

## Legislative Fiscal Office

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



## Joint Committee on Ways and Means

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Representative Tawna Sanchez, House Co-Chair

Senator Fred Girod, Senate Co-Vice Chair  
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Tom MacDonald, Deputy Legislative Fiscal Officer (Budget)  
Paul Siebert, Deputy Legislative Fiscal Officer (Audit/IT)

**To:** General Government Subcommittee  
**From:** Doug Wilson, Legislative Fiscal Office  
**Date:** May 16, 2023  
**Subject:** HB 5034 – Department of Revenue  
Work Session Recommendations

### Department of Revenue – Agency Totals

	2019-21 Actual	2021-23 Legislatively Approved	2023-25 Current Service Level	2023-25 LFO Recommended
General Fund	194,787,706	250,756,693	236,057,192	229,885,003
Other Funds	121,228,801	304,832,828	160,836,418	167,181,620
Other Funds (NL)	2,255,000	--	--	--
<b>Total Funds</b>	<b>318,271,507</b>	<b>555,589,521</b>	<b>396,893,418</b>	<b>397,066,623</b>
Positions	1,082	1,134	1,109	1,138
FTE	1,007.33	1,064.42	1,050.78	1,071.53

The Department of Revenue (DOR) is the tax administration agency for state and local government. The agency is responsible for administering over 60 tax and other programs (e.g., fees, audit/collections), including personal income and corporate excise taxes, inheritance tax, corporate activities tax, state marijuana tax, and a variety of other taxes and fees. DOR provides oversight of local property tax administration by counties, values larger industrial and other large-scale properties, and administers several property tax relief programs. The agency also provides debt collection services for state agencies and local governments. Local taxes collected by the agency includes local transit taxes and the Private Rail Car Tax. DOR is funded with a combination of General Fund and Other Funds. DOR's Other Funds revenue is derived from three primary sources: (1) administrative prorated charges to various Other Fund taxes, fees, assessments, and collection activities; (2) direct charges to program revenues, such as the Corporate Activity Tax, collections, and the Marijuana Tax; and (3) revenue from the recovery of agency cost when administering local government taxes.

The table on the top of the next page divides the LFO recommended budget by division or program.

**Department of Revenue -- 2023-25 LFO Recommendation by Division/Program**  
*Millions of Dollars*

<b>Division/Program</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total Funds</b>	<b>Positions</b>	<b>FTE</b>
Administration	37.6	12.8	50.4	84	83.14
Property Tax Division	20.9	47.7	68.6	80	79.25
Person Tax and Compliance Division	62.5	1.5	64.0	276	259.87
Business Division	22.9	15.1	38.0	138	137.00
Collections Division	34.3	18.7	53.0	249	247.39
Corporate Division	-	16.5	16.5	50	50.00
Information Technology Services Division	45.4	13.8	59.2	243	197.13
Marijuana Program	-	4.1	4.1	10	10.00
Non-Profit Housing for Elderly Persons	3.6	-	3.6	-	-
Senior Citizens Property Tax Deferral	-	37.0	37.0	8	7.75
Core System Replacement	-	-	-	-	-
Capital Debt Service and Related Costs	2.6	0.1	2.7	-	-
<b>Agency Total</b>	<b>229.9</b>	<b>167.2</b>	<b>397.1</b>	<b>1,138</b>	<b>1,071.53</b>

**Adjustments to Current Service Level**

The current service level (CSL) for the Department of Revenue (DOR) is \$236,057,192 General Fund and \$160,836,418 Other Funds with 1,109 positions (1,050.78 FTE). The LFO recommendations includes reductions from increased vacancy savings and reductions to Services and Supplies and Capital Outlay and as the result of fund shifts due to new cost allocation methodology. These reductions are used to meet the budget framework assumptions and for investments in call center modernization, diversity initiatives, and increased Human Resource capacity.

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 5034. (VOTE)**

**OR**

**Change** LFO Recommendation:

**MOTION: I move the LFO recommendation to HB 5034, with modifications. (VOTE)**

**Performance Measures**

See attached "Legislatively Proposed 2023-25 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 is one budget note recommended for the Department of Revenue relating to the ongoing work on cost allocation methodology.

The Department of Revenue will continue to develop the cost allocation methodology during 2023-25. The Department should strongly consider hiring an outside consultant with expertise in cost allocation to assist it in completing this project. Other state agencies with existing cost allocation models should be consulted and internal and external stakeholder groups should be informed of this project. Given the complexity of developing this methodology and its scope, it is suggested that established project management tools be used to complete this project. The Department should report to the Emergency Board on the project's progress and anticipated results by September 2024.

**Accept** LFO Recommendation:

**MOTION:** I move the LFO recommendation on Budget Notes. (VOTE)

**OR**

**Change** LFO Recommendation (any changes must be approved by the co-chairs):

**MOTION:** I move the LFO recommendation on Budget Notes, with modifications. (VOTE)

### **Recommended Changes**

LFO recommends a budget of \$229,885,003 General Fund, \$167,181,620 Other Funds, and 1,138 positions (1,071.53 FTE), which is reflected in the –1 amendment.

**MOTION:** I move adoption of the – 1 amendment to HB 5034. (VOTE)

**Final Subcommittee Action**

LFO recommends that HB 5034, as amended by the -1 amendment, be moved to the Ways and Means Full Committee.

**MOTION: I move HB 5034, 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>2021-23 Agy. Leg. Adopted</b>	<b>242,537,681</b>	-	<b>155,572,693</b>	-	-	-	<b>398,110,374</b>	<b>1,125</b>	<b>1,060.21</b>
2021-23 Ebds, SS & Admin Act	8,219,012	-	149,260,135	-	-	-	157,479,147	9	4.21
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2021-23 Leg Approved Budget</b>	<b>250,756,693</b>	-	<b>304,832,828</b>	-	-	-	<b>555,589,521</b>	<b>1,134</b>	<b>1,064.42</b>
<b>2021-23 Leg Approved Budget (Base)</b>	<b>250,139,343</b>	-	<b>304,678,451</b>	-	-	-	<b>554,817,794</b>	<b>1,127</b>	<b>1,061.21</b>
Summary of Base Adjustments	2,937,266	-	558,746	-	-	-	3,496,012	(18)	(10.43)
<b>2023-25 Base Budget</b>	<b>253,076,609</b>	-	<b>305,237,197</b>	-	-	-	<b>558,313,806</b>	<b>1,109</b>	<b>1,050.78</b>
010: Non-PICS Pers Svc/Vacancy Factor	(628,491)	-	85,574	-	-	-	(542,917)	-	-
020: Phase In / Out Pgm & One-time Cost	(24,031,010)	-	(150,433,584)	-	-	-	(174,464,594)	-	-
030: Inflation & Price List Adjustments	7,640,084	-	5,947,231	-	-	-	13,587,315	-	-
<b>2023-25 Current Service Level</b>	<b>236,057,192</b>	-	<b>160,836,418</b>	-	-	-	<b>396,893,610</b>	<b>1,109</b>	<b>1,050.78</b>
080: E-Boards	1,436,185	-	359,090	-	-	-	1,795,275	7	7.00
<b>Adjusted 2023-25 Current Service Level</b>	<b>237,493,377</b>	-	<b>161,195,508</b>	-	-	-	<b>398,688,885</b>	<b>1,116</b>	<b>1,057.78</b>
<b>Total LFO Recommended Packages</b>	<b>(7,608,374)</b>	-	<b>5,986,112</b>	-	-	-	<b>(1,622,262)</b>	<b>22</b>	<b>13.75</b>
<b>2023-25 Legislative Actions</b>	<b>229,885,003</b>	-	<b>167,181,620</b>	-	-	-	<b>397,066,623</b>	<b>1,138</b>	<b>1,071.53</b>
Net change from 2021-23 Leg Approved Budget	(20,871,690)	-	(137,651,208)	-	-	-	(158,522,898)	4	7.11
Percent change from 2021-23 Leg Approved Budget	(8.3%)	0.0%	(45.2%)	0.0%	0.0%	0.0%	(28.5%)	0.4%	0.7%
Net change from 2023-25 Adj Current Service Level	(7,608,374)	-	5,986,112	-	-	-	(1,622,262)	22	13.75
Percent change from 2023-25 Adj Current Service Level	(3.2%)	0.0%	3.7%	0.0%	0.0%	0.0%	(0.4%)	2.0%	1.3%

