

SB 5535 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Department of Revenue

2017-19

PRELIMINARY

Budget Summary*

	2015-17 Legislatively Approved Budget ⁽¹⁾	2017-19 Current Service Level	2017-19 Committee Recommendation	Committee Change from 2015-17 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 180,674,524	\$ 187,589,529	\$ 179,690,188	\$ (984,336)	(0.5%)
General Fund Debt Service	\$ 12,709,466	\$ 22,481,445	\$ 21,296,288	\$ 8,586,822	67.6%
Other Funds Limited	\$ 135,288,951	\$ 115,770,126	\$ 112,041,543	\$ (23,247,408)	(17.2%)
Other Funds Debt Service	\$ -	\$ -	\$ 1,185,157	\$ 1,185,157	100.0%
Total	\$ 328,672,941	\$ 325,841,100	\$ 314,213,176	\$ (14,459,765)	(4.4%)

Position Summary

Authorized Positions	1,092	1,079	966	(126)
Full-time Equivalent (FTE) positions	1,025.49	1,020.37	920.60	(104.89)

⁽¹⁾ Includes adjustments through December 2016

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Department of Revenue (DOR) collects personal income taxes, corporate excise and income taxes and many taxes and fees on behalf of other state agencies. Total revenue collected by the department for the 2017-19 biennium, is projected at \$20.7 billion, of which 83.9 percent is from personal income taxes, 4.8 percent is from corporate excise and income taxes, 3.8 percent is from other employer and employee taxes, 1.9 percent is from cigarette taxes, and 5.7 percent is from a variety of other small sources such as inheritance taxes, General Fund appropriation, transfers from the Judicial Department and charges for services. The department's budget transfers 90.8 percent of this revenue to the General Fund, 4.0 percent to counties, and 3.5 percent to other state agencies. The remaining 1.7 percent of revenues, plus the department's beginning balance, provide for the department's operations and ending balance.

DOR receives Other Funds revenues from a variety of taxes to pay for the cost of administering those taxes, including: Cigarette Tax, Other Tobacco Products Tax, Other Employee-Employer Taxes, Marijuana Tax and a host of smaller taxes. These costs are subject to expenditure limitation. In addition to these tax revenues supporting administrative work, the Property Tax program receives fees for maintaining tax maps for counties, as well as document recording fees and a portion of the interest on delinquent properties.

Summary of General Government Subcommittee Action

DOR administers more than 30 tax programs, collecting more than 95 percent of the state's General Fund revenue. DOR oversees the county property tax function and collects and distributes taxes and fees for other state agencies and local governments. The department operates two tax

relief programs for the elderly and persons with disabilities: the Elderly Rental Assistance Program and the Senior Citizens' and Disabled Citizens' Property Tax Deferral Program. The Subcommittee approved a total funds budget of \$314,213,176 and 966 positions (920.60 FTE) for the 2017-19 biennium. The budget consists of a General Fund appropriation of \$200,986,476 and \$113,226,700 in Other Funds expenditure limitation. This represents a 4.4 percent decrease in total funds from the 2015-17 Legislatively Approved Budget.

Executive Division

The Executive Division staff provide overall leadership and direction for the agency's programs and divisions. They also coordinate the department's legislative, rule-making and internal auditor activities. The Communications unit provides the means for the agency to educate and communicate with taxpayers, stakeholders and external partners. This unit creates forms and publications, maintains the agency's Web site, and handles media contacts. The Human Resources Unit provides general oversight of the agency's relationship with its employees of more than 1,000. The Subcommittee recommended a budget of \$8,710,788 General Fund, \$1,131,254 Other Funds limitation, 39 positions and 38.20 FTE.

The Subcommittee recommended approval of Package 802, Marijuana Program Consolidation. The package reduces Other Funds limitation by \$12,306, in order to consolidate marijuana-related expenditures from across the agency into a single program.

The Subcommittee recommended approval of Package 804: Financial Management Resources. The package increases General Fund by \$138,000 and Other Fund limitation by \$12,000, on a one-time basis to contract for a comprehensive external audit of the agency. The audit and the agency's response should be submitted to the Joint Committee on Legislative Audits, by May 2018.

Budget Note

The Department of Revenue, under the guidance of the Secretary of State Audits Division, and based upon the direction of the Joint Committee on Legislative Audits, is directed to contract for a comprehensive external audit of the agency. The Department of Revenue is to submit the audit, and the agency's response, to the Joint Committee on Legislative Audits no later than May 2018.

