

# DFA - REVENUE SERVICES DIVISION

## Enabling Laws

Act 853 of 2005

A.C.A. §2-8-101 et seq., §2-20-101 et seq., §2-35-101 et seq., §2-40-101 et seq., §3-4-201 et seq., §3-5-101 et seq., §3-7-101 et seq., §3-9-101 et seq., §8-7-901, §8-7-908, §8-9-402 et seq., §14-164-101, §15-4-1001 et seq., §15-4-1201 et seq., §15-4-1508, §15-4-1602, §15-4-1701 et seq., §15-4-1901 et seq., §15-5-1301 et seq., §17-21-101 et seq., §26-5-101 et seq., §26-17-203, §26-18-101 et seq., §26-19-101 et seq., §26-36-301 et seq., §26-51-101 et seq., §26-52-101 et seq., §26-53-101 et seq., §26-55-101 et seq., §26-56-101 et seq., §26-57-201 et seq., §26-57-901 et seq., §26-58-101 et seq., §26-59-101 et seq., §26-60-101 et seq., §26-62-101 et seq., §26-74-101 et seq., §26-75-101 et seq., §27-14-101 et seq., §27-15-101 et seq., §26-52-301 et seq., §26-53-126, §27-16-101 et seq., §27-19-101 et seq., §27-20-101 et seq., §27-23-101 et seq., §27-50-801 et seq., §27-50-901 et seq., Act 555 of 1965, Act 142 of 1949 and Act 134 of 1911

## History and Organization

Act 88 of 1925 that created the Office of Insurance and Revenues first established the Revenue Division. Act 115 of 1927 separated the powers of the Insurance Commissioner and changed the title to Commissioner of Revenues. Act 38 of 1971 transferred the Department of Revenues to the Department of Finance and Administration. The Revenue Division is responsible for administration and enforcement of state taxing laws, vehicle and driver licenses imposed under Arkansas law. The following nine major offices properly administer the varied tax laws, license laws and other functions of Revenue Division operations:

### 1) Office of the Assistant Commissioner for Policy and Legal

This office consists of three sections: one for the Assistant Commissioner, another for Hearings and Appeals and lastly Taxpayer Assistance. The Office of Assistant Commissioner for Policy and Legal was created in 1995. This office is responsible for policy and legal matters for the Revenue Division. The Hearings and Appeals Section was created by Act 401 of 1979 and is responsible for reviewing all written protests submitted by taxpayers and making findings on proposed assessments. The Taxpayer Assistance Office was created in 1993 and assists taxpayers in resolving problems with the various offices in the Revenue Division.

### 2) Office of Income Tax

The Office of Income Tax consists of four sections: Administration, Individual Income Tax, Corporate Income Tax and Income Tax Systems. Individual Income Tax administers tax laws as they apply to individuals, fiduciaries, partnerships and estates. Corporate Income Tax administers tax laws applying to corporations doing business in the State. Income Tax Systems processes income tax returns and provides income tax data entry.

### 3) Office of Field Audit

Act 235 of 1935 gave the Revenue Commissioner the duty of employing Field Auditors and Collectors. The Office is organized into nine sections; Administration, five Audit Districts covering

the State, Audit Coordination, Collections and Nexus. The Audit Districts are responsible for performing audits and collection of delinquent taxes in their district. Audit Coordination organizes requests for information and audits between the various tax sections and the Audit Districts. The Collections Section collects delinquent and deficient taxes as well as insufficient fund checks.

4) Office of Motor Vehicle

This Office was first authorized to issue licenses by Act 134 of 1911. Act 142 of 1949 required motor vehicle titles. The Office of Motor Vehicle administers licensing, registration and titling of all vehicles subject to registration. The Office consists of five sections; Administration, Systems Support, Direct Services, International Registration Plan and Registration and Title. The Systems Support section provides customer service for motor vehicle automated systems. The International Registration Plan section registers and licenses all Arkansas trucks under the International Registration Plan. The Direct Services section files all direct liens and provides information on motor vehicles to the general public and to law enforcement on a 24 hour basis. The Registration and Title section provides data entry for titles, renewals and registrations, maintains control records for licenses and fees issued and examines applications for title for completeness and proper documentation. It microfilms all documents submitted with applications for title.

5) Office of Excise Tax Administration

This Office administers tax laws of the State. The Office consists of five sections; Administration, Sales Tax, Motor Fuel Tax, Miscellaneous Tax and Tax Credits. Sales Tax administers taxes on sales, use, mixed drink and beverage excise for State and Local governments. Motor Fuel administers taxes on motor fuel. Miscellaneous Tax administers various tax laws such as cigarette, real estate transfer, amusement, vending and severance. Tax Credits administers the various tax credit programs.

6) Office of Driver Services

Act 555 of 1965 established the Driver Licensing Bureau. Act 311 of 1977 created the color photo driver license program. This Office consists of six sections; Administration, Issuance, Technical Services, Safety Responsibility, Driver Control and Commercial Driver License. The Issuance section is responsible for procedures for issuance of licenses to qualified individuals and for maintaining driver license records. The Technical Services section is responsible for data entry, Traffic Violation Reports and Revenue Micrographics. The Safety Responsibility section administers the financial responsibility laws. Driver Control monitors problem drivers statewide. The Commercial Driver License section administers that program.

7) Office of Assistant Commissioner for Operations and Administration

This Office consists of three sections; Office of the Assistant Commissioner, Cashier and General Services. The Cashier section prepares deposits of all monies for deposit with the State Treasurer. The General Services section is responsible for audits all State Revenue Offices, reconciles bank accounts and processes revenues collected by State Revenue Offices, building maintenance and security, central supply, processing all revenues paid by mail and all incoming and outgoing mail.