LFO102 - Work Session Presentation Report  
2023-25 Biennium

Version: L - 01 - LFO Analyst Recommended  
Cross Reference: 15000-003-00-00-00000  
Administration

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2021-23 Agy. Leg. Adopted</b>	<b>32,199,466</b>	-	<b>8,297,353</b>	-	-	-	<b>40,496,819</b>	<b>72</b>	<b>71.33</b>
2021-23 Ebds, SS & Admin Act	1,195,786	-	219,394	-	-	-	1,415,180	7	3.21
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2021-23 Leg Approved Budget</b>	<b>33,395,252</b>	-	<b>8,516,747</b>	-	-	-	<b>41,911,999</b>	<b>79</b>	<b>74.54</b>
<b>2021-23 Leg Approved Budget (Base)</b>	<b>32,777,902</b>	-	<b>8,362,370</b>	-	-	-	<b>41,140,272</b>	<b>72</b>	<b>71.33</b>
Summary of Base Adjustments	1,033,764	-	137,897	-	-	-	1,171,661	-	0.67
<b>2023-25 Base Budget</b>	<b>33,811,666</b>	-	<b>8,500,267</b>	-	-	-	<b>42,311,933</b>	<b>72</b>	<b>72.00</b>
010: Non-PICS Pers Svc/Vacancy Factor	(195,227)	-	(5,824)	-	-	-	(201,051)	-	-
030: Inflation & Price List Adjustments	4,366,079	-	1,474,912	-	-	-	5,840,991	-	-
060: Technical Adjustments	(1,304,767)	-	(173,548)	-	-	-	(1,478,315)	(6)	(6.00)
<b>2023-25 Current Service Level</b>	<b>36,677,751</b>	-	<b>9,795,807</b>	-	-	-	<b>46,473,558</b>	<b>66</b>	<b>66.00</b>
080: E-Boards	1,436,185	-	359,090	-	-	-	1,795,275	7	7.00
<b>Adjusted 2023-25 Current Service Level</b>	<b>38,113,936</b>	-	<b>10,154,897</b>	-	-	-	<b>48,268,833</b>	<b>73</b>	<b>73.00</b>
<b>Total LFO Recommended Packages</b>	<b>(483,269)</b>	-	<b>2,625,331</b>	-	-	-	<b>2,142,062</b>	<b>11</b>	<b>10.14</b>
<b>2023-25 Legislative Actions</b>	<b>37,630,667</b>	-	<b>12,780,228</b>	-	-	-	<b>50,410,895</b>	<b>84</b>	<b>83.14</b>
Net change from 2021-23 Leg Approved Budget	4,235,415	-	4,263,481	-	-	-	8,498,896	5	8.60
Percent change from 2021-23 Leg Approved Budget	12.7%	0.0%	50.1%	0.0%	0.0%	0.0%	20.3%	6.3%	11.5%
Net change from 2023-25 Adj Current Service Level	(483,269)	-	2,625,331	-	-	-	2,142,062	11	10.14
Percent change from 2023-25 Adj Current Service Level	(1.3%)	0.0%	25.9%	0.0%	0.0%	0.0%	4.4%	15.1%	13.9%

	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 June 2022 Emergency Board**

Package Description In June 2022, the Emergency Board approved the establishment of seven positions for a new Internal Controls office. The Office is responsible for issues around cybersecurity, compliance, risk, and business continuity to improve the security of taxpayer financial and personal information. The \$1,436,185 General Fund and \$359,090 Other Funds in this package represents the full 24-month cost of these seven positions (7.0 FTE).

LFO Recommendation Approve the package.

LFO Recommended	1,436,185	-	359,090	-	-	-	1,795,275	7	7.00
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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 103 Diversity, Equity and Inclusion**

Package Description This package provides four positions (3.14 FTE) for efforts in the agency to engage with communities, specifically those representing underserved and under resourced communities and and to also create a more diverse workforces for the agency. The goal of this package is to provide for a more culturally responsive communication both inside the agency with its workforce and outside the agency with various communities. The positions include:

1. One Public Affairs Specialist 2 (0.88 FTE) who will actively meet with community members to provide outreach and information of the Department of Revenue's programs.
2. One Human Resource Analyst 3 (0.50 FTE) to serve as a dedicated Diversity, Equity, and Inclusion Officer for the Department. The position will focus on recruiting efforts and strategies to hire from historically and currently underserved and under resources communities.
3. One Operations and Policy Analyst 2 (0.88 FTE) to work with Workday and other enterprise systems used by the agency to provide information and analysis from these systems. This information will assist in meeting the Department's goals around training and diversity.
4. One Human Resources Analyst 2 (0.88FTE) for initiatives relating diversity, services to new employees, training and development, succession planning, and improved employee/employer relationships.

Total cost of these four positions is \$591,425 General Fund and \$198,299 Other Funds.

LFO Recommendation Approve the package.

LFO Recommended	591,425	-	198,299	-	-	-	789,724	4	3.14
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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 107 Cost Allocation Methodology**

Package Description A budget note in 2019 instructed the agency to begin to develop a new methodology for allocating central operational and other costs accurately across the approximately 60 revenue streams in the Department. Currently, for some of these revenue streams General Fund resources are being used where it would be more appropriate to use Other Funds sources of revenue. This package represents the first step in this cost allocation process which will continue in future biennia. Two relatively new revenue streams -- Corporate Activities Tax and Marijuana Tax -- are affected by this package in the 2023-25 biennium. Overall General Fund savings of \$5,399,709 are realized from transferring costs to these two Other Funds revenue streams.

