

**Legislative  
Fiscal Office**

Oregon State Capitol  
900 Court Street NE, H-178  
Salem, OR 97301  
503-986-1828



**Joint Committee on  
Ways and Means**

Sen. Betsy Johnson, Senate Co-Chair  
Sen. Elizabeth Steiner Hayward, Senate Co-Chair  
Rep. Dan Rayfield, House Co-Chair

Sen. Jackie Winters, Senate Co-Vice Chair  
Rep. David Gomberg, House Co-Vice Chair  
Rep. Greg Smith, House Co-Vice Chair

Ken Rocco, Legislative Fiscal Officer  
Paul Siebert, Deputy Legislative Fiscal Officer

**To:** General Government Subcommittee  
**From:** John Borden, Legislative Fiscal Office  
**Date:** June 5th, 2019  
**Subject:** HB 5033 – Department of Revenue  
Work Session Recommendations

**Department of Revenue – Agency Totals**

	<b>2015-17 Actual</b>	<b>2017-19 Legislatively Approved</b>	<b>2019-21 Current Service Level</b>	<b>2019-21 LFO Recommended</b>
General Fund	185,042,400	194,469,572	204,875,450	211,187,534
Other Funds	125,282,327	129,934,422	123,681,615	126,056,771
<b>Total Funds</b>	<b>310,324,727</b>	<b>324,403,994</b>	<b>328,557,065</b>	<b>337,244,305</b>
Positions	1,083	1,079	1,024	1,018
FTE	1,023.35	961.67	969.22	973.35

Attached are the recommendations from the Legislative Fiscal Office for the Department of Revenue. The budget totals \$337.2 million total funds, including: \$211.2 million General Fund and \$126.1 million Other Funds. The total funds budget is a 4.0% increase from the 2017-19 legislatively approved budget and a 2.6% increase from the 2019-21 current service level budget. The budget includes 1,018 positions and 973.35 FTE.

**Maximum Supervisory Ratio**

The Department reported a maximum supervisory ratio of 1:11 for the 2019-21 biennium.

**Adjustments to Current Service Level**

See attached "Work Session Presentation Report."

Note: Statewide adjustments and six-year capital construction expenditures are not included in these recommendations. Any needed adjustments will be made in end of session bills.

**Accept** LFO Recommendation:

**MOTION:** I move the LFO recommendation to HB 5033. (VOTE)

**OR**

**Change** LFO Recommendation:

**MOTION:** I move the LFO recommendation to HB 5033, with modifications. (VOTE)

### **Performance Measures**

See attached “Legislatively Proposed 2019-21 Key Performance Measures.”

**Accept** LFO Recommendation:

**MOTION:** I move the LFO recommendation on Key Performance Measures. (VOTE)

**OR**

**Change** LFO Recommendation:

**MOTION:** I move the LFO recommendation on Key Performance Measures, with modifications. (VOTE)

### **Budget Notes**

There are no recommended budget notes.

### **Recommended Changes**

LFO recommends a budget of \$211,187,534 General Fund and \$126,056,771 Other Funds and 1,018 positions (973.35 FTE), which is reflected in the -1 amendment.

**MOTION:** I move adoption of the -1 amendment to HB 5033. (VOTE)

### **Final Subcommittee Action**

LFO recommends that HB 5033, as amended by the -1 amendment, to be moved to the Ways and Means Full Committee.

