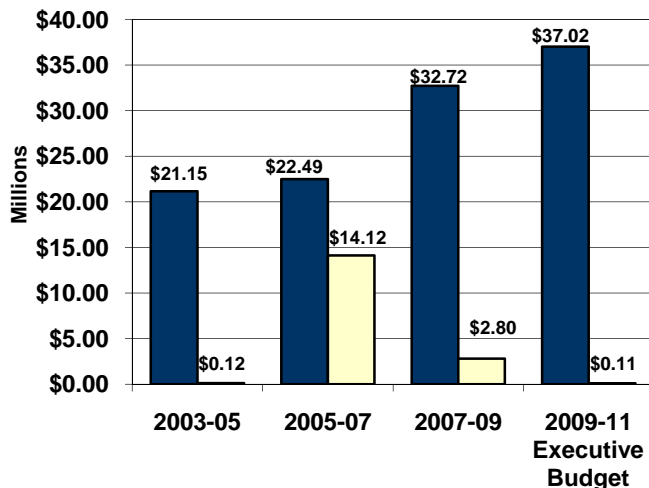


**Department 127 - Tax Commissioner
House Bill No. 1006**

	FTE Positions	General Fund	Other Funds	Total
2009-11 Executive Budget	133.00	\$37,017,791	\$110,000	\$37,127,791
2007-09 Legislative Appropriations	133.00	32,716,810	2,800,000	35,516,810 ¹
Increase (Decrease)	0.00	\$4,300,981	(\$2,690,000)	\$1,610,981

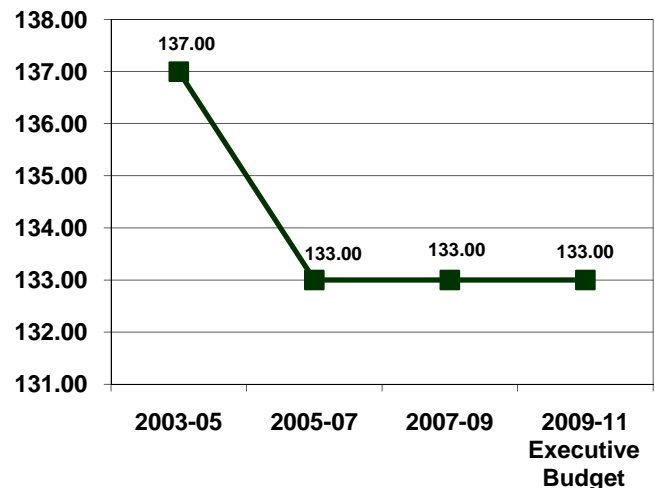
¹The 2007-09 appropriation amounts include \$178,657 from the general fund for the agency's share of the \$10 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for classified employees.

Agency Funding



■ General Fund □ Other Funds

FTE Positions



Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2009-11 Executive Budget	\$29,027,089	\$7,990,702	\$37,017,791
2007-09 Legislative Appropriations	27,360,108	5,356,702	32,716,810
Increase (Decrease)	\$1,666,981	\$2,634,000	\$4,300,981

First House Action

Attached is a summary of first house changes.

**Executive Budget Highlights
(With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Provides funding to address salary equity issues (\$675,000) and related second-year salary increases (\$33,750). The House removed this funding.	\$708,750		\$708,750
2. Removes one-time funding for administration of the property tax income tax credit		(\$924,000)	(\$924,000)
3. Removes funding provided for the 2007-09 biennium for onsite support for the GenTax system		(\$1,150,000)	(\$1,150,000)
4. Decreases funding for the homestead tax credit program from \$8,104,000 to \$5,964,000	(\$2,140,000)		(\$2,140,000)
5. Provides one-time funding for information technology projects, including onsite support for the GenTax system (\$1,234,000) and the integration of the oil and gas tax collection system into the GenTax system (\$1,500,000)	\$2,634,000	\$100,000	\$2,734,000

6. Continues one-time funding for the second of three payments for the GenTax system loan. The House provided additional funding of \$4,873,545 to repay the remaining balance of the loan.	\$5,356,702		\$5,356,702
7. Provides funding for information technology equipment	\$58,000		\$58,000
8. Changes the funding source for the annual maintenance agreement for the integrated tax system from unexpended loan funds to the general fund for a total of \$1,100,000 from the general fund	\$550,000	(\$550,000)	\$0

Other Sections in Bill

Section 3 provides for a transfer of \$1,288,000 from motor vehicle fuel tax collections to the general fund relating to costs incurred by the Tax Department to collect motor vehicle fuel and special fuels taxes.

Section 4 authorizes the Tax Department to continue 2007-09 unspent appropriation authority for the integrated tax system to the 2009-11 biennium.

Section 5 provides for the statutory changes necessary to increase the Tax Commissioner's salary as follows:

Annual salary authorized by the 2007 Legislative Assembly:

July 1, 2007	\$83,039
July 1, 2008	\$86,360

Proposed annual salary recommended in the 2009-11 executive budget:

July 1, 2009	\$90,678
July 1, 2010	\$95,212

The executive recommendation provides funding for elected officials' salary increases equal to 5 percent of salaries effective July 1, 2009, and 5 percent effective July 1, 2010.

Continuing Appropriations

No continuing appropriations for this agency.

Major Related Legislation

House Bill No. 1084 - This bill authorizes the Tax Department to request background checks for final applicants for a specified occupation with the Tax Commissioner as designated by the Tax Commissioner.

House Bill No. 1324 - This bill provides an appropriation of \$100 million from the permanent oil tax trust fund to the Tax Department for allocation of state economic stimulus payments.

Senate Bill No. 2201 - This bill provides an appropriation of \$2.7 million from the general fund to the Tax Department to pay the state reimbursement for property tax credits for disabled veterans.

Significant Audit Findings

The operational audit for the Tax Department conducted by the State Auditor's office during the 2007-08 interim included the following significant finding:

- The Tax Commissioner does not perform background investigations for new hires that will have access to sensitive information such as tax returns, Social Security numbers, and bank account information.

ATTACH:1