

**Department 127 - State Tax Commissioner  
House Bill Nos. 1006 and 1066**

**Executive Budget Comparison to Prior Biennium Appropriations**

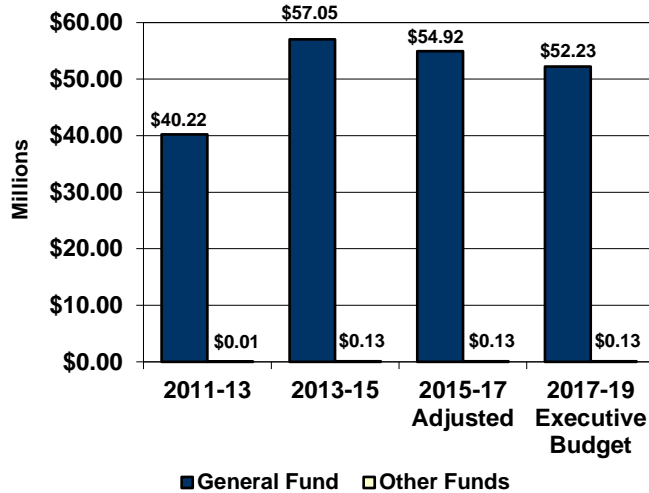
	FTE Positions	General Fund	Other Funds	Total
2017-19 Executive Budget	133.00	\$52,226,535	\$125,000	\$52,351,535
2015-17 Adjusted Legislative Appropriations <sup>1</sup>	136.00	54,920,488	125,000	55,045,488
Increase (Decrease)	(3.00)	(\$2,693,953)	\$0	(\$2,693,953)

<sup>1</sup>The 2015-17 biennium agency appropriation amounts reflect general fund budget reductions made in August 2016, but do not include \$20,000 of allocations from the general fund to the agency from the state agency energy impact funding pool for temporary salary adjustments for agency employees located in areas of the state affected by energy development.

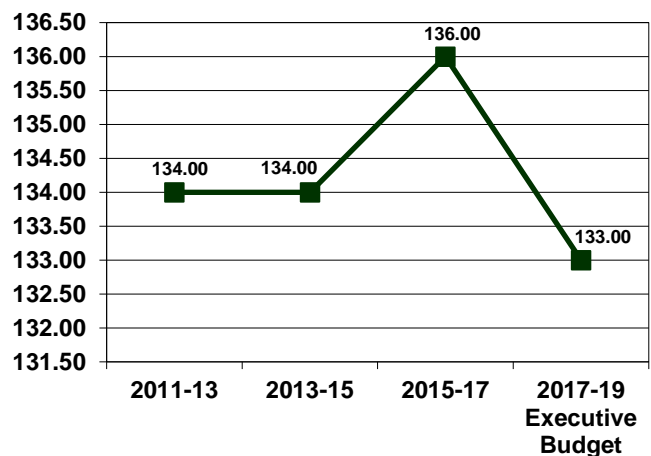
**Ongoing and One-Time General Fund Appropriations**

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 Executive Budget	\$52,226,535	\$0	\$52,226,535
2015-17 Adjusted Legislative Appropriations	54,912,488	8,000	54,920,488
Increase (Decrease)	(\$2,685,953)	(\$8,000)	(\$2,693,953)

**Agency Funding**



**FTE Positions**



**Executive Budget Comparison to Base Level**

	General Fund	Other Funds	Total
2017-19 Executive Budget	\$52,226,535	\$125,000	\$52,351,535
2017-19 Base Level	54,912,488	125,000	55,037,488
Increase (Decrease)	(\$2,685,953)	\$0	(\$2,685,953)

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

**Executive Budget Highlights**

	General Fund	Other Funds	Total
1. Provides funding for base payroll changes, including the removal of 3 FTE positions (1 tax services FTE position, 1 office assistant FTE position, and 1 document imaging FTE position)	\$25,020		\$25,020
2. Provides funding for state employee salary and benefit increases, of which \$93,503 is for salary increases and \$380,646 is for health insurance increases	\$474,149		\$474,149
3. Adds funding for salaries and wages to partially restore 2015-17 biennium budget reductions	\$436,256		\$436,256
4. Adds funding for temporary employees	\$50,000		\$50,000
5. Reduces funding for operating expenses, primarily related to professional services, postage, and office equipment and furniture	(\$706,487)		(\$706,487)

- 6. Reduces funding for capital assets (\$10,000) (\$10,000)
- 7. Reduces funding for the homestead tax credit program (\$2,690,000) and the disabled veterans' tax credit program (\$264,891) (\$2,954,891) (\$2,954,891)

**Other Sections Recommended to be Added in Executive Budget  
(As Detailed in House Bill No. 1066)**

**Line item transfers** - Section 3 authorizes the Tax Commissioner to transfer funds between the homestead tax credit line item and the disabled veterans' credit line item. Section 7 includes an emergency clause related to the line item transfers.

**Motor vehicle fuel tax revenue transfer** - Section 4 provides for a transfer of \$2,016,120 from the motor vehicle fuel tax revenue collections to the general fund for the expenses related to the administration of the motor vehicle fuel taxes.