**MOTION:** I move HB 5033, as amended, to the Full Committee with a do pass recommendation. (VOTE)

**Carriers**

Full Committee: \_\_\_\_\_

House Floor: \_\_\_\_\_

Senate Floor: \_\_\_\_\_

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2017-19 Agy. Leg. Adopted</b>	<b>188,533,904</b>	-	<b>124,776,501</b>	-	-	-	<b>313,310,405</b>	<b>1,007</b>	<b>933.85</b>
2017-19 Ebds, SS & Admin Act	5,935,668	-	5,157,921	-	-	-	11,093,589	95	29.83
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2017-19 Leg Approved Budget</b>	<b>194,469,572</b>	-	<b>129,934,422</b>	-	-	-	<b>324,403,994</b>	<b>1,102</b>	<b>963.68</b>
<b>2017-19 Leg Approved Budget (Base)</b>	<b>194,469,572</b>	-	<b>129,820,700</b>	-	-	-	<b>324,290,272</b>	<b>1,101</b>	<b>963.28</b>
Summary of Base Adjustments	7,507,877	-	1,451,473	-	-	-	8,959,350	(77)	5.94
<b>2019-21 Base Budget</b>	<b>201,977,449</b>	-	<b>131,272,173</b>	-	-	-	<b>333,249,622</b>	<b>1,024</b>	<b>969.22</b>
010: Non-PICS Pers Svc/Vacancy Factor	3,312,924	-	1,119,185	-	-	-	4,432,109	-	-
020: Phase In / Out Pgm & One-time Cost	(5,373,501)	-	(11,991,359)	-	-	-	(17,364,860)	-	-
030: Inflation & Price List Adjustments	4,958,578	-	3,281,616	-	-	-	8,240,194	-	-
<b>2019-21 Current Service Level</b>	<b>204,875,450</b>	-	<b>123,681,615</b>	-	-	-	<b>328,557,065</b>	<b>1,024</b>	<b>969.22</b>
<b>Adjusted 2019-21 Current Service Level</b>	<b>204,875,450</b>	-	<b>123,681,615</b>	-	-	-	<b>328,557,065</b>	<b>1,024</b>	<b>969.22</b>
<b>Total LFO Recommended Packages</b>	<b>6,312,084</b>	-	<b>2,375,156</b>	-	-	-	<b>8,687,240</b>	<b>(6)</b>	<b>4.13</b>
<b>2019-21 Legislative Actions</b>	<b>211,187,534</b>	-	<b>126,056,771</b>	-	-	-	<b>337,244,305</b>	<b>1,018</b>	<b>973.35</b>
Net change from 2017-19 Leg Approved Budget	16,717,962	-	(3,877,651)	-	-	-	12,840,311	(84)	9.67
Percent change from 2017-19 Leg Approved Budget	8.6%	0.0%	(3.0%)	0.0%	0.0%	0.0%	4.0%	(7.6%)	1.0%
Net change from 2019-21 Adj Current Service Level	6,312,084	-	2,375,156	-	-	-	8,687,240	(6)	4.13
Percent change from 2019-21 Adj Current Service Level	3.1%	0.0%	1.9%	0.0%	0.0%	0.0%	2.6%	(0.6%)	0.4%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2017-19 Agy. Leg. Adopted</b>	8,527,039	-	1,101,893	-	-	-	9,628,932	39	38.20
2017-19 Ebds, SS & Admin Act	476,699	-	55,400	-	-	-	532,099	1	0.22
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2017-19 Leg Approved Budget</b>	<b>9,003,738</b>	-	<b>1,157,293</b>	-	-	-	<b>10,161,031</b>	<b>40</b>	<b>38.42</b>
<b>2017-19 Leg Approved Budget (Base)</b>	-	-	-	-	-	-	-	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
<b>2019-21 Base Budget</b>	-	-	-	-	-	-	-	-	-
<b>2019-21 Current Service Level</b>	-	-	-	-	-	-	-	-	-
<b>Adjusted 2019-21 Current Service Level</b>	-	-	-	-	-	-	-	-	-
<b>2019-21 Legislative Actions</b>	-	-	-	-	-	-	-	-	-
Net change from 2017-19 Leg Approved Budget	(9,003,738)	-	(1,157,293)	-	-	-	(10,161,031)	(40)	(38.42)
Percent change from 2017-19 Leg Approved Budget	(100.0%)	0.0%	(100.0%)	0.0%	0.0%	0.0%	(100.0%)	(100.0%)	(100.0%)
Net change from 2019-21 Adj Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2017-19 Agy. Leg. Adopted</b>	<b>6,323,079</b>	-	<b>3,169,012</b>	-	-	-	<b>9,492,091</b>	<b>10</b>	<b>10.00</b>
2017-19 Ebds, SS & Admin Act	1,358,131	-	177,654	-	-	-	1,535,785	8	7.08
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2017-19 Leg Approved Budget</b>	<b>7,681,210</b>	-	<b>3,346,666</b>	-	-	-	<b>11,027,876</b>	<b>18</b>	<b>17.08</b>
<b>2017-19 Leg Approved Budget (Base)</b>	-	-	-	-	-	-	-	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
<b>2019-21 Base Budget</b>	-	-	-	-	-	-	-	-	-
<b>2019-21 Current Service Level</b>	-	-	-	-	-	-	-	-	-
<b>Adjusted 2019-21 Current Service Level</b>	-	-	-	-	-	-	-	-	-
<b>2019-21 Legislative Actions</b>	-	-	-	-	-	-	-	-	-
Net change from 2017-19 Leg Approved Budget	(7,681,210)	-	(3,346,666)	-	-	-	(11,027,876)	(18)	(17.08)
Percent change from 2017-19 Leg Approved Budget	(100.0%)	0.0%	(100.0%)	0.0%	0.0%	0.0%	(100.0%)	(100.0%)	(100.0%)
Net change from 2019-21 Adj Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2017-19 Agy. Leg. Adopted</b>	<b>49,164,869</b>	-	<b>9,144,962</b>	-	-	-	<b>58,309,831</b>	<b>217</b>	<b>186.32</b>
2017-19 Ebds, SS & Admin Act	748,591	-	1,753,748	-	-	-	2,502,339	62	13.17
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2017-19 Leg Approved Budget</b>	<b>49,913,460</b>	-	<b>10,898,710</b>	-	-	-	<b>60,812,170</b>	<b>279</b>	<b>199.49</b>
<b>2017-19 Leg Approved Budget (Base)</b>	<b>24,331,873</b>	-	<b>7,528,338</b>	-	-	-	<b>31,860,211</b>	<b>67</b>	<b>62.37</b>
Summary of Base Adjustments	1,698,833	-	(55,766)	-	-	-	1,643,067	5	9.63
<b>2019-21 Base Budget</b>	<b>26,030,706</b>	-	<b>7,472,572</b>	-	-	-	<b>33,503,278</b>	<b>72</b>	<b>72.00</b>
010: Non-PICS Pers Svc/Vacancy Factor	951,961	-	119,040	-	-	-	1,071,001	-	-
020: Phase In / Out Pgm & One-time Cost	(449,675)	-	(40,202)	-	-	-	(489,877)	-	-
030: Inflation & Price List Adjustments	3,303,097	-	314,966	-	-	-	3,618,063	-	-
060: Technical Adjustments	66,723	-	198,013	-	-	-	264,736	-	-
<b>2019-21 Current Service Level</b>	<b>29,902,812</b>	-	<b>8,064,389</b>	-	-	-	<b>37,967,201</b>	<b>72</b>	<b>72.00</b>
<b>Adjusted 2019-21 Current Service Level</b>	<b>29,902,812</b>	-	<b>8,064,389</b>	-	-	-	<b>37,967,201</b>	<b>72</b>	<b>72.00</b>
<b>Total LFO Recommended Packages</b>	<b>(219,918)</b>	-	<b>(19,124)</b>	-	-	-	<b>(239,042)</b>	<b>(1)</b>	<b>(1.00)</b>
<b>2019-21 Legislative Actions</b>	<b>29,682,894</b>	-	<b>8,045,265</b>	-	-	-	<b>37,728,159</b>	<b>71</b>	<b>71.00</b>
Net change from 2017-19 Leg Approved Budget	(20,230,566)	-	(2,853,445)	-	-	-	(23,084,011)	(208)	(128.49)
Percent change from 2017-19 Leg Approved Budget	(40.5%)	0.0%	(26.2%)	0.0%	0.0%	0.0%	(38.0%)	(74.6%)	(64.4%)
Net change from 2019-21 Adj Current Service Level	(219,918)	-	(19,124)	-	-	-	(239,042)	(1)	(1.00)
Percent change from 2019-21 Adj Current Service Level	(0.7%)	0.0%	(0.2%)	0.0%	0.0%	0.0%	(0.6%)	(1.4%)	(1.4%)

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 803 Revenue Reconciliation**

Package Description Revenue only technical adjustment: Reconciles budgeted Other Funds revenue line-items with anticipated revenues.

LFO Recommendation Approve the package.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended



	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 812 Vacant Position Elimination**

Package Description Reduce General Fund by \$219,918 and Other Funds expenditure limitation by \$19,124 and abolish one permanent full-time position (1.00 FTE).

