

Office of the
Legislative Fiscal Analyst

FY 2005 Budget Recommendations

Joint Appropriations Subcommittee for
Commerce and Revenue

Tax Commission

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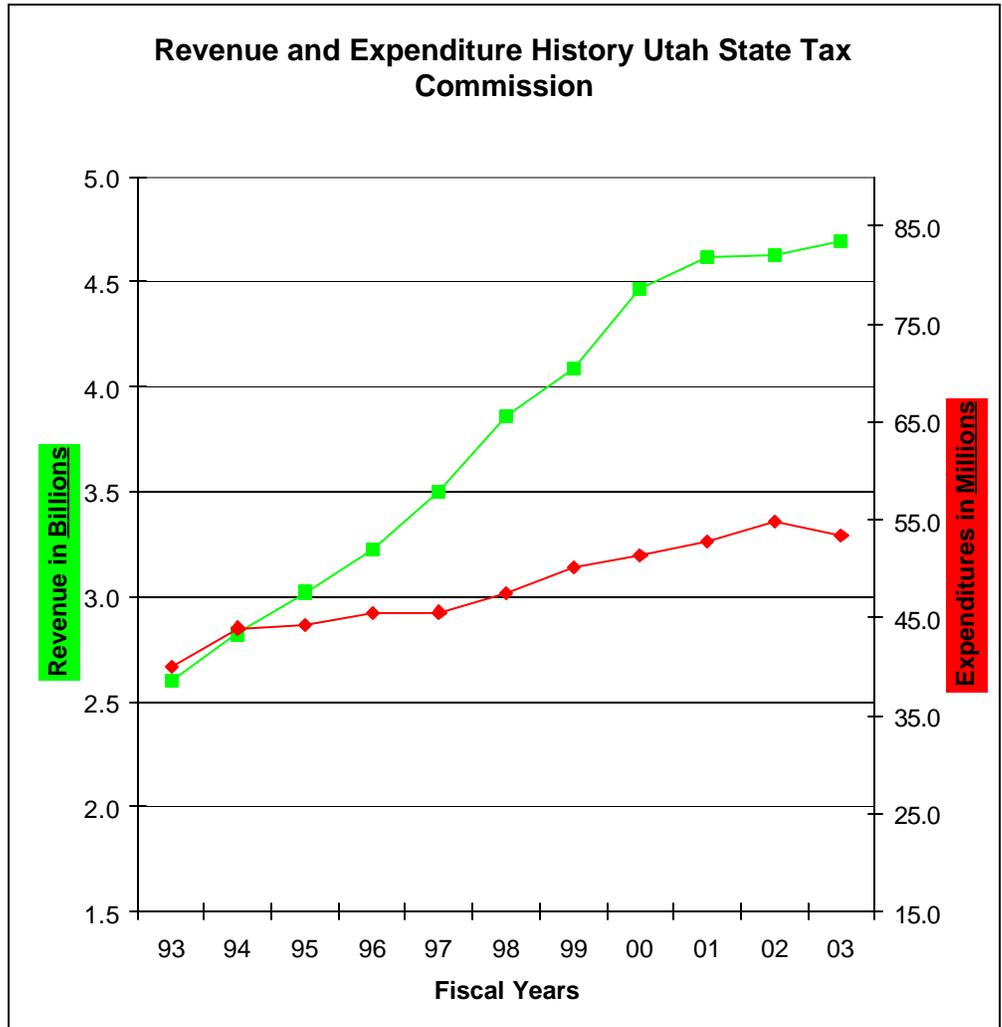
1.0 Summary: Tax Commission

The Tax Commission collects revenue for state and local governments and administers tax and motor vehicle laws. It handles revenue from more than 40 taxes, surcharges and fees, registers automobiles and regulates the automobile dealer industry. It employs more than 800 individuals, operates 12 offices across the state, collects more than \$4.5 billion and spends almost \$54 million annually.

	Analyst FY 2005 Base	Analyst FY 2005 Changes	Analyst FY 2005 Total
Financing			
General Fund	19,437,500		19,437,500
Uniform School Fund	16,712,900		16,712,900
Transportation Fund	5,857,400		5,857,400
General Fund Restricted	6,821,000		6,821,000
Transportation Fund Restricted	133,800		133,800
Federal Funds	455,600		455,600
Dedicated Credits	11,863,000		11,863,000
Restricted Revenue	3,133,700		3,133,700
Transfers	60,300		60,300
Beginning Balance	5,627,600		5,627,600
Closing Balance	(3,680,000)		(3,680,000)
Total	<u>\$66,422,800</u>	<u>\$0</u>	<u>\$66,422,800</u>
Programs			
Tax Administration	61,273,600		61,273,600
License Plates Production	2,015,500		2,015,500
Total	<u>\$66,422,800</u>	<u>\$0</u>	<u>\$66,422,800</u>
FTE/Other			
Total FTE	849		849

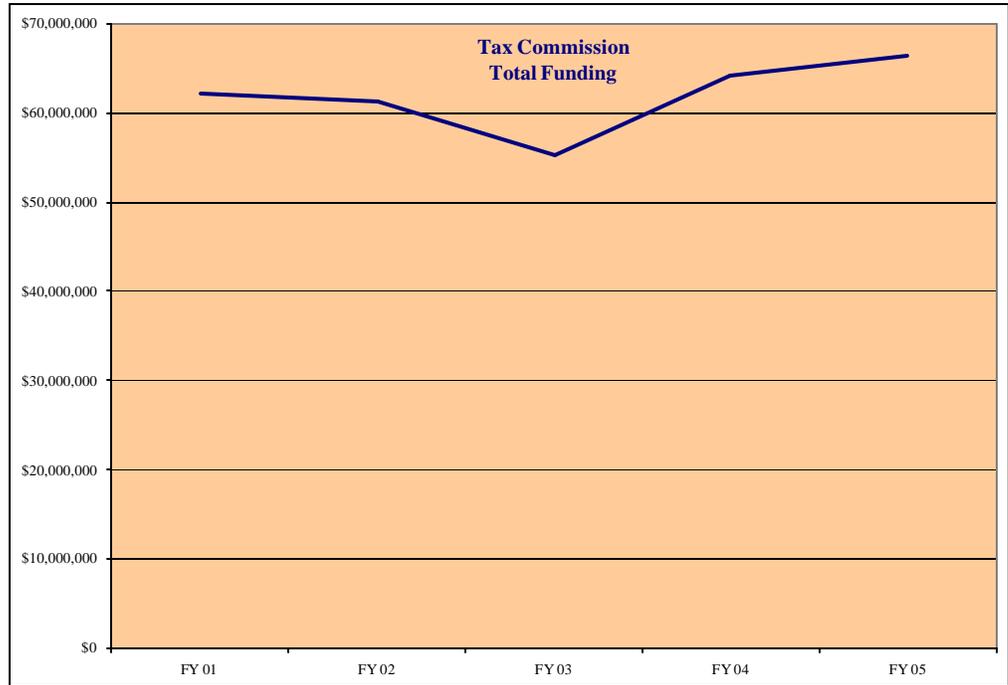
Revenue Collections

Revenue collections have increased dramatically compared to the Department's relatively flat budget showing the Departments efficiency and the State's economic growth. Note also the shape of the Revenue Line. Our staff economist believes that the points preceding the leveling-off were spiked by the Olympics and make the economic slowing look worse than it is fundamentally.