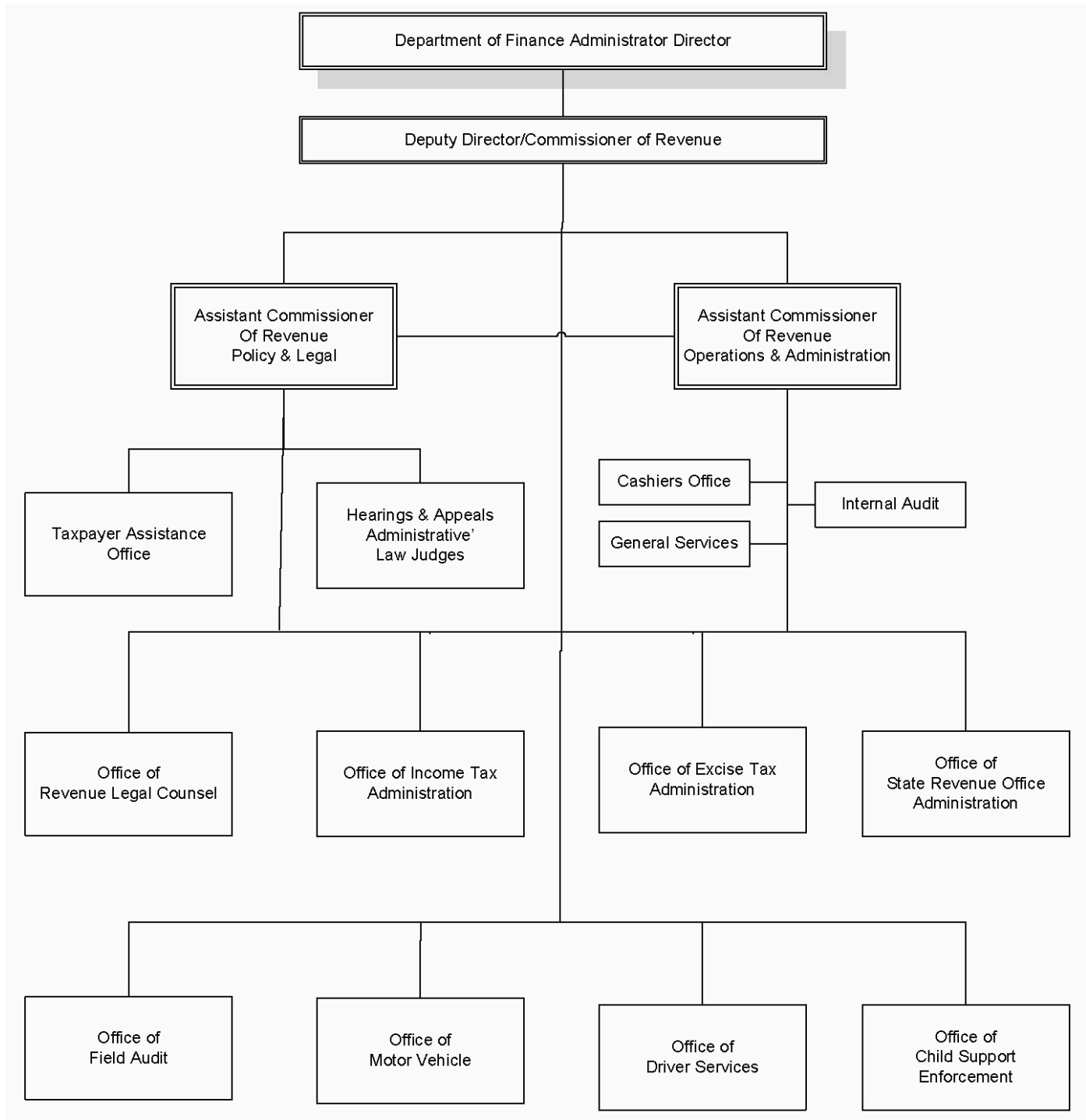
8) Office of Revenue Legal Counsel

This Office provides legal counsel for the Revenue Division and the operating offices of the

Revenue Division. It represents the Division in litigation involving taxes, fees, licenses and programs administered by the Division.

9) Office of State Revenue Office Administration

This office was created to meet the requirements of Act 465 of 1967 that allows individuals to apply in person in their County of residence for automobile registration and renewal. The Office consists of six sections; Administration and five districts dividing the State.



## **Agency Commentary**

The Revenue Division seeks to restore 39 positions: 8 in the State Revenue Offices, 12 in the Office of Income Tax, 4 in the Office of Excise Tax, 6 in the Office of Motor Vehicles, 1 in the Office of Revenue Legal Counsel, 4 in the Office of the Assistant Commissioner of Revenue for Operations and Administration, 3 in the Office of Driver Services, and 1 in Commercial Driver License. These positions are currently authorized but not budgeted in FY07. These positions all support the collection of general and special revenue or in the regulation and licensing of drivers and motor vehicles. Severe shortages of positions throughout the Revenue Division resulting in reduced or slower collection of revenue and the reduction of service in licensing drivers and motor vehicles will result if these positions are not restored.

The Revenue Division requests \$900,117 in FY08 and \$790,577 in FY09 for Operating Expenses. These costs include increases in postage, utilities, rent, fuel, dues paid to national organizations, additional license plate costs due to increased demand in special plates under Act 2205 of 2005, new design standard issue plate, and cost increase from new contract, and roof repairs needed for Ledbetter building. The Capital Outlay request is for replacement of aging and high mileage automobiles, 31 in FY08 and 26 in FY09 and a new tractor for use in unloading tractor trailers and for maintenance use in working on the Ragland and Ledbetter premises. The Capital Outlay request also includes replacement furniture, cabinets for revenue offices and some low value equipment replacement. This Capital Outlay request is in the amount \$563,000 for FY08 and \$457,000 for FY09.

To bring the Division into proper accounting practices this request decreases Professional Fees \$1,300,000 each year and increases Operating Expenses by \$1,300,000 each year. This change is revenue neutral in that it only reallocates appropriation from one commitment item to another.

A new electronic gaming audit section was created to oversee the expanded gambling that was approved by local options passed in Hot Springs and West Memphis. This section was authorized by A.C.A. §21-5-301 et seq. The Agency seeks to continue 15 supplemental positions as regular full-time positions. To support these positions Operating Expenses of \$121,400 in FY08 and \$137,900 in FY09 is needed and includes normal office expenses: phones, equipment, software, travel, supplies, as well as Capital Outlay of \$15,000 in FY08 and \$20,000 in FY09 for testing equipment.

The Division is requesting to transfer a DFA Assistant Administrator position cross-graded as an Attorney Specialist from Management Services Division to Revenue Division - Legal Counsel. This position is needed to address the continuing issues that require resolution with regard to the State's participation as a member of Streamlined Sales Tax. Also, to transfer a Mailroom Supervisor position from Child Support Enforcement to Revenue Division. This position has been located in the Revenue Division assisting with administrative functions as a result of the Office of Child Support operations.

