

FINANCE AND ADMINISTRATION--REVENUE SERVICES
AGENCY # 630 - 2007-09 BIENNIUM

I) AGENCY SUMMARY & REVENUE SOURCES

MISSION

The Revenue Division is responsible for administration and enforcement of State taxing laws, vehicle and driver licenses imposed under Arkansas law and Child Support Enforcement imposed under Arkansas and Federal law. Offices within the Division and their responsibilities are the **Office of the Assistant Commissioner for Policy and Legal** which includes the Hearings and Appeals Section; the **Office of Income Tax** administers Individual and Corporate Income Taxes; the **Office of Field Audit**; **Office of Motor Vehicle** administers licensing, registration and titling of vehicles; **Office of Excise Tax Administration** is responsible for Sales Tax, Motor Fuel Tax, Miscellaneous Tax, and Tax Credits; **Office of Driver Services** which includes Safety Responsibility, Driver Control and Commercial Driver Licenses; **Office of Assistant Commissioner for Operations and Administration** which consists of the Cashier and General Services sections; **Office of Revenue Legal Counsel** which represents the Division in litigation involving taxes, fees, licenses and programs administered by the Division; and the **Office of State Revenue Office Administration** administers the County automobile registration and renewal offices.

TOTAL BIENNIAL BUDGET

The total budget of the Revenue Division is \$800,266,208 the first year and \$800,868,498 the second year of the biennium.

FUNDING SOURCES

The budget is funded with 89% Tax Refunds, 10 %State Central Services Fund, >1% special revenue.

II) CHANGES/APPROPRIATIONS

1. The Commercial Drivers License appropriation funded with special revenue for \$1,719,094 the first year and 1,725,586 the second year of the biennium, has an increase of \$129,969 the first year, and \$142,403 the second year for restoration of one currently authorized position and operating expenses for identification verification costs.

2. The operations appropriation, funded with State Central Services for \$82,365,562 the first year and \$85,060,417 the second year has an increase of \$5,601,115 the first year and \$6,184,563 the second year, which includes:

a. Increase each year for: Restoration of 38 currently authorized (not budgeted) positions; Changing 15 supplemental positions to regular positions; Transfer of 2 positions in from the Office of Child Support Enforcement (OCSE) and Management Services; 11 new positions for the Streamlined Sales Tax Program; 7 new positions for the Charitable Bingo and Raffles Program.

b. Increase each year for: supplemental positions matching; restoration of positions; transfer of positions in from OCSE and Management Services.

c. Increase each year for: reallocations from professional fees (\$1,300,000 each year); Field Audit Gaming Division expenses;

roof repairs (\$185,000 the first year only); postage, utilities, mileage, fuel, grounds maintenance (\$715,117 the first year, \$790,577 the second year);

d. \$1,300,000 decrease each year for: reallocation from professional fees to operating expenses.

e. Increase each year for: replacement of vehicles, Field Audit - Gaming Division Equipment and replacement equipment.

3. The Miscellaneous Tax Refunds appropriation, funded with miscellaneous funds has an increase of \$10,000,000 each year for refunds/reimbursements.

4. New Integrated Tax System appropriation, funded from State Central Services, for \$10,000,000 over the biennium for development and implementation of a new integrated tax system.

5. New Charitable Bingo and Raffles appropriation, funded from State Central Services, for \$570,145 the first year and \$582,795 the second year.

III) ADDITIONAL POSITIONS

Total positions for FY 2005-2007: 1,468

Total positions for FY 2007-2009: 1,497

Increase/ (Decrease): 29

IV) SPECIAL LANGUAGE

1. Dictates distribution of refunds in Tax Administration Program and allows transfer between Refund line items with report to Legislative Council on amounts and reasons for transfer.

2. States extra Help positions are exempt from limitation of hours with report to Legislative Council when temporary or part-time employees are employed by DFA for longer than 7 months.

3. Allows special rates of pay for various Tax Auditor positions

4. **Deletes** Fund Balance language.

5. Authorizes the establishment of 50 contingency data entry positions to be utilized as deemed necessary by the Director of DFA after seeking prior review by Legislative Council/Joint Budget (with no recommendation on position titles or classifications); allows transfers from the various programs in the Act to the Tax Administration Program for salaries and matching.