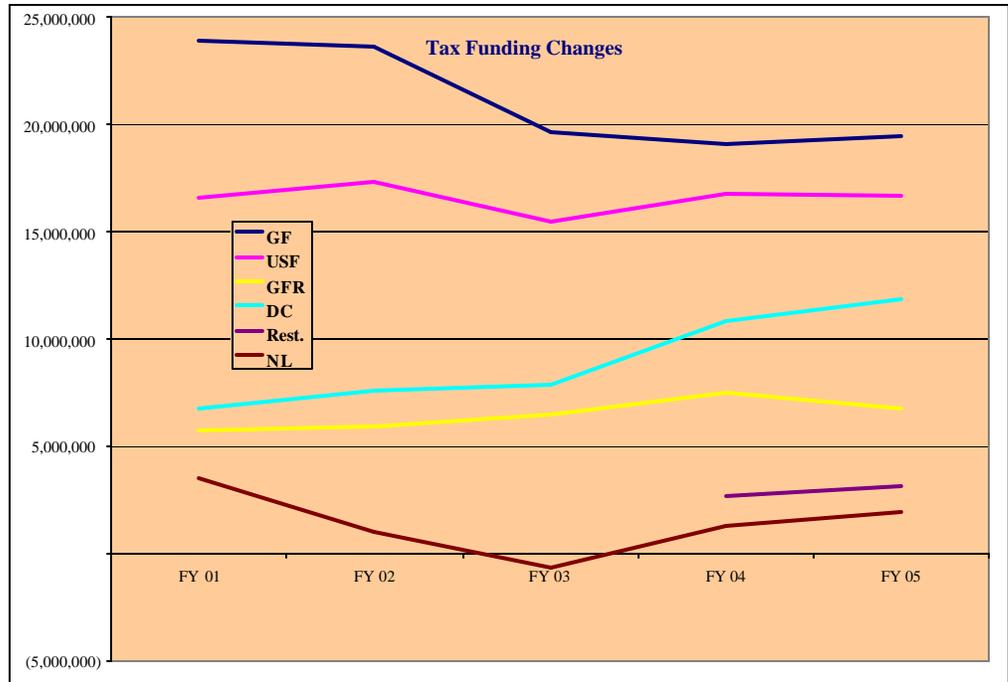
Total funding has increased over the last three years.

Increases have funded credit card payments, increases in Liquor Profit pass-through, and a slight increase due to Streamlining Sales Tax project.



Major funding streams changes.

General Fund has declined. General Fund Restricted and School Funds have been flat. Dedicated Credits have increased to fund credit card payments. Restricted funds increases are for Liquor Profit pass-through. Non-lapsing is used for data processing modernization.



2.0 Budget Highlights: Tax Commission

2.1 Motor Vehicle Division Office Rent in Davis County

According to Utah Code 59-2-406, each county has the option of determining whether the state or county will do the combined motor vehicle registration process for the citizens of their county. In January 2002, Davis County provided notice that they wanted to change the existing arrangement and contract with the state to do this work.

While there are reciprocal agreements covering the costs associated with staffing offices, the actual cost to rent office space is paid by the party that is contracted to do the work.

As part of the transition agreement, Davis County will allow the state to remain in their courthouse this year, though they want the state to find other office space on or before July 1, 2004. Based on lease information from DFCM, the estimated cost to rent office space will be \$16 per foot which is about \$110,000 General Fund annually.

The Analyst considers this a mandated cost and recommends that the Legislature add this to its Budget Increase List for funding at the end of the session.

2.2 Maintain 4 Auditors and 4 Collectors

Last session the Legislature reduced funding for four auditors and four collectors. Late in the session that funding was replaced with one-time funding. Those positions will be lost in FY 05 if funding is not replaced again. The actual average annual assessments per auditor for the last three years is:

FY 01	\$399,900
FY 02	\$388,400
FY 03	\$658,900.

The average collector brings in about \$550,000 annually in delinquent collections. The Analyst believes that the state will lose more revenue from this reduction in appropriation than it would save. The Analyst recommends that the Legislature add \$374,600 in either General Fund or Uniform School Funds to its Budget Increase List for funding at the end of the session.

3.0 Programs: Tax Commission

3.1 Administration

Recommendation The Analyst recommends \$6,563,900.

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
Financing				
General Fund	3,306,700	2,257,300	2,272,100	14,800
General Fund, One-time		(991,700)		991,700
Uniform School Fund	645,000	1,899,200	1,888,100	(11,100)
Uniform School Fund, One-time		4,800		(4,800)
Transportation Fund	613,800	159,600	159,600	
Dedicated Credits Revenue	109,000	112,500	112,500	
GFR - Sales and Use Tax Admin Fees	442,900	686,200	631,600	(54,600)
Beginning Nonlapsing	3,907,000	3,870,600	2,370,600	(1,500,000)
Closing Nonlapsing	(3,870,600)	(2,370,600)	(870,600)	1,500,000
Lapsing Balance	(352,000)			
Total	\$4,801,800	\$5,627,900	\$6,563,900	\$936,000
Expenditures				
Personal Services	4,269,200	4,441,300	4,427,300	(14,000)
In-State Travel	11,700	16,500	16,500	
Out of State Travel	26,800	52,400	52,400	
Current Expense	488,000	607,300	557,300	(50,000)
DP Current Expense	6,100	360,400	360,400	
DP Capital Outlay		150,000	650,000	500,000
Capital Outlay			500,000	500,000
Total	\$4,801,800	\$5,627,900	\$6,563,900	\$936,000
FTE/Other				
Total FTE	69	68	68	0

*Non-state funds as estimated by agency

The Analyst recommends the following intent:

The Legislature intends that these funds not lapse and that the balances carried forward be used for costs directly related to the modernization of tax and motor vehicle systems and processes.

This budget includes the Commissioners’ and the Executive Director’s Offices. Both offices provide direction and leadership to the Department.

