co-located data center vendor.
- ❑ 60% of DOR's servers are at end-of-life or are approaching end-of-life status.
- ❑ DOR is receiving increased volume of data due to increased number of tax returns filed as a result of TPT simplification.
- ❑ Executive estimates a total cost of \$17.3 million.
- ❑ Executive funds rest of cost by reallocating \$6.3 million from operating budget to IT project.

# Department of Revenue

## - Enforcement Staff Reduction

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- In June 2016, DOR laid off 52 staff
  - Most of the positions were Audit and Collections personnel
  - Total Enforcement staff has declined (42)% since FY 2015.

	Audit <u>FTE's</u>	Collections <u>FTE's</u>	Total Enforcement <u>FTE's</u>
FY 2015	201	148	349
FY 2016	212	120	332
FY 2017	114	88	202

- Since FY 2010, DOR received the following funding increases:
  - FY 2010: \$3.0 million for temporary collectors – made permanent in FY '14
  - FY 2011: \$4.4 million and 71 FTE for audit staff and \$360,000 and 7 FTE for collections staff
- Impact on enforcement revenue from staff decrease is unknown - difficult to measure impact due to other factors, such as tax policy and economic climate
- DOR hopes to offset any negative impact with increased compliance through e-filing

# Department of Revenue

## - Website Links

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- JLBC Baseline –  
Department of Revenue
- Executive Budget –  
Department of Revenue