

FINANCE AND ADMINISTRATION-REVENUE SERVICES (630)
FISCAL YEAR 2014 & 2015 - Executive Recommendation

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 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 AND Income Tax Systems, which processes income tax returns; 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, Tax Credits and tax administration of Bingo and Raffles; **Office of Driver Services** which includes, Issuance, Technical Services, Safety Responsibility, Driver Control and Commercial Driver Licenses; **Office of Assistant Commissioner for Operations and Administration** which consists of the Cashier Section (which prepares deposits of all monies for deposit with the State Treasurer) 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 BUDGET

The total budget of the Revenue Division is \$1,265,075,910 the first year and \$1,265,179,771 the second year.

FUNDING SOURCES

The budget is funded with 85% Tax Refunds, 13% State Central Services Fund, >1% special revenue.

II) APPROPRIATIONS / CHANGES:

1. 1JN - COMMERCIAL DRIVERS LICENSE PROGRAM: Funded for \$1,746,502 the first year and \$1,746,625 the second year has an **increase of \$30,353 in salary and matching** each year to restore one currently authorized position.

2. 281 - REVENUE SERVICES DIVISION - OPERATIONS:

The operations appropriation, funded with State Central Services for \$97,829,408 the first year and \$97,933,146 the second year has a **NET increase of \$456,567 for FY14 and \$508,067 for FY15** for:

a. Increase of \$318,033 in salary and matching to restore 9 currently authorized positions, which support the regulation and licensing of drivers and motor vehicles.

b. Increase of \$6,526 each year for reclassification of 8 Tax

Auditor positions.

c. Increase of \$225,000 each year in operating expenses due to increases in postage charged by the U.S. Postal Service.

d. Increase in capital outlay of \$610,000 in FY14 and \$661,500 in FY13 for replacement of 78 aging, high mileage vehicles.

e. Reallocation of \$736,207 each year from Professional Fees to Operating Expenses to properly classify technical services expenses.

f. Reallocation of \$225,500 each year from Refunds/Reimbursements to Operating Expenses for the Arkansas Integrated Revenue System (AIRS) to generate liens and simplify the writ filing process.

g. Reduction of \$338,3576 each year due to deletion of 21 currently authorized positions that are no longer needed.

h. Reduction of \$364,635 each year due to transfer of 5 functional and technical IT positions to Management Services Division that are ongoing support for AIRS.

III) POSITIONS

Total positions for FY 2015: 1,480

Total positions for FY 2014: 1,480

Total budgeted positions for FY 2013: 1,485

Increase/ (Decrease): 5

IV) SPECIAL LANGUAGE

1. Appropriation Transfers: 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. Extra Help Exemption: 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. Contingent Positions: 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; allows transfers from the various programs in the Act to the Tax Administration Program for salaries and matching.

4. Authority to Employ Certified Law Enforcement Officer: Gives Department authority to employ not more than one (1) certified law enforcement officer to provide security for Department buildings, grounds, property, employees and customers.