The Subcommittee recommended approval of Package 805, Outcome-Based Management Assessment. This package increases General Fund by \$322,000 and Other Funds limitation by \$28,000, on a one-time basis, to fund a contract for an outcome based management assessment of the agency, by a private firm. The objective of this investment is to independently assess and validate the department's current key goals and objectives, core business processes and practices, and process measures and outcomes.

Budget Note

The Department of Revenue, under the direction of the Department of Administrative Services – Office of the Director, is directed to contract for an outcome based management assessment of the agency by a private firm. The Department of Revenue, and the director of the Department of Administrative, are to jointly report on the status of

the assessment to the Legislature in 2018 and the Emergency Board in May 2018. The assessment, upon completion, is to be submitted to either the Emergency Board during the interim or Interim Joint Committee on Ways and Means by no later the December of 2019.

Budget Note

The Department of Revenue, under the direction of the state’s Chief Human Resources Office (CHRO), is directed to undertake a comprehensive review of the Department of Revenue’s personnel practices and legislatively authorized positions. This review is meant to achieve alignment between legislatively authorized position authority and the agency’s use of positions. The Department of Revenue, is to undertake immediate steps to remedy any misalignment of positions identified by the review. The expectation is that this review will substantially reduce the number of vacant, double-filled, work-out-of-class, and “temporary work assignment” positions within the agency. The Department of Revenue and the Department of Administrative Service – Chief Human Resource Office are to jointly report their findings and actions to the Joint Committee on Ways and Means during the Legislative session in 2018.

Budget Note

The Department of Revenue is to submit a feasibility study related to the establishment of a combined collections division. The feasibility study is to be submitted to the Interim Joint Committee on Ways and Means during Legislative Days in November 2017.

Budget Note

The Department of Revenue is to report the agency’s readiness status for the tax processing season in 2018 to the Interim Joint Committee on Ways and Means in September of 2017.

General Services Division

This program unit accounts for certain agency-wide service expenditures and fees managed centrally, including postage, county property lien recording and release fees, private collection firm fees and merchant fees. It also contains the Program Management Office (PMO), which leads and facilitates the ongoing transformation of the department through the Core System Replacement project. The main PMO functions include project management, portfolio reporting, process improvement and metrics. The Subcommittee recommended a budget of \$6,560,096 General Fund, \$3,181,384 Other Funds limitation, 10 positions (10.00 FTE).

The Subcommittee recommended approval of Package 802, Marijuana Program Consolidation. The package reduces Other Funds limitation by \$38,832, one position (0.25 FTE), in order to consolidate marijuana-related expenditures from across the agency into a single program.

The Subcommittee recommended approval of Package 803, Attorney General Program Cost. This package reduces General Fund by \$5,592,314 and Other Funds limitation by \$619,888, in order to transfer the Attorney General line-item from the General Services program to the operating programs, which the budget is attributed in order to better reflect the actual budget and expenditures of each program.

The Subcommittee recommended approval of Package 812, Vacant Position Elimination. This package eliminates \$702,500 in General Fund, \$67,512 in Other Funds limitation and three positions (3.00 FTE) to eliminate vacant positions and associated Services and Supplies proposed for elimination as part of the agency's most recent reduction plan.

Administrative Services Division

The Administrative Services Division (ASD) supports the work of the rest of the department through its three sections: the Processing Center, Information Technology Services and Finance. The Processing Center processes all physical returns, correspondence, and payments sent to the department for all tax programs. Information Technology Services provides desktop support, systems support analysis, and production control. Finance provides accounting, budgeting, procurement and payroll services to the department. The Subcommittee recommended a budget of \$52,106,385 General Fund, \$8,747,270 Other Funds limitation, 213 positions (183.49 FTE).

The Subcommittee recommended approval of Package 102, Post CSR Implementation. The package increases General Fund by \$4,564,245 and Other Funds by \$869,380, to fund two critical investments for the Core Systems Replacement project: \$3.6 million, on a one-time basis, for post-implementation Gentax software maintenance, support and upgrades, as well as on-site contractor personnel. This funds the highest level of support offered by the vendor (Level #3) and \$1.8 million to pay for additional data center charges due to the system's need for additional server space at the State Data Center. The objective of this investment is to improve the revenue management and compliance of the department.