Additionally, this package moves five positions (5.00 FTE) from other divisions into the Administration Services Division. The positions are currently funded 100 percent with either Marijuana Tax revenue or Corporate Activity Tax revenue but in the future will be more accurately cost allocated across all revenue streams to reflect the diversity of work performed. One Accountant 2 position (1.00 FTE), one Human Resource Assistant 2 position (1.00 FTE), and one Public Affairs Specialist 2 position (1.00 FTE) is transferred from the Corporate Division is moved to Administration Services Division. One Accountant 2 position (1.00 FTE) and one Safety Specialist 2 position (1.00 FTE) is transferred from the Marijuana Program moved to Administration Services Division.

This package represents the changes in the Administration budget unit of the budget and reduces General Fund by \$990,834 and increases Other Funds expenditure limitation by \$2,292,170. Companion cost allocation packages are found in other budget units.

This set of packages reflect only the first step in developing a cost allocation methodology. The Department has significant and complex work in the next two or more years to complete this project.

LFO Recommendation Approve the package.

Budget Notes The Department of Revenue will continue to develop the cost allocation methodology during 2023-25. The Department should strongly consider hiring an outside consultant with expertise in cost allocation to assist it in completing this project. Other state agencies with existing cost allocation models should be consulted and internal and external stakeholder groups should be informed of this project. Given the complexity of developing this methodology and its scope, it is suggested that established project management tools be used to complete this project. The Department should report to the Emergency Board on the project's progress and anticipated results by September 2024.

LFO Recommended	(990,834)	-	2,292,170	-	-	-	1,301,336	5	5.00
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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 801 LFO Analyst Adjustments**

Package Description This package includes reductions to meet Framework targets and to fund investments in packages 103 and 104 across the agency. Department-wide, \$3,000,000 General Fund in additional vacancy savings are generated. The Department has a significant turnover or churning in certain position types like Administrative Specialist, Public Service Representatives, Tax Auditors, and Revenue Agents. Since there are dozens of employees in these classifications, the Department is continually recruiting for employees. Other savings depart-wide include \$1,800,000 General Fund in Services and Supplies and \$841,950 General Fund in Capital Outlay. For the Administration budget unit, General Fund is reduced by \$486,082.

In addition, two positions (2.00 FTE) are added in the Administration budget unit as a result of a recently completed report on the modernization of the various call centers presented to the General Government Subcommittee earlier in the 2023 legislative session. The Subcommittee requested the agency to review the recommendations of the report and determine what could be done in 2023-25 biennium and the resources required. The Department requested two positions to staff a "Center of Excellence" for this modernization project to begin the planning and implementation of some of the recommendations identified in the report. Resources for major technology related investments and changes will be requested for the 2025-27 budget. The two positions are a Revenue Manager 2 and an Operations and Policy Analyst 4 at a cost of \$402,222 General Fund and \$134,862 Other Funds.

LFO Recommendation Approve the package.

LFO Recommended	(83,860)	-	134,862	-	-	-	51,002	2	2.00
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LFO102 - Work Session Presentation Report  
2023-25 Biennium

Version: L - 01 - LFO Analyst Recommended  
Cross Reference: 15000-004-00-00-00000  
Property Tax Division

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2021-23 Agy. Leg. Adopted</b>	<b>42,335,705</b>	-	<b>45,574,835</b>	-	-	-	<b>87,910,540</b>	<b>80</b>	<b>79.25</b>
2021-23 Ebds, SS & Admin Act	644,687	-	161,373	-	-	-	806,060	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2021-23 Leg Approved Budget</b>	<b>42,980,392</b>	-	<b>45,736,208</b>	-	-	-	<b>88,716,600</b>	<b>80</b>	<b>79.25</b>
<b>2021-23 Leg Approved Budget (Base)</b>	<b>42,980,392</b>	-	<b>45,736,208</b>	-	-	-	<b>88,716,600</b>	<b>80</b>	<b>79.25</b>
Summary of Base Adjustments	941,553	-	234,421	-	-	-	1,175,974	-	-
<b>2023-25 Base Budget</b>	<b>43,921,945</b>	-	<b>45,970,629</b>	-	-	-	<b>89,892,574</b>	<b>80</b>	<b>79.25</b>
010: Non-PICS Pers Svc/Vacancy Factor	(21,544)	-	(8,674)	-	-	-	(30,218)	-	-
020: Phase In / Out Pgm & One-time Cost	(23,200,000)	-	-	-	-	-	(23,200,000)	-	-
030: Inflation & Price List Adjustments	456,089	-	1,769,940	-	-	-	2,226,029	-	-
<b>2023-25 Current Service Level</b>	<b>21,156,490</b>	-	<b>47,731,895</b>	-	-	-	<b>68,888,385</b>	<b>80</b>	<b>79.25</b>
<b>Adjusted 2023-25 Current Service Level</b>	<b>21,156,490</b>	-	<b>47,731,895</b>	-	-	-	<b>68,888,385</b>	<b>80</b>	<b>79.25</b>
<b>Total LFO Recommended Packages</b>	<b>(253,790)</b>	-	<b>-</b>	-	-	-	<b>(253,790)</b>	<b>-</b>	<b>-</b>
<b>2023-25 Legislative Actions</b>	<b>20,902,700</b>	-	<b>47,731,895</b>	-	-	-	<b>68,634,595</b>	<b>80</b>	<b>79.25</b>
Net change from 2021-23 Leg Approved Budget	(22,077,692)	-	1,995,687	-	-	-	(20,082,005)	-	-
Percent change from 2021-23 Leg Approved Budget	(51.4%)	0.0%	4.4%	0.0%	0.0%	0.0%	(22.6%)	0.0%	0.0%
Net change from 2023-25 Adj Current Service Level	(253,790)	-	-	-	-	-	(253,790)	-	-
Percent change from 2023-25 Adj Current Service Level	(1.2%)	0.0%	0.0%	0.0%	0.0%	0.0%	(0.4%)	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 This package includes reductions to meet Framework targets and to fund investments in packages 103 and 104 across the agency. Department-wide, \$3,000,000 General Fund in additional vacancy savings are generated. The Department has a significant turnover or churning in certain position types like Administrative Specialist, Public Service Representatives, Tax Auditors, and Revenue Agents. Since there are dozens of employees in these classifications, the Department is continually recruiting for employees. Other savings depart-wide include \$1,800,000 General Fund in Services and Supplies and \$841,950 General Fund in Capital Outlay. The Property Tax Division's share of these reductions is \$253,790 General Fund.

LFO Recommendation Approve the package.