**Multistate tax audit fund** - Section 5 creates a multistate tax audit fund and provides continuing appropriation to the Tax Commissioner to receive collections from the multistate tax commission audit and nexus programs and to pay the related expenses of the programs from the fund. Excess collections are transferred to the general fund at the end of each year.

**Salary of Tax Commissioner** - Section 6 provides the statutory changes to increase the Tax Commissioner's annual salary by 1 percent in the second year as follows:

	Current Level	July 1, 2017	July 1, 2018
Tax Commissioner's annual salary	\$114,791	\$114,791	\$115,939

**Significant Audit Findings**

There are no significant audit findings for this agency.

**Major Related Legislation**

**House Bill No. 1056** - Expands the eligibility of the disabled veterans tax credit program to designated trustees administering the property for an unremarried surviving spouse.

**Senate Bill No. 2032** - Section 3 repeals the homestead income tax credit, which was available for tax years 2007 and 2008.

**Senate Bill No. 2112** - Updates the terminology in the streamlined sales and use tax agreement to provide consistency with the other member states.

**Senate Bill No. 2127** - Limits the eligibility period during which sales and use tax refunds may be claimed on purchases that exceed city or county thresholds. Refunds on purchases prior to July 1, 2017, must be claimed by July 1, 2018. Refunds on purchases after June 30, 2017, must be claimed within 1 year of the date of purchase.

**Senate Bill No. 2128** - Extends the records retention period from 3 to 6 years for retailers related to records of the gross proceeds from sales and the records of purchases of inventory intended for resale.

**Tax Commissioner - Budget No. 127**  
**House Bill Nos. 1006 and 1066**  
**Base Level Funding Changes**

	<b>Executive Budget Recommendation</b>			
	<b>FTE</b>			
	<b>Position</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2017-19 Biennium Base Level</b>	136.00	\$54,912,488	\$125,000	\$55,037,488
<b>2017-19 Ongoing Funding Changes</b>				
Base payroll changes	(3.00)	\$25,020		\$25,020
Salary increase - Performance		93,503		93,503
Health insurance increase		380,646		380,646
Adds salary funding to restore budget reductions		436,256		436,256
Adds funding for temporary employees		50,000		50,000
Reduces funding for operating expenses		(706,487)		(706,487)
Reduces funding for capital assets		(10,000)		(10,000)
Reduces funding for tax credit programs		(2,954,891)		(2,954,891)
<b>Total ongoing funding changes</b>	<b>(3.00)</b>	<b>(\$2,685,953)</b>	<b>\$0</b>	<b>(\$2,685,953)</b>
<b>One-time funding items</b>				
No one-time funding items				\$0
<b>Total one-time funding changes</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Changes to Base Level Funding</b>	<b>(3.00)</b>	<b>(\$2,685,953)</b>	<b>\$0</b>	<b>(\$2,685,953)</b>
<b>2017-19 Total Funding</b>	<b>133.00</b>	<b>\$52,226,535</b>	<b>\$125,000</b>	<b>\$52,351,535</b>

**Other Sections in Tax Commissioner - Budget No. 127**

	<b>Executive Budget Recommendation</b>
Line item transfers	Section 3 authorizes the Tax Commissioner to transfer funds between the homestead tax credit line item and the disabled veterans' credit line item. Section 7 includes an emergency clause related to the line item transfers.
Motor vehicle fuel tax revenue transfer	Section 4 provides for a transfer of \$2,016,120 from the motor vehicle fuel tax revenue collections to the general fund for the expenses related to the administration of the motor vehicle fuel taxes.
Multistate tax audit fund	Section 5 creates a multistate tax audit fund and provides continuing appropriation to the Tax Commissioner to receive collections from the multistate tax commission audit and nexus programs and to pay the related expenses of the programs from the fund. Excess collections are transferred to the general fund at the end of each year.
Salary of Tax Commissioner	Section 6 provides the statutory changes to increase the Tax Commissioner's annual salary by 1 percent in the second year of the 2017-19 biennium.

## Department 127 - State Tax Commissioner

## Appropriations Comparisons to the Original and Adjusted Base Budgets

### General Fund Appropriations Adjustments (As a result of the August 2016 General Fund Budget Reductions)

	Ongoing	One-Time	Total
2015-17 original general fund appropriations	\$58,761,918	\$8,000	\$58,769,918
General fund reductions	(3,849,430)	0	(3,849,430)
Adjusted 2015-17 appropriations	\$54,912,488	\$8,000	\$54,920,488
Executive Budget changes	(2,685,953)	(8,000)	(2,693,953)
2017-19 Executive Budget	\$52,226,535	\$0	\$52,226,535

### Summary of August 2016 General Fund Budget Reductions

	Ongoing	One-Time	Total
Vacant positions, delayed salary increases, and fewer temporary employees	(\$1,459,579)		(\$1,459,579)
Operating expenses related to travel, office equipment, professional development, and professional services	(576,942)		(576,942)
Homestead tax credit program	(1,310,000)		(1,310,000)
Disabled veterans' tax credit program	(502,909)		(502,909)
Total reductions	(\$3,849,430)	\$0	(\$3,849,430)
Percentage reduction to ongoing and one-time general fund appropriations	6.55%	0.00%	6.55%