The Division is also asking for additional Operating Expenses for the commercial driver license program of \$98,500 each year to be used to pay for identification verification costs required for drivers by state law and the federal government. These include verifying social security numbers and using the federal government's Systematic Alien Verification for Entitlements (SAVE) program for proof of legal presence.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
REVENUE DIVISION EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004

Findings

Recommendations

A Tax Auditor II assigned to the Miscellaneous Tax Section, Mr. Orland Dial, was reimbursed \$18,483 for 470 days travel from his home near Leola to Little Rock during the period from July 2002 through September 2004. Arkansas Financial Management Guide regulation #R1-19-4-903 states as follows:

Officials and employees may be paid travel expenses when required to travel away from their "official station" on State business. "Official station" is the geographic location or "address" where the employee normally reports for duty and/or spends the majority of his/her productive time and must be designated as such in writing by the employer. An employee's "residence" shall be the city of town in which the individual has an abode or dwelling place. An employee whose resident city is a location other than his/her "official station" shall not be allowed mileage to travel between them except as provided for in ACA 19-4-903, under Special Authorizations.

Mr. Dial's official station was designated to be Leola in prior years, but it appears that where he normally reports for duty has changed. Transportation expenses between an employee's home and regular place of employment are personal commuting expenses.

The Chief Fiscal Officer of the State review Mr. Dial's official station designation.

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
REVENUE DIVISION – OFFICE OF FINANCIAL AND MANAGEMENT SERVICES – CASHIER SECTION  
FOR THE YEAR ENDED JUNE 30, 2005

Findings

Recommendations

The Agency reported two (2) instances of unaccounted for funds totaling \$13,086. Three (3) employees working in two (2) local revenue offices were responsible for automobile registration, title, taxes, fees, and sales taxes not deposited to Agency accounts or the State Treasury. The responsible employees were subsequently terminated from employment and the incidents were reported to the police. The details of these instances of unaccounted for funds are summarized at Schedule 4.

None

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
REVENUE DIVISION – OFFICE OF FIELD AUDIT – COLLECTION SECTION  
FOR THE YEAR ENDED JUNE 30, 2005

Findings	Recommendations
None	None

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
REVENUE DIVISION – CORPORATION INCOME TAX SECTION  
FOR THE YEAR ENDED JUNE 30, 2005

Findings	Recommendations
None	None

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
REVENUE DIVISION – OFFICE OF DRIVER SERVICES  
FOR THE YEAR ENDED JUNE 30, 2005

Findings	Recommendations
None	None

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
REVENUE DIVISION – INDIVIDUAL INCOME TAX SECTION  
FOR THE YEAR ENDED JUNE 30, 2005

Findings	Recommendations
None	None

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
REVENUE DIVISION – OFFICE OF LEGAL COUNSEL  
FOR THE YEAR ENDED JUNE 30, 2004

Findings	Recommendations
None	None

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
REVENUE DIVISION – MISCELLANEOUS TAX SECTION  
FOR THE YEAR ENDED JUNE 30, 2003

Findings	Recommendations
None	None

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
REVENUE DIVISION – MOTOR FUEL TAX SECTION  
FOR THE YEAR ENDED JUNE 30, 2005

Findings	Recommendations
None	None

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
REVENUE DIVISION – OFFICE OF MOTOR VEHICLE  
FOR THE YEAR ENDED JUNE 30, 2004

Findings	Recommendations
None	None

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
REVENUE DIVISION – SALES AND USE TAX SECTION  
FOR THE YEAR ENDED JUNE 30, 2005

Findings	Recommendations
None	None

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS REVENUE DEPARTMENT BUILDING COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2005

Findings	Recommendations
None	None

## **Performance Audit Findings**

### *Sales and Use Tax Section – Department of Finance and Administration – Issued July 8, 2005*

#### Findings and Conclusions:

- Expanded cooperation with other entities and regulatory boards could provide a means for DFA to further enhance their monitoring of compliance with the State sales tax laws. For example, the Arkansas Tobacco Control Board requires businesses to provide their sales tax permit number in order to apply for and receive a retail cigarette and tobacco permit.
- Prior to fiscal year 2004, the growth of sales and use tax accounts receivable outpaced the growth of gross tax collections.
- An accounts receivable balance as of a certain date cannot be recreated after that date and payment histories for individual taxpayers are only available by a batch process.

Recommendations:

- DFA expand their cooperative efforts with other entities.
- DFA continue to closely monitor their accounts receivable balance on a regular basis and the effect Acts 46 and 107 of 2003 are having on collections and outstanding balances.
- The Information Systems Audit Section of the Division of Legislative Audit conduct an information systems audit of the Sales and Use Tax Section of the Department of Finance and Administration.

**Employment Summary**

	Male	Female	Total	%
White Employees	181	750	931	70 %
Black Employees	41	339	380	29 %
Other Racial Minorities	2	11	13	1 %
	Total Minorities		393	30%
	Total Employees		1,324	100 %

**Publications**

**A.C.A 25-1-204**

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		Governor	General Assembly		
Ad Valorem Assessment Return	26-26-1601	N	N	250,000	Statutory requirement to file annual return
Amusement Machine Tax Register	26-57-404	N	N	200	Statutory requirement to register annually
Beef Promotion Assessment Report	2-35-401	N	N	1,350	Statutory requirement to file monthly report
Beer Excise Tax Report	3-7-104(6)(A)	N	N	500	Statutory requirement to file monthly report
Brucellosis & Swine Testing Report	2-40-206	N	N	1,000	Statutory requirement to file monthly report
Catfish Feed Assessment Report	Act 790 of 1999	N	N	200	Statutory requirement to file a report on the 15th day following collection
Cigarette Excise Tax Report	26-57-201	N	N	1,000	Statutory requirement to file monthly report
Cigarette Paper Tax Report	26-57-801	N	N	1,000	Statutory requirement to file monthly report
Coin-Operated Vending Tax Register	Act 928 of 1997	N	N	2,000	Statutory requirement to register annually



