

**Tax Commissioner
Budget No. 127
House Bill No. 1006**

	FTE Positions	General Fund	Other Funds	Total
2021-23 legislative appropriations	118.00	\$64,241,316	\$125,000	\$64,366,316
2021-23 base budget	123.00	54,071,616	125,000	54,196,616
Legislative increase (decrease) to base budget	(5.00)	\$10,169,700	\$0	\$10,169,700

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2021-23 legislative appropriations	\$64,241,316	\$0	\$64,241,316
2019-21 legislative appropriations	54,071,616	4,040,000 ¹	58,111,616 ¹
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$10,169,700	(\$4,040,000)	\$6,129,700
Percentage increase (decrease) to 2019-21 appropriations	18.8%	(100.0%)	10.5%

¹The 2019-21 biennium general fund appropriations reflect a deficiency appropriation of \$4.04 million in House Bill No. 1025. See the **Deficiency Appropriations** section below for additional information.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$241,271		\$241,271
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		553,496		553,496
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		5,988		5,988
Removed 5 undesignated unfunded FTE vacant positions and reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover	(5.00)	(1,074,515)		(1,074,505)
Increased funding for GenTax software support to provide total funding of \$4 million		294,339		294,339

Added funding for postage to implement the treasury offset program (\$45,000) and increased funding for Microsoft Office 365 licensing expenses (\$14,321)	59,321	59,321
Increased funding for the homestead tax credit program by \$2,200,000, from \$15,800,000 to \$18,000,000 and increased funding for the disabled veterans' tax credit program by \$7,889,800, from \$8,410,200 to \$16,300,000	10,089,800	10,089,800
Total	<u>(5.00)</u>	<u>\$10,169,700</u>
		<u>\$0</u>
		<u>\$10,169,700</u>

FTE Changes

The Legislative Assembly approved 118 FTE positions for the Tax Commissioner for the 2021-23 biennium, a decrease of 5 FTE positions from the 2019-21 biennium authorized level of 123 FTE positions. The Legislative Assembly removed 5 undesignated unfunded FTE positions, the same as the agency's budget request.

Deficiency Appropriations

House Bill No. 1025 provides a deficiency appropriation of \$4.04 million from the general fund to the Tax Commissioner for the homestead tax credit program (\$1.31 million) and for the disabled veterans' tax credit program (\$2.73 million). The need for additional funding for the programs resulted from increases in applicants and taxable values.

Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$28,601 of federal coronavirus relief funds to the Tax Commissioner for the 2019-21 biennium for telework equipment, personal protective equipment, and a secure drop box for the Capitol.

Other Sections in House Bill No. 1006

Line item transfers - Section 2 allows the Tax Commissioner to transfer funding between the homestead tax credit and the disabled veterans' tax credit line items during the 2021-23 biennium.

Motor vehicle fuel taxes - Section 3 provides for a transfer of \$1,873,744 from motor vehicle fuel tax collections to the general fund for the 2021-23 biennium related to the Tax Commissioner's expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and the administration of these taxes.

Statewide litigation funding pool - Section 4 directs the Attorney General to pay litigation-related expenses from the statewide litigation funding pool on behalf of the Tax Commissioner.

Salary of the Tax Commissioner - Section 5 includes the statutory changes necessary to increase the Tax Commissioner's salary from the current salary of \$120,014 to \$121,814 (1.5 percent) on July 1, 2021, and to \$124,250 (2 percent) on July 1, 2022.

Related Legislation

House Bill No. 1082 - Electronic filing - This bill requires taxpayers to use electronic filing and payment methods for passthrough entities with 10 or more partners and for employers that paid wages of at least \$1,000.

House Bill No. 1099 - Penalties - This bill allows the Tax Commissioner to waive late penalties for certain returns.

House Bill No. 1179 - Reports - This bill removes the requirement for counties, school districts, and hub cities to submit reports to the Tax Commissioner regarding expenditures related to oil and gas gross production tax revenue allocations.

House Bill No. 1286 - Licensing - This bill authorizes the Tax Commissioner to license satellite locations for domestic distilleries.

House Bill No. 1395 - COVID-19 funding - This bill appropriates federal coronavirus relief funds previously authorized by the Emergency Commission and Budget Section.

House Bill No. 1449 - County aid - This bill creates a county aid distribution fund and allocates revenues from sales taxes and motor vehicle taxes to the new fund for distribution to the county with the lowest ratio of property values per capita and a population of more than 10,000.

Senate Bill No. 2213 - Disabled veterans' property tax credit - This bill expands the property tax credit for disabled veterans to increase the credit from the first \$6,750 of taxable value (\$150,000 of true and full value) to the first \$8,100 of taxable value (\$200,000 of true and full value).