

HB 5033 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Reviewed By: John Borden, Legislative Fiscal Office

**Department of Revenue
2019-21**

PRELIMINARY

Budget Summary*

	2017-19 Legislatively Approved Budget ⁽¹⁾	2019-21 Current Service Level	2019-21 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 180,043,954	\$ 189,808,830	\$ 196,120,914	\$ 16,076,960	8.9%
General Fund Debt Service	\$ 14,425,618	\$ 15,066,620	\$ 15,066,620	\$ 641,002	4.5%
Other Funds Limited	\$ 128,749,265	\$ 122,443,785	\$ 124,818,941	\$ (3,930,324)	(3.1%)
Other Funds Debt Service	\$ 1,185,157	\$ 1,237,830	\$ 1,237,830	\$ 52,673	4.5%
Total	\$ 324,403,994	\$ 328,557,065	\$ 337,244,305	\$ 12,840,311	4.0%

Position Summary

Authorized Positions	1,102	1,024	1,018	(84)
Full-time Equivalent (FTE) positions	963.68	969.22	973.35	9.67

⁽¹⁾ Includes adjustments through December 2018

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Department of Revenue (DOR) is responsible for collecting taxes that make up more than 95 percent of the state's General Fund revenue, including the Personal Income Tax, Corporate Income Tax, Estate Transfer Tax, Cigarette Tax, and Other Tobacco Products Tax. General Fund revenues are expected to reach \$21.3 billion in the 2019-21 biennium. The General Fund is uniquely dependent on the Personal Income Tax, which is projected to account for approximately 89 percent of General Fund revenues in 2019-21.

The Department's primary source of Other Funds to pay for the cost of administering its tax portfolio is the Other Funds taxes it collects, including the Marijuana Tax, portions of the Cigarette and Other Tobacco Products Tax, transportation taxes, the State Lodging Tax, and a host of other taxes collected on behalf of other state departments or local governments. Proceeds from these taxes are transferred to the departments or local governments after deducting the costs of administration. The revenues from these taxes are subject to appropriation and many of the taxes the Department collects have legal caps on administrative costs. In addition to the Other Funds 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. The primary revenue source for Property Tax Division, the County Assessment Function Funding Assistance revenue, is projected to bring in \$39.6 million during the 2019-21 biennium. Of this amount, 90.0 percent will be transferred to counties to help pay for the administration of their property tax programs, while 10.0 percent will be retained by the Property Tax Division to administer the division's programs. Other Funds revenue is also associated with the Senior and Disabled Property Tax Deferral account. The deferred taxes and interest are collected when the property is disqualified. These proceeds are used to pay counties for the property taxes of

homeowners that still qualify under the program. The program makes approximately \$15 million in property tax payments each year and receives an estimated \$21 million in repayments.

The Subcommittee approved Package 803 to better align the Department's budgeted Other Funds revenues with the 2019-21 Legislatively Adopted Budget. There is no expenditure impact associated with this package.

Summary of General Government Subcommittee Action

DOR administers almost 40 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 Non-profit Housing for Elderly Persons Program and the Senior Citizens' and Disabled Citizens' Property Tax Deferral Program. The Subcommittee approved a total funds budget of \$337,244,305 and 1,018 positions (973.35 FTE) for the 2019-21 biennium. The budget consists of a General Fund appropriation of \$211,187,534 and \$126,056,771 in Other Funds expenditure limitation. This represents a 4.0 percent increase in total funds from the 2017-19 Legislatively Approved Budget.