LFO Recommended	(253,790)	-	-	-	-	-	(253,790)	-	-
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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)
<b>2021-23 Agy. Leg. Adopted</b>	<b>58,568,078</b>	-	<b>1,289,324</b>	-	-	-	<b>59,857,402</b>	<b>263</b>	<b>253.23</b>
2021-23 Ebds, SS & Admin Act	2,984,497	-	147,048,156	-	-	-	150,032,653	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2021-23 Leg Approved Budget</b>	<b>61,552,575</b>	-	<b>148,337,480</b>	-	-	-	<b>209,890,055</b>	<b>263</b>	<b>253.23</b>
<b>2021-23 Leg Approved Budget (Base)</b>	<b>61,552,575</b>	-	<b>148,337,480</b>	-	-	-	<b>209,890,055</b>	<b>263</b>	<b>253.23</b>
Summary of Base Adjustments	912,403	-	14,719	-	-	-	927,122	(2)	(1.05)
<b>2023-25 Base Budget</b>	<b>62,464,978</b>	-	<b>148,352,199</b>	-	-	-	<b>210,817,177</b>	<b>261</b>	<b>252.18</b>
010: Non-PICS Pers Svc/Vacancy Factor	(308,505)	-	48,280	-	-	-	(260,225)	-	-
020: Phase In / Out Pgm & One-time Cost	(235,116)	-	(147,000,000)	-	-	-	(147,235,116)	-	-
030: Inflation & Price List Adjustments	1,037,029	-	54,431	-	-	-	1,091,460	-	-
060: Technical Adjustments	(73,121)	-	-	-	-	-	(73,121)	(1)	(0.50)
<b>2023-25 Current Service Level</b>	<b>62,885,265</b>	-	<b>1,454,910</b>	-	-	-	<b>64,340,175</b>	<b>260</b>	<b>251.68</b>
<b>Adjusted 2023-25 Current Service Level</b>	<b>62,885,265</b>	-	<b>1,454,910</b>	-	-	-	<b>64,340,175</b>	<b>260</b>	<b>251.68</b>
<b>Total LFO Recommended Packages</b>	<b>(390,488)</b>	-	<b>34,870</b>	-	-	-	<b>(355,618)</b>	<b>16</b>	<b>8.19</b>
<b>2023-25 Legislative Actions</b>	<b>62,494,777</b>	-	<b>1,489,780</b>	-	-	-	<b>63,984,557</b>	<b>276</b>	<b>259.87</b>
Net change from 2021-23 Leg Approved Budget	942,202	-	(146,847,700)	-	-	-	(145,905,498)	13	6.64
Percent change from 2021-23 Leg Approved Budget	1.5%	0.0%	(99.0%)	0.0%	0.0%	0.0%	(69.5%)	4.9%	2.6%
Net change from 2023-25 Adj Current Service Level	(390,488)	-	34,870	-	-	-	(355,618)	16	8.19
Percent change from 2023-25 Adj Current Service Level	(0.6%)	0.0%	2.4%	0.0%	0.0%	0.0%	(0.6%)	6.2%	3.3%

	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 090 Analyst Adjustments**

Package Description This package continues 16 positions (8.19 FTE) for certifying taxpayer qualifications for the refundable tax credits for agricultural worker overtime authorized in House Bill 4002 during the 2002 legislative session. The bill established maximum hours and overtime wage requirements related to the tax credits. The Department is to administer the tax credit and certify taxpayer eligibility. The \$1,708,565 General Fund and \$34,870 Other Funds represent the full 24-month cost of these positions.

LFO Recommendation Approve the package.

LFO Recommended	1,708,565	-	34,870	-	-	-	1,743,435	16	8.19
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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 This package includes reductions to meet Framework targets and to fund investments in packages 103 and 104 across the agency. Department-wide, \$3,000,000 General Fund in additional vacancy savings are generated. The Department has a significant turnover or churning in certain position types like Administrative Specialist, Public Service Representatives, Tax Auditors, and Revenue Agents. Since there are dozens of employees in these classifications, the Department is continually recruiting for employees. Other savings depart-wide include \$1,800,000 General Fund in Services and Supplies and \$841,950 General Fund in Capital Outlay. The Personal Tax and Compliance Division's share of these reductions is \$2,099,053 General Fund.

LFO Recommendation Approve the package.

LFO Recommended	(2,099,053)	-	-	-	-	-	(2,099,053)	-	-
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2023-25 Biennium

Version: L - 01 - LFO Analyst Recommended  
Cross Reference: 15000-006-00-00-00000  
Business Division

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2021-23 Agy. Leg. Adopted	21,574,849	-	13,855,154	-	-	-	35,430,003	136	135.00
2021-23 Ebds, SS & Admin Act	1,152,307	-	458,774	-	-	-	1,611,081	2	1.00
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2021-23 Leg Approved Budget	22,727,156	-	14,313,928	-	-	-	37,041,084	138	136.00
2021-23 Leg Approved Budget (Base)	22,727,156	-	14,313,928	-	-	-	37,041,084	138	136.00
Summary of Base Adjustments	809,769	-	561,319	-	-	-	1,371,088	-	1.00
2023-25 Base Budget	23,536,925	-	14,875,247	-	-	-	38,412,172	138	137.00
010: Non-PICS Pers Svc/Vacancy Factor	42,654	-	(18,801)	-	-	-	23,853	-	-
020: Phase In / Out Pgm & One-time Cost	(195,894)	-	-	-	-	-	(195,894)	-	-
030: Inflation & Price List Adjustments	403,728	-	220,734	-	-	-	624,462	-	-
2023-25 Current Service Level	23,787,413	-	15,077,180	-	-	-	38,864,593	138	137.00
Adjusted 2023-25 Current Service Level	23,787,413	-	15,077,180	-	-	-	38,864,593	138	137.00
Total LFO Recommended Packages	(885,111)	-	-	-	-	-	(885,111)	-	-
2023-25 Legislative Actions	22,902,302	-	15,077,180	-	-	-	37,979,482	138	137.00
Net change from 2021-23 Leg Approved Budget	175,146	-	763,252	-	-	-	938,398	-	1.00
Percent change from 2021-23 Leg Approved Budget	0.8%	0.0%	5.3%	0.0%	0.0%	0.0%	2.5%	0.0%	0.7%
Net change from 2023-25 Adj Current Service Level	(885,111)	-	-	-	-	-	(885,111)	-	-
Percent change from 2023-25 Adj Current Service Level	(3.7%)	0.0%	0.0%	0.0%	0.0%	0.0%	(2.3%)	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 This package includes reductions to meet Framework targets and to fund investments in packages 103 and 104 across the agency. Department-wide, \$3,000,000 General Fund in additional vacancy savings are generated. The Department has a significant turnover or churning in certain position types like Administrative Specialist, Public Service Representatives, Tax Auditors, and Revenue Agents. Since there are dozens of employees in these classifications, the Department is continually recruiting for employees. Other savings depart-wide include \$1,800,000 General Fund in Services and Supplies and \$841,950 General Fund in Capital Outlay. The Business Division's share of these reductions is \$885,111 General Fund.

LFO Recommendation Approve the request.