Budget Note

The Department of Revenue and the Department of Administrative Services – Office of the State Chief Information Officer, are to jointly report on the status of the Core Systems Replacement project, and any related Secretary of State audits, to both the Interim Joint Legislative Committee on Information Management and Technology and the Interim Joint Committee on Ways and Means during Legislative Days in September and November of 2017, and to the Joint Legislative Committee on Information Management and Technology and the Joint Committee on Ways and Means during the Legislative session in 2018.

The Subcommittee recommended approval of Package 112, Processing Center Lifecycle. The package increases General Fund by \$1,380,000 and Other Funds limitation by \$120,000, on a one-time basis, to purchase the software needed to integrate the department's document scanners with Gentax, the department's core system. This work was started in the 2015-17 biennium but was delayed due to vendor issues and the needs

of tax processing season. The success of this project is critical to the department's ability to process tax returns. The objective of this legislative investment is to improve the revenue management and compliance of the department.

Budget Note

The Department of Revenue, under the Direction of the Department of Administrative Services – Office of the State Chief Information Officer, is directed to re-initiate the Processing Center Modernization Project. The Department of Revenue and the Department of Administrative Services – Office of the State Chief Information Officer are to jointly report the status of the project to the Joint Legislative Committee on Information Management and Technology and the Joint Committee on Ways and Means during the Legislative Session in 2018.

The Subcommittee recommended approval of Package 801, LFO Analyst Adjustments. This package eliminates \$601,479 in General Fund, with \$250,000 coming from lower postage costs and \$177,160 from Information Services contracts. The package also reduces \$19,868 in associated Other Funds.

The Subcommittee recommended approval of Package 802, Marijuana Program Consolidation. The package reduces Other Funds limitation by \$979,619, five positions (5.00 FTE), in order to consolidate marijuana-related expenditures from across the agency into a single program.

The Subcommittee recommended approval of Package 804, Financial Management Resources. The package increases General Fund by \$430,429, Other Funds limitation by \$37,428 and two positions (2.00 FTE) for a permanent, full-time Accounting Manager and a permanent, full-time Fiscal Analyst 2 position to address ongoing financial management issues within the agency, including Secretary of State audits and budget issues. The object of this legislative investment is to improve the financial management of the department. The Subcommittee instructed the Department to report to the Interim Joint Committee on Ways and Means during Legislative Days in September of 2017 on the status of the recruitment and hiring of these positions.

Budget Note

The Department of Revenue, under the Direction of the Department of Administrative Services – Chief Financial Office, is directed to undertake a comprehensive review of the Department of Revenue's accounting practices and Statewide Financial Management Application structure and its alignment with the Oregon Budget Information Tracking System. This review is to include the Department of Revenue's cost allocation system. The Department of Revenue and the Department of Administrative Services – Chief Financial Office are to jointly report their findings to the Joint Committee on Ways and Means during the Legislative session in 2018.

The Subcommittee recommended approval of Package 812, Vacant Position Elimination. This package eliminates \$2,994,611 General Fund, \$255,499 Other Funds limitation and 28 positions (20.80 FTE) to eliminate vacant positions and the associated Services and Supplies proposed for elimination as part of the agency's most recent reduction plan.

The Subcommittee recommended approval of Package 814, IT Security Positions Consolidation. This package eliminates \$751,437 General Fund, \$105,335 Other Funds limitation and three positions (3.00 FTE) to account for the move of three information security positions to the Department of Administrative Services – Office of the Chief Information Officer, in accordance with Executive Order 16-13 and Senate Bill 90.

Property Tax Division

The Property Tax Division (PTD) oversees the property tax function of Oregon county government, which generates over \$5.0 billion a year to fund public schools, police and fire departments and other local government services. PTD's main functions include oversight of county property tax systems, the valuation of industrial and utility properties, the valuation of forestland and the collection of timber taxes and the maintenance of cadastral information systems. The Subcommittee recommends a budget of \$15,226,068 General Fund, \$42,989,093 Other Funds limitation and 81 positions (77.87 FTE).

The Subcommittee recommended approval of Package 801, LFO Analyst Adjustments. This package eliminates \$350,000 General Fund for Attorney General costs and increases Other Funds limitation by \$1,458,498, for the distribution of special payments to counties for County Assessment Function Funding Account (CAFFA) grants.

The Subcommittee recommended approval of Package 803, Attorney General Program Cost. This package increases General Fund by \$1,960,807 and Other Funds limitation by \$187,275, in order to transfer the Attorney General line-item from the General Services program to the operating programs, which the budget is attributed in order to better reflect the actual budget and expenditure of each program.