### 2017-19 Executive Budget Changes to the Original and Adjusted Base Budgets

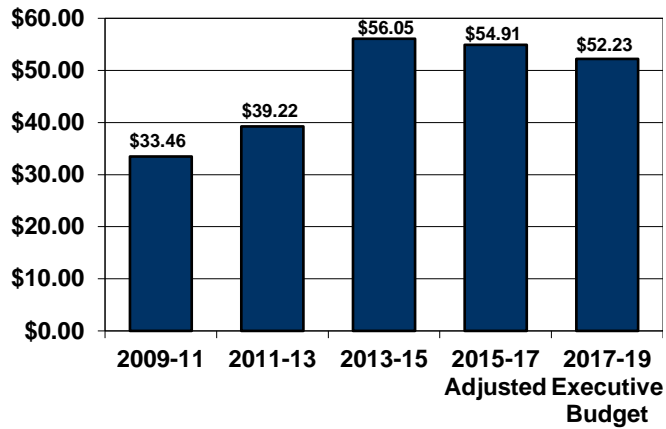
	Changes to Original Budget	Budget Reduction Adjustments	Changes to Adjusted Budget
Base payroll changes	\$25,020		\$25,020
Adds funding for state employee salary and benefit increases	474,149		474,149
Adjusts funding for FTE positions	(1,023,323)	1,459,579	436,256
Adds funding for temporary employees	50,000		50,000
Adjusts funding for operating expenses primarily related to travel, information technology, professional development, and professional services	(1,283,429)	576,942	(706,487)
Reduces funding for capital assets	(10,000)		(10,000)
Adjusts funding for homestead tax credit program	(4,000,000)	1,310,000	(2,690,000)
Adds funding for disabled veterans' tax credit program	(767,800)	502,909	(264,891)
Total	(\$6,535,383)	\$3,849,430	(\$2,685,953)

Department 127 - State Tax Commissioner

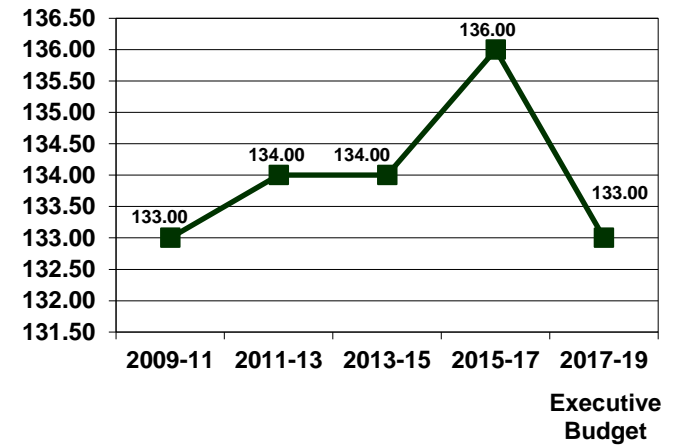
# Historical Appropriations Information

## Ongoing General Fund Appropriations Since 2009-11

Agency Funding (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2009-11	2011-13	2013-15	2015-17 Adjusted	2017-19 Executive Budget
Ongoing general fund appropriations	\$33,462,339	\$39,220,304	\$56,054,140	\$54,912,488	\$52,226,535
Increase (decrease) from previous biennium	N/A	\$5,757,965	\$16,833,836	(\$1,141,652)	(\$2,685,953)
Percentage increase (decrease) from previous biennium	N/A	17.21%	42.92%	(2.04%)	(4.89%)
Cumulative percentage increase (decrease) from 2009-11 biennium	N/A	17.21%	67.51%	64.10%	56.08%

### Major Increases (Decreases) in Ongoing General Fund Appropriations

#### 2011-13 Biennium

- Added funding for the homestead tax credit program \$2,828,788
- Added funding for the disabled veterans' tax credit program \$1,243,920
- Added funding for GenTax software support \$940,000
- Added funding for 1 compliance officer FTE position \$142,323

#### 2013-15 Biennium

- Added funding for the homestead tax credit program \$11,207,212
- Added funding for the disabled veterans' tax credit program \$3,434,080
- Added funding for GenTax software support \$1,000,000

#### 2015-17 Biennium

- Added funding for 1 research analyst FTE position and 1 property tax specialist FTE position \$186,611
- Added funding for operating expenses, including \$200,000 for GenTax software support \$560,755
- Reduced funding for the homestead tax credit program (\$1,310,000) and the disabled veterans' tax credit program (\$502,909) related to the August 2016 budget reductions (\$1,812,909)

#### 2017-19 Biennium (Executive Budget Recommendation)

- Adds funding for salaries and wages to partially restore 2015-17 biennium budget reductions \$436,256
- Adds funding for temporary employees \$50,000
- Reduces funding for operating expenses, primarily related to professional services, postage, and office equipment and furniture (\$706,487)
- Reduces funding for the homestead tax credit program (\$2,690,000) and the disabled veterans' tax credit program (\$264,891) (\$2,954,891)