LFO Recommended	(885,111)	-	-	-	-	-	(885,111)	-	-
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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)
2021-23 Agy. Leg. Adopted	32,759,938	-	17,342,709	-	-	-	50,102,647	248	247.56
2021-23 Ebds, SS & Admin Act	669,785	-	620,070	-	-	-	1,289,855	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2021-23 Leg Approved Budget	33,429,723	-	17,962,779	-	-	-	51,392,502	248	247.56
2021-23 Leg Approved Budget (Base)	33,429,723	-	17,962,779	-	-	-	51,392,502	248	247.56
Summary of Base Adjustments	1,905,451	-	753,731	-	-	-	2,659,182	1	(0.17)
2023-25 Base Budget	35,335,174	-	18,716,510	-	-	-	54,051,684	249	247.39
010: Non-PICS Pers Svc/Vacancy Factor	(80,931)	-	(134,119)	-	-	-	(215,050)	-	-
030: Inflation & Price List Adjustments	362,449	-	118,782	-	-	-	481,231	-	-
2023-25 Current Service Level	35,616,692	-	18,701,173	-	-	-	54,317,865	249	247.39
Adjusted 2023-25 Current Service Level	35,616,692	-	18,701,173	-	-	-	54,317,865	249	247.39
Total LFO Recommended Packages	(1,315,272)	-	-	-	-	-	(1,315,272)	-	-
2023-25 Legislative Actions	34,301,420	-	18,701,173	-	-	-	53,002,593	249	247.39
Net change from 2021-23 Leg Approved Budget	871,697	-	738,394	-	-	-	1,610,091	1	(0.17)
Percent change from 2021-23 Leg Approved Budget	2.6%	0.0%	4.1%	0.0%	0.0%	0.0%	3.1%	0.4%	(0.1%)
Net change from 2023-25 Adj Current Service Level	(1,315,272)	-	-	-	-	-	(1,315,272)	-	-
Percent change from 2023-25 Adj Current Service Level	(3.7%)	0.0%	0.0%	0.0%	0.0%	0.0%	(2.4%)	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 This package includes reductions to meet Framework targets and to fund investments in packages 103 and 104 across the agency. Department-wide, \$3,000,000 General Fund in additional vacancy savings are generated. The Department has a significant turnover or churning in certain position types like Administrative Specialist, Public Service Representatives, Tax Auditors, and Revenue Agents. Since there are dozens of employees in these classifications, the Department is continually recruiting for employees. Other savings depart-wide include \$1,800,000 General Fund in Services and Supplies and \$841,950 General Fund in Capital Outlay. The Collections Division's share of these reductions is \$1,315,272 General Fund.

LFO Recommendation Approve the package.

LFO Recommended	(1,315,272)	-	-	-	-	-	(1,315,272)	-	-
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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>2021-23 Agy. Leg. Adopted</b>	-	-	15,893,907	-	-	-	15,893,907	67	57.96
2021-23 Ebds, SS & Admin Act	-	-	744,360	-	-	-	744,360	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2021-23 Leg Approved Budget</b>	-	-	16,638,267	-	-	-	16,638,267	67	57.96
<b>2021-23 Leg Approved Budget (Base)</b>	-	-	16,638,267	-	-	-	16,638,267	67	57.96
Summary of Base Adjustments	-	-	1,542,710	-	-	-	1,542,710	-	3.02
<b>2023-25 Base Budget</b>	-	-	18,180,977	-	-	-	18,180,977	67	60.98
010: Non-PICS Pers Svc/Vacancy Factor	-	-	388,841	-	-	-	388,841	-	-
030: Inflation & Price List Adjustments	-	-	587,154	-	-	-	587,154	-	-
<b>2023-25 Current Service Level</b>	-	-	19,156,972	-	-	-	19,156,972	67	60.98
<b>Adjusted 2023-25 Current Service Level</b>	-	-	19,156,972	-	-	-	19,156,972	67	60.98
<b>Total LFO Recommended Packages</b>	-	-	(2,686,689)	-	-	-	(2,686,689)	(17)	(10.98)
<b>2023-25 Legislative Actions</b>	-	-	16,470,283	-	-	-	16,470,283	50	50.00
Net change from 2021-23 Leg Approved Budget	-	-	(167,984)	-	-	-	(167,984)	(17)	(7.96)
Percent change from 2021-23 Leg Approved Budget	0.0%	0.0%	(1.0%)	0.0%	0.0%	0.0%	(1.0%)	(25.4%)	(13.7%)
Net change from 2023-25 Adj Current Service Level	-	-	(2,686,689)	-	-	-	(2,686,689)	(17)	(10.98)
Percent change from 2023-25 Adj Current Service Level	0.0%	0.0%	(14.0%)	0.0%	0.0%	0.0%	(14.0%)	(25.4%)	(18.0%)

	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 107 Cost Allocation Methodology**

Package Description A budget note in 2019 instructed the agency to begin to develop a new methodology for allocating central operational and other costs accurately across the approximately 60 revenue streams in the Department. Currently, for some of these revenue streams General Fund resources are being used where it would be more appropriate to use Other Funds sources of revenue. This package represents the first step in this cost allocation process which will continue in future biennia. Two relatively new revenue streams -- Corporate Activities Tax and Marijuana Tax -- are affected by this package in the 2023-25 biennium. Overall General Fund savings of \$5,399,709 are realized from transferring costs to these two Other Funds revenue streams.

Additionally, this package moves 17 positions (10.98 FTE) from the Corporate Division to other divisions in the agency. The positions are currently funded 100 percent with or Corporate Activity Tax revenue but in the future will be more accurately cost allocated across all revenue streams to reflect the diversity of work performed. Four Information System Specialist positions (4.00 FTE), five Office Specialist and Assistant positions (1.69 FTE), three Data Entry Operator positions (0.71 FTE), and two Operations and Policy Analyst positions (1.58 FTE) are transferred to Information Technology Services Division. One Accountant 2 position (1.00 FTE), one Human Resource Assistant 2 (1.00 FTE), and one Public Affairs Specialist 2 position (1.00 FTE) are transferred to the Administration budget unit.

Companion cost allocation packages are found in other budget units. Total Other Funds savings from this package for the Corporate Division is \$2,686,689.

LFO Recommendation Approve the package.