The Subcommittee recommended approval of Package 812, Vacant Position Elimination. This package eliminates \$978,415 General Fund, \$149,872 Other Funds limitation and seven positions (6.05 FTE) to eliminate vacant positions and the associated Services and Supplies proposed for elimination as part of the agency's most recent reduction plan.

Personal Tax and Compliance Division

The Personal Tax and Compliance Division (PTAC) is responsible for administering the Personal Income Tax. It also provides enforcement and collection services for the TriMet and Lane Transit District Self-Employment taxes. The Subcommittee recommends a budget of \$72,322,560 General Fund, \$1,649,689 Other Funds limitation and 399 positions (391.90 FTE).

The Subcommittee recommended approval of Package 801, LFO Analyst Adjustments. This package eliminates \$134,613 General Fund for the remodeling of the Portland Office building as part of the agency's most recent reduction plan.

The Subcommittee recommended approval of Package 803, Attorney General Program Cost. This package increases General Fund by \$2,179,638 and Other Funds limitation by \$3,748, in order to transfer the Attorney General line-item from the General Services program to the operating programs, which the budget is attributed in order to better reflect the actual budget and expenditure of each program.

The Subcommittee recommended approval of Package 806, Customer Service Resources. The package increases General Fund by \$149,190 General Fund and \$3,045 Other Funds limitation and establishes a new permanent, full-time Public Service Representative 4 position to improve customer service for tax practitioners. The objective of this legislative investment is to improve the customer service of the department.

Budget Note

The Department of Revenue is to identify deficiencies in the current delivery of effective taxpayer assistance and develop a plan for addressing deficiencies and increasing agency performance under Key Performance Measure #5 – Effective Taxpayer Assistance. The Department of Revenue is to report its findings to the Joint Committee on Ways and Means during the Legislative session in 2018.

The Subcommittee recommended approval of Package 812, Vacant Position Elimination. This package eliminates \$4,899,554 General Fund, \$99,987 Other Funds limitation and 30 positions (30.00 FTE) to eliminate vacant positions and the associated Services and Supplies proposed for elimination as part of the agency’s most recent reduction plan.

Business Division

The Business Division administers the Corporation Income and Excise Taxes, Employer Income Tax Withholdings, Transit Payroll Taxes, Fiduciary, Inheritance, Other Agency Accounts, Cigarette Tax, Tobacco Tax, Marijuana Tax, other Special Program, and other taxes. The Business Division also collects debts owed to other state agencies through the Other Agency Accounts (OAA) section. The Subcommittee recommended a budget of \$21,537,927 General Fund, \$17,138,195 Other Funds limitation and 200 positions (196.39 FTE).

The Subcommittee recommended approval of Package 801, LFO Analyst Adjustments. This package reduces other revenues by \$134,245 as a technical adjustment to remove a revenue source no longer received by the program. There is no expenditure impact.

The Subcommittee recommended approval of Package 802, Marijuana Program Consolidation. The package reduces Other Funds limitation by \$1,358,822 and three positions (3.00 FTE), in order to consolidate marijuana-related expenditures from across the agency into a single program.

The Subcommittee recommended approval of Package 803, Attorney General Program Cost. This package increases General Fund by \$1,451,869 and Other Funds limitation by \$428,865, in order to transfer the Attorney General line-item from the General Services program to the operating programs, which the budget is attributed in order to better reflect the actual budget and expenditures of each program.

The Subcommittee recommended approval of Package 812, Vacant Position Elimination. This package eliminates \$2,370,596 in General Fund, \$106,431 Other Funds limitation and 14 positions (13.02 FTE) to eliminate vacant positions and the associated Services and Supplies proposed for elimination as part of the agency's most recent reduction plan.

Marijuana Program

The Marijuana Program is a new program in the department's budget to account for the costs of administering the Marijuana Tax, including administration, accounting staff, processing staff and contracts for services. The Subcommittee recommends a budget of \$4,306,884 Other Funds limitation and 15 positions (14.25 FTE).

The Subcommittee recommended approval of Package 080, May 2016 Emergency Board. The package includes \$873,305 Other Funds limitation, five permanent full-time Accounting Tech 2 positions (5.00 FTE) and one permanent, full-time Safety Specialist position (1.00 FTE) to provide for the needs of the department related to the Marijuana Tax. Revenue for these positions comes from the Marijuana Tax.