The Commissioners’ Office:

- Develops tax policy and rules.
- Provides an appeals process with most appeals heard by administrative law judges.
- Internal Audit Section assures agency operations are in compliance with the law.
- Public Relations keeps the public informed with tax bulletins and news releases.
- The Commissioners’ Economic and Statistical Unit forecasts state revenues and provides economic and statistical analyses from Tax Commission data.

The Executive Director's section:

- Directs and coordinates day to day department operations.
- Human Resource Management provides employee recruitment, classification, training, and payroll.
- Planning and Budget provides direction and oversight of the budget, training, goal setting and performance measurement.
- Legislation/Rules/Bulletins drafts legislation, rules, and bulletins, and coordinates legislative issues.
- General Services oversees facility operations and security.
- Financial Accounting tracks the state's revenue collections, including distribution of revenues to local governments. It also manages the Department's internal accounting processes.
- The Legal section is in charge of enforcement in criminal tax evasion cases.
- Manages disclosure and IRS liaison functions

3.2 Auditing

Recommendation

The Analyst recommends \$8,251,500.

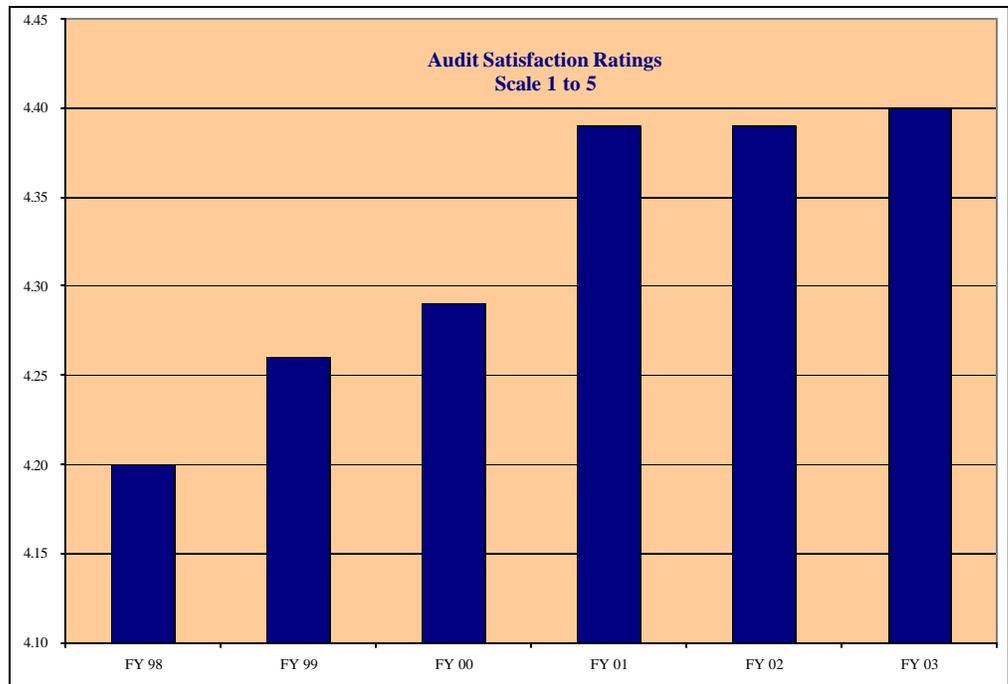
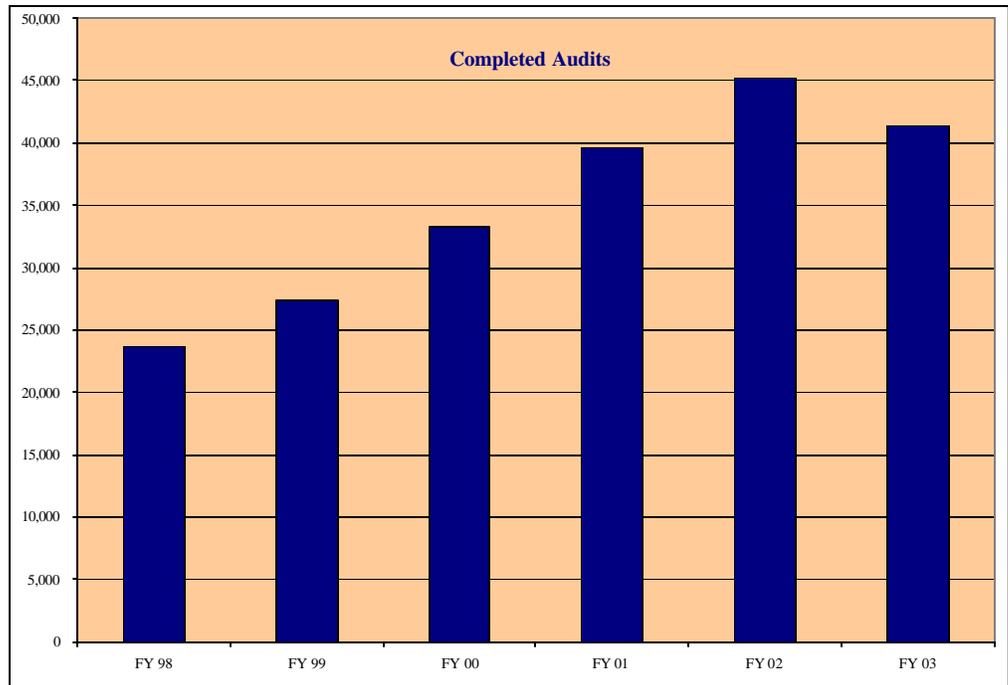
	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
Financing				
General Fund	2,995,200	2,782,800	2,781,900	(900)
General Fund, One-time		10,600		(10,600)
Uniform School Fund	2,647,300	2,568,900	2,567,900	(1,000)
Uniform School Fund, One-time		9,600		(9,600)
Transportation Fund	535,500	563,200	563,200	
Federal Funds	482,000	455,600	455,600	
GFR - Sales and Use Tax Admin Fees	1,376,200	1,739,000	1,822,600	83,600
Transfers	83,500	60,300	60,300	
Beginning Nonlapsing		214,000		(214,000)
Closing Nonlapsing	(214,000)			
Total	<u>\$7,905,700</u>	<u>\$8,404,000</u>	<u>\$8,251,500</u>	<u>(\$152,500)</u>
Expenditures				
Personal Services	7,128,300	7,619,400	7,466,900	(152,500)
In-State Travel	55,400	68,900	68,900	
Out of State Travel	342,900	326,000	326,000	
Current Expense	357,900	368,300	368,300	
DP Current Expense	21,200	21,400	21,400	
Total	<u>\$7,905,700</u>	<u>\$8,404,000</u>	<u>\$8,251,500</u>	<u>(\$152,500)</u>
FTE/Other				
Total FTE	129	131	131	0

*Non-state funds as estimated by agency

Purpose

Auditing increases voluntary taxpayer compliance through selective examination of taxpayer returns and supporting records. It audits all taxes except property tax, and conducts audits in-house and at taxpayers' places of business. It highlights compliance audits for investigation of suspected fraud and tax evasion. The Division has educational and customer service aspects to help taxpayers report future taxes properly.