LFO Recommended	-	-	(2,686,689)	-	-	-	(2,686,689)	(17)	(10.98)
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2023-25 Biennium

Version: L - 01 - LFO Analyst Recommended  
Cross Reference: 15000-009-00-00-00000  
Information Technology Services Division

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2021-23 Agy. Leg. Adopted	45,027,503	-	7,413,807	-	-	-	52,441,310	233	190.37
2021-23 Ebds, SS & Admin Act	1,243,441	-	234,213	-	-	-	1,477,654	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2021-23 Leg Approved Budget	46,270,944	-	7,648,020	-	-	-	53,918,964	233	190.37
2021-23 Leg Approved Budget (Base)	46,270,944	-	7,648,020	-	-	-	53,918,964	233	190.37
Summary of Base Adjustments	1,259,585	-	(1,245,371)	-	-	-	14,214	(15)	(12.14)
2023-25 Base Budget	47,530,529	-	6,402,649	-	-	-	53,933,178	218	178.23
010: Non-PICS Pers Svc/Vacancy Factor	(64,938)	-	(52,339)	-	-	-	(117,277)	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(17,017)	-	-	-	(17,017)	-	-
030: Inflation & Price List Adjustments	868,005	-	116,519	-	-	-	984,524	-	-
060: Technical Adjustments	1,377,888	-	173,548	-	-	-	1,551,436	7	6.50
2023-25 Current Service Level	49,711,484	-	6,623,360	-	-	-	56,334,844	225	184.73
Adjusted 2023-25 Current Service Level	49,711,484	-	6,623,360	-	-	-	56,334,844	225	184.73
Total LFO Recommended Packages	(4,280,444)	-	7,126,960	-	-	-	2,846,516	18	12.40
2023-25 Legislative Actions	45,431,040	-	13,750,320	-	-	-	59,181,360	243	197.13
Net change from 2021-23 Leg Approved Budget	(839,904)	-	6,102,300	-	-	-	5,262,396	10	6.76
Percent change from 2021-23 Leg Approved Budget	(1.8%)	0.0%	79.8%	0.0%	0.0%	0.0%	9.8%	4.3%	3.6%
Net change from 2023-25 Adj Current Service Level	(4,280,444)	-	7,126,960	-	-	-	2,846,516	18	12.40
Percent change from 2023-25 Adj Current Service Level	(8.6%)	0.0%	107.6%	0.0%	0.0%	0.0%	5.1%	8.0%	6.7%

	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 104 Reliable Operations**

Package Description This package increases the FTE on an Information Technology Help Desk position, backfills a gap in the Processing Center's Services and Supplies budget, and reclasses of 12 Processing Center positions resulting from a union grievance.

1. Given the increase in the number of Department of Revenue employees, continued off-site or remote work, and the complexity of information technology applications there is a need to increase the IT Help Desk capacity. An existing Information System Specialist 4 position is increased from part-time to full-time. Funding for this FTE expansion is made available by reducing Services and Supplies budget by \$63,311 General Fund and \$18,911 Other Funds and increasing Personal Services by a corresponding amount.

2. A funding gap of \$693,280 General Fund and \$207,083 Other Funds is estimated for the Processing Center's Services and Supplies budget. This gap in basic operations costs began in 2017. The transfer of the Statewide Transit Program processing to the Employment Department, contributes to the challenge in filling this gap. Reductions in Services and Supplies budgets in other areas of the Department's Services and Supplies budget fund the filling of this gap.

3. A 2021 grievance filed by the union claimed that 12 Office Assistant 1 mail room staff were assigned duties of a higher classification. Internal and external reviews demonstrated that the positions required a reclassification to an Office Assistant 2 classification at a cost of \$37,792 General Fund and \$11,289 Other Funds.

LFO Recommendation Approve the package.

LFO Recommended	731,072	-	218,372	-	-	-	949,444	-	0.42
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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 107 Cost Allocation Methodology**

Package Description A budget note in 2019 instructed the agency to begin to develop a new methodology for allocating central operational and other costs accurately across the approximately 60 revenue streams in the Department. Currently, for some of these revenue streams General Fund resources are being used where it would be more appropriate to use Other Funds sources of revenue. This package represents the first step in this cost allocation process which will continue in future biennia. Two relatively new revenue streams -- Corporate Activities Tax and Marijuana Tax -- are affected by this package in the 2023-25 biennium. Overall General Fund savings of \$5,399,709 are realized from transferring costs to these two Other Funds revenue streams.

This package also transfers 18 positions (11.98 FTE) to the Information Technology Services Division. The positions are currently funded 100 percent with either Marijuana Tax revenue or Corporate Activity Tax revenue but are more accurately cost allocated across all revenue streams to reflect the diversity of work performed. The positions include four Administrative Specialist 2 positions (4.00 FTE) transferred from Marijuana Program to this Division. Also transferred are five Office Specialist and Assistant positions (1.69 FTE), three Data Entry Operator positions (0.71 FTE), four Information System Specialist positions (4.00 FTE), and two Operations and Policy Analyst positions (1.58 FTE) from the Corporate Division to this Division.

Total changes in this package for the Information Technology Services Division total \$4,408,874 less in General Fund and an increase in Other Funds of \$6,908,588. Companion cost allocation packages are found in other budget units.

LFO Recommendation Approve the package.

LFO Recommended	(4,408,874)	-	6,908,588	-	-	-	2,499,714	18	11.98
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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 This package includes reductions to meet Framework targets and to fund investments in packages 103 and 104 across the agency. Department-wide, \$3,000,000 General Fund in additional vacancy savings are generated. The Department has a significant turnover or churning in certain position types like Administrative Specialist, Public Service Representatives, Tax Auditors, and Revenue Agents. Since there are dozens of employees in these classifications, the Department is continually recruiting for employees. Other savings depart-wide include \$1,800,000 General Fund in Services and Supplies (Telecommunications and Other Service Supplies categories) and \$841,950 General Fund in Capital Outlay. The Information Technology Services Division's share of these reductions is \$602,642 General Fund.

LFO Recommendation Approve the recommendation.

LFO Recommended	(602,642)	-	-	-	-	-	(602,642)	-	-
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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>2021-23 Agy. Leg. Adopted</b>	-	-	4,903,516	-	-	-	4,903,516	16	16.00
2021-23 Ebds, SS & Admin Act	-	-	122,486	-	-	-	122,486	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2021-23 Leg Approved Budget</b>	-	-	5,026,002	-	-	-	5,026,002	16	16.00
<b>2021-23 Leg Approved Budget (Base)</b>	-	-	5,026,002	-	-	-	5,026,002	16	16.00
Summary of Base Adjustments	-	-	105,069	-	-	-	105,069	-	-
<b>2023-25 Base Budget</b>	-	-	5,131,071	-	-	-	5,131,071	16	16.00
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(108,637)	-	-	-	(108,637)	-	-
030: Inflation & Price List Adjustments	-	-	158,376	-	-	-	158,376	-	-
<b>2023-25 Current Service Level</b>	-	-	5,180,810	-	-	-	5,180,810	16	16.00
<b>Adjusted 2023-25 Current Service Level</b>	-	-	5,180,810	-	-	-	5,180,810	16	16.00
<b>Total LFO Recommended Packages</b>	-	-	(1,114,360)	-	-	-	(1,114,360)	(6)	(6.00)
<b>2023-25 Legislative Actions</b>	-	-	4,066,450	-	-	-	4,066,450	10	10.00
Net change from 2021-23 Leg Approved Budget	-	-	(959,552)	-	-	-	(959,552)	(6)	(6.00)
Percent change from 2021-23 Leg Approved Budget	0.0%	0.0%	(19.1%)	0.0%	0.0%	0.0%	(19.1%)	(37.5%)	(37.5%)
Net change from 2023-25 Adj Current Service Level	-	-	(1,114,360)	-	-	-	(1,114,360)	(6)	(6.00)
Percent change from 2023-25 Adj Current Service Level	0.0%	0.0%	(21.5%)	0.0%	0.0%	0.0%	(21.5%)	(37.5%)	(37.5%)