The Subcommittee recommended approval of Package 110, CTU Construction. This package provides one-time funding to continue the construction of space on the first floor of DOR's Salem headquarters for the processing of cash receipts, many of which come from the Marijuana Tax. Total construction costs will be \$1.33 million, of which \$1 million will be expended during the 2017-19 biennium. The work will be funded with Marijuana Tax receipts.

The Subcommittee recommended approval of Package 111, OSP Security Contract. This package provides \$164,000 Other Funds limitation for the agency to increase the security of the cash handling facility. The funds will be used to hire additional retirees from the Oregon State Police to provide physical security in DOR's Salem facility due to expanded hours and higher than anticipated costs for the existing services in the 2015-17 biennium. The contract will be funded with Marijuana Tax receipts.

The Subcommittee recommended approval of Package 802, Marijuana Program Consolidation. The package increases Other Funds limitation by \$2,389,579 and nine positions (8.25 FTE) in order to consolidate marijuana-related expenditures from across the agency into a single program.

Multistate Tax Commission

The Multistate Tax Commission (MTC) is an organization composed of 17 states joined in an effort to promote uniformity in state taxation of corporate income. By adopting MTC, the member states attempt to eliminate double taxation, bring about full accountability and reduce the risk of federal legislation restricting state taxation. The Subcommittee recommended a budget of \$295,488 Other Funds limitation for the program.

Elderly Rental Assistance

The Nonprofit Homes for the Elderly Program within the Elderly Rental Assistance program reimburses counties for the costs of a property tax exemption for certain nonprofit homes for the elderly. The Subcommittee recommends a budget of \$3,226,364 General Fund for this program.

The Subcommittee recommends approval of Package 090, Analyst Adjustments. The package reduces the Nonprofit Housing Program on a one-time basis by \$1.1 million General Fund, leaving \$3.2 million General Fund available for distribution. This reduction aligns the program budget with forecasted expenditures. A similar reduction was taken in the Governor's Budget. The Department is instructed to return to a meeting of the Emergency Board, if the Nonprofit Housing program appropriation is insufficient to adequately fund the second tax year's reimbursement of the 2017-19 biennium.

The Subcommittee recommended approval of Package 801, LFO Analyst Adjustments. This package reduces revenues by \$3,350,409 as a technical adjustment to remove a transfer from the General Fund no longer received by the program. There is no expenditure impact.

Senior Citizens Property Tax Deferral

The department administers the Senior Citizens' Property Tax Deferral program, the Senior Citizens' Special Assessment Deferral Program, and the Disabled Citizens' Property Tax Deferral Program. These programs pay the property taxes and special property assessments for qualified senior and disabled citizens, in exchange for a lien against the property in the amount of the deferred taxes. The deferred taxes are repaid when either the participant no longer lives in their home, sells the home or the participant dies. The Subcommittee recommended a budget of \$32,602,286 Other Funds limitation and nine positions (8.50 FTE).

The Subcommittee recommended approval of Package 081, September 2016 Emergency Board. This package includes \$368,735 Other Funds limitation and 2.10 FTE, to fund the Senior and Disabled Property Tax Deferral work undertaken by the department.

The Subcommittee recommended approval of Package 801, LFO Analyst Adjustments. This package reduces beginning balances by \$27.1 million as a technical adjustment to eliminate a Nonlimited Other Funds beginning balance no longer received by the program. The program is budgeted is Other Funds limited. There is no expenditure impact.

The Subcommittee recommended approval of Package 812, Vacant Position Elimination. This package eliminates \$322,274 Other Funds limitation and four positions (2.00 FTE) to eliminate vacant positions and the associated services and supplies proposed for elimination as part of the agency's most recent reduction plan.

Core System Replacement

The department is in the final biennium of a multi-biennia effort to replace their legacy tax processing system with a new, integrated system called GenTax. The new core tax system is to improve efficiency, reduce the risk of system failure and enhance the ability to improve performance and

generate revenue. Three successful rollouts have been completed to date. In keeping with the practice of past biennia, the project has been phased out pending final legislative decisions on bond funding.

The Subcommittee recommended approval of Package 070, Revenue Shortfalls. This package reduces Other Funds limitation by \$6,944,840 and eliminates 33 positions (33.00 FTE) related to one-time funding of the Core Systems Replacement project. Funding for the 2017-19 biennium may be considered as part of Senate Bill 5505 (2017) – Bonding and House Bill 5006 (2017) the end-of-session omnibus budget measure.