Performance Measures



3.3 Multi-State Tax Compact

Recommendation The Analyst recommends \$180,700.

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
Financing				
General Fund	90,800	72,700	72,700	
Uniform School Fund	92,300	67,100	67,100	
GFR - Sales and Use Tax Admin Fees		40,900	40,900	
Total	<u>\$183,100</u>	<u>\$180,700</u>	<u>\$180,700</u>	<u>\$0</u>
Expenditures				
Current Expense	183,100	180,700	180,700	
Total	<u>\$183,100</u>	<u>\$180,700</u>	<u>\$180,700</u>	<u>\$0</u>
FTE/Other				

*Non-state funds as estimated by agency

The Multi-State Tax Commission (MTC) is a conglomeration of state governments designed to help make state tax systems fair, effective and efficient as they apply to interstate and international commerce. It is also an effort to protect state tax sovereignty.

The two primary functions are the joint audit program and the Nexus Program.

The joint audit program reviews a business' sales and corporate income tax filings for several states at the same time. Accordingly, the program encourages compliance with state tax laws, generates tax revenues for states, contributes to uniformity in taxpayer treatment, and helps states learn about new industry conditions and circumstances.

The National Nexus Program encourages voluntary disclosure and discovers businesses that are not filing returns with states. The program facilitates an exchange of information between states to identify business reporting or filing inconsistencies among these states.

3.4 Technology Management Division

Recommendation The Analyst recommends \$9,202,500.

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
Financing				
General Fund	5,042,500	2,708,400	2,711,400	3,000
General Fund, One-time		22,900		(22,900)
Uniform School Fund	2,103,500	2,504,700	2,502,900	(1,800)
Uniform School Fund, One-time		17,500		(17,500)
Transportation Fund	558,400	2,001,200	2,001,200	
Dedicated Credits Revenue	1,200	119,700	119,700	
GFR - Sales and Use Tax Admin Fees	1,163,200	2,454,900	1,332,500	(1,122,400)
Transfers	86,600			
Beginning Nonlapsing			534,800	534,800
Closing Nonlapsing		(534,800)		534,800
Total	\$8,955,400	\$9,294,500	\$9,202,500	(\$92,000)
Expenditures				
Personal Services	5,266,000	5,325,500	5,307,500	(18,000)
In-State Travel	3,400	3,500	3,500	
Out of State Travel	11,700	15,000	15,000	
Current Expense	266,300	253,800	253,800	
DP Current Expense	3,242,700	3,350,800	3,426,800	76,000
DP Capital Outlay	165,300	345,900	195,900	(150,000)
Total	\$8,955,400	\$9,294,500	\$9,202,500	(\$92,000)
FTE/Other				
Total FTE	73	74	74	0

*Non-state funds as estimated by agency

Purpose

The Technology Management Division operates and maintains the Tax Commission’s 40 different existing automated systems. It also develops and installs new automated systems to meet specialized demands. In addition, the Division provides service to internal customers through a system-wide “help desk.”

Tax Commission's modernization of tax and motor vehicle systems and processes. Several years ago, the state recognized that most of the state's tax and motor vehicle systems were old and in need of update with current technologies. A long-term effort to modernize those systems is in process:

-Two major system changes have been implemented to date. A new delinquent tax collection tracking system has improved collection tools and processes. A new motor vehicle system allows the on-line and immediate update of vehicle information. The Salt Lake motor vehicle offices are now using an automated line-management system to expedite the traffic flow through those offices.

-Electronic initiatives include the development of online applications for motor vehicle renewals, filing of income tax returns, and sales tax returns for single-location businesses. An electronic payment system has also been designed and provides taxpayers an online payment option. Use of 2-D barcode technology on Income Tax returns prepared by tax practitioners now allows taxpayer information to be updated through automation. All tax forms and instructions are now available on-line.

-Sales Tax system modernization was targeted next though it has been delayed as a result of recent legislation for Streamlined Sales Tax (SST). Some system and process improvements are being included in the SST implementation effort.

-Other initiatives include the expanded use of on-line filing, scanning or image-lifting technology to electronically extract return information, expanded use of automation for answering taxpayer questions, and designing systems so that "data warehousing" of taxpayer information can be accomplished.

All of these improvements will provide better tools to assist taxpayers in tax compliance and make the processing and verification of taxpayer information more efficient. Improvements are expected to continue for several more years and until all systems and processes have been reviewed for update.

3.5 Tax Processing Division
 The Analyst recommends \$7,781,800.

Recommendation

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
Financing				
General Fund	430,500	2,922,100	2,917,000	(5,100)
General Fund, One-time		1,600		(1,600)
Uniform School Fund	4,589,400	2,688,800	2,692,700	3,900
Uniform School Fund, One-time		10,000		(10,000)
Transportation Fund	630,600	929,100	929,100	
Dedicated Credits Revenue	38,300	44,300	44,300	
GFR - Sales and Use Tax Admin Fees	1,285,500	781,500	1,198,700	417,200
Total	\$6,974,300	\$7,377,400	\$7,781,800	\$404,400
Expenditures				
Personal Services	4,405,700	4,719,100	5,039,800	320,700
In-State Travel	100	1,900	1,900	
Out of State Travel	1,200	9,500	9,500	
Current Expense	2,397,300	2,593,600	2,677,300	83,700
DP Current Expense	19,400	18,500	18,500	
Capital Outlay	150,600	34,800	34,800	
Total	\$6,974,300	\$7,377,400	\$7,781,800	\$404,400
FTE/Other				
Total FTE	118	123	123	1

*Non-state funds as estimated by agency

Purpose

The Tax Processing Division disseminates tax forms, instructions, and publications to citizens. It collects and records tax payments and taxpayer information, processes paper and electronic tax documents, and archives documents for future retrieval.

3.6 Seasonal Employees

Recommendation The Analyst recommends \$305,500.