	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 107 Cost Allocation Methodology**

Package Description A budget note in 2019 instructed the agency to begin to develop a new methodology for allocating central operational and other costs accurately across the approximately 60 revenue streams in the Department. Currently, for some of these revenue streams General Fund resources are being used where it would be more appropriate to use Other Funds sources of revenue. This package represent the first step in this cost allocation process which will continue in future biennia. Two relatively new revenue streams -- Corporate Activities Tax and Marijuana Tax -- are affected by this package in the 2023-25 biennium. Overall General Fund savings of \$5,399,709 are realized from transferring costs to these two Other Funds revenue streams.

This package also reduces Other Funds expenditures related to the transfer of six positions (6.00 FTE) from the Marijuana Program into other divisions as part of the cost allocation plan implementation. The positions are currently funded 100 percent with Marijuana Tax revenue but are more accurately cost allocated across all revenue streams to reflect the diversity of work performed. The transferred positions are one Safety Specialist 2 position (1.00 FTE) and one Accountant 2 position (1.00 FTE) which are transferred to the Administration budget unit. Also transferred are four Administrative Specialist 2 positions (4.00 FTE) to the Information Technology Services Division.

Total changes in this package for the Marijuana Program are \$1,050,430 less in Other Funds expenditure limitation. Companion cost allocation packages are found in other budget units.

LFO Recommendation Approve the package.

LFO Recommended	-	-	(1,114,360)	-	-	-	(1,114,360)	(6)	(6.00)
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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>2021-23 Agy. Leg. Adopted</b>	<b>3,492,972</b>	-	-	-	-	-	<b>3,492,972</b>	-	-
2021-23 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2021-23 Leg Approved Budget</b>	<b>3,492,972</b>	-	-	-	-	-	<b>3,492,972</b>	-	-
<b>2021-23 Leg Approved Budget (Base)</b>	<b>3,492,972</b>	-	-	-	-	-	<b>3,492,972</b>	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
<b>2023-25 Base Budget</b>	<b>3,492,972</b>	-	-	-	-	-	<b>3,492,972</b>	-	-
030: Inflation & Price List Adjustments	146,705	-	-	-	-	-	146,705	-	-
<b>2023-25 Current Service Level</b>	<b>3,639,677</b>	-	-	-	-	-	<b>3,639,677</b>	-	-
<b>Adjusted 2023-25 Current Service Level</b>	<b>3,639,677</b>	-	-	-	-	-	<b>3,639,677</b>	-	-
<b>2023-25 Legislative Actions</b>	<b>3,639,677</b>	-	-	-	-	-	<b>3,639,677</b>	-	-
Net change from 2021-23 Leg Approved Budget	146,705	-	-	-	-	-	146,705	-	-
Percent change from 2021-23 Leg Approved Budget	4.2%	0.0%	0.0%	0.0%	0.0%	0.0%	4.2%	0.0%	0.0%
Net change from 2023-25 Adj Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2023-25 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)
2021-23 Agy. Leg. Adopted	-	-	35,416,968	-	-	-	35,416,968	8	7.75
2021-23 Ebds, SS & Admin Act	-	-	60,696	-	-	-	60,696	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2021-23 Leg Approved Budget	-	-	35,477,664	-	-	-	35,477,664	8	7.75
2021-23 Leg Approved Budget (Base)	-	-	35,477,664	-	-	-	35,477,664	8	7.75
Summary of Base Adjustments	-	-	100,307	-	-	-	100,307	-	-
2023-25 Base Budget	-	-	35,577,971	-	-	-	35,577,971	8	7.75
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(23,153)	-	-	-	(23,153)	-	-
030: Inflation & Price List Adjustments	-	-	1,446,383	-	-	-	1,446,383	-	-
2023-25 Current Service Level	-	-	37,001,201	-	-	-	37,001,201	8	7.75
Adjusted 2023-25 Current Service Level	-	-	37,001,201	-	-	-	37,001,201	8	7.75
Total LFO Recommended Packages	-	-	-	-	-	-	-	-	-
2023-25 Legislative Actions	-	-	37,001,201	-	-	-	37,001,201	8	7.75
Net change from 2021-23 Leg Approved Budget	-	-	1,523,537	-	-	-	1,523,537	-	-
Percent change from 2021-23 Leg Approved Budget	0.0%	0.0%	4.3%	0.0%	0.0%	0.0%	4.3%	0.0%	0.0%
Net change from 2023-25 Adj Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2023-25 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>2021-23 Agy. Leg. Adopted</b>	-	-	4,157,000	-	-	-	4,157,000	2	1.76
2021-23 Ebds, SS & Admin Act	400,000	-	(374,387)	-	-	-	25,613	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2021-23 Leg Approved Budget</b>	<b>400,000</b>	-	<b>3,782,613</b>	-	-	-	<b>4,182,613</b>	<b>2</b>	<b>1.76</b>
<b>2021-23 Leg Approved Budget (Base)</b>	<b>400,000</b>	-	<b>3,782,613</b>	-	-	-	<b>4,182,613</b>	<b>2</b>	<b>1.76</b>
Summary of Base Adjustments	-	-	(419,046)	-	-	-	(419,046)	(2)	(1.76)
<b>2023-25 Base Budget</b>	<b>400,000</b>	-	<b>3,363,567</b>	-	-	-	<b>3,763,567</b>	-	-
020: Phase In / Out Pgm & One-time Cost	(400,000)	-	(3,363,567)	-	-	-	(3,763,567)	-	-
<b>2023-25 Current Service Level</b>	-	-	-	-	-	-	-	-	-
<b>Adjusted 2023-25 Current Service Level</b>	-	-	-	-	-	-	-	-	-
<b>Total LFO Recommended Packages</b>	-	-	-	-	-	-	-	-	-
<b>2023-25 Legislative Actions</b>	-	-	-	-	-	-	-	-	-
Net change from 2021-23 Leg Approved Budget	(400,000)	-	(3,782,613)	-	-	-	(4,182,613)	(2)	(1.76)
Percent change from 2021-23 Leg Approved Budget	(100.0%)	0.0%	(100.0%)	0.0%	0.0%	0.0%	(100.0%)	(100.0%)	(100.0%)
Net change from 2023-25 Adj Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2023-25 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)
2021-23 Agy. Leg. Adopted	6,579,170	-	1,428,120	-	-	-	8,007,290	-	-
2021-23 Ebds, SS & Admin Act	(71,491)	-	(35,000)	-	-	-	(106,491)	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2021-23 Leg Approved Budget</b>	<b>6,507,679</b>	<b>-</b>	<b>1,393,120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,900,799</b>	<b>-</b>	<b>-</b>
2021-23 Leg Approved Budget (Base)	6,507,679	-	1,393,120	-	-	-	7,900,799	-	-
Summary of Base Adjustments	(3,925,259)	-	(1,227,010)	-	-	-	(5,152,269)	-	-
<b>2023-25 Base Budget</b>	<b>2,582,420</b>	<b>-</b>	<b>166,110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,748,530</b>	<b>-</b>	<b>-</b>
020: Phase In / Out Pgm & One-time Cost	-	-	(53,000)	-	-	-	(53,000)	-	-
<b>2023-25 Current Service Level</b>	<b>2,582,420</b>	<b>-</b>	<b>113,110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,695,530</b>	<b>-</b>	<b>-</b>
<b>Adjusted 2023-25 Current Service Level</b>	<b>2,582,420</b>	<b>-</b>	<b>113,110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,695,530</b>	<b>-</b>	<b>-</b>
<b>2023-25 Legislative Actions</b>	<b>2,582,420</b>	<b>-</b>	<b>113,110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,695,530</b>	<b>-</b>	<b>-</b>
Net change from 2021-23 Leg Approved Budget	(3,925,259)	-	(1,280,010)	-	-	-	(5,205,269)	-	-
Percent change from 2021-23 Leg Approved Budget	(60.3%)	0.0%	(91.9%)	0.0%	0.0%	0.0%	(65.9%)	0.0%	0.0%
Net change from 2023-25 Adj Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2023-25 Adj Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

