

**State Tax Commissioner
Senate Bill No. 2006**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	137.00	\$21,628,647	\$115,044	\$21,743,691
2003-05 legislative appropriations	137.00	21,154,695	115,044	21,269,739¹
Legislative increase (decrease) to executive budget	0.00	(\$473,952)	\$0	(\$473,952)
Legislative increase (decrease) to 2001-03 appropriations	(6.00)	(\$1,188,966)	(\$594,685)	(\$1,783,651)

¹ The amounts on the schedule above include funding for the homestead tax credit. The 2003-05 executive budget recommended and the Legislative Assembly appropriated \$4,000,000 from the general fund for the homestead tax credit, \$540,813 less than the 2001-03 biennium general fund appropriation of \$4,540,813.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Tax Commissioner is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$135,185)		(\$135,185)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(14,138)		(14,138)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(26,486)		(26,486)
Reduced funding for salaries and wages to remove funding relating to an employee called to active military duty		(118,143)		(118,143)
Reduced funding for operating expenses		(180,000)		(180,000)
Total	0.00	(\$473,952)	\$0	(\$473,952)

FTE Changes

The 2003-05 biennium appropriation includes funding for 137 FTE positions, six fewer than the 2001-03 authorized level of 143 FTE positions. The Legislative Assembly did not change the executive recommendation to remove 6 FTE positions as follows:

- 1 FTE compliance officer (Sales and Special Tax Division)
- 1 FTE income tax director (Income Tax Division)
- 1 FTE audit technician (Income Tax Division)
- 1 FTE information system administrator (Operations Division)
- 1 FTE document specialist (Operations Division)
- 1 FTE data input operator (Operations Division)

Other Sections in Bill

Carryover authority - Section 3 authorizes the Tax Commissioner to continue up to \$110,000 of unspent 2001-03 general fund appropriation authority for a sales tax WebFile rewrite information technology project. A 2001-03 biennium appropriation was provided for this project; however, the Information Technology Department was unable to schedule this project before the end of the biennium.

Related Legislation

Tax amnesty program - Senate Bill No. 2015 authorizes the Tax Commissioner to conduct a one-time tax amnesty program beginning before December 31, 2003.

State aid distribution - House Bill No. 1025 revises the state aid distribution formula for cities and counties to account for population changes resulting from the 2000 census.

Corporate income taxes - House Bill No. 1471 reduces the corporate income tax rates and changes the corporate income tax structure, including repeal of the federal tax deduction and net operating loss carryback provisions.

Information technology position transfer - House Bill No. 1505 provides for 1 FTE position relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services to be reduced from the Tax Commissioner's office and transferred to the Information Technology Department.

Streamlined sales and use tax agreement - Senate Bill No. 2095 provides for the adoption of the streamlined sales and use tax agreement as adopted by member states of the streamlined sales tax project and would become effective for tax years beginning after December 31, 2005. Senate Bill No. 2096 provides for the implementation of the streamlined sales and use tax agreement.