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
Financing				
General Fund	170,400	152,400	153,900	1,500
General Fund, One-time		1,500		(1,500)
Uniform School Fund	63,700	141,800	142,100	300
Uniform School Fund, One-time		300		(300)
GFR - Sales and Use Tax Admin Fees	48,600	9,500	9,500	
Total	<u>\$282,700</u>	<u>\$305,500</u>	<u>\$305,500</u>	<u>\$0</u>
Expenditures				
Personal Services	282,700	305,500	305,500	
Total	<u>\$282,700</u>	<u>\$305,500</u>	<u>\$305,500</u>	<u>\$0</u>
FTE/Other				
Total FTE	16	16	16	0

*Non-state funds as estimated by agency

Purpose

Seasonal employees are an important factor in the efficient operation of the Tax Commission. Commission workloads vary sharply throughout the year. For instance, the Processing Division utilizes temporary employees during high volume document filing periods, such as the spring for income tax returns and each quarter for business tax returns.

3.7 Tax Payer Services

Recommendation The Analyst recommends \$7,776,000.

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
Financing				
General Fund	4,172,600	3,182,700	3,195,200	12,500
General Fund, One-time		13,100		(13,100)
Uniform School Fund	1,804,300	2,943,900	2,953,700	9,800
Uniform School Fund, One-time		6,000		(6,000)
Transportation Fund	330,000	123,600	123,600	
Dedicated Credits Revenue	42,100	39,000	39,000	
GFR - Sales and Use Tax Admin Fees	1,397,200	1,462,600	1,464,500	1,900
Beginning Nonlapsing		180,000		(180,000)
Closing Nonlapsing	(180,000)			
Total	<u>\$7,566,200</u>	<u>\$7,950,900</u>	<u>\$7,776,000</u>	<u>(\$174,900)</u>
Expenditures				
Personal Services	6,980,000	7,331,700	7,156,800	(174,900)
In-State Travel	8,400	9,400	9,400	
Out of State Travel	400	3,800	3,800	
Current Expense	563,800	592,200	592,200	
DP Current Expense	13,600	13,800	13,800	
Total	<u>\$7,566,200</u>	<u>\$7,950,900</u>	<u>\$7,776,000</u>	<u>(\$174,900)</u>
FTE/Other				
Total FTE	152	156	156	0

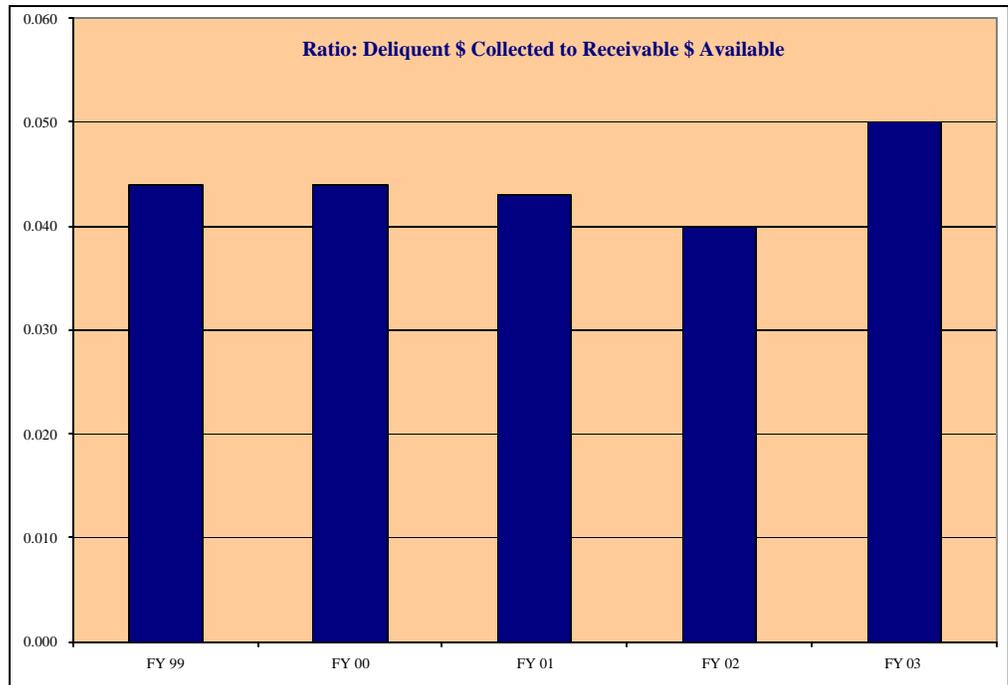
*Non-state funds as estimated by agency

Purpose

Taxpayer Services promotes voluntary compliance with Utah tax statutes, through outreach and education programs. They respond to written, phone, or in-person requests from taxpayers, assisting them in resolving tax issues by providing timely and accurate information. They use the Computer Assisted Collection System for Government (CACSG) to increase collection efficiency. The program also uses the Treasury Offset Program (TOP) to garnish Federal refunds of the more than 10,000 delinquent Utah taxpayers. The Division also out-sources debt collection of accounts that are not in litigation, under a payment agreement, assigned to a collector for active collection, or whose outsourcing would be in violation of state or federal law to the Office of State Debt Collection.

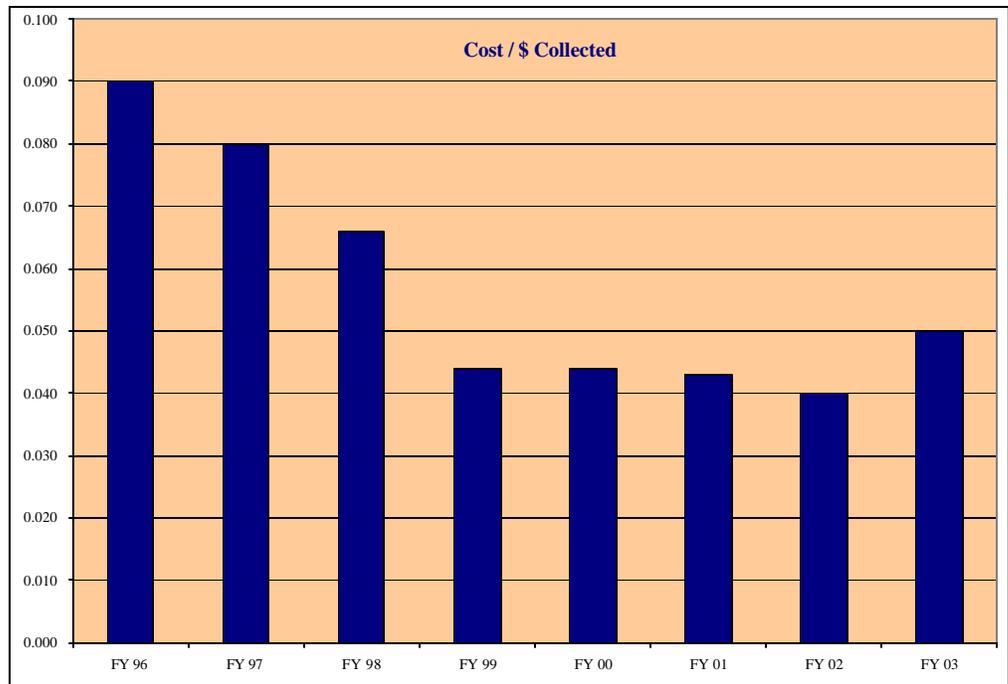
Performance Measures :

Shows that the Department is collecting more difficult to get dollars.