Administration Division

The Administration Division provides overall Department leadership and supports the work of the rest of DOR by providing services in the following areas: the Director's Office, Finance (including the Accounting, Procurement, and Budget and Payroll sections), Communications, Facilities, Project Management, the Disclosure Office, Human Resources, Internal Audit, and Research. This Division has undergone a significant reorganization in creating the Department's budget. The Human Resources, Internal Audit, Communications, Facilities, and the Director's Office sections moved to the Administration Division from the Executive Division, during the development of the 2019-21 budget. Research and Project Management moved to Administration from the General Services Division budget. The Processing Center, which processes tax returns and payments for all taxes, and the Information Technology Services group were formerly part of this Division and were moved to create a stand-alone division as part of the development of the 2019-21 budget. The Subcommittee recommended budget for the Administration Division is \$37.7 million total funds and 71 positions (71.00 FTE). The Subcommittee recommended the following packages:

Package 812, Vacant Position Elimination. This package reduces General Fund by \$219,918 and Other Funds expenditure limitation by \$19,124 and abolishes a permanent full-time Information Systems Specialist 8 (1.00 FTE).

Property Tax Division

The Property Tax Division (PTD) oversees the property tax function of Oregon county government, which generates over \$5 billion a year to fund public schools, police and fire departments, and other local government services. This is locally-generated revenues that do not pass through the Department's budget. PTD consists of four major program areas: County Oversight, Industrial and Utility Valuation, Forestland Valuation and Timber Taxes, and Cadastral Information Systems.

This Division is supported by General Fund and Other Funds revenues. Other Funds revenues come from the County Mapping and County Assessment Funding Programs. Document recording fees plus a portion of the interest collected on delinquent property tax payments support the Department's appraisal of about 900 industrial sites and approximately 525 utility and transportation companies, as well as the Department administration of the county grant process. The Subcommittee recommended budget for the Division consists of \$61.5 million total funds and 81 positions (80.13 FTE). The Subcommittee recommended the following packages:

Package 804, Property Valuation System Business Case Update. This package increases General Fund by \$210,500 and establishes one limited duration Information Systems Specialist 8 position (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 documents used in the Stage Gate approval process for information technology projects. The Department was forced to stop work on this project in the 2017-19 biennium due to the lack of legislatively approved funding and vendor responses to a Request for Proposals whose costs greatly exceeded earlier project estimates.

Package 805, Comprehensive Reconciliation of Position Funding. This package increases General Fund by \$1,219,490, reduces Other Funds expenditure limitation by \$724,252, and increases position funding by 2.57 FTE. This package resolves long-standing funding issues within the Property Tax Division. Earlier attempts to address the issue by the Department have been unsuccessful. With the funding approved in this package, the legislative expectation is that DOR will hire for all currently vacant positions in the Property Tax Division.

Package 812, Vacant Position Elimination. This package reduces General Fund by \$181,556, reduces Other Funds expenditure limitation by \$90,093, and abolishes a permanent full-time Information Systems Specialist 3 position (1.00 FTE) and 0.25 FTE of an Operations and Policy Analyst 2 position for a reduction of 1.25 FTE.

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 Personal Income Tax is projected to bring in approximately \$18.7 billion during the 2019-21 biennium. An estimated 2.15 million personal income tax returns will be filed for the 2019 tax year.

The mission of PTAC is to improve taxpayer compliance with the programs it administers through taxpayer assistance, education, and enforcement activities. To aid voluntary compliance, PTAC provides taxpayer education and assistance programs. It also employs enforcement activities for those who do not voluntarily comply with Oregon's personal income tax laws. Enforcement actions affect individuals who fail to file required returns, understate income, overstate expenses or deductions, or fail to pay. The Division commits most of its resources to enforcement, business audits, single-issue audits, and collection of debt. The Personal Tax and Compliance Division's program responsibility also includes collection of delinquent taxes.

This Division is supported primarily by General Fund revenues. PTAC Other Funds expenditures are primarily for the administration of Tri-Met and Lane County Transit Self-Employment Tax programs. The Subcommittee recommended budget for PTAC consists of \$82.0 million total funds and 391 positions (390.76 FTE). The Subcommittee recommended the following packages:

Package 101, Senate Bill 254 (2018). This package increases General Fund by \$166,029 and Other Funds expenditure limitation by \$29,299. This package provides the budgetary authority to pay fees to banks for their participation in the state's bank account data matching function, as well as for a third-party service provider to ensure the bank information they have is up to date. The financial institutions data match program was approved as part of Senate Bill 254 in the 2018 Legislative Session and is a collections tool for the Department to pursue delinquent accounts. Banks are compensated for their participation in this effort through a payment of \$2,500 for start-up costs and up to \$150 per quarter for the actual costs of complying with the bill. The package is recommended on a one-time basis.