Position number: 3604000

LFO Recommendation Approve the package.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended	(219,918)	-	(19,124)	-	-	-	(239,042)	(1)	(1.00)
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2017-19 Agy. Leg. Adopted</b>	<b>14,539,908</b>	-	<b>42,780,662</b>	-	-	-	<b>57,320,570</b>	<b>81</b>	<b>77.87</b>
2017-19 Ebds, SS & Admin Act	1,004,460	-	4,500	-	-	-	1,008,960	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2017-19 Leg Approved Budget</b>	<b>15,544,368</b>	-	<b>42,785,162</b>	-	-	-	<b>58,329,530</b>	<b>81</b>	<b>77.87</b>
<b>2017-19 Leg Approved Budget (Base)</b>	<b>14,856,849</b>	-	<b>42,780,662</b>	-	-	-	<b>57,637,511</b>	<b>81</b>	<b>77.87</b>
Summary of Base Adjustments	717,603	-	295,336	-	-	-	1,012,939	-	0.06
<b>2019-21 Base Budget</b>	<b>15,574,452</b>	-	<b>43,075,998</b>	-	-	-	<b>58,650,450</b>	<b>81</b>	<b>77.93</b>
010: Non-PICS Pers Svc/Vacancy Factor	510,740	-	7,202	-	-	-	517,942	-	-
030: Inflation & Price List Adjustments	333,314	-	1,481,406	-	-	-	1,814,720	-	-
060: Technical Adjustments	68,283	-	22,761	-	-	-	91,044	-	-
<b>2019-21 Current Service Level</b>	<b>16,486,789</b>	-	<b>44,587,367</b>	-	-	-	<b>61,074,156</b>	<b>81</b>	<b>77.93</b>
<b>Adjusted 2019-21 Current Service Level</b>	<b>16,486,789</b>	-	<b>44,587,367</b>	-	-	-	<b>61,074,156</b>	<b>81</b>	<b>77.93</b>
<b>Total LFO Recommended Packages</b>	<b>1,248,434</b>	-	<b>(814,345)</b>	-	-	-	<b>434,089</b>	-	<b>2.20</b>
<b>2019-21 Legislative Actions</b>	<b>17,735,223</b>	-	<b>43,773,022</b>	-	-	-	<b>61,508,245</b>	<b>81</b>	<b>80.13</b>
Net change from 2017-19 Leg Approved Budget	2,190,855	-	987,860	-	-	-	3,178,715	-	2.26
Percent change from 2017-19 Leg Approved Budget	14.1%	0.0%	2.3%	0.0%	0.0%	0.0%	5.5%	0.0%	2.9%
Net change from 2019-21 Adj Current Service Level	1,248,434	-	(814,345)	-	-	-	434,089	-	2.20
Percent change from 2019-21 Adj Current Service Level	7.6%	0.0%	(1.8%)	0.0%	0.0%	0.0%	0.7%	0.0%	2.8%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 803 Revenue Reconciliation**

Package Description Revenue only technical adjustment: Reconciles budgeted Other Funds revenue line-items with anticipated revenues.

LFO Recommendation Approve the package.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended - - - - -

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 804 Property Valuation System Business Case Update**

Package Description Increase General Fund by \$210,500 and establish one limited duration Information Support Specialist-8 (0.88 FTE) to begin the process to re-initiate the Property Valuation System information technology project, including a thorough review and updating of foundational documentation used in the Stage Gate approval process for information technology projects.

LFO Recommendation Approve the package, as a one-time adjustment.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended	210,500	-	-	-	-	-	210,500	1	0.88
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 805 Comprehensive Reconciliation of Position Funding**

Package Description Increases General Fund by \$1.2 million and reduces Other Funds expenditure limitation by \$724,252 and increase full-time equivalents by 2.57 FTE.

The purpose of this package is to resolve long-standing funding issues within the Property Tax Division. This package replaces package 070 - Revenue Shortfall and package 107 - Position Funding - CAFFA. These packages failed to make the needed adjustments to align PTD revenues, expenditures, and position/FTE authority.

LFO Recommendation Approve the package.

Budget Instructions With the funding provided in this package, the Legislative expectation is that the Department of Revenue will hire all vacant positions in the Property Tax Division.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended	1,219,490	-	(724,252)	-	-	-	495,238	-	2.57
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 812 Vacant Position Elimination**

Package Description Reduce General Fund by \$181,556 and reduce Other Funds expenditure limitation by \$90,093 and abolish one permanent full-time position (1.25 FTE).

Position number: 4155000

LFO Recommendation Approve the package.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended	(181,556)	-	(90,093)	-	-	-	(271,649)	(1)	(1.25)
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LFO102 - Work Session Presentation Report  
2019-21 Biennium

Version: L - 01 - LFO Analyst Recommended  
Cross Reference: 15000-005-00-00-00000  
Personal Tax and Compliance Division

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2017-19 Agy. Leg. Adopted</b>	<b>70,350,306</b>	-	<b>1,602,195</b>	-	-	-	<b>71,952,501</b>	<b>399</b>	<b>391.90</b>
2017-19 Ebds, SS & Admin Act	1,913,838	-	50,288	-	-	-	1,964,126	1	(1.88)
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2017-19 Leg Approved Budget</b>	<b>72,264,144</b>	-	<b>1,652,483</b>	-	-	-	<b>73,916,627</b>	<b>400</b>	<b>390.02</b>
<b>2017-19 Leg Approved Budget (Base)</b>	<b>72,951,663</b>	-	<b>1,652,483</b>	-	-	-	<b>74,604,146</b>	<b>400</b>	<b>390.02</b>
Summary of Base Adjustments	3,029,576	-	74,299	-	-	-	3,103,875	(7)	2.15
<b>2019-21 Base Budget</b>	<b>75,981,239</b>	-	<b>1,726,782</b>	-	-	-	<b>77,708,021</b>	<b>393</b>	<b>392.17</b>
010: Non-PICS Pers Svc/Vacancy Factor	1,411,290	-	45,478	-	-	-	1,456,768	-	-
020: Phase In / Out Pgm & One-time Cost	(91,235)	-	(1,862)	-	-	-	(93,097)	-	-
030: Inflation & Price List Adjustments	658,215	-	13,554	-	-	-	671,769	-	-
060: Technical Adjustments	2,094,282	-	45,251	-	-	-	2,139,533	-	-
<b>2019-21 Current Service Level</b>	<b>80,053,791</b>	-	<b>1,829,203</b>	-	-	-	<b>81,882,994</b>	<b>393</b>	<b>392.17</b>
<b>Adjusted 2019-21 Current Service Level</b>	<b>80,053,791</b>	-	<b>1,829,203</b>	-	-	-	<b>81,882,994</b>	<b>393</b>	<b>392.17</b>
<b>Total LFO Recommended Packages</b>	<b>92,097</b>	-	<b>27,790</b>	-	-	-	<b>119,887</b>	<b>(2)</b>	<b>(1.41)</b>
<b>2019-21 Legislative Actions</b>	<b>80,145,888</b>	-	<b>1,856,993</b>	-	-	-	<b>82,002,881</b>	<b>391</b>	<b>390.76</b>
Net change from 2017-19 Leg Approved Budget	7,881,744	-	204,510	-	-	-	8,086,254	(9)	0.74
Percent change from 2017-19 Leg Approved Budget	10.9%	0.0%	12.4%	0.0%	0.0%	0.0%	10.9%	(2.3%)	0.2%
Net change from 2019-21 Adj Current Service Level	92,097	-	27,790	-	-	-	119,887	(2)	(1.41)
Percent change from 2019-21 Adj Current Service Level	0.1%	0.0%	1.5%	0.0%	0.0%	0.0%	0.2%	(0.5%)	(0.4%)

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 101 SB 254 (2018)**

Package Description Increase General Fund by \$166,029 and Other Funds expenditure limitation by \$29,299.

The purpose of this package is the to pay required fees to banks for their participation in the state's bank account data matching function, and for a third-party service provider to help the Department ensure that the bank information they have is up to date. Banks are compensated for their participation in this effort through payments of \$2,500 for their start-up costs and up to \$150 each quarterly for their actual cost to comply with the bill.

LFO Recommendation Approve the package, as a one-time adjustment.

LFO Analyst Notes HB 5033 (2019); Also see SB 254 (2018)

LFO Recommended	166,029	-	29,299	-	-	-	195,328	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 105 Marijuana Program / Income Tax Audits**

Package Description Increase General Fund by \$408,276 and Other Funds expenditure limitation by \$8,332 and authorize the establishment of two permanent full-time Tax Auditor-2 positions.

The purpose of this package is to audit the personal income tax returns of licensed marijuana businesses owners. There is a high risk of non-compliance in this cash-driven industry.

LFO Recommendation Approve the package.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended	408,276	-	8,332	-	-	-	416,608	2	1.76
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 803 Revenue Reconciliation**

Package Description Revenue only technical adjustment: Reconciles budgeted Other Funds revenue line-items with anticipated revenues.

LFO Recommendation Approve the package.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended - - - - -

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 812 Vacant Position Elimination**

Package Description Reduce General Fund by \$482,208 and Other Funds expenditure limitation by \$9,841 and abolish four permanent full-time position (3.17 FTE).

Position numbers: 006233; 6071000; 6035000; 6276000

LFO Recommendation Approve the package.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended	(482,208)	-	(9,841)	-	-	-	(492,049)	(4)	(3.17)
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2017-19 Agy. Leg. Adopted</b>	<b>20,916,721</b>	-	<b>17,184,834</b>	-	-	-	<b>38,101,555</b>	<b>205</b>	<b>198.81</b>
2017-19 Ebds, SS & Admin Act	433,949	-	2,877,750	-	-	-	3,311,699	23	11.24
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2017-19 Leg Approved Budget</b>	<b>21,350,670</b>	-	<b>20,062,584</b>	-	-	-	<b>41,413,254</b>	<b>228</b>	<b>210.05</b>
<b>2017-19 Leg Approved Budget (Base)</b>	<b>21,350,670</b>	-	<b>20,248,850</b>	-	-	-	<b>41,599,520</b>	<b>227</b>	<b>209.65</b>
Summary of Base Adjustments	993,762	-	3,152,046	-	-	-	4,145,808	-	16.10
<b>2019-21 Base Budget</b>	<b>22,344,432</b>	-	<b>23,400,896</b>	-	-	-	<b>45,745,328</b>	<b>227</b>	<b>225.75</b>
010: Non-PICS Pers Svc/Vacancy Factor	358,108	-	628,144	-	-	-	986,252	-	-
020: Phase In / Out Pgm & One-time Cost	(574)	-	(139,014)	-	-	-	(139,588)	-	-
030: Inflation & Price List Adjustments	318,597	-	181,458	-	-	-	500,055	-	-
060: Technical Adjustments	754,528	-	(12,449,749)	-	-	-	(11,695,221)	(73)	(73.00)
<b>2019-21 Current Service Level</b>	<b>23,775,091</b>	-	<b>11,621,735</b>	-	-	-	<b>35,396,826</b>	<b>154</b>	<b>152.75</b>
<b>Adjusted 2019-21 Current Service Level</b>	<b>23,775,091</b>	-	<b>11,621,735</b>	-	-	-	<b>35,396,826</b>	<b>154</b>	<b>152.75</b>
<b>Total LFO Recommended Packages</b>	<b>(179,406)</b>	-	<b>315,173</b>	-	-	-	<b>135,767</b>	-	<b>(0.37)</b>
<b>2019-21 Legislative Actions</b>	<b>23,595,685</b>	-	<b>11,936,908</b>	-	-	-	<b>35,532,593</b>	<b>154</b>	<b>152.38</b>
Net change from 2017-19 Leg Approved Budget	2,245,015	-	(8,125,676)	-	-	-	(5,880,661)	(74)	(57.67)
Percent change from 2017-19 Leg Approved Budget	10.5%	0.0%	(40.5%)	0.0%	0.0%	0.0%	(14.2%)	(32.5%)	(27.5%)
Net change from 2019-21 Adj Current Service Level	(179,406)	-	315,173	-	-	-	135,767	-	(0.37)
Percent change from 2019-21 Adj Current Service Level	(0.8%)	0.0%	2.7%	0.0%	0.0%	0.0%	0.4%	0.0%	(0.2%)

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 081 September 2018 Emergency Board**

Package Description Increase Other Funds expenditure limitation by \$26,790 for the agency to complete the rollout of its data matching portal for the state lodging tax.

Each local government employee with access to state lodging tax data will be required to complete Secrecy Certificate acknowledging they have received information about the consequences of unauthorized disclosure of the information. DOR Disclosure Unit staff will retain completed Secrecy Certificates and track annual renewals. Existing staff will coordinate the collection and renewal of the secrecy certificates.

LFO Recommendation Approve the package, as a one-time adjustment.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended	-	-	26,790	-	-	-	26,790	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 106 Auditing**

Package Description Increase Other Funds expenditure limitation by \$309,403 and authorize the establishment of one permanent full-time position Tax Auditor-2 position (0.92 FTE). The revenue to support this package is from the State Lodging Tax.

The purpose of this package is to provide for auditing of the State Lodging Tax. Additionally, the package includes \$112,164 for one year of a professional services contract for the purchase of raw metadata related to the transient lodging taxes or the purchase software that "scrapes" online data related to transient lodging taxes.

LFO Recommendation Approve the package, with the \$112,164 professional services contract as a one-time adjustment.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended	-	-	309,403	-	-	-	309,403	1	0.88
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 802 Heavy Equipment Rental Tax**

Package Description Increase Other Funds expenditure limitation by \$341,361 and authorize the establishment of three positions (1.50 FTE). The revenue to support this package is from the Heavy Equipment Rental Tax (HERT).

The purpose of this package is to complete the implementatoin of the HERT by providing for: one Limited Duration full-time Operations and Policy Analyst 2 for program administrative development; one permanent, part-time Administrative Support Specialist 2 to perform filing enforcement, clear return suspense and other GenTax tasks, and prepare billings/refunds for two true-up years; and one permanent, full-time Tax Auditor 1 for this program to determine the baseline compliance and accuracy of returns. The tax auditor will develop an audit plan, perform two to three tax return audits per month and represent the department in any litigation related to audit adjustments.

GENTAX system configuration and testing for the HERT tax is funded under the Core Systems Replacement proejct budget structure..

LFO Recommendation Approve the package.

LFO Analyst Notes HB 5033 (2019); Also Policy Package #802 - Heavy Equipment Rental Tax under the Core Systems Replacement Project; also see Emergency Board Item #89 (September 2018)

LFO Recommended	-	-	341,361	-	-	-	341,361	3	1.50
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 803 Revenue Reconciliation**

Package Description Revenue only technical adjustment: Reconciles budgeted Other Funds revenue line-items with anticipated revenues.

LFO Recommendation Approve the package.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended



	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 812 Vacant Position Elimination**

Package Description Reduce General Fund by \$179,406 and Other Funds expenditure limitation by \$362,381 and abolish four permanent full-time position (2.75 FTE).

Position numbers: 6313000; 6425000; 6590000; 6492000

LFO Recommendation Approve the package.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended	(179,406)	-	(362,381)	-	-	-	(541,787)	(4)	(2.75)
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2017-19 Agy. Leg. Adopted</b>	-	-	-	-	-	-	-	-	-
2017-19 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2017-19 Leg Approved Budget</b>	-	-	-	-	-	-	-	-	-
<b>2017-19 Leg Approved Budget (Base)</b>	-	-	-	-	-	-	-	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
<b>2019-21 Base Budget</b>	-	-	-	-	-	-	-	-	-
060: Technical Adjustments	190,154	-	13,195,426	-	-	-	13,385,580	73	73.00
<b>2019-21 Current Service Level</b>	190,154	-	13,195,426	-	-	-	13,385,580	73	73.00
<b>Adjusted 2019-21 Current Service Level</b>	190,154	-	13,195,426	-	-	-	13,385,580	73	73.00
<b>Total LFO Recommended Packages</b>	(190,154)	-	190,154	-	-	-	-	-	-
<b>2019-21 Legislative Actions</b>	-	-	13,385,580	-	-	-	13,385,580	73	73.00
Net change from 2017-19 Leg Approved Budget	-	-	13,385,580	-	-	-	13,385,580	73	73.00
Percent change from 2017-19 Leg Approved Budget	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Net change from 2019-21 Adj Current Service Level	(190,154)	-	190,154	-	-	-	-	-	-
Percent change from 2019-21 Adj Current Service Level	(100.0%)	0.0%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 801 LFO Analyst Adjustments**

Package Description Reduce General Fund by \$190,154 and increase Other Funds expenditure limitation by \$190,154.

This packages shifts one position in the Collections Division from General Fund to Other Funds support to match the program's Other Funds fee revenue source.

LFO Recommendation Approve the package.

Budget Instructions The Legislature in 2019 acknowledged receipt of a report on a Collections Division Feasibility Study. During the development of the 2019-21 budget, the department formally established a Collection Division framework by transferring the Business Division's Other Agency Accounts section and staffing into a new programmatic or division structure. Beginning with the 2021-23 biennium, the next steps will be to transfer Personal Income Tax and Compliance and Business Division collections budgets and positions into the newly established division. The department's proposed plan is to undertake this consolidation over the course of the next two biennia, subject to the review and approval of the Legislature.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended	(190,154)	-	190,154	-	-	-	-	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 803 Revenue Reconciliation**

Package Description Revenue only technical adjustment: Reconciles budgeted Other Funds revenue line-items with anticipated revenues.

LFO Recommendation Approve the package.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2017-19 Agy. Leg. Adopted</b>	-	-	-	-	-	-	-	-	-
2017-19 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2017-19 Leg Approved Budget</b>	-	-	-	-	-	-	-	-	-
<b>2017-19 Leg Approved Budget (Base)</b>	-	-	-	-	-	-	-	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
<b>2019-21 Base Budget</b>	-	-	-	-	-	-	-	-	-
<b>2019-21 Current Service Level</b>	-	-	-	-	-	-	-	-	-
<b>Adjusted 2019-21 Current Service Level</b>	-	-	-	-	-	-	-	-	-
<b>Total LFO Recommended Packages</b>	<b>1</b>	-	<b>1</b>	-	-	-	<b>2</b>	-	-
<b>2019-21 Legislative Actions</b>	<b>1</b>	-	<b>1</b>	-	-	-	<b>2</b>	-	-
Net change from 2017-19 Leg Approved Budget	1	-	1	-	-	-	2	-	-
Percent change from 2017-19 Leg Approved Budget	100.0%	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Net change from 2019-21 Adj Current Service Level	1	-	1	-	-	-	2	-	-
Percent change from 2019-21 Adj Current Service Level	100.0%	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 801 LFO Analyst Adjustments**

Package Description Increase General Fund by \$1 and Other Funds expenditure limitation by \$1 to establish the Corporate Division for administration of the Corporate Activity Tax (HB 3427).

LFO Recommendation Approve the package.

LFO Analyst Notes HB 5033 (2019); See HB 5047 (2019) and HB 3427 (2019)

LFO Recommended	1	-	1	-	-	-	2	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2017-19 Agy. Leg. Adopted</b>	-	-	-	-	-	-	-	-	-
2017-19 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2017-19 Leg Approved Budget</b>	-	-	-	-	-	-	-	-	-
<b>2017-19 Leg Approved Budget (Base)</b>	<b>42,266,535</b>	-	<b>7,874,331</b>	-	-	-	<b>50,140,866</b>	<b>270</b>	<b>192.62</b>
Summary of Base Adjustments	427,101	-	(714,199)	-	-	-	(287,098)	(43)	(14.00)
<b>2019-21 Base Budget</b>	<b>42,693,636</b>	-	<b>7,160,132</b>	-	-	-	<b>49,853,768</b>	<b>227</b>	<b>178.62</b>
010: Non-PICS Pers Svc/Vacancy Factor	80,825	-	68,594	-	-	-	149,419	-	-
020: Phase In / Out Pgm & One-time Cost	(3,772,017)	-	(953,486)	-	-	-	(4,725,503)	-	-
030: Inflation & Price List Adjustments	222,753	-	51,314	-	-	-	274,067	-	-
060: Technical Adjustments	(3,173,970)	-	(1,187,746)	-	-	-	(4,361,716)	-	-
<b>2019-21 Current Service Level</b>	<b>36,051,227</b>	-	<b>5,138,808</b>	-	-	-	<b>41,190,035</b>	<b>227</b>	<b>178.62</b>
<b>Adjusted 2019-21 Current Service Level</b>	<b>36,051,227</b>	-	<b>5,138,808</b>	-	-	-	<b>41,190,035</b>	<b>227</b>	<b>178.62</b>
<b>Total LFO Recommended Packages</b>	<b>5,561,030</b>	-	<b>1,907,875</b>	-	-	-	<b>7,468,905</b>	<b>(3)</b>	<b>3.95</b>
<b>2019-21 Legislative Actions</b>	<b>41,612,257</b>	-	<b>7,046,683</b>	-	-	-	<b>48,658,940</b>	<b>224</b>	<b>182.57</b>
Net change from 2017-19 Leg Approved Budget	41,612,257	-	7,046,683	-	-	-	48,658,940	224	182.57
Percent change from 2017-19 Leg Approved Budget	100.0%	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Net change from 2019-21 Adj Current Service Level	5,561,030	-	1,907,875	-	-	-	7,468,905	(3)	3.95
Percent change from 2019-21 Adj Current Service Level	15.4%	0.0%	37.1%	0.0%	0.0%	0.0%	18.1%	(1.3%)	2.2%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 110 Processing Center Permanent Staffing**

Package Description Increase Other Funds expenditure limitation by \$1.5 million and authorize the establishment of 11 limited duration position (11.00 FTE). The revenue to support this package is from statewide transit taxes.

The purpose of this package is to provide for staff to handle paper returns and correspondence due to the statewide transit tax enacted by the Legislature in 2017. Limited duration resources were provided in February of 2018 and then phase-out of the agency's budget. The state has a joint payroll tax form administered by the Employment Department, but due to that agency's modernization efforts and lack of space on the form the department was forced to use more manual processing methods to handle the work. Because this tax was included in Phase 1 of the Processing Center Modernization project. Permanent funding will be considered once electronic filing becomes more readily available.

LFO Recommendation Approve the package, as a one-time adjustment.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended	-	-	1,500,231	-	-	-	1,500,231	11	11.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 111 PCM Project**

Package Description Increase General Fund by \$780,007 and Other Funds expenditure limitation by \$67,826.

The purpose of this package is to complete the Processing Center Modernization project, which replaces the department's obsolete scanners with new scanners that are integrated with GENTAX, the Department's primary tax processing application. The project has completed Phase 1 of the work and successfully decommissioned the legacy scanners most at risk of failure. The department plans to complete Phase 2 in August 2019, and Phase 3 will finalize the remaining programs and be complete in August 2020.

LFO Recommendation Approve the package, as a one-time adjustment.

LFO Analyst Notes HB 5033 (2019)

<b>LFO Recommended</b>	780,007	-	67,826	-	-	-	847,833	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 112 Shared Services**

Package Description Increase General Fund by \$6.5 million and Other Funds expenditure limitation by \$564,254. The source of Other Funds is the agency's administrative prorated.

The purpose of this package is to fund maintenance and support for GENTAX application, which is the Department's primary tax processing application. This package provides Level 2 of three levels of support for GENTAX maintenance and support plus five vendor staff augmentation for 2019 and four vendor augmentation staff for 2020.

LFO Recommendation Approve the request, as a one-time adjustment. The Department of Administrative Services is directed to unschedule \$3,122,219 General Fund and \$271,497 Other Funds until after the Department of Revenue reports to the Legislature in 2020 on the status of outstanding issues related to the GENTAX implementation.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended	6,488,923	-	564,254	-	-	-	7,053,177	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 801 LFO Analyst Adjustments**

Package Description Reduce General Fund by \$428,400 and Other Funds expenditure limitation by \$81,600 in services and supplies, which eliminates contracts that supported document scanner that agency no longer needs.

LFO Recommendation Approve the package.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended	(428,400)		(81,600)				(510,000)		
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 803 Revenue Reconciliation**

Package Description Revenue only technical adjustment: Reconciles budgeted Other Funds revenue line-items with anticipated revenues.

LFO Recommendation Approve the package.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended	-	-	-	-	-	-	-	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 812 Vacant Position Elimination**

Package Description Reduce General Fund by \$1,279,500 and Other Funds expenditure limitation by \$142,836 and abolish 14 position (7.05 FTE).

Position numbers: 3108000; 3044000; 0003688; 0003689; 0003690; 0003691; 0003692; 0003693; 0003694; 0003695; 0003254; 0003365; 3541000; 3501000.

LFO Recommendation Approve the package.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended	(1,279,500)	-	(142,836)	-	-	-	(1,422,336)	(14)	(7.05)
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2017-19 Agy. Leg. Adopted</b>	-	-	4,550,942	-	-	-	4,550,942	15	14.25
2017-19 Ebds, SS & Admin Act	-	-	109,015	-	-	-	109,015	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2017-19 Leg Approved Budget</b>	-	-	4,659,957	-	-	-	4,659,957	15	14.25
<b>2017-19 Leg Approved Budget (Base)</b>	-	-	4,659,957	-	-	-	4,659,957	15	14.25
Summary of Base Adjustments	-	-	265,233	-	-	-	265,233	-	-
<b>2019-21 Base Budget</b>	-	-	4,925,190	-	-	-	4,925,190	15	14.25
010: Non-PICS Pers Svc/Vacancy Factor	-	-	18,530	-	-	-	18,530	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(1,080,000)	-	-	-	(1,080,000)	-	-
030: Inflation & Price List Adjustments	-	-	53,542	-	-	-	53,542	-	-
060: Technical Adjustments	-	-	176,044	-	-	-	176,044	-	-
<b>2019-21 Current Service Level</b>	-	-	4,093,306	-	-	-	4,093,306	15	14.25
<b>Adjusted 2019-21 Current Service Level</b>	-	-	4,093,306	-	-	-	4,093,306	15	14.25
<b>Total LFO Recommended Packages</b>	-	-	373,136	-	-	-	373,136	1	1.51
<b>2019-21 Legislative Actions</b>	-	-	4,466,442	-	-	-	4,466,442	16	15.76
Net change from 2017-19 Leg Approved Budget	-	-	(193,515)	-	-	-	(193,515)	1	1.51
Percent change from 2017-19 Leg Approved Budget	0.0%	0.0%	(4.2%)	0.0%	0.0%	0.0%	(4.2%)	6.7%	10.6%
Net change from 2019-21 Adj Current Service Level	-	-	373,136	-	-	-	373,136	1	1.51
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	9.1%	0.0%	0.0%	0.0%	9.1%	6.7%	10.6%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 105 Marijuana Program / Income Tax Audits**

Package Description Increase Other Funds expenditure limitation by \$416,608 and authorize the establishment of two permanent full-time Tax Auditor-2 positions.

The purpose of this package is to audit the income tax returns of licensed marijuana businesses. There is a high risk of non-compliance in this cash-driven industry.

LFO Recommendation Approve the package.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended	-	-	416,608	-	-	-	416,608	2	1.76
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 803 Revenue Reconciliation**

Package Description Revenue only technical adjustment: Reconciles budgeted Other Funds revenue line-items with anticipated revenues.

LFO Recommendation Approve the package.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended



	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 812 Vacant Position Elimination**

Package Description Reduce Other Funds expenditure limitation by \$43,472 and abolish one position (0.25 FTE).

Position number: 3620000

LFO Recommendation Approve the package.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended	-	-	(43,472)	-	-	-	(43,472)	(1)	(0.25)
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2017-19 Agy. Leg. Adopted	-	-	295,488	-	-	-	295,488	-	-
2017-19 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2017-19 Leg Approved Budget</b>	-	-	<b>295,488</b>	-	-	-	<b>295,488</b>	-	-
Net change from 2017-19 Leg Approved Budget	-	-	(295,488)	-	-	-	(295,488)	-	-
Percent change from 2017-19 Leg Approved Budget	0.0%	0.0%	(100.0%)	0.0%	0.0%	0.0%	(100.0%)	0.0%	0.0%

LFO102 - Work Session Presentation Report  
2019-21 Biennium

Version: L - 01 - LFO Analyst Recommended  
Cross Reference: 15000-019-00-00-00000  
Non-Profit Housing for Elderly Persons

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2017-19 Agy. Leg. Adopted	3,226,364	-	-	-	-	-	3,226,364	-	-
2017-19 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	3,226,364	-	-	-	-	-	3,226,364	-	-
2017-19 Leg Approved Budget (Base)	3,226,364	-	-	-	-	-	3,226,364	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
2019-21 Base Budget	3,226,364	-	-	-	-	-	3,226,364	-	-
030: Inflation & Price List Adjustments	122,602	-	-	-	-	-	122,602	-	-
2019-21 Current Service Level	3,348,966	-	-	-	-	-	3,348,966	-	-
Adjusted 2019-21 Current Service Level	3,348,966	-	-	-	-	-	3,348,966	-	-
Total LFO Recommended Packages	-	-	-	-	-	-	-	-	-
2019-21 Legislative Actions	3,348,966	-	-	-	-	-	3,348,966	-	-
Net change from 2017-19 Leg Approved Budget	122,602	-	-	-	-	-	122,602	-	-
Percent change from 2017-19 Leg Approved Budget	3.8%	0.0%	0.0%	0.0%	0.0%	0.0%	3.8%	0.0%	0.0%
Net change from 2019-21 Adj Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2017-19 Agy. Leg. Adopted</b>	-	-	32,557,770	-	-	-	32,557,770	9	8.50
2017-19 Ebds, SS & Admin Act	-	-	26,986	-	-	-	26,986	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2017-19 Leg Approved Budget</b>	-	-	32,584,756	-	-	-	32,584,756	9	8.50
<b>2017-19 Leg Approved Budget (Base)</b>	-	-	32,584,756	-	-	-	32,584,756	9	8.50
Summary of Base Adjustments	-	-	100,029	-	-	-	100,029	-	-
<b>2019-21 Base Budget</b>	-	-	32,684,785	-	-	-	32,684,785	9	8.50
010: Non-PICS Pers Svc/Vacancy Factor	-	-	43,390	-	-	-	43,390	-	-
030: Inflation & Price List Adjustments	-	-	1,185,376	-	-	-	1,185,376	-	-
<b>2019-21 Current Service Level</b>	-	-	33,913,551	-	-	-	33,913,551	9	8.50
<b>Adjusted 2019-21 Current Service Level</b>	-	-	33,913,551	-	-	-	33,913,551	9	8.50
<b>Total LFO Recommended Packages</b>	-	-	(140,504)	-	-	-	(140,504)	(1)	(0.75)
<b>2019-21 Legislative Actions</b>	-	-	33,773,047	-	-	-	33,773,047	8	7.75
Net change from 2017-19 Leg Approved Budget	-	-	1,188,291	-	-	-	1,188,291	(1)	(0.75)
Percent change from 2017-19 Leg Approved Budget	0.0%	0.0%	3.7%	0.0%	0.0%	0.0%	3.7%	(11.1%)	(8.8%)
Net change from 2019-21 Adj Current Service Level	-	-	(140,504)	-	-	-	(140,504)	(1)	(0.75)
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	(0.4%)	0.0%	0.0%	0.0%	(0.4%)	(11.1%)	(8.8%)

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 803 Revenue Reconciliation**

Package Description Revenue only technical adjustment: Reconciles budgeted Other Funds revenue line-items with anticipated revenues.

LFO Recommendation Approve the package.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended - - - - -

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 812 Vacant Position Elimination**

Package Description Reduce Other Funds expenditure limitation by \$140,504 and abolish one permanent full-time position (0.75 FTE).

Position number: 4286000

LFO Recommendation Approve the package.

LFO Recommended	-	-	(140,504)	-	-	-	(140,504)	(1)	(0.75)
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2017-19 Agy. Leg. Adopted</b>	1,060,000	-	11,130,530	-	-	-	12,190,530	32	8.00
2017-19 Ebds, SS & Admin Act	-	-	102,580	-	-	-	102,580	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2017-19 Leg Approved Budget</b>	1,060,000	-	11,233,110	-	-	-	12,293,110	32	8.00
<b>2017-19 Leg Approved Budget (Base)</b>	1,060,000	-	11,233,110	-	-	-	12,293,110	32	8.00
Summary of Base Adjustments	-	-	(1,718,178)	-	-	-	(1,718,178)	(32)	(8.00)
<b>2019-21 Base Budget</b>	1,060,000	-	9,514,932	-	-	-	10,574,932	-	-
010: Non-PICS Pers Svc/Vacancy Factor	-	-	188,807	-	-	-	188,807	-	-
020: Phase In / Out Pgm & One-time Cost	(1,060,000)	-	(9,703,739)	-	-	-	(10,763,739)	-	-
<b>2019-21 Current Service Level</b>	-	-	-	-	-	-	-	-	-
<b>Adjusted 2019-21 Current Service Level</b>	-	-	-	-	-	-	-	-	-
<b>Total LFO Recommended Packages</b>	-	-	535,000	-	-	-	535,000	-	-
<b>2019-21 Legislative Actions</b>	-	-	535,000	-	-	-	535,000	-	-
Net change from 2017-19 Leg Approved Budget	(1,060,000)	-	(10,698,110)	-	-	-	(11,758,110)	(32)	(8.00)
Percent change from 2017-19 Leg Approved Budget	(100.0%)	0.0%	(95.2%)	0.0%	0.0%	0.0%	(95.7%)	(100.0%)	(100.0%)
Net change from 2019-21 Adj Current Service Level	-	-	535,000	-	-	-	535,000	-	-
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 802 Heavy Equipment Rental Tax**

Package Description Increase Other Funds expenditure limitation by \$535,000 for the Core Systems Replacement project.

and funding of a vendor contract (GENTAX).