The Subcommittee recommended approval of Package 801, LFO Analyst Adjustments. This package adjusts the beginning balance of the Core Systems Replacement project to reflect the program's actual 2017-19 beginning balance of \$3.0 million. There is no expenditure impact.

Capital Debt Service and Related Costs

The Capital Debt Service and Related Costs accounts for the department's debt service, Treasury costs and cost of issuance for bonds. The Subcommittee recommended a budget of \$21,296,288 General Fund and \$1,185,157 Other Funds limitation.

The Subcommittee recommended approval of Package 801, LFO Analyst Adjustments. This package fund shifts debt service costs, decreasing General Fund debt service by \$1,185,157 and increasing Other Funds debt service limitation by \$1,185,157, to reflect debt service costs now being allocated via the department's cost allocation model. The package also eliminates \$471,835 Other Funds limitation related to the cost of issuance of previously issued bonds.

Summary of Performance Measure Action

See attached Legislatively Adopted 2017-19 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Department of Revenue
Patrick Heath 503-378-3742

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2015-17 Legislatively Approved Budget at Dec 2016 *	\$ 193,383,990	\$ -	\$ 135,288,951	\$ -	\$ -	\$ -	328,672,941	1,092	1,025.49
2017-19 Current Service Level (CSL)*	\$ 210,070,974	\$ -	\$ 115,770,126	\$ -	\$ -	\$ -	325,841,100	1,079	1,020.37
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 001 - Executive Division									
Package 802: Marijuana Program Consolidation									
Personal Services	\$ -	\$ -	\$ (12,306)	\$ -	\$ -	\$ -	(12,306)	0	0.00
Package 804: Financial Management Resources									
Services and Supplies	\$ 138,000	\$ -	\$ 12,000	\$ -	\$ -	\$ -	150,000		
Package 805: Outcome-Based Management Assessment									
Services and Supplies	\$ 322,000	\$ -	\$ 28,000	\$ -	\$ -	\$ -	350,000		
SCR 002 - General Services Division									
Package 802: Marijuana Program Consolidation									
Personal Services	\$ -	\$ -	\$ (38,832)	\$ -	\$ -	\$ -	(38,832)	(1)	(0.25)
Package 803: Attorney General Program Cost									
Services and Supplies	\$ (5,592,314)	\$ -	\$ (619,888)	\$ -	\$ -	\$ -	(6,212,202)		
Package 812: Vacant Position Elimination									
Personal Services	\$ (669,458)	\$ -	\$ (64,051)	\$ -	\$ -	\$ -	(733,509)	(3)	(3.00)
Services and Supplies	\$ (33,042)	\$ -	\$ (3,461)	\$ -	\$ -	\$ -	(36,503)		
SCR 003 - Administrative Services Division									
Package 102: Post CSR Implementation									
Services and Supplies	\$ 4,564,245	\$ -	\$ 869,380	\$ -	\$ -	\$ -	5,433,625		
Package 112: Processing Center Lifecycle									
Services and Supplies	\$ 1,380,000	\$ -	\$ 120,000	\$ -	\$ -	\$ -	1,500,000		
Package 801: LFO Analyst Adjustment									
Services and Supplies	\$ (601,479)	\$ -	\$ (19,389)	\$ -	\$ -	\$ -	(620,868)		
Package 802: Marijuana Program Consolidation									
Personal Services	\$ -	\$ -	\$ (686,118)	\$ -	\$ -	\$ -	(686,118)	(5)	(5.00)
Services and Supplies	\$ -	\$ -	\$ (293,501)	\$ -	\$ -	\$ -	(293,501)		
Package 804: Financial Management Resources									
Personal Services	\$ 412,243	\$ -	\$ 35,848	\$ -	\$ -	\$ -	448,091	2	2.00
Services and Supplies	\$ 18,186	\$ -	\$ 1,580	\$ -	\$ -	\$ -	19,766		
Package 812: Vacant Position Elimination									
Personal Services	\$ (2,897,345)	\$ -	\$ (247,361)	\$ -	\$ -	\$ -	(3,144,706)	(28)	(20.80)
Services and Supplies	\$ (97,266)	\$ -	\$ (8,138)	\$ -	\$ -	\$ -	(105,404)		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 814: IT Security Positions Consolidation									
Personal Services	\$ (719,866)	\$ -	\$ (100,811)	\$ -	\$ -	\$ -	\$ (820,677)	(3)	(3.00)
Services and Supplies	\$ (31,571)	\$ -	\$ (4,524)	\$ -	\$ -	\$ -	\$ (36,095)		
SCR 004 - Property Tax Division									
Package 801: LFO Analyst Adjustment									
Services and Supplies	\$ (350,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (350,000)		
Special Payments (Dist. to Counties)	\$ -	\$ -	\$ 1,458,498	\$ -	\$ -	\$ -	\$ 1,458,498		
Package 803: Attorney General Program Cost									
Services and Supplies	\$ 1,960,807	\$ -	\$ 187,275	\$ -	\$ -	\$ -	\$ 2,148,082		
Package 812: Vacant Position Elimination									
Personal Services	\$ (949,059)	\$ -	\$ (145,171)	\$ -	\$ -	\$ -	\$ (1,094,230)	(7)	(6.05)
Services and Supplies	\$ (29,356)	\$ -	\$ (4,701)	\$ -	\$ -	\$ -	\$ (34,057)		
SCR 005 - Personal Tax and Compliance Division									
Package 801: LFO Analyst Adjustment									
Services and Supplies	\$ (134,613)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (134,613)		
Package 803: Attorney General Program Cost									
Services and Supplies	\$ 2,179,638	\$ -	\$ 3,748	\$ -	\$ -	\$ -	\$ 2,183,386		
Package 806: Customer Service Resources									
Personal Services	\$ 143,285	\$ -	\$ 2,924	\$ -	\$ -	\$ -	\$ 146,209	1	1.00
Services and Supplies	\$ 5,905	\$ -	\$ 121	\$ -	\$ -	\$ -	\$ 6,026		
Package 812: Vacant Position Elimination									
Personal Services	\$ (4,711,353)	\$ -	\$ (96,150)	\$ -	\$ -	\$ -	\$ (4,807,503)	(30)	(30.00)
Services and Supplies	\$ (188,201)	\$ -	\$ (3,837)	\$ -	\$ -	\$ -	\$ (192,038)		
SCR 006 - Business Division									
Package 802: Marijuana Program Consolidation									
Personal Services	\$ -	\$ -	\$ (483,053)	\$ -	\$ -	\$ -	\$ (483,053)	(3)	(3.00)
Services and Supplies	\$ -	\$ -	\$ (530,029)	\$ -	\$ -	\$ -	\$ (530,029)		
Capital Outlay	\$ -	\$ -	\$ (345,740)	\$ -	\$ -	\$ -	\$ (345,740)		
Package 803: Attorney General Program Cost									
Services and Supplies	\$ 1,451,869	\$ -	\$ 428,865	\$ -	\$ -	\$ -	\$ 1,880,734		
Package 812: Vacant Position Elimination									
Personal Services	\$ (2,207,930)	\$ -	\$ (100,133)	\$ -	\$ -	\$ -	\$ (2,308,063)	(14)	(13.02)
Services and Supplies	\$ (162,666)	\$ -	\$ (6,298)	\$ -	\$ -	\$ -	\$ (168,964)		
SCR 014 - Marijuana Program									
Package 110: CTU Construction									
Capital Outlay	\$ -	\$ -	\$ 880,000	\$ -	\$ -	\$ -	\$ 880,000		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 111: OSP Security Contract Services and Supplies	\$ -	\$ -	\$ 164,000	\$ -	\$ -	\$ -	164,000		
Package 080: May 2016 E-Board Personal Services	\$ -	\$ -	\$ 873,305	\$ -	\$ -	\$ -	873,305	6	6.00
Package 802: Marijuana Program Consolidation Personal Services	\$ -	\$ -	\$ 1,220,310	\$ -	\$ -	\$ -	1,220,310	9	8.25
Services and Supplies	\$ -	\$ -	\$ 823,529	\$ -	\$ -	\$ -	823,529		
Capital Outlay	\$ -	\$ -	\$ 345,740	\$ -	\$ -	\$ -	345,740		
SCR 019 - Elderly Rental Assistance									
Package 090: Analyst Adjustments Special Payments (Intra-Agency Gen Fund Transfer)	\$ (1,100,000)	\$ -	\$ -	\$ -	\$ -	\$ -	(1,100,000)		
SCR 025 - Senior Citizens Property Tax Deferral									
Package 081: September 2016 Emergency Board Personal Services	\$ -	\$ -	\$ 368,735	\$ -	\$ -	\$ -	368,735	0	2.10
Package 812: Vacant Position Elimination Personal Services	\$ -	\$ -	\$ (314,540)	\$ -	\$ -	\$ -	(314,540)	(4)	(2.00)
Services and Supplies	\$ -	\$ -	\$ (7,734)	\$ -	\$ -	\$ -	(7,734)		
SCR 030 - Core System Replacement									
Package 070: Revenue Shortfalls Personal Services	\$ -	\$ -	\$ (6,944,840)	\$ -	\$ -	\$ -	(6,944,840)	(33)	(33.00)
SCR 087 - Capital Debt Service and Related Costs									
Package 801: LFO Analyst Adjustments Services and Supplies	\$ -	\$ -	\$ (471,835)	\$ -	\$ -	\$ -	(471,835)		
Debt Service	\$ (1,185,157)	\$ -	\$ 1,185,157	\$ -	\$ -	\$ -	-		
TOTAL ADJUSTMENTS	\$ (9,084,498)	\$ -	\$ (2,543,426)	\$ -	\$ -	\$ -	(11,627,924)	(113)	(99.77)
SUBCOMMITTEE RECOMMENDATION *	\$ 200,986,476	\$ -	\$ 113,226,700	\$ -	\$ -	\$ -	314,213,176	966	920.60
% Change from 2015-17 Leg Approved Budget	3.9%	0.0%	(16.3%)	0.0%	0.0%	0.0%	(4.4%)	(11.5%)	(10.2%)
% Change from 2017-19 Current Service Level	(4.3%)	0.0%	(2.2%)	0.0%	0.0%	0.0%	(3.6%)	(10.5%)	(9.8%)