Construction Permit Fee Report	Act 474 of 1999	N	N	200	Statutory requirement to file a report on the 15th day following collection
Corn & Grain Sorghum Assessment Report	Act 271 of 1997	N	N	200	Statutory requirement to file monthly report
Corporation Income Tax	26-51-806	N	N	30,000	Required by law
Driver License Renewal Notice	None	N	N	520,000	To remind people when their license expires
Estimated & Withholding	26-51-806	N	N	110,000	Required by law
Gross Receipts Tax Regulations	26-52-105	N	N	15,000	To provide sales and use tax reporting information and guidelines
IFTA Quarterly Report	26-55-1102	N	N	25,000	IFTA Agreement requires that all accounts must file a quarterly report
IFTA Renewal Application	26-55-1102	N	N	3,500	IFTA Agreement requires that all accounts must file an annual renewal
Imported Wine Tax Report	3-7-104(4)(5)	N	N	200	Statutory requirement to file monthly report
Income Tax Booklet	26-51-806	N	N	712,000	Required by law
Liquor Excise Tax Report	3-7-104	N	N	500	Statutory requirement to file monthly report
LPG Renewal Application	26-56-304	N	N	1,200	Required by the Motor Fuel Tax Law
Moving to Arkansas	None	N	N	1,000	Help new residents understand their tax obligations
Native Wine Tax Report	3-5-409	N	N	100	Statutory requirement to file monthly report
Oil & Brine Museum Fund Report	26-58-302	N	N	300	Statutory requirement to file monthly report
Package A	26-51-806	N	N	25,000	Required by law
Property Tax Refund Claim Form	26-51-601	N	N	150,000	Statutory requirement to file a claim for refund annually
Registration Renewal Notice	27-14-1014	N	N	1,975,000	Required by law to notify owner of expiration
Rice Promotion Assessment Report	2-20-507	N	N	1,600	Statutory requirement to file monthly report
Sales & Use Tax Reporting Form	26-52-105	N	N	131,800	Statutory Requirement to file monthly/quarterly/annual report
Severance Tax Report	26-58-111	N	N	6,000	Statutory requirement to file monthly report
Soft Drink Assessment Report	26-57-901	N	N	2,500	Statutory requirement to file monthly report
Soybean Promotion Assessment Report	2-20-406	N	N	2,500	Statutory requirement to file monthly report
Starting a New Business	None	N	N	1,000	Provide business operators with a source of information concerning state business tax obligations
Sub S Booklet	26-51-806	N	N	25,000	Required by law

Taxpayer Notification Cards	26-51-806	N	N	532,000	Required by law
Timber Processing Tax	26-58-111	N	N	5,000	Statutory requirement to file monthly report
Tobacco Excise Tax Report	26-57-201	N	N	1,000	Statutory requirement to file monthly report
Vehicle Certificate of Title	27-14-713	N	N	1,000,000	Required by law to convey ownership
Vehicle Registration Certificate	27-14-713	N	N	2,500,000	Required by law to be carried in vehicle
Waste Tire Assessment Report	23-3-510	N	N	20,000	Statutory requirement to file monthly report
Wheat Promotion Assessment Report	2-20-606	N	N	2,000	Statutory requirement to file monthly report

## Department Appropriation Summary

		Historical Data						Agency Request and Executive Recommendation							
Appropriation		2005-2006		2006-2007		2006-2007		2007-2008				2008-2009			
		Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
1JN	Commercial Drivers License	1,465,313	9	1,576,150	9	1,625,117	10	1,713,152	10	1,713,152	10	1,713,152	10	1,713,152	10
236	Individual Income Tax/Ad Valorem Prope	343,674,948	0	580,000,000	0	580,000,000	0	580,000,000	0	580,000,000	0	580,000,000	0	580,000,000	0
237	Corporate Income Tax Refunds	28,501,018	0	65,000,000	0	65,000,000	0	65,000,000	0	65,000,000	0	65,000,000	0	65,000,000	0
239	Gasoline Tax Refunds	12,025	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0
240	Interstate Motor Fuel Tax Refunds	10,690,309	0	12,000,000	0	12,000,000	0	12,000,000	0	12,000,000	0	12,000,000	0	12,000,000	0
241	Miscellaneous Tax Refunds	34,130,971	0	40,000,000	0	40,000,000	0	40,000,000	0	40,000,000	0	40,000,000	0	40,000,000	0
281	Revenue Services Division - Operations	73,699,417	1,402	78,200,941	1,414	80,251,059	1,458	82,365,562	1,469	82,365,562	1,469	82,171,522	1,469	82,171,522	1,469
<b>Total</b>		<b>492,174,001</b>	<b>1,411</b>	<b>778,277,091</b>	<b>1,423</b>	<b>780,376,176</b>	<b>1,468</b>	<b>782,578,714</b>	<b>1,479</b>	<b>782,578,714</b>	<b>1,479</b>	<b>782,384,674</b>	<b>1,479</b>	<b>782,384,674</b>	<b>1,479</b>
Funding Sources			%		%		%		%		%		%		%
Fund Balance	4000005	1,527,669	0.3	2,308,667	0.3			2,732,517	0.3	2,732,517	0.3	3,143,392	0.4	3,143,392	0.4
Special Revenue	4000030	2,246,311	0.5	2,000,000	0.3			2,124,027	0.3	2,124,027	0.3	2,124,027	0.3	2,124,027	0.3
State Central Services	4000035	73,699,417	14.9	78,200,941	10.0			82,365,562	10.5	82,365,562	10.5	82,171,522	10.5	82,171,522	10.5
Tax Refunds	4000485	417,009,271	84.3	698,500,000	89.4			698,500,000	88.9	698,500,000	88.9	698,500,000	88.8	698,500,000	88.8
Total Funds		494,482,668	100.0	781,009,608	100.0			785,722,106	100.0	785,722,106	100.0	785,938,941	100.0	785,938,941	100.0
Excess Appropriation/(Funding)		(2,308,667)		(2,732,517)				(3,143,392)		(3,143,392)		(3,554,267)		(3,554,267)	
Grand Total		492,174,001		778,277,091				782,578,714		782,578,714		782,384,674		782,384,674	

**Agency Position Usage Report**

FY2004-2005						FY2005-2006						FY2006-2007					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Total	Total	Filled	Unfilled			Total	Total	Filled	Unfilled	
1,467	1,334	93	1,427	40	9.07%	1,468	1,332	91	1,423	45	9.26%	1,468	1,324	99	1,423	45	9.81%

## **Analysis of Budget Request**

**Appropriation:** 1JN - Commercial Drivers License

**Funding Sources:** SDL - Commercial Driver License Fund

This appropriation provides for operating expenses of the Arkansas Commercial Driver License Program and for other related purposes as required by the Director of the Department of Finance and Administration (DFA) in carrying out the functions, powers, and duties of the DFA - Revenue Services Division. Fees collected for licenses issued are dedicated as special revenue to support this program.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

The Base Level request for this appropriation is \$1,589,125 for both years of the biennium. The Agency is requesting the following:

- Restoration of one (1) currently authorized position, K039 Document Examiner II, Grade 12, to assist in the collection of special revenue in the Arkansas Commercial Driver License Program.
- Operating Expenses in the amount of \$98,500 each year for identification verification costs required for drivers by state laws and the federal government and is directly related to the Systematic Alien Verification for Entitlement (SAVE) program.

The SAVE program enables federal, state, and local government agencies and licensing bureaus to obtain immigration status information they need in order to determine a non-citizen applicant's eligibility for many public benefits. The SAVE program also administers employment verification pilot programs that enable employers to quickly and easily verify work authorization of their new hired employees.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 1JN Commercial Drivers License  
**Funding Sources:** SDL - Commercial Driver License Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	235,717	247,380	279,460	247,380	265,116	265,116	247,380	265,116	265,116
<b>#Positions</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>10</b>	<b>10</b>
Personal Services Matching 5010003	74,766	74,918	91,805	87,893	95,684	95,684	87,893	95,684	95,684
Operating Expenses 5020002	237,082	304,736	304,736	304,736	403,236	403,236	304,736	403,236	403,236
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	917,748	949,116	949,116	949,116	949,116	949,116	949,116	949,116	949,116
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1,465,313</b>	<b>1,576,150</b>	<b>1,625,117</b>	<b>1,589,125</b>	<b>1,713,152</b>	<b>1,713,152</b>	<b>1,589,125</b>	<b>1,713,152</b>	<b>1,713,152</b>
<b>Funding Sources</b>									
Fund Balance 4000005	1,527,669	2,308,667		2,732,517	2,732,517	2,732,517	3,143,392	3,143,392	3,143,392
Special Revenue 4000030	2,246,311	2,000,000		2,000,000	2,124,027	2,124,027	2,000,000	2,124,027	2,124,027
<b>Total Funding</b>	<b>3,773,980</b>	<b>4,308,667</b>		<b>4,732,517</b>	<b>4,856,544</b>	<b>4,856,544</b>	<b>5,143,392</b>	<b>5,267,419</b>	<b>5,267,419</b>
Excess Appropriation/(Funding)	(2,308,667)	(2,732,517)		(3,143,392)	(3,143,392)	(3,143,392)	(3,554,267)	(3,554,267)	(3,554,267)
<b>Grand Total</b>	<b>1,465,313</b>	<b>1,576,150</b>		<b>1,589,125</b>	<b>1,713,152</b>	<b>1,713,152</b>	<b>1,589,125</b>	<b>1,713,152</b>	<b>1,713,152</b>

## Change Level by Appropriation

**Appropriation:** 1JN-Commercial Drivers License  
**Funding Sources:** SDL - Commercial Driver License Fund

### Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,589,125</b>	<b>9</b>	<b>1,589,125</b>	<b>100.0</b>	<b>1,589,125</b>	<b>9</b>	<b>1,589,125</b>	<b>100.0</b>
C01	Existing Program	124,027	1	1,713,152	107.8	124,027	1	1,713,152	107.8

### Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,589,125</b>	<b>9</b>	<b>1,589,125</b>	<b>100.0</b>	<b>1,589,125</b>	<b>9</b>	<b>1,589,125</b>	<b>100.0</b>
C01	Existing Program	124,027	1	1,713,152	107.8	124,027	1	1,713,152	107.8

### Justification

C01 Restore 1 position in the amount of \$17,736 Regular Salaries and \$7,791 for related Personal Services Matching. Position supports the collection of special revenue in the Commercial Drivers License Program. Additional appropriation is requested in the amount of \$98,500 each year to pay for identification verification costs required for drivers by state law and the federal government. These include verifying social security number, using the federal governments Systematic Alien Verification for Entitlements (SAVE) program.

## **Analysis of Budget Request**

**Appropriation:** 236 - Individual Income Tax/Ad Valorem Property Tax Rebates

**Funding Sources:** TGI - Individual Income Tax Withholding Fund

The Department of Finance and Administration - Revenue Services Division processes refunds for taxes paid from various sources. Appropriations to the Agency for Refunds/Reimbursements provide the mechanism necessary to refund collections of the various taxes as may be necessary.

This appropriation is used to refund individual taxpayers in such amounts as may be determined by the Chief Fiscal Officer of the State or the courts and for property tax rebates levied on the assessed value of all taxable real property, personal property, and utility property in the State.

Base Level for the Individual Income Tax and Ad Valerom Property Tax Rebates appropriation is \$580,000,000 each year and represents the Agency Request.

The Executive Recommendation provides for the Agency Request.



**Appropriation Summary**

**Appropriation:** 236 Individual Income Tax/Ad Valorem Property Tax Rebates  
**Funding Sources:** TGI - Individual Income Tax Withholding Fund

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	343,674,948	580,000,000	580,000,000	580,000,000	580,000,000	580,000,000	580,000,000	580,000,000	580,000,000
<b>Total</b>	<b>343,674,948</b>	<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>
<b>Funding Sources</b>									
Tax Refunds 4000485	343,674,948	580,000,000		580,000,000	580,000,000	580,000,000	580,000,000	580,000,000	580,000,000
<b>Total Funding</b>	<b>343,674,948</b>	<b>580,000,000</b>		<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>343,674,948</b>	<b>580,000,000</b>		<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>

## **Analysis of Budget Request**

**Appropriation:** 237 - Corporate Income Tax Refunds

**Funding Sources:** TGC - Corporate Income Tax Withholding Fund

The Department of Finance and Administration - Revenue Services Division processes refunds for taxes paid from various sources. Appropriations to the Agency for Refunds/Reimbursements provide the mechanism necessary to refund collections of the various taxes as may be necessary.

This appropriation is used to make income tax refunds to corporate taxpayers in such amounts as may be determined by the Chief Fiscal Officer of the State or the courts.

Base Level for the Corporate Income Tax appropriation is \$65,000,000 each year and represents the Agency Request.

The Executive Recommendation provides for the Agency Request.

