

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas  
2 85th General Assembly  
3 Regular Session, 2005

# A Bill

HOUSE BILL 1379

4  
5 By: Joint Budget Committee  
6  
7

## For An Act To Be Entitled

8  
9 AN ACT TO MAKE AN APPROPRIATION FOR PERSONAL  
10 SERVICES AND OPERATING EXPENSES FOR THE  
11 DEPARTMENT OF FINANCE AND ADMINISTRATION -  
12 REVENUE SERVICES DIVISION FOR THE BIENNIAL PERIOD  
13 ENDING JUNE 30, 2007; AND FOR OTHER PURPOSES.  
14

## Subtitle

15  
16  
17 AN ACT FOR THE DEPARTMENT OF FINANCE  
18 AND ADMINISTRATION - REVENUE SERVICES  
19 DIVISION APPROPRIATION FOR THE 2005-2007  
20 BIENNIUM.  
21  
22

23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
24

25 SECTION 1. REGULAR SALARIES - REVENUE SERVICES DIVISION. There is hereby  
26 established for the Department of Finance and Administration - Revenue  
27 Services Division for the 2005-2007 biennium, the following maximum number of  
28 regular employees whose salaries shall be governed by the provisions of the  
29 Uniform Classification and Compensation Act (Arkansas Code §§21-5-201 et  
30 seq.), or its successor, and all laws amendatory thereto. Provided, however,  
31 that any position to which a specific maximum annual salary is set out herein  
32 in dollars, shall be exempt from the provisions of said Uniform  
33 Classification and Compensation Act. All persons occupying positions  
34 authorized herein are hereby governed by the provisions of the Regular  
35 Salaries Procedures and Restrictions Act (Arkansas Code §21-5-101), or its  
36 successor.



				Maximum	Maximum Annual	
				No. of	Salary Rate	
	Item	Class			Fiscal Years	
	No.	Code	Title	Employees	2005-2006	2006-2007
6	(1)	7160	REV ASST CMSR - POLICY & LEGAL	1	\$96,431	\$98,787
7	(2)	7159	REV ASST CMSR - OPER & ADMIN	1	\$96,431	\$98,787
8	(3)	9942	DFA REVENUE CHIEF COUNSEL	1	\$90,081	\$92,342
9	(4)	9610	DFA STATE REVENUE OFC ADMR	1	\$90,081	\$92,342
10	(5)	9609	DFA TAX ADMINISTRATOR	2	\$90,081	\$92,342
11	(6)	9607	DFA MOTOR VEHICLE ADMR	1	\$90,081	\$92,342
12	(7)	9606	DFA TAX AUDIT ADMR	1	\$90,081	\$92,342
13	(8)	9605	DFA DRIVER LICENSE ADMR	1	\$90,081	\$92,342
14	(9)	R012	ADMINISTRATIVE LAW JUDGE	3	GRADE 26	
15	(10)	R038	ATTORNEY SUPERVISOR	2	GRADE 26	
16	(11)	R170	ATTORNEY SPECIALIST	9	GRADE 25	
17	(12)	512Z	DFA REVENUE PROBLEM RESOLUTION OFR	2	GRADE 25	
18	(13)	073Z	DFA REVENUE TAX DIVISION MANAGER	14	GRADE 25	
19	(14)	921Z	DFA DIVISION MANAGER III	3	GRADE 24	
20	(15)	138Z	DFA DIVISION MANAGER II	8	GRADE 23	
21	(16)	167Z	DFA DIVISION MANAGER I	13	GRADE 21	
22	(17)	A104	TAX AUDITOR SUPERVISOR	21	GRADE 21	
23	(18)	D036	SR PROGRAMMER/ANALYST	1	GRADE 21	
24	(19)	A036	FIELD AUDITOR SUPERVISOR	1	GRADE 20	
25	(20)	A037	DFA REVENUE DISTRICT MANAGER	6	GRADE 20	
26	(21)	A069	DFA TAX ADMIN SECTION SUPERVISOR	4	GRADE 20	
27	(22)	A102	TAX AUDITOR II	167	GRADE 20	
28	(23)	A110	ACCOUNTANT II	6	GRADE 19	
29	(24)	G026	BLDG AND GROUNDS COORDINATOR	1	GRADE 19	
30	(25)	R204	PARALEGAL/LEGAL ASSISTANT	1	GRADE 19	
31	(26)	R424	FAIR HEARING REFEREE	25	GRADE 19	
32	(27)	N199	TAXPAYER INFORMATION OFFICER	1	GRADE 19	
33	(28)	V040	PURCHASE AGENT II/PURCHASE AGENT	1	GRADE 18	
34	(29)	A111	ACCOUNTANT	9	GRADE 18	
35	(30)	A176	DFA REVENUE ASST DIST MANAGER	5	GRADE 18	
36	(31)	A192	INCOME TAX AUDITOR	1	GRADE 18	

1	(32)	A194	TAX EXAMINER SUPV	10	GRADE 18
2	(33)	A071	REVENUE AGENT IV	12	GRADE 18
3	(34)	A043	DFA CASHIER SPECIALIST	3	GRADE 18
4	(35)	A029	DFA REVENUE SECTION SUPERVISOR	12	GRADE 18
5	(36)	A034	FIELD AUDITOR	4	GRADE 17
6	(37)	A172	REVENUE AGENT III	41	GRADE 17
7	(38)	R010	ADMINISTRATIVE ASSISTANT II	11	GRADE 17
8	(39)	V030	INVENTORY CONTROL MANAGER	1	GRADE 17
9	(40)	X349	TAX INVESTIGATOR	34	GRADE 17
10	(41)	G161	GENERAL MAINTENANCE REPAIRMAN	7	GRADE 17
11	(42)	K048	LEGAL SECRETARY II	9	GRADE 16
12	(43)	R156	REVENUE DEPT SUPERVISOR	31	GRADE 16
13	(44)	A134	TAXPAYER SERVICES REP	175	GRADE 16
14	(45)	A108	ACCOUNTING TECHNICIAN II	13	GRADE 15
15	(46)	A109	TAX EXAMINER II	4	GRADE 15
16	(47)	A028	REVENUE AGENT II	31	GRADE 15
17	(48)	R009	ADMINISTRATIVE ASSISTANT I	1	GRADE 15
18	(49)	V051	STOREROOM SUPV/STORE SUPV	1	GRADE 15
19	(50)	K011	ADMINISTRATIVE OFFICE SUPERVISOR	14	GRADE 15
20	(51)	K016	TRANSPORTATION SERVICES REP	183	GRADE 14
21	(52)	K041	EXECUTIVE SECY/ADMINISTRATIVE SECY	6	GRADE 14
22	(53)	K079	MICRO-PHOTOGRAPHER SUPERVISOR	1	GRADE 14
23	(54)	K117	MEDICAL OR LEGAL SECRETARY	1	GRADE 14
24	(55)	A027	REVENUE AGENT I	56	GRADE 14
25	(56)	K153	SECRETARY II	36	GRADE 13
26	(57)	K002	CASHIER III	61	GRADE 13
27	(58)	K145	CASHIER/CASHIER II	230	GRADE 12
28	(59)	K039	DOCUMENT EXAMINER II	86	GRADE 12
29	(60)	A106	ACCOUNTING TECHNICIAN I	3	GRADE 12
30	(61)	A184	ASST REVENUE AGENT	37	GRADE 12
31	(62)	K155	SECRETARY I	8	GRADE 11
32	(63)	V043	SHIPPING & RECEIVING CLERK	1	GRADE 11
33	(64)	W023	RECORDS CENTER OPERATOR II	4	GRADE 10
34	(65)	V029	INVENTORY CONTROL CLERK	1	GRADE 10
35	(66)	K006	DATA ENTRY SPECIALIST	2	GRADE 10
36	(67)	K037	DOCUMENT EXAMINER I	8	GRADE 10

1	(68)	K065	MAIL OFFICER	4	GRADE 09
2	(69)	K182	MAIL PROCESSOR	1	GRADE 08
3	(70)	G169	CUSTODIAL SUPV I	1	GRADE 06
4	(71)	G035	CUSTODIAL WRKR II	<u>11</u>	GRADE 04
5			MAX. NO. OF EMPLOYEES	1,468	

6

7 SECTION 2. EXTRA HELP - REVENUE SERVICES DIVISION. There is hereby

8 authorized, for the Department of Finance and Administration - Revenue

9 Services Division for the 2005-2007 biennium, the following maximum number of

10 part-time or temporary employees, to be known as "Extra Help", payable from

11 funds appropriated herein for such purposes: two hundred twenty one (221)

12 temporary or part-time employees, when needed, at rates of pay not to exceed

13 those provided in the Uniform Classification and Compensation Act, or its

14 successor, or this act for the appropriate classification.

15

16 SECTION 3. APPROPRIATION - DRIVER AND MOTOR VEHICLE SERVICES. There is

17 hereby appropriated, to be payable from the funds and fund accounts as set

18 out herein, to the Department of Finance and Administration - Revenue

19 Services Division for the biennial period ending June 30, 2007, the

20 following:

21 (a) For the Driver and Motor Vehicle Services, the sum of \$35,524,454 for

22 the 2005-2006 fiscal year and \$36,080,396 for the 2006-2007 fiscal year.

23 (1) Program Description. To administer vehicle registration and titling

24 laws and issue driver licenses and maintain driver records.

25 (2) Appropriation payable from:

	FISCAL YEARS		
	<u>2005-2006</u>	<u>2006-2007</u>	
26			
27	(A) Special Revenue	\$ 466,217	\$ 476,001
28	(B) Other Funds	\$ 35,058,237	\$ 35,604,395

29 (3) Performance Targets:

30	(A) Number of driver license		
31	transactions processed.	622,160	628,381
32	(B) Number of motor vehicle		
33	transactions processed		
34	(registration, title, renewal).	2,856,000	2,885,000
35	(C) Percentage of court actions		
36	affecting the status of a driver		

1	licensee entered in the data		
2	system within 7 business days		
3	after receipt.	89%	92%
4	(D) Percentage of customers		
5	satisfied with driver and motor		
6	vehicle services based on a		
7	customer satisfaction survey.	96%	96%

8

9 SECTION 4. APPROPRIATION - TAXATION ADMINISTRATION. There is hereby

10 appropriated, to be payable from the funds and fund accounts as set out

11 herein, to the Department of Finance and Administration - Revenue Services

12 Division for the biennial period ending June 30, 2007, the following:

13 (a) For the Taxation Administration, the sum of \$714,846,752 for the 2005-

14 2006 fiscal year and \$714,577,863 for the 2006-2007 fiscal year.

15 (1) Program Description. This program combines functions of the Office of

16 Excise Tax Administration and Income Tax Administration, recognizing that

17 these offices serve common taxpayer clients with similar needs.

18	(2) Appropriation payable from:	FISCAL YEARS	
19		<u>2005-2006</u>	<u>2006-2007</u>
20	(A) Other Funds	\$ 714,846,752	\$ 714,577,863

21 (3) Performance Targets:

22	(A) Average number of days to		
23	process a refund-Excise Tax	110	105
24	(B) Average number of days to		
25	process a refund-Income Tax	23	23
26	(C) Overall accuracy rate for return		
27	processing-Excise Tax	96%	96%
28	(D) Overall accuracy rate for return		
29	processing: Corporate Income Tax	79%	79%
30	(E) Percentage of taxes collected		
31	voluntarily (percent of total		
32	revenues collected voluntarily or		
33	pursuant to enforcement or audit		
34	activities)-Excise Tax	98.40%	98.40%
35	(F) Percentage of taxes collected		
36	voluntarily (percent of total		

1	revenues collected voluntarily or		
2	pursuant to enforcement or audit		
3	activities)-Individual Income Tax	99.7%	99.7%
4	(G) Revenues collected through		
5	voluntary tax collections per		
6	dollar of tax administration		
7	activity -Income Tax	\$308.00	\$308.00
8	(H) Revenues collected through		
9	voluntary tax collections per		
10	dollar of tax administration		
11	activity-Excise Tax	\$500	\$520
12			

13 SECTION 5. APPROPRIATION - AUDIT AND COLLECTIONS. There is hereby  
 14 appropriated, to be payable from the funds and fund accounts as set out  
 15 herein, to the Department of Finance and Administration - Revenue Services  
 16 Division for the biennial period ending June 30, 2007, the following:

17 (a) For the Audit and Collections, the sum of \$13,580,439 for the 2005-2006  
 18 fiscal year and \$14,695,247 for the 2006-2007 fiscal year.

19 (1) Program Description. This program is the enforcement and collection  
 20 of taxes through audits.

21	(2) Appropriation payable from:	FISCAL YEARS	
22		<u>2005-2006</u>	<u>2006-2007</u>
23	(A) Other Funds	\$ 13,580,439	\$ 14,695,247

24	(3) Performance Targets:		
25	(A) Additional revenue collected		
26	through enforcement and audit		
27	activities as compared to the		
28	cost of audit and collection		
29	activities	\$3.85	\$3.97
30	(B) Percent of amounts assessed in		
31	an audit actually collected	66%	67%
32			

33 SECTION 6. APPROPRIATION - ADMINISTRATION AND SUPPORT SERVICES. There is  
 34 hereby appropriated, to be payable from the funds and fund accounts as set  
 35 out herein, to the Department of Finance and Administration - Revenue  
 36 Services Division for the biennial period ending June 30, 2007, the

1 following:

2 (a) For the Administration & Support Services, the sum of \$14,778,676 for  
 3 the 2005-2006 fiscal year and \$15,022,670 for the 2006-2007 fiscal year.

4 (1) Program Description. This program provides support for the other  
 5 programs in the Revenue Division. Included are the Assistant Commissioner's  
 6 offices and Revenue Legal Counsel.

7 (2) Appropriation payable from:

	FISCAL YEARS	
	<u>2005-2006</u>	<u>2006-2007</u>
8 (A) Special Revenue	\$ 1,333,783	\$ 1,323,999
9 (B) Other Funds	\$ 14,949,812	\$ 15,378,473

11 (3) Performance Targets:

12 (A) Number of prior year audit		
13 findings repeated in a subsequent		
14 audit	1	0
15 (B) Percentage of budget in the		
16 administration program compared		
17 to total agency budget (excluding		
18 refunds)	9%	9%
19 (C) Percentage of key performance		
20 measures of all agency programs		
21 for which targeted levels of		
22 performance were met or exceeded.	92%	94%

23  
 24 SECTION 7. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS  
 25 CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. REFUNDS.  
 26 The appropriation provided in this Act for the Tax Administration Program  
 27 includes an amount of \$698,500,000 for each year of the FY2005-07 biennium to  
 28 be used exclusively to make refunds of taxes, permits, and fees as provided  
 29 by law. The amount provided for refunds in the Tax Administration Program  
 30 for each year of the biennium shall be distributed as follows:

31 <u>Individual Income Tax Refunds</u>	<u>\$580,000,000</u>
32 <u>Corporate Income Tax Refunds</u>	<u>\$ 65,000,000</u>
33 <u>Gasoline Tax Refunds</u>	<u>\$ 1,500,000</u>
34 <u>Interstate Motor Fuel Refunds</u>	<u>\$ 12,000,000</u>
35 <u>Miscellaneous Refunds</u>	<u>\$ 40,000,000</u>

36 The Director of the Department of Finance and Administration is authorized to

1 transfer amounts between the line items of this distribution.  
 2 ~~APPROPRIATION TRANSFERS. The Director of the Department of Finance and~~  
 3 ~~Administration is authorized to transfer appropriation between refund line~~  
 4 ~~item appropriations in this Act.~~ The Director of the Department of Finance  
 5 and Administration shall immediately report any such transfers to the  
 6 Arkansas Legislative Council. Such report shall contain the amounts  
 7 transferred and the reasons for the same. The provisions of this section  
 8 shall be in effect only from July 1, ~~2003~~ 2005 through June 30, ~~2005~~ 2007.

9  
 10 SECTION 8. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS  
 11 CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. EXTRA  
 12 HELP EXEMPTION. Extra Help positions authorized herein are specifically  
 13 exempt from limitation of hours, either by act or regulation. Provided,  
 14 however, when a temporary or part-time employee is employed by the Department  
 15 of Finance and Administration - Revenue Services for a period of time  
 16 exceeding seven (7) months, a report of such shall be filed with the Arkansas  
 17 Legislative Council.

18 The provisions of this section shall be in effect only from July 1, ~~2003~~  
 19 2005 through June 30, ~~2005~~ 2007.

20  
 21 SECTION 9. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS  
 22 CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. SPECIAL  
 23 RATES OF PAY. Due to the highly competitive job market conditions for tax  
 24 professionals and the necessity of recruiting and retaining qualified  
 25 personnel, the Revenue Division is authorized special rates of pay for  
 26 current and new employees in the classification listed under subsection (a)  
 27 below.

28 (a) Special rates may be authorized up to the maximum authorized for the  
 29 grade assigned the classification of a position for the following specific  
 30 classifications only:

31 CLASS

32 CODE	TITLE	GRADE
33 A104	Tax Auditor Supervisor	21
34 A102	Tax Auditor II	20
35 A100	Tax Auditor I	18
36 A105	Tax Auditor Trainee	17



1 (b) A plan for providing special rates of pay indicated in subsection (a)  
2 shall be reviewed by and approved by the Office of Personnel Management and  
3 receive advice of the Legislative Council each year.

4 (c) This provision shall be in full force and effect for the biennium  
5 beginning July 1, ~~2003~~ 2005, and ending June 30, ~~2005~~ 2007.

6  
7 SECTION 10. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS  
8 CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. FUND  
9 BALANCES. COMMERCIAL DRIVER LICENSE FUND (A) For all appropriations as  
10 provided in this Act, the agency disbursing officer shall monitor the level  
11 of fund balances in relation to expenditures on a monthly basis. If any  
12 proposed expenditures would cause the Commercial Driver License Fund to  
13 decline below one million, one hundred twenty-nine thousand, six hundred  
14 dollars (\$1,129,600), the disbursing officer shall immediately notify the  
15 executive head of the agency. Prior to any obligations being made under  
16 these circumstances, the agency head shall file written documentation with  
17 the Chief Fiscal Officer of the State requesting approval of the  
18 expenditures. Such documentation shall provide sufficient financial data to  
19 justify the expenditures and shall include the following:

- 20 1) a plan that clearly indicates the specific fiscal impact of such  
21 expenditures on the fund balance.
- 22 2) information clearly indicating and explaining what programs would be cut  
23 or any other measures to be taken by the agency to restore the fund balance.
- 24 3) the extent to which any of the planned expenditures are for one-time costs  
25 or one-time purchase of capitalized items.
- 26 4) a statement certifying that the expenditure of fund balances will not  
27 jeopardize the financial health of the agency, nor result in a permanent  
28 depletion of the fund balance.

29 (B) The Chief Fiscal Officer of the State shall review the request and  
30 approve or disapprove all or any part of the request, after having sought  
31 prior review by the Legislative Council.

32  
33 SECTION 11. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS CODE  
34 NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. CONTINGENT  
35 POSITIONS - TAX ADMINISTRATION PROGRAM. There is hereby established for the  
36 Department of Finance and Administration - Revenue Division - Contingent

1 Positions for the ~~2003-2005~~ 2005-2007 biennium, the following maximum number of  
2 regular employees whose salaries shall be governed by the provisions of the  
3 Uniform Classification and Compensation Act (Arkansas Code 21-5-201 et seq.),  
4 or its successor, and all laws amendatory thereto. All persons occupying  
5 positions authorized herein are hereby governed by the provisions of the  
6 Regular Salaries Procedures and Restrictions Act (Arkansas Code 21-5-101), or  
7 its successor.

8 CONTINGENT POSITIONS – DATA ENTRY - TAX ADMINISTRATION PROGRAM

				MAXIMUM ANNUAL	
			MAXIMUM	SALARY RATE	
ITEM	CLASS		NO. OF	FISCAL YEARS	
NO.	CODE	TITLE	EMPLOYEES	<del>2003-04</del>	<del>2004-05</del>
				<u>2005-06</u>	<u>2006-07</u>
14	(1)	R156 REVENUE DEPT SUPERVISOR	2	GRADE 16	
15	(2)	K039 DOCUMENT EXAMINER II	8	GRADE 12	
16	(3)	K006 DATA ENTRY SPECIALIST	40	GRADE 10	
17		MAX CONTINGENT EMPLOYEES	50		

18 If it has been determined by the Director of the Department of Finance and  
19 Administration that the Department cannot continue a contract with a private  
20 provider and the Director deems it necessary to utilize Department staff to  
21 provide the required services, the Department is allowed, after seeking prior  
22 review by the Arkansas Legislative Council or Joint Budget Committee, to  
23 utilize the contingent positions for data entry contained in this Section and  
24 make the appropriate transfers from the various ~~Maintenance and Operations,~~  
25 ~~Professional Fees and Services or Data Processing line items contained in~~  
26 ~~Section 4~~ programs of this Act to the Tax Administration Program for Regular  
27 Salaries and Personal Services Matching.

28  
29 SECTION 12. COMPLIANCE WITH OTHER LAWS. Disbursement of funds authorized  
30 by this act shall be limited to the appropriation for such agency and funds  
31 made available by law for the support of such appropriations; and the  
32 restrictions of the State Procurement Law, the General Accounting and  
33 Budgetary Procedures Law, the Revenue Stabilization Law, the Regular Salary  
34 Procedures and Restrictions Act, or their successors, and other fiscal  
35 control laws of this State, where applicable, and regulations promulgated by  
36 the Department of Finance and Administration, as authorized by law, shall be

1 strictly complied with in disbursement of said funds.

2  
3 SECTION 13. LEGISLATIVE INTENT. It is the intent of the General Assembly  
4 that any funds disbursed under the authority of the appropriations contained  
5 in this act shall be in compliance with the stated reasons for which this act  
6 was adopted, as evidenced by the Agency Requests, Executive Recommendations  
7 and Legislative Recommendations contained in the budget manuals prepared by  
8 the Department of Finance and Administration, letters, or summarized oral  
9 testimony in the official minutes of the Arkansas Legislative Council or  
10 Joint Budget Committee which relate to its passage and adoption.

11  
12 SECTION 14. EMERGENCY CLAUSE. It is found and determined by the General  
13 Assembly, that the Constitution of the State of Arkansas prohibits the  
14 appropriation of funds for more than a two (2) year period; that the  
15 effectiveness of this Act on July 1, 2005 is essential to the operation of  
16 the agency for which the appropriations in this Act are provided, and that in  
17 the event of an extension of the Regular Session, the delay in the effective  
18 date of this Act beyond July 1, 2005 could work irreparable harm upon the  
19 proper administration and provision of essential governmental programs.  
20 Therefore, an emergency is hereby declared to exist and this Act being  
21 necessary for the immediate preservation of the public peace, health and  
22 safety shall be in full force and effect from and after July 1, 2005.