Package 105, Marijuana Program / Income Tax Audits. This package increases General Fund by \$408,276 and Other Funds expenditure limitation by \$8,332 to establish two permanent full-time Tax Auditor 2 positions (1.76 FTE). These positions are being funded to audit the personal income tax returns of licensed marijuana business owners. There is a high risk of non-compliance in this new cash-driven industry.

Package 812, Vacant Position Elimination. This package reduces General Fund by \$482,208, Other Funds expenditure limitation by \$9,841, and abolishes four vacant positions – one Student Office Worker, two Revenue Agent 3s, and one Administrative Specialist 1 (3.17 FTE).

Business Division

The Business Division administers the Corporation Income and Excise taxes, Employer Income Tax Withholdings, state and local Transit Payroll Taxes, Fiduciary, Estate Transfer, Cigarette Tax, Tobacco Tax, the Vehicle Excise and Use Taxes, other Special Programs, and other taxes. Although administered by the Business Division, the costs associated with administering the Marijuana Tax are budgeted in the Marijuana Program. The Business Division shares administrative responsibility for administering the Combined Payroll Tax program with the Oregon Employment Department, which processes the majority of the returns and administers the state's unemployment tax and the Department of Consumer and Business Services, which administers the workers' benefit fund assessment.

The Business Division's program responsibility includes collection of delinquent business taxes. These include income taxes withheld by employers and sent to the Department, corporation taxes, and local transit district taxes. The Division audits corporation income and excise tax returns, fiduciary returns, and transit self-employment tax returns. Audit activity is performed by staff located in Salem and in field offices around the state. The Other Agency Accounts section of the Business Division was spun out to form the Collections Division during the development of the 2019-21 budget.

This section is supported by General Fund and by charges to Other Funds programs for their share of the Department's administrative expenses. Other Funds revenue includes administrative charges to the Other Funds taxes the division administers. The Subcommittee recommended

budget for the Business Division consists of \$35.5 million total funds and 154 positions (152.38 FTE). The Subcommittee recommended the following packages:

Package 081, September 2018 Emergency Board. This package increases Other Funds expenditure limitation by \$26,790 for the Department to complete the rollout of its data matching portal for the state lodging tax. House Bill 3180 (2017) directed the creation of a data matching portal to improve the enforcement and collection of state and local transient lodging taxes through a quarterly exchange of data between the state and local governments. The expenditure limitation for this work was approved by the September 2018 Emergency Board, while this package represents the remaining limitation needs to complete and operationalize the data matching portal. This package is recommended on a one-time basis.

Package 106, Auditing. This package increases Other Funds expenditure limitation by \$309,403 and authorizes the establishment of one permanent full-time Tax Auditor 2 position (0.88 FTE). This position is intended to audit State Lodging Tax returns and increase rates of compliance. The package also includes \$112,164 in Other Funds expenditure limitation for one year of a professional services contract to purchase data related to transient lodging providers from companies that collect the data from online transient lodging portals. The revenue supporting this work comes from the State Lodging Tax. The \$112,164 in Other Funds expenditure limitation for the professional services contract is approved on a one-time basis for the 2019-21 biennium.

Package 802, Heavy Equipment Rental Tax. This package increases Other Funds expenditure limitation by \$341,361 and authorizes the establishment of three positions (1.50 FTE). This package provides the expenditure limitation to complete the implementation of the Heavy Equipment Rental Tax by providing one limited duration full-time Operations and Policy Analyst 2 for program development, one permanent part-time Administrative Support Specialist 2 to perform filing enforcement, suspense, and to prepare billings and refunds for the two true-up years of the tax, and one permanent full-time Tax Auditor 1 to ensure compliance and the accuracy of tax returns. Gentax system configuration and testing for the Heavy Equipment Rental Tax implementation is funded under the Core System Replacement Program. The revenue to support this package comes from the Heavy Equipment Rental Tax.

Package 812, Vacant Position Elimination. This package reduces General Fund by \$179,406 and Other Funds expenditure limitation by \$362,381 and abolishes four vacant Public Service Representative 4 positions (2.75 FTE).

Collections Division

The Collections Division includes the Other Agency Accounts (OAA) section, previously part of the Business Division. The OAA section acts as an in-house collections agency for state government, collecting on debts for 180 state departments, boards, and commissions. The Department collects the debts and transfers the amount collected less a fee for its work. Senate Bill 1067 (2017) recently expanded the work of the section by requiring the Executive Branch agencies send their liquidated and delinquent debt to OAA sooner. OAA also now manages all of the debt assigned to private collection firms.

The Collections Division does not currently include all of the Department's collections functions. The Legislature in 2019 acknowledged receipt of a report by the Department on the feasibility of consolidating all collections functions within a single division. Beginning with the 2021-23 biennium, the department proposed to transfer the collections functions within the Personal Tax and Compliance Division and the Business Division into the newly established division. The department's feasibility analysis is to undertake this consolidation over the course of the next two biennia, subject to legislative review and approval.

The Collections Division recovers its costs through fees charged against the debt it collects. The Subcommittee recommended budget for the Collections Division is \$13.4 million total funds and 73 positions (73.00 FTE). The Subcommittee recommended the following package:

Package 801, LFO Analyst Adjustments. This package reduces General Fund by \$190,154 and increases Other Funds expenditure limitation by \$190,154 to shift one position in the Collections Division from General Fund to Other Funds to match the revenue source that supports the program's work.

Corporate Division

The Corporate Division was established to administer the Corporate Activity Tax established by House Bill 3427 (2019). The Corporate Activity Tax applies to business receipts earned on or after July 1, 2020. Proceeds from the tax will support investments in education. The primary budget authority for implementing the Corporate Activity Tax was provided to the Department of Revenue via House Bill 5047 (2019). The Subcommittee recommended the following package:

Package 801, LFO Analyst Adjustments. This package increase General Fund by \$1 and Other Funds expenditure limitation by \$1 to establish the Corporate Division for administration of the Corporate Activity Tax established by House Bill 3427 (2019).

Information Technology Services Division

The Information Technology Services Division supports the technology platforms on which DOR operates, processes incoming paper returns and correspondence, and processes and deposits all payments received by the Department. The Division includes Engineering Services, which manages DOR's network, databases, middleware, systems and servers; the Service Desk, which provides end-user support for DOR's employees; the Core Systems group, which supports DOR's core system, Gentax; Application Services, which develops and supports in-house applications DOR uses to administer its tax portfolio; and the Processing Center, which processes all incoming paper returns, payments and correspondence and deposits all payments.

This Division is supported by General Fund and by charges to Other Funds programs for their share of the Department's administrative expenses. The Subcommittee recommended budget for the Information Technology Services Division consists of \$48.7 million total funds and 224 positions (182.57 FTE). The Subcommittee recommended the following packages:

Package 110, Processing Center Permanent Staffing. This package increases Other Funds expenditure limitation by \$1,500,231 and authorizes the establishment of 11 limited duration positions (11.00 FTE). This package provides the staff needed to handle paper returns and correspondence related to the statewide transit tax enacted by the Legislature in 2017. The state has a joint payroll tax form administered by the Employment Department, but due to that agency's modernization efforts and a lack of space on the tax form, DOR was unable to use that form. Permanent funding for these positions will be reconsidered once electronic filing becomes more prevalent. The Services and Supplies and Capital Outlay approved as part of this package will be phased out in the development of the 2021-23 budget. The revenue to support this package comes from the statewide transit tax.

Package 111, Processing Center Modernization Project. This package increases 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 system. The project has completed Phase 1 and successfully decommissioned the legacy scanners most at risk of failure. The Department plans to complete Phase 2 in August 2019 and Phase 3, which will finalize the remaining programs, in August 2020. This package is approved on a one-time basis.