**Appropriation Summary**

**Appropriation:** 237 Corporate Income Tax Refunds  
**Funding Sources:** TGC - Corporate Income Tax Withholding Fund

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	28,501,018	65,000,000	65,000,000	65,000,000	65,000,000	65,000,000	65,000,000	65,000,000	65,000,000
<b>Total</b>	<b>28,501,018</b>	<b>65,000,000</b>	<b>65,000,000</b>	<b>65,000,000</b>	<b>65,000,000</b>	<b>65,000,000</b>	<b>65,000,000</b>	<b>65,000,000</b>	<b>65,000,000</b>
<b>Funding Sources</b>									
Tax Refunds 4000485	28,501,018	65,000,000		65,000,000	65,000,000	65,000,000	65,000,000	65,000,000	65,000,000
<b>Total Funding</b>	<b>28,501,018</b>	<b>65,000,000</b>		<b>65,000,000</b>	<b>65,000,000</b>	<b>65,000,000</b>	<b>65,000,000</b>	<b>65,000,000</b>	<b>65,000,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>28,501,018</b>	<b>65,000,000</b>		<b>65,000,000</b>	<b>65,000,000</b>	<b>65,000,000</b>	<b>65,000,000</b>	<b>65,000,000</b>	<b>65,000,000</b>

## **Analysis of Budget Request**

**Appropriation:** 239 - Gasoline Tax Refunds

**Funding Sources:** TBC - Gasoline Tax Refund Fund

The Department of Finance and Administration - Revenue Services Division processes refunds for taxes paid from various sources. Appropriations to the Agency for Refunds/Reimbursements provide the mechanism necessary to refund collections of the various taxes as may be necessary.

This appropriation is used for making motor fuel tax refunds that come from the fuel tax of .21½ cents a gallon on gasoline and .22½ cents a gallon on diesel. A refund results from an overpayment on taxes paid on fuel by a distributor or a supplier.

Base Level for the Gasoline Tax Refunds appropriation is \$1,500,000 each year and represents the Agency Request.

The Executive Recommendation provides for the Agency Request.

**Appropriation Summary**

**Appropriation:** 239 Gasoline Tax Refunds  
**Funding Sources:** TBC - Gasoline Tax Refund Fund

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	12,025	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
<b>Total</b>	12,025	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
<b>Funding Sources</b>									
Tax Refunds 4000485	12,025	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
<b>Total Funding</b>	12,025	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	12,025	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000

## **Analysis of Budget Request**

**Appropriation:** 240 - Interstate Motor Fuel Tax Refunds

**Funding Sources:** TBB - Interstate Motor Fuel Tax Refund Fund

The Department of Finance and Administration - Revenue Services Division processes refunds for taxes paid from various sources. Appropriations to the Agency for Refunds/Reimbursements provide the mechanism necessary to refund collections of the various taxes as may be necessary.

The Interstate Motor Fuel Tax Refund fund consists of the amount, estimated quarterly, which is transferred monthly from gross motor fuel taxes and gross special motor fuel tax collections, to be used to pay refunds to interstate users of motor fuels and special motor fuels as set out in A.C.A. §26-55-714 and §26-56-215. The interstate users of motor fuel tax refunds are generated from an over purchase of tax paid fuel, usually diesel, which is used on the highway by a vehicle over 26,001 pounds, purchased by truckers in the State of Arkansas, but where majority of the miles were traveled in another state.

Base Level for the Interstate Motor Fuel Tax Refunds appropriation is \$12,000,000 each year and represents the Agency Request.

The Executive Recommendation provides for the Agency Request.

**Appropriation Summary**

**Appropriation:** 240 Interstate Motor Fuel Tax Refunds  
**Funding Sources:** TBB - Interstate Motor Fuel Tax Refund Fund

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	10,690,309	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
<b>Total</b>	<b>10,690,309</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>
<b>Funding Sources</b>									
Tax Refunds 4000485	10,690,309	12,000,000		12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
<b>Total Funding</b>	<b>10,690,309</b>	<b>12,000,000</b>		<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>10,690,309</b>	<b>12,000,000</b>		<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>

## **Analysis of Budget Request**

**Appropriation:** 241 - Miscellaneous Tax Refunds

**Funding Sources:** MTA - Miscellaneous Revolving Fund

The Department of Finance and Administration - Revenue Services Division processes refunds for taxes paid from various sources. Appropriations to the Agency for Refunds/Reimbursements provide the mechanism necessary to refund collections of the various taxes as may be necessary. Some of the sources that fall into the category of miscellaneous tax refunds are:

- Cigarette and Tobacco Excise Taxes
- Alcoholic Beverage Excise Taxes
- Promotion Assessments
- Severance Tax
- Amusement Machine Tax
- Soft Drink Tax
- Real Property Transfer Tax
- Waste Tire Fee
- Vending Device Decal Act of 1997
- Construction Nonresidential Surcharge

Base Level for the Miscellaneous Tax Refunds appropriation is \$40,000,000 each year and represents the Agency Request.

The Executive Recommendation provides for the Agency Request.



**Appropriation Summary**

**Appropriation:** 241 Miscellaneous Tax Refunds  
**Funding Sources:** MTA - Miscellaneous Revolving Fund

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	34,130,971	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
<b>Total</b>	<b>34,130,971</b>	<b>40,000,000</b>	<b>40,000,000</b>	<b>40,000,000</b>	<b>40,000,000</b>	<b>40,000,000</b>	<b>40,000,000</b>	<b>40,000,000</b>	<b>40,000,000</b>
<b>Funding Sources</b>									
Tax Refunds 4000485	34,130,971	40,000,000		40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
<b>Total Funding</b>	<b>34,130,971</b>	<b>40,000,000</b>		<b>40,000,000</b>	<b>40,000,000</b>	<b>40,000,000</b>	<b>40,000,000</b>	<b>40,000,000</b>	<b>40,000,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>34,130,971</b>	<b>40,000,000</b>		<b>40,000,000</b>	<b>40,000,000</b>	<b>40,000,000</b>	<b>40,000,000</b>	<b>40,000,000</b>	<b>40,000,000</b>

## Analysis of Budget Request

**Appropriation:** 281 - Revenue Services Division - Operations

**Funding Sources:** HSC - State Central Services

The Department of Finance and Administration - Revenue Services Division collects taxes, assures taxpayer compliance with the revenue laws of the State, maintains driver history records and titles and licenses motor vehicles. Sections of the Revenue Services Division include the following offices:

- Assistant Commissioner
- Tax Administration
- Field Audit
- Driver Services
- Motor Vehicles
- Legal Counsel
- Financial and Management Services
- Excise Tax Administration
- State Revenue Office Administration

This State Central Services funded appropriation provides for the operation of the Revenue Services Division with a Base Level of \$78,875,854 for both years of the biennium.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

The Agency requests to restore 38 positions currently authorized but not budgeted in FY07 (\$784,704 Regular Salaries and \$318,508 Personal Services Matching each year). These positions support the collection of general revenue and in the regulation and licensing of drivers and motor vehicles. Without these positions the Revenue Services Division will see reduced or slower collection of revenue and the reduction of service in licensing drivers and motor vehicles.

<u>Position Title</u>	<u>Grade</u>	<u>#</u>
A037 DFA Revenue District Manager	20	1
A102 Tax Auditor II	20	3
A134 Taxpayer Service Representative	16	6
R156 Revenue Department Supervisor	16	2
K011 Administrative Office Supervisor	15	2
A027 Revenue Agent I	14	1
K016 Transportation Services Representative	14	2
K117 Medical or Legal Secretary	14	1
K002 Cashier III	13	3
K153 Secretary II	13	4
K039 Document Examiner II	12	8
K145 Cashier/Cashier II	12	4
V029 Inventory Control Clerk	10	<u>1</u>
Total restored positions requested		38

Additional Operating Expenses (\$900,117 FY08 & \$790,577 FY09) and Capital Outlay (\$563,000 FY08 & \$457,000 FY09) are requested to support ongoing operations. The U.S. Postal Service has indicated a new two cent rate increase will be implemented significantly raising postage costs. Other increases include utilities, rent, fuel, dues paid to national organizations, additional license plate costs due to increased demand in special plates under Act 2205 of 2005, new design of the standard issue plate and cost increase from the new contract, and roof repairs needed for the Ledbetter building. Replacement of thirty-one (31) vehicles are needed for FY08 and twenty-six (26) for FY09 due to aging and high mileage. A new tractor is requested for use in moving and unloading equipment and materials from one building to another, to distribute salt and supplies for snow and ice removal making it safer for the public and the employees, and to be used in maintenance and repair work on the grounds. The Capital Outlay request also includes replacement furniture, cabinets for revenue offices and some low value equipment replacement.

Due to the changes in the procurement regulation, certain professional services contracts expensed from Professional Fees have been reclassified and are now considered technical contracts expensed from Operating Expenses. The Agency requests reallocation of \$1,300,000 each year for the State's driver license and identification card contract.

With the passage of Act 1151 of 2005 and passing of local elections, the addition of electronic games of skill are now allowed at both Southland Greyhound Park, in West Memphis, Arkansas, and Oaklawn Park, in Hot Springs, Arkansas. The Department of Finance and Administration - Revenue Services Division - Office of Field Audit is responsible for regulating the operations of the games of skill in a manner that will protect the citizenry and ensure the proper payment of funds to the State and to the local governmental units. The two franchises have indicated that initially, the gaming operations will operate 16 hours per day, 7 days a week.

The Agency requests continuation of fifteen (15) supplemental positions approved in FY07 as regular positions to oversee the expanded gaming (Regular Salaries \$533,801 + Personal Services Matching \$171,095 = \$704,896).

Normal office expenses including phones, testing equipment, software, business travel, and supplies are needed to support the fifteen (15) positions. The Agency requests Operating Expenses in the amount of \$121,400 in FY08 and \$137,900 in FY09 and Capital Outlay of \$15,000 in FY08 and \$20,000 in FY09.

Lastly, the Agency requests the transfer of a R187 DFA Assistant Administrator/Budget Analysis, grade 25, position currently cross-graded as an R170 Attorney Specialist, grade 25, from Management Services to Revenue Legal Counsel. This position is needed to address the continuing issues that require resolution with regard to the State's participation as a member of Streamlined Sales Tax. Current legislation provides for the Streamlined Sales Tax provisions to become effective in Arkansas on July 1, 2007. Also, the transfer of a K181 Mailroom Supervisor, grade 12, position from Child Support Enforcement to Revenue Division to assist with administrative functions as a result of the Office of Child Support operations.

Summary of Agency Request:

	<u>#POS</u>	<u>FY2008</u>	<u>FY2009</u>
Supplemental Positions to Regular Positions	15	\$ 533,801	\$ 533,801
Restoration of positions	38	784,704	784,704
Transfer of Positions in from OCSE & Mgmt Services	<u>2</u>	<u>61,276</u>	<u>61,276</u>
Total Regular Salaries (00)	55	\$ 1,379,781	\$ 1,379,781
Supplemental Positions Matching		\$ 171,095	\$ 171,095
Restoration of positions		318,508	318,508
Transfer of Positions in from OCSE & Mgmt Services		<u>20,807</u>	<u>20,807</u>
Total Personal Services Matching (03)		\$ 510,410	\$ 510,410
Reallocation from Professional Fees		\$ 1,300,000	\$ 1,300,000
Field Audit Gaming Division Expenses		121,400	137,900
Roof Repairs		185,000	-
Postage, utilities, mileage, fuel, grounds maintenance		<u>715,117</u>	<u>790,577</u>
Total Operating Expenses (02)		\$ 2,321,517	\$ 2,228,477
Reallocation to Operating Expenses		<u>\$(1,300,000)</u>	<u>\$ (1,300,000)</u>
Total Professional Fees (10)		\$(1,300,000)	\$ (1,300,000)
Replacment Vehicles		\$ 513,000	\$ 397,000
Field Audit - Gaming Division Equipment		15,000	20,000
Replment Equipment		<u>50,000</u>	<u>60,000</u>
Total Capital Outlay (11)		\$ 578,000	\$ 477,000
Total Request above Base Level	55	\$ 3,489,708	\$ 3,295,668

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 281 Revenue Services Division - Operations  
**Funding Sources:** HSC - State Central Services

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2005-2006 Actual	2006-2007 Budget	2006-2007 Authorized	2007-2008			2008-2009		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	39,245,606	40,562,026	42,056,956	40,562,026	41,941,807	41,941,807	40,562,026	41,941,807	41,941,807
<b>#Positions</b>	<b>1,402</b>	<b>1,414</b>	<b>1,458</b>	<b>1,414</b>	<b>1,469</b>	<b>1,469</b>	<b>1,414</b>	<b>1,469</b>	<b>1,469</b>
Extra Help 5010001	384,950	664,466	664,466	664,466	664,466	664,466	664,466	664,466	664,466
<b>#Extra Help</b>	<b>55</b>	<b>221</b>	<b>221</b>	<b>221</b>	<b>221</b>	<b>221</b>	<b>221</b>	<b>221</b>	<b>221</b>
Personal Services Matching 5010003	12,724,777	13,133,537	13,688,725	14,229,150	14,739,560	14,739,560	14,229,150	14,739,560	14,739,560
Overtime 5010006	2,430	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Operating Expenses 5020002	17,783,992	20,556,555	20,556,555	20,556,555	22,878,072	22,878,072	20,556,555	22,785,032	22,785,032
Conference & Travel Expenses 5050009	97,870	115,450	115,450	115,450	115,450	115,450	115,450	115,450	115,450
Professional Fees 5060010	2,126,269	2,193,207	2,193,207	2,193,207	893,207	893,207	2,193,207	893,207	893,207
Data Processing 5090012	679,717	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
Refunds/Reimbursements 5110014	11,063	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Capital Outlay 5120011	642,743	420,700	420,700	0	578,000	578,000	0	477,000	477,000
<b>Total</b>	<b>73,699,417</b>	<b>78,200,941</b>	<b>80,251,059</b>	<b>78,875,854</b>	<b>82,365,562</b>	<b>82,365,562</b>	<b>78,875,854</b>	<b>82,171,522</b>	<b>82,171,522</b>
<b>Funding Sources</b>									
State Central Services 4000035	73,699,417	78,200,941		78,875,854	82,365,562	82,365,562	78,875,854	82,171,522	82,171,522
Total Funding	73,699,417	78,200,941		78,875,854	82,365,562	82,365,562	78,875,854	82,171,522	82,171,522
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>73,699,417</b>	<b>78,200,941</b>		<b>78,875,854</b>	<b>82,365,562</b>	<b>82,365,562</b>	<b>78,875,854</b>	<b>82,171,522</b>	<b>82,171,522</b>

FY06 Actual amount in Capital Outlay exceeds authorized amount due to transfer of appropriation from DFA Motor Vehicle Acquisition.

FY06 Authorized appropriation for Data Processing was \$680,000.

## Change Level by Appropriation

**Appropriation:** 281-Revenue Services Division - Operations

**Funding Sources:** HSC - State Central Services

### Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>78,875,854</b>	<b>1,414</b>	<b>78,875,854</b>	<b>100.0</b>	<b>78,875,854</b>	<b>1,414</b>	<b>78,875,854</b>	<b>100.0</b>
C01	Existing Program	2,566,329	38	81,442,183	103.2	2,350,789	38	81,226,643	102.9
C02	New Program	136,400	0	81,578,583	103.4	157,900	0	81,384,543	103.1
C04	Reallocation	0	0	81,578,583	103.4	0	0	81,384,543	103.1
C06	Restored Position	704,896	15	82,283,479	104.3	704,896	15	82,089,439	104.0
C07	Agency Transfer	82,083	2	82,365,562	104.4	82,083	2	82,171,522	104.1

### Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>78,875,854</b>	<b>1,414</b>	<b>78,875,854</b>	<b>100.0</b>	<b>78,875,854</b>	<b>1,414</b>	<b>78,875,854</b>	<b>100.0</b>
C01	Existing Program	2,566,329	38	81,442,183	103.2	2,350,789	38	81,226,643	102.9
C02	New Program	136,400	0	81,578,583	103.4	157,900	0	81,384,543	103.1
C04	Reallocation	0	0	81,578,583	103.4	0	0	81,384,543	103.1
C06	Restored Position	704,896	15	82,283,479	104.3	704,896	15	82,089,439	104.0
C07	Agency Transfer	82,083	2	82,365,562	104.4	82,083	2	82,171,522	104.1

### Justification

C01	Restoration of 38 positions: 8 in State Revenue offices; 12 in Income Tax; 4 in Excise Tax; 6 in the Motor Vehicles; 1 in Legal Counsel; 4 in Assistant Commissioner of Revenue for Operations and Administration; and 3 in Driver Services. These currently authorized positions support the collection of general revenue or in the regulation and licensing of drivers and motor vehicles. Severe shortages of positions throughout the Revenue Division will result in reduced or slower collection of revenue and the reduction of service in licensing drivers and motor vehicles if positions are not restored (\$1,103,212 each year). Operating Expenses (\$900,117 FY08 & \$790,577 FY09) and Capital Outlay (\$563,000 FY08 & \$457,000 FY09) is needed to support increases in normal operations in the categories of dues, postage, building and grounds maintenance, electricity, natural gas & propane, mileage, fuel and other business related travel as well as replacement vehicles and a tractor.
C02	Support for the 15 positions created to oversee the expanded gaming that was approved by local options passed in Hot Springs and West Memphis. The request for Operating Expenses (02) of \$121,400 in FY08 and \$137,900 in FY09 and Capital Outlay of \$15,000 in FY08 and \$20,000 in FY09 includes normal office expenses including phones, equipment, software, business travel, and supplies.
C04	Reallocation of Professional Fees (10) of \$1,300,000 each year to Operating Expenses (02) due to the changes in the Procurement Regulation that certain Professional Services Contracts expensed from commitment item 10 have been reclassified and are now considered Technical Contracts expensed from commitment item 02. This amount represents the cost for the State's driver license and identification cards.
C06	Continuation of 15 supplemental positions approved in FY07 as regular positions. The positions were created to oversee the expanded gaming that was approved by local options passed in Hot Springs and West Memphis. This section was authorized Act 1151 of 2005. (Regular Salaries \$533,801 + Matching \$171,095 = \$704,896)
C07	The transfer of a DFA Asst Administrator position cross-graded as an Attorney Specialist position from Management Services to Revenue Legal Counsel is needed to address the continuing issues that require resolution with regard to the State's participation as a member of Streamlined Sales Tax (\$52,633 each year). Transfer of a Mailroom Supervisor position from Child Support Enforcement to Revenue Division (\$29,450 each year). Historically, this position has been authorized for the Office of Child Support Enforcement but used in Revenue Division to assist with administrative functions as a result of the Office of Child Support operations.