*Excludes Capital Construction Expenditures

Legislatively Approved 2017 - 2019 Key Performance Measures

Published: 6/29/2017 2:20:08 PM

Agency: Revenue, Department of

Mission Statement:

We make tax systems work to fund the public services that preserve and enhance the quality of life for all citizens.

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
1. Average Days to Process Personal Income Tax Refund.		Approved	16	8	8
2. Percent of Personal Income Tax Returns Filed Electronically		Approved	85.90%	88%	90%
3. Employee Training Per Year (percent receiving 20 hours per year).		Approved	74%	80%	85%
4. Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good"; or "excellent" based on overall experience, timeliness, accuracy, helpfulness, expertise, and availability of information.	Overall	Approved	13%	98%	98%
	Availability of Information		20%	97%	97%
	Helpfulness		18%	98%	98%
	Timeliness		15%	97%	97%
	Accuracy		24%	97%	97%
	Expertise		19%	97%	97%
5. Effective Taxpayer Assistance - Provide effective taxpayer assistance through a combination of direct assistance and electronic self-help services.		Approved	60.70	80	90
6. Appraisal Program Equity and Uniformity - We will measure the degree to which county appraisal program equity and uniformity is achieved by determining the percentage of study areas statewide with real market values that are within accepted appraisal standards.		Approved	95%	98%	98%
7. Appraisal Value Uniformity - We will demonstrate our ability to deliver high quality business results by measuring appraisal equity and uniformity for DOR industrial accounts.		Approved	28.75%	30%	32%
8. Direct Enforcement Dollars Cost of Funds - We will demonstrate our efficiency and effectiveness at funding services that preserve and enhance the quality of life for all citizens by measuring the cost of funds (COF) for every direct enforcement dollar received by our agency.		Approved	\$0.28	\$0.25	\$0.20
9. Collection Dollars Cost of Funds - We will demonstrate our efficiency and effectiveness at funding services that preserve and enhance the quality of life for all citizens by measuring the cost of funds (COF) for every dollar collected by our agency.		Approved	\$0.12	\$0.10	\$0.10
10. Cost of Assessments - We will demonstrate our efficiency and effectiveness of our suspense, audit and filing enforcement functions by measuring the cost of every audit and filing enforcement dollar assessed.		Approved	0.21%	0.20%	0.18%
11. Employee Engagement - Index of employees considered actively engaged by a standardized survey.		Approved	59	80	85

LFO Recommendation:

The Legislative Fiscal Office recommends approval of the proposed Key Performance Measures and targets with direction that the agency will work with the Department of Administrative Services - Chief Financial Office to conduct a comprehensive review of existing Key Performance Measures, data, and targets and report back to the Legislature in 2019.

SubCommittee Action:

The Subcommittee adopted the Legislative Fiscal Office recommendation.