Package 112, Shared Services. This package increases General Fund by \$6,488,923 and Other Funds expenditure limitation by \$564,254 in order to fund the maintenance and support of the Department's Gentax application, which is DOR's primary tax processing system. The package funds Level 2 maintenance from the vendor and includes five vendor augmentation staff for 2019 and four vendor augmentation staff for 2020. The Department of Administrative Services is directed to unscheduled \$3,122,219 General Fund and \$271,497 Other Fund expenditure limitation until DOR reports to the Legislature in 2020, on the status of outstanding issues related to the Gentax implementation. This package is approved on a one-time basis and will be phased out in the development of the 2021-23 budget.

Package 801, LFO Adjustments. This package reduces General Fund by \$428,400 and Other Funds expenditure limitation by \$81,600 in Services and Supplies by eliminating funding for contracts that support document scanners the agency no longer needs as a result of the Processing Center Modernization project Phase 1.

Package 812, Vacant Position Elimination. This package reduces General Fund by \$1,279,500 and Other Funds expenditure limitation by \$142,836 and abolishes 14 positions – one Information Systems Specialist 3, one Information Systems Specialist 6, One Information Systems Specialist 7, one Information Systems Specialist 8, one Data Entry Operator, one Office Specialist 1, and eight Office Specialist 2 positions for a total reduction of 7.05 FTE.

Marijuana Program

The Marijuana Program consists of the staff needed to administer the Marijuana Tax, including communications, policy analysis, and the development of administrative rules and forms. In addition, the Marijuana Program administers over 70 local marijuana taxes on behalf of local governments. In addition to heightened interest from Legislators and the media, administering the Marijuana Tax has brought new challenges to the Department. As many marijuana businesses are unable use the formal banking system due to federal law, significant numbers pay their

taxes in cash, which required the Department to build and staff a cash handling facility where all taxpayers seeking to make cash payments must go.

This section is supported by marijuana tax revenues and reimbursements from local governments for the administration of their taxes. The Subcommittee recommended budget for the Marijuana Program is \$4.5 million total funds and 16 positions (15.76 FTE). The Subcommittee recommended the following packages:

Package 105, Marijuana Program / Income Tax Audits. This package increases Other Funds expenditure limitation by \$416,608 and authorizes the establishment of two permanent full-time Tax Auditor 2 positions (1.76 FTE). The purpose of this package is to audit the Marijuana Tax returns of licensed marijuana businesses. There is a high risk of non-compliance in this cash-driven industry.

Package 812, Vacant Position Elimination. This package reduces Other Funds expenditure limitation by \$43,472 and abolishes one Economist 3 position (0.25 FTE).

Non-profit Housing For Elderly Persons

The Nonprofit Housing for Elderly Persons program reimburses counties for the costs of a property tax exemption for certain nonprofit homes for the elderly. The nonprofit homes receive the exemption regardless of whether or to what extent the counties are reimbursed for this exemption. The Subcommittee recommended a budget of \$3,348,966 General Fund for this program.

Senior Deferral Program

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 \$33.8 million total funds and eight positions (7.75 FTE). The Subcommittee recommended the following package:

Package 812, Vacant Position Elimination. This package reduces Other Funds expenditure limitation by \$140,504 and abolishes one permanent Operations and Policy Analyst 2 position (0.75 FTE).

Core System Replacement Project

The Department recently completed a multi-biennia effort to replace their legacy tax processing system with a new, integrated system called GenTax. The goal of the project was to replace the Department's core tax systems to improve efficiency, reduce the risk of system failure, and enhance the ability to improve performance and generate revenue. The Subcommittee recommended a budget of \$535,000 Other Funds. The Subcommittee recommended the following package:

Package 802, Heavy Equipment Rental Tax. This package increases Other Funds expenditure limitation by \$535,000 for the Core System Replacement project to fund vendor costs for the implementation of the Heavy Equipment Rental Tax. This package is approved on a one-time basis and will be phased out in the development of the 2021-23 budget.

Debt Service

This program unit includes the total cost of all debt service for the Department. The base budget pays for Core System Replacement and Property Valuation System bonds issued during previous biennia. The Subcommittee recommended a budget of \$15,066,620 General Fund and \$1,237,830 Other Funds expenditure limitation for this program.

Summary of Maximum Supervisory Ratio

The Subcommittee reviewed the agency's proposed Maximum Supervisory Ratio of 1:11.

Summary of Performance Measure Action

See attached "Legislatively Approved 2019-2021 Key Performance Measures."

PRELIMINARY

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			
2017-19 Legislatively Approved Budget at Dec 2018 *	\$ 194,469,572	\$ -	\$ 129,934,422	\$ -	\$ -	\$ -	324,403,994	1,102	963.68
2019-21 Current Service Level (CSL)*	\$ 204,875,450	\$ -	\$ 123,681,615	\$ -	\$ -	\$ -	328,557,065	1,024	969.22
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 003 - Administration									
Package 812: Vacant Position Elimination									
Personal Services	\$ (210,115)	\$ -	\$ (18,272)	\$ -	\$ -	\$ -	(228,387)	(1)	(1.00)
Services and Supplies	\$ (9,803)	\$ -	\$ (852)	\$ -	\$ -	\$ -	(10,655)		
SCR 004 - Property Tax Division									
Package 804: Property Valuation System Business Case Update									
Personal Services	\$ 199,845	\$ -	\$ -	\$ -	\$ -	\$ -	199,845	1	0.88
Capital Outlay	\$ 10,655	\$ -	\$ -	\$ -	\$ -	\$ -	10,655		
Package 805: Comprehensive Reconciliation of Position Funding									
Personal Services	\$ 1,219,490	\$ -	\$ (724,252)	\$ -	\$ -	\$ -	495,238	0	2.57
Package 812: Vacant Position Elimination									
Personal Services	\$ (173,032)	\$ -	\$ (85,298)	\$ -	\$ -	\$ -	(258,330)	(1)	(1.25)
Services and Supplies	\$ (8,524)	\$ -	\$ (4,795)	\$ -	\$ -	\$ -	(13,319)		
SCR 005 - Personal Tax and Compliance Division									
Package 101: SB 254 (2018)									
Services and Supplies	\$ 166,029	\$ -	\$ 29,299	\$ -	\$ -	\$ -	195,328		
Package 105: Marijuana Program / Income Tax Audits									
Personal Services	\$ 314,447	\$ -	\$ 6,417	\$ -	\$ -	\$ -	320,864	2	1.76
Services and Supplies	\$ 79,494	\$ -	\$ 1,622	\$ -	\$ -	\$ -	81,116		
Capital Outlay	\$ 14,335	\$ -	\$ 293	\$ -	\$ -	\$ -	14,628		
Package 812: Vacant Position Elimination									
Personal Services	\$ (449,107)	\$ -	\$ (9,166)	\$ -	\$ -	\$ -	(458,273)	(4)	(3.17)
Services and Supplies	\$ (33,101)	\$ -	\$ (675)	\$ -	\$ -	\$ -	(33,776)		
SCR 006 - Business Division									
Package 081: September 2018 Emergency Board									
Services and Supplies	\$ -	\$ -	\$ 26,790	\$ -	\$ -	\$ -	26,790		
Package 106: Auditing									
Personal Services	\$ -	\$ -	\$ 160,432	\$ -	\$ -	\$ -	160,432	1	0.88
Services and Supplies	\$ -	\$ -	\$ 141,657	\$ -	\$ -	\$ -	141,657		
Capital Outlay	\$ -	\$ -	\$ 7,314	\$ -	\$ -	\$ -	7,314		
Package 802: Heavy Equipment Rental Tax									
Personal Services	\$ -	\$ -	\$ 267,247	\$ -	\$ -	\$ -	267,247	3	1.50
Services and Supplies	\$ -	\$ -	\$ 74,114	\$ -	\$ -	\$ -	74,114		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 812: Vacant Position Elimination									
Personal Services	\$ (169,949)	\$ -	\$ (342,536)	\$ -	\$ -	\$ -	(512,485)	(4)	(2.75)
Services and Supplies	\$ (9,457)	\$ -	\$ (19,845)	\$ -	\$ -	\$ -	(29,302)		
SCR 007 - Collections Division									
Package 801: LFO Analyst Adjustment									
Personal Services	\$ (190,154)	\$ -	\$ 190,154	\$ -	\$ -	\$ -	-	0	0.00
SCR 008 - Corporate Division									
Package 801: LFO Analyst Adjustments									
Services and Supplies	\$ 1	\$ -	\$ 1	\$ -	\$ -	\$ -	2		
SCR 009 -Information Technology Services Division									
Package 110: Processing Center Permanent Staffing									
Personal Services	\$ -	\$ -	\$ 1,302,575	\$ -	\$ -	\$ -	1,302,575	11	11.00
Services and Supplies	\$ -	\$ -	\$ 117,202	\$ -	\$ -	\$ -	117,202		
Capital Outlay	\$ -	\$ -	\$ 80,454	\$ -	\$ -	\$ -	80,454		
Package 111: PCM Project									
Services and Supplies	\$ 780,007	\$ -	\$ 67,826	\$ -	\$ -	\$ -	847,833		
Package 112: Shared Services									
Services and Supplies	\$ 6,488,923	\$ -	\$ 564,254	\$ -	\$ -	\$ -	7,053,177		
Package 801: LFO Analyst Adjustments									
Services and Supplies	\$ (428,400)	\$ -	\$ (81,600)	\$ -	\$ -	\$ -	(510,000)		
Package 812: Vacant Position Elimination									
Personal Services	\$ (1,211,200)	\$ -	\$ (136,017)	\$ -	\$ -	\$ -	(1,347,217)	(14)	(7.05)
Services and Supplies	\$ (68,300)	\$ -	\$ (6,819)	\$ -	\$ -	\$ -	(75,119)		
SCR 014 - Marijuana Program									
Package 105: Marijuana Program / Income Tax Audits									
Personal Services	\$ -	\$ -	\$ 320,864	\$ -	\$ -	\$ -	320,864	2	1.76
Services and Supplies	\$ -	\$ -	\$ 81,116	\$ -	\$ -	\$ -	81,116		
Capital Outlay	\$ -	\$ -	\$ 14,628	\$ -	\$ -	\$ -	14,628		
Package 812: Vacant Position Elimination									
Personal Services	\$ -	\$ -	\$ (40,808)	\$ -	\$ -	\$ -	(40,808)	(1)	(0.25)
Services and Supplies	\$ -	\$ -	\$ (2,664)	\$ -	\$ -	\$ -	(2,664)		
SCR 025 - Sr Citizens Prop Tax Deferral									
Package 812: Vacant Position Elimination									
Personal Services	\$ -	\$ -	\$ (132,513)	\$ -	\$ -	\$ -	(132,513)	(1)	(0.75)
Services and Supplies	\$ -	\$ -	\$ (7,991)	\$ -	\$ -	\$ -	(7,991)		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
SCR 030 - Core System Replacement									
Package 802: Heavy Equipment Rental Tax Services and Supplies	\$ -	\$ -	\$ 535,000	\$ -	\$ -	\$ -	\$ 535,000		
TOTAL ADJUSTMENTS	\$ 6,312,084	\$ -	\$ 2,375,156	\$ -	\$ -	\$ -	\$ 8,687,240	(6)	4.13
SUBCOMMITTEE RECOMMENDATION *	\$ 211,187,534	\$ -	\$ 126,056,771	\$ -	\$ -	\$ -	\$ 337,244,305	1,018	973.35
% 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%
% Change from 2019-21 Current Service Level	3.1%	0.0%	1.9%	0.0%	0.0%	0.0%	2.7%	(0.6%)	0.4%

*Excludes Capital Construction Expenditures

PRELIMINARY

Legislatively Approved 2019 - 2021 Key Performance Measures

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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 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:

The General Government Subcommittee adopted the Legislative Fiscal Office recommendation.

PRELIMINARY