# Legislatively Proposed 2023 - 2025 Key Performance Measures

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Agency: Department of Revenue

**Mission Statement:**

Together, we collect the revenue that Oregon counts on.

Legislatively Proposed KPMs	Metrics	Agency Request	Last Reported Result	Target 2024	Target 2025
1. Average Days to Process Personal Income Tax Refund.		Approved	14	14	14
2. Percent of Personal Income Tax Returns Filed Electronically		Approved	93.10%	94%	94%
3. Employee Training Per Year (percent receiving 20 hours per year).		Approved	38%	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.	a) Overall	Approved	89%	90%	90%
	b) Availability of Information		88%	90%	90%
	c) Helpfulness		93%	90%	90%
	d) Timeliness		90%	90%	90%
	e) Accuracy		91%	90%	90%
	f) Expertise		93%	90%	90%
5. Effective Taxpayer Assistance - Provide effective taxpayer assistance through a combination of direct assistance and electronic self-help services.		Approved	71	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	95%	98%	98%
7. Appraisal Value Uniformity - We will demonstrate our ability to deliver high quality business results by measuring appraisal equity and uniformity for DOR industrial accounts.		Approved	12%	12%	12%
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	\$0.19	\$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	\$0.07	\$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	\$0.10	\$0.10	\$0.10
11. Employee Engagement - Percentage of employees considered actively engaged by a standardized survey.		Approved	52	60	60

**LFO Recommendation:**

The Legislative Fiscal Office (LFO) recommends the following for the Department of Revenue's (DOR) KPMs:



- KPM #1 - *Average Days to Process Personal Income Tax Refund*. LFO recommends decreasing the current target of 16 days to 14 days based on recent performance.
- KPM #2 -- *Percent of Personal Income Tax Returns Filed Electronically*. LFO recommends increasing target to 94 percent based on recent performance which has increased from 88% in 2018 to over 93 percent for 2022. Since there is not a mandate for electronic filing for individual taxpayers, there is likely a limit on how high this performance can attain. The agency continues to educate taxpayers on the advantages of electronic filing.
- KPM #3 -- *Employee Training Per Year*. This KPM is measured by the share of employees receiving 20 hours of training per year. LFO recommends retaining the current target even when the agency has had difficulty in meeting the target. The agency's strategic plan has identified employee training as a priority. Between 2021 and 2022 the agency improved from 26 percent to 38 percent, so it is making progress in this area. The agency has identified improvements to reporting training received by employees so this should also contribute to moving closer to the target.
- KPM #4 -- *Customer Service*. This is the general customer service KPM common to most state agencies. The agency is currently meeting or exceeding the current 90% target in four of the six categories and are within two percentage points of the targets with the remaining two KPMs. LFO recommends maintaining the targets for all six categories at 90 percent since the agency is exploring ways to make the collection of data relating to this KPM more robust. The targets should be reviewed again after the data collection process has been changed.
- KPM #5 -- *Effective Taxpayer Assistance*. This KPM is measured by a weighted combination of three variables -- call wait time, Where's My Refund inquiries, and customer service. Performance for 2022 was 71 percent, a decrease from 85 percent in 2020 and 80 percent in 2021. The agency states that call wait times were up in 2022. LFO recommends retaining the 85% target. DOR is currently exploring improvements to response times and other issues of the various call centers in the agency.
- KPM #6 -- *Appraisal Program Equity and Uniformity*. LFO recommends maintaining the 98 percent target. Performance decreased to 95 percent in 2022 from 98 percent for 2021.
- KPM #7 -- *Appraisal Value Uniformity*. This KPM measures the variance between values from site-specific appraisals and the values from the annual program of processing taxpayer-filed industrial property returns. The agency has been consistently outperforming the target for this measure since 2018. For the most recent year, the target was 20 percent while actual performance was 12 percent (lower is better). The previous year's performance was four percent. LFO recommends lowering the target to 12 percent.
- KPM #8 -- *Direct Enforcement Dollars Cost of Funds*. This KPM measures the cost effectiveness of enforcement activities (e.g., audits) for the agency measuring the costs of these enforcement activities with the amount collected through these activities. In 2022, the agency outperformed the target for the first time since 2018. LFO recommends maintaining the current target of \$.20, which is slightly higher than the actual cost for 2022.
- KPM #9 -- *Collection Dollars Cost of Funds*. This KPM demonstrates the agency's efficiency in collecting revenues that are past due. For the most recent year, the cost has fallen to seven cents for each dollar collected. The target for that period was ten cents. LFO recommends leaving the target at ten cents since there has been a change in how this is measured, and DOR is uncertain how this change will affect this KPM's performance.
- KPM #10 -- *Cost of Assessments*. This KPM measures the efficiency and effectiveness of suspense, audit and filing enforcement efforts by measuring the cost of these efforts vs the amount collected in these efforts. The 2022 data has increased from the previous two years but is still below the target. LFO recommends maintaining the current target of ten cents.
- KPM #11 -- *Employee Engagement*. This KPM measures the percentage of employees who are actively engaged by a standardized survey. The most recent reported year of data (2022) or 52% is below the target of 60%. DOR's performance for this survey that is used nationally is 19 points higher than the national average. LFO recommends maintaining the current target.

SubCommittee Action: