

FINANCE AND ADMINISTRATION--REVENUE SERVICES (630)
2011-13 BIENNIUM - Executive Recommendation

I) AGENCY SUMMARY & REVENUE SOURCES

MISSION

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

TOTAL BIENNIAL BUDGET

The total budget of the Revenue Division is \$1,258,476,463 for each year of the biennium.

FUNDING SOURCES

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

II) CHANGES/APPROPRIATIONS

1. The operations appropriation, funded with State Central Services for \$95,208,878 the first year and \$95,011,878 the second year has an increase of \$1,257,913 for FY12 and \$1,060,913 for FY13 for:

a. Increases in salary and matching of \$624,913 each year to restore 20 currently authorized positions, which support the regulation and licensing of drivers and motor vehicles.

b. Increase in capital outlay of \$633,000 in FY12 and \$436,000 in FY13 for replacement of 69 aging, high mileage vehicles.

2. The Commercial Drivers License appropriation funded with special revenue for \$1,767,585 both years of the biennium, has an increase of \$29,738 in regular salaries and matching for restoration of one (1) currently authorized position to assist in the collection of special revenue.

3. Individual Income Tax appropriation has a \$100,000,000 increase each fiscal year **in appropriation only** to allow sufficient appropriation to process individual income tax refunds/reimbursements.
4. Corporate Income Tax appropriation has a \$100,000,000 increase each fiscal year **in appropriation only** in anticipation of the increased and larger refund requests from corporations due to a downturn in the economy.
5. The Miscellaneous Tax Refunds appropriation, funded with miscellaneous funds has an increase of \$200,000,000 **in appropriation only** each year to provide for increased processing of refunds for taxes paid from various sources.

III) ADDITIONAL POSITIONS

Total positions for FY 2009-2011: 1,485

Total positions for FY 2011-2013: 1,506

Increase/ (Decrease): 21

IV) SPECIAL LANGUAGE

1. Dictates distribution of refunds in Tax Administration Program and allows transfer between Refund line items with report to Legislative Council on amounts and reasons for transfer.
2. States extra Help positions are exempt from limitation of hours with report to Legislative Council when temporary or part-time employees are employed by DFA for longer than 7 months.
3. Authorizes the establishment of 50 contingency data entry positions to be utilized as deemed necessary by the Director of DFA after seeking prior review by Legislative Council/Joint Budget; allows transfers from the various programs in the Act to the Tax Administration Program for salaries and matching.
4. Gives Department authority to employ not more than one (1) certified law enforcement officer to provide security for Department buildings, grounds, property, employees and customers.