LFO Recommendation Approve the package, as a one-time expense.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended	-	-	535,000	-	-	-	535,000	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2017-19 Agy. Leg. Adopted</b>	-	-	-	-	-	-	-	-	-
2017-19 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2017-19 Leg Approved Budget</b>	-	-	-	-	-	-	-	-	-
<b>2017-19 Leg Approved Budget (Base)</b>	-	-	-	-	-	-	-	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
<b>2019-21 Base Budget</b>	-	-	-	-	-	-	-	-	-
<b>2019-21 Current Service Level</b>	-	-	-	-	-	-	-	-	-
<b>Adjusted 2019-21 Current Service Level</b>	-	-	-	-	-	-	-	-	-
<b>2019-21 Legislative Actions</b>	-	-	-	-	-	-	-	-	-
Net change from 2017-19 Leg Approved Budget	-	-	-	-	-	-	-	-	-
Percent change from 2017-19 Leg Approved Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net change from 2019-21 Adj Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2017-19 Agy. Leg. Adopted	-	-	-	-	-	-	-	-	-
2017-19 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	-	-	-	-	-	-	-

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 803 Revenue Reconciliation**

Package Description Revenue only technical adjustment: Reconciles budgeted Other Funds revenue line-items with anticipated revenues.

LFO Recommendation Approve the package.

LFO Analyst Notes HB 5033 (2019)

LFO Recommended - - - - -

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2017-19 Agy. Leg. Adopted</b>	<b>14,425,618</b>	-	<b>1,258,213</b>	-	-	-	<b>15,683,831</b>	-	-
2017-19 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2017-19 Leg Approved Budget</b>	<b>14,425,618</b>	-	<b>1,258,213</b>	-	-	-	<b>15,683,831</b>	-	-
<b>2017-19 Leg Approved Budget (Base)</b>	<b>14,425,618</b>	-	<b>1,258,213</b>	-	-	-	<b>15,683,831</b>	-	-
Summary of Base Adjustments	641,002	-	52,673	-	-	-	693,675	-	-
<b>2019-21 Base Budget</b>	<b>15,066,620</b>	-	<b>1,310,886</b>	-	-	-	<b>16,377,506</b>	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(73,056)	-	-	-	(73,056)	-	-
<b>2019-21 Current Service Level</b>	<b>15,066,620</b>	-	<b>1,237,830</b>	-	-	-	<b>16,304,450</b>	-	-
<b>Adjusted 2019-21 Current Service Level</b>	<b>15,066,620</b>	-	<b>1,237,830</b>	-	-	-	<b>16,304,450</b>	-	-
<b>2019-21 Legislative Actions</b>	<b>15,066,620</b>	-	<b>1,237,830</b>	-	-	-	<b>16,304,450</b>	-	-
Net change from 2017-19 Leg Approved Budget	641,002	-	(20,383)	-	-	-	620,619	-	-
Percent change from 2017-19 Leg Approved Budget	4.4%	0.0%	(1.6%)	0.0%	0.0%	0.0%	4.0%	0.0%	0.0%
Net change from 2019-21 Adj Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

# Legislatively Proposed 2019 - 2021 Key Performance Measures

Published: 6/3/2019 12:03:28 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 Proposed KPMs	Metrics	Agency Request	Last Reported Result	Target 2020	Target 2021
1. Average Days to Process Personal Income Tax Refund.		Approved	18	16	16
2. Percent of Personal Income Tax Returns Filed Electronically		Approved	88%	90%	90%
3. Employee Training Per Year (percent receiving 20 hours per year).		Approved	64%	65%	65%
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	81%	85%	85%
	Availability of Information		80%	85%	85%
	Helpfulness		86%	85%	85%
	Timeliness		81%	85%	85%
	Accuracy		83%	85%	85%
	Expertise		86%	85%	85%
5. Effective Taxpayer Assistance - Provide effective taxpayer assistance through a combination of direct assistance and electronic self-help services.		Approved	79	85	85
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	96%	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	20%	20%	20%
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	\$0.27	\$0.20	\$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	\$0.15	\$0.18	\$0.18
11. Employee Engagement - Index of employees considered actively engaged by a standardized survey.		Approved	55	60	60

**LFO Recommendation:**

The Legislative Fiscal Office recommends approval of the proposed key Performance Measures and targets with direction that the agency conduct a comprehensive review of existing Key Performance Measures, data, and targets and report back to the Legislature in 2020 with proposed changes. The agency should utilize the recently completed Outcome-Based Management Assessment and roadmap as guidance for proposed

key performance measurement changes.  
**SubCommittee Action:**

Requested by JOINT COMMITTEE ON WAYS AND MEANS

**PROPOSED AMENDMENTS TO  
HOUSE BILL 5033**

1 On page 1 of the printed bill, delete lines 7 through 13 and insert:

- 2 “(1) Administration ..... \$ 29,682,894
- 3 (2) Property Tax Division ..... \$ 17,735,223
- 4 (3) Personal Tax and Compliance
- 5 Division ..... \$ 80,145,888
- 6 (4) Business Division ..... \$ 23,595,685
- 7 (5) Corporate Division..... \$ 1
- 8 (6) Information Technology
- 9 Services Division..... \$ 41,612,257
- 10 (7) Nonprofit Housing program..... \$ 3,348,966
- 11 (8) Debt service and
- 12 related costs ..... \$15,066,620”.

13 Delete lines 20 through 29 and insert:

- 14 “(1) Administration ..... \$ 8,045,265
- 15 (2) Property Tax Division ..... \$ 43,773,022
- 16 (3) Personal Tax and Compliance
- 17 Division ..... \$ 1,856,993
- 18 (4) Business Division ..... \$ 11,936,908
- 19 (5) Collections Division..... \$ 13,385,580
- 20 (6) Corporate Division..... \$ 1
- 21 (7) Information Technology

1	Services Division.....	\$ 7,046,683
2	(8) Marijuana program.....	\$ 4,466,442
3	(9) Senior Property Tax	
4	Deferral program.....	\$ 33,773,047
5	(10) Core systems replacement .....	\$ 535,000
6	(11) Debt service and	
7	related costs.....	\$ 1,237,830".
8		<hr/>