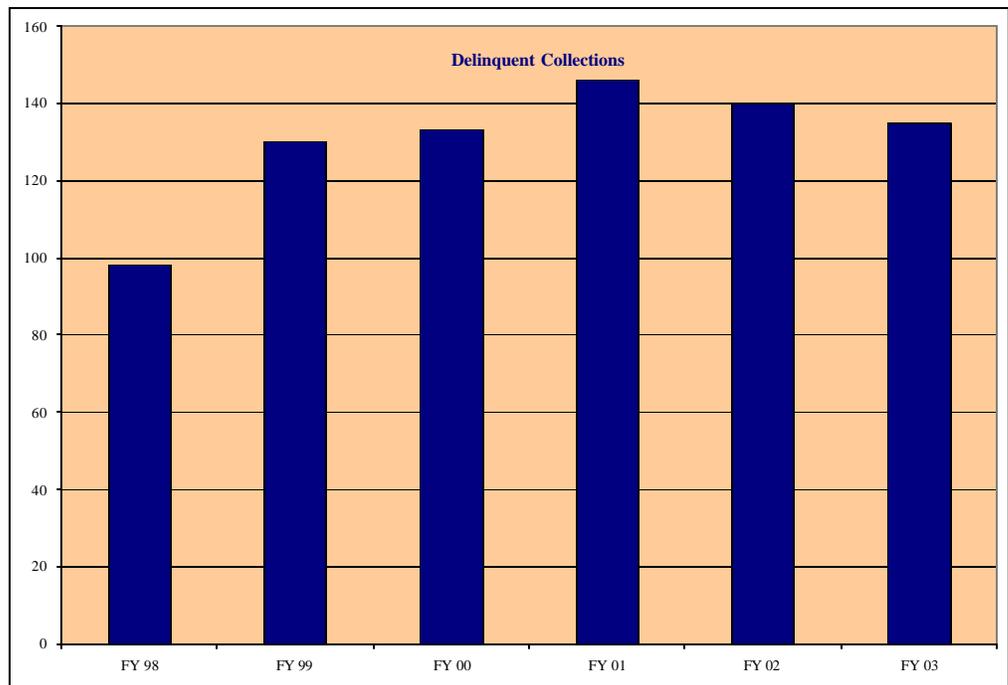
Performance Measures :

Shows that cost of collecting those dollars is increasing.



Delinquent Collections

(FY 01 includes \$12 M audit that had been in appeals)



3.8 Property Tax

Recommendation

The Analyst recommends \$4,015,200.

	2003 Actual	2004 Estimated*	2005 Analyst	Est/Analyst Difference
Financing				
Uniform School Fund	3,534,100	3,898,500	3,898,400	(100)
Uniform School Fund, One-time		11,000		(11,000)
Dedicated Credits Revenue	78,000	106,000	106,000	
GFR - Sales and Use Tax Admin Fees		10,800	10,800	
Total	\$3,612,100	\$4,026,300	\$4,015,200	(\$11,100)
Expenditures				
Personal Services	3,217,200	3,339,100	3,328,000	(11,100)
In-State Travel	70,700	76,000	76,000	
Out of State Travel	26,100	39,800	39,800	
Current Expense	287,600	543,200	543,200	
DP Current Expense	10,500	28,200	28,200	
Total	\$3,612,100	\$4,026,300	\$4,015,200	(\$11,100)
FTE/Other				
Total FTE	53	56	56	0

*Non-state funds as estimated by agency

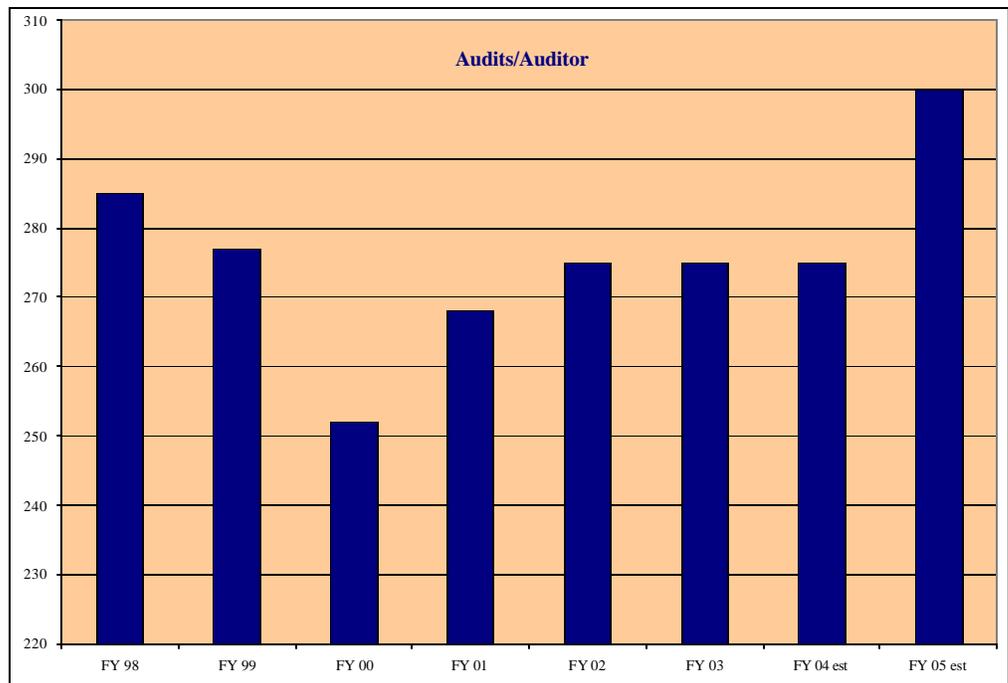
Purpose

Property Tax appraises and audits complex natural resource extraction and transportation related properties in the state, as well as properties that cross county or state lines. Such properties include those owned by airlines, motor carriers, railroads and utilities.

The Division works with local officials to assure equitable and accurate assessment and taxation under local property tax systems. It also administers the Truth-In-Taxation law.

Performance Measures

This graph shows that the number of audits per auditor has increased dramatically.



3.9 Motor Vehicle

Recommendation

The Analyst recommends \$15,089,300.

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
Financing				
General Fund	2,880,200	4,680,300	4,657,200	(23,100)
General Fund, One-time		15,400		(15,400)
Transportation Fund	3,189,100	2,080,700	2,080,700	
Dedicated Credits Revenue	4,213,200	6,945,600	7,945,600	1,000,000
GFR - Sales and Use Tax Admin Fees	806,500	273,300	272,000	(1,300)
TFR - Uninsured Motorist I.D.	133,800	133,800	133,800	
Total	\$11,222,800	\$14,129,100	\$15,089,300	\$960,200
Expenditures				
Personal Services	7,553,100	7,848,900	7,826,000	(22,900)
In-State Travel	15,100	14,200	14,200	
Out of State Travel	3,000	5,000	5,000	
Current Expense	3,478,500	6,052,800	7,029,500	976,700
DP Current Expense	173,100	208,200	214,600	6,400
Total	\$11,222,800	\$14,129,100	\$15,089,300	\$960,200
FTE/Other				
Total FTE	198	195	195	1

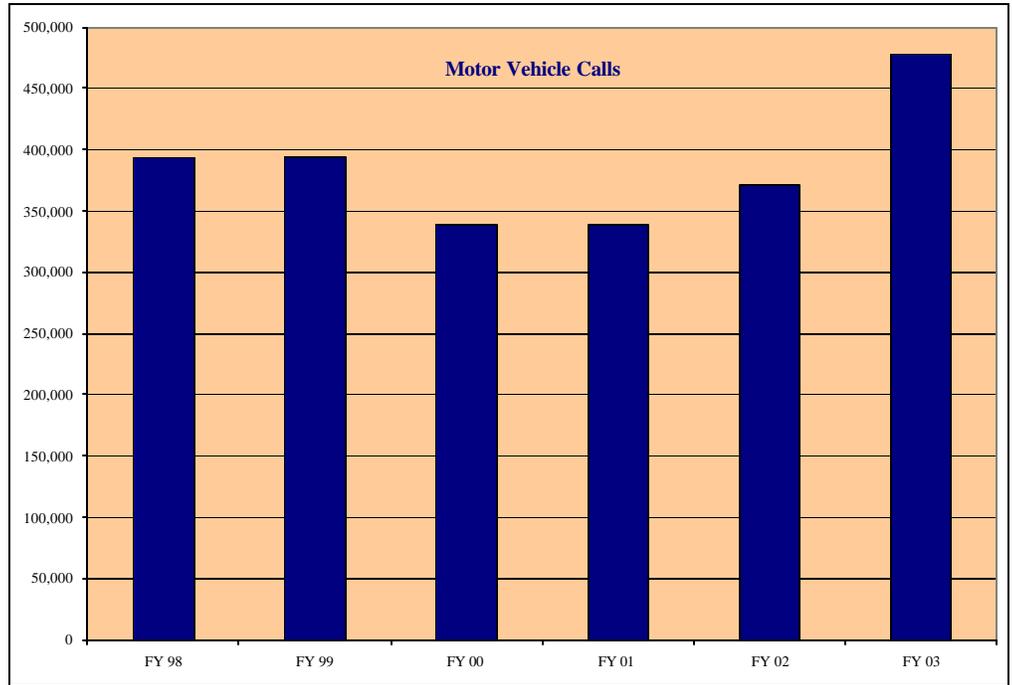
*Non-state funds as estimated by agency

The Division of Motor Vehicles (DMV) administers statewide vehicle title, registration, and related functions. It implements motor vehicle policy and procedure, and maintains the State’s motor vehicle computer system. They also provide training to all users, manage a telephone section for statewide assistance, and manage vehicle related appeals. Additionally, the DMV administers the International Registration Plan and the International Fuel Tax Administration Plan.

Utah Code Annotated 59-2-406 authorizes the Tax Commission to contract with county governments, at the counties’ option, to provide local customer services for the combined collection of the county’s fee-in-lieu and Title 41 Motor Vehicle Fees. Several counties have elected to retain those functions. Fees for the reciprocal services provided between the State and counties are established in statute. Subsection 406 (3) directs the Tax Commission to recommend a reimbursement fee “sufficient to cover the costs of collecting the fees. The reimbursement fees shall be appropriated by the Legislature.”

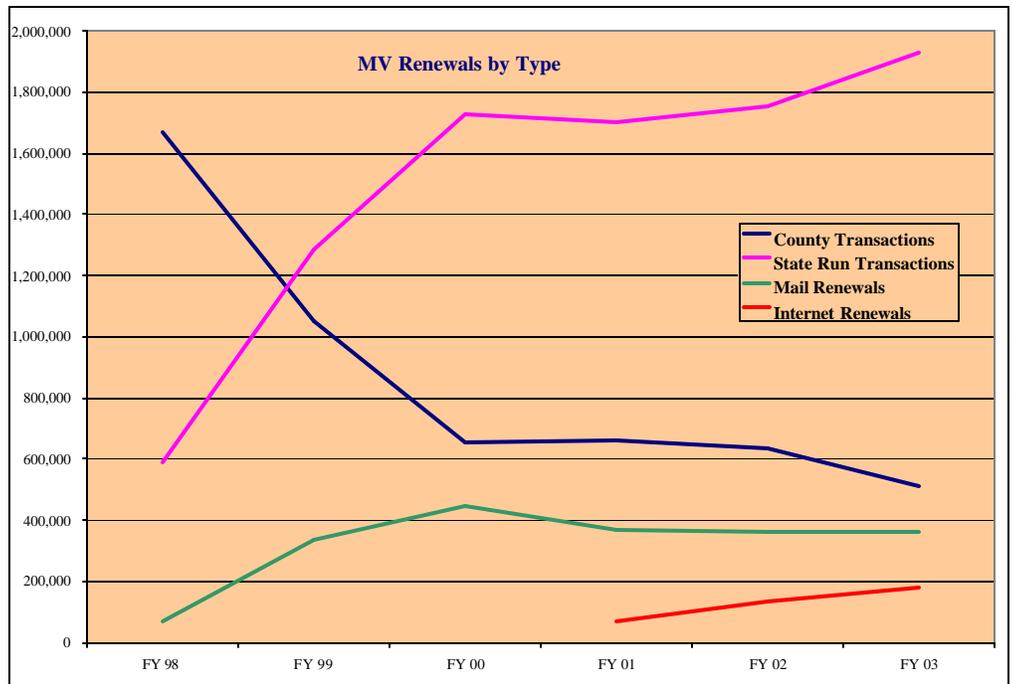
Performance Measures

An activity measure that shows a significant increase in calls.



Performance Measures

The counties have shifted a lot of work to the State Tax Commission. Mail renewals have gone flat and internet is increasing.



3.10 Motor Vehicle Enforcement

Recommendation The Analyst recommends \$2,107,200.

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
Financing				
General Fund	608,100	678,800	676,100	(2,700)
General Fund, One-time		2,100		(2,100)
Federal Funds	32,500			
Dedicated Credits Revenue	1,266,600	1,393,200	1,393,200	
GFR - Sales and Use Tax Admin Fees		38,200	37,900	(300)
Total	\$1,907,200	\$2,112,300	\$2,107,200	(\$5,100)
Expenditures				
Personal Services	1,541,700	1,661,200	1,656,100	(5,100)
In-State Travel	4,100	6,000	6,000	
Out of State Travel	9,800	7,700	7,700	
Current Expense	348,900	433,100	433,100	
DP Current Expense	2,700	4,300	4,300	
Total	\$1,907,200	\$2,112,300	\$2,107,200	(\$5,100)
FTE/Other				
Total FTE	29	30	30	1

*Non-state funds as estimated by agency

Purpose

The Motor Vehicle Enforcement Division (MVED) protects Utah citizens from motor vehicle fraud and fosters a healthy motor vehicle sales environment. MVED regulates the automobile sales industry and investigates commercial auto theft, salvage vehicle fraud, odometer fraud, and other vehicle related crimes.

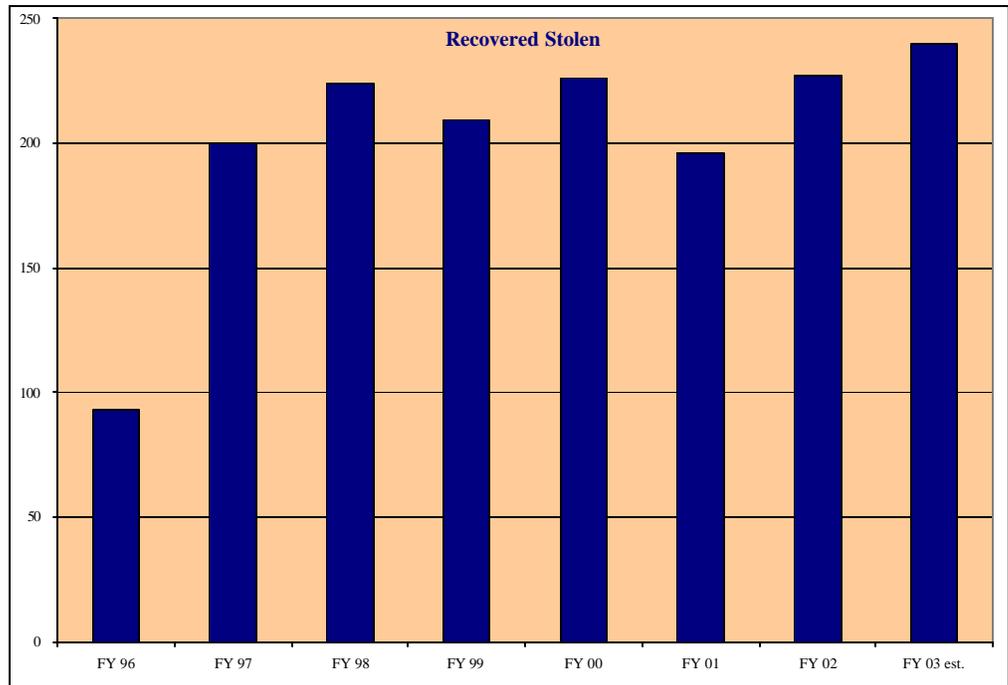
Performance Measures

Citations have almost tripled since FY 96. After a decline in FY 99, investigations have almost doubled.



Performance Measures

This graph shows the number of Recovered Stolen Vehicles.



3.11 License Plate Production

Recommendation The Analyst recommends \$2,015,500.

	2003	2004	2005	Est/Analyst
Financing	Actual	Estimated*	Analyst	Difference
Dedicated Credits Revenue	2,102,700	2,102,700	2,102,700	
Beginning Nonlapsing	2,347,800	2,635,000	2,722,200	87,200
Closing Nonlapsing	(2,635,000)	(2,722,200)	(2,809,400)	(87,200)
Total	<u>\$1,815,500</u>	<u>\$2,015,500</u>	<u>\$2,015,500</u>	<u>\$0</u>
Expenditures				
Current Expense	1,815,500	2,015,500	2,015,500	
Total	<u>\$1,815,500</u>	<u>\$2,015,500</u>	<u>\$2,015,500</u>	<u>\$0</u>

*Non-state funds as estimated by agency

Purpose This pays for materials and labor for the State Prison license plate production operation. Revenue is generated through a fee paid when acquiring license plates. It is non-lapsing by Utah Code Annotated 41-1-43.

3.12 Liquor Profit Distribution

Recommendation The Analyst recommends \$3,133,700.

	2003 Actual	2004 Estimated*	2005 Analyst	Est/Analyst Difference
Financing				
General Fund		1,712,300		(1,712,300)
General Fund, One-time		(1,112,300)		1,112,300
GFR - Alc Bev Enf & Treatment		2,712,500	3,133,700	421,200
Lapsing Balance		(600,000)		600,000
Total	\$0	\$2,712,500	\$3,133,700	\$421,200
Expenditures				
Other Charges/Pass Thru		2,712,500	3,133,700	421,200
Total	\$0	\$2,712,500	\$3,133,700	\$421,200

*Non-state funds as estimated by agency

Purpose

Last session the Legislature passed SB 66, Alcoholic Beverage Enforcement and Treatment which amends Utah Code Annotated 32a-1-115, 59-15-101, and 59-15-109:

The law creates a General Fund Restricted Account called “Alcoholic Beverage Enforcement and Treatment Restricted Account” that is funded from an increase in the beer tax. The Funds are then appropriated to local governments in amounts specified by the code. The appropriation is used exclusively for programs or projects related to prevention, detection, prosecution, and control of violations of this title and other alcohol related offenses. The portion distributed under this section to counties is also used for the confinement or rehabilitation, and construction and maintenance of facilities for confinement or rehabilitation, of persons arrested for or convicted of alcohol-related offenses...”

The Distribution formula for these funds is as follows:

- 25 % to cities, counties and towns based on population;
- 30 % to cities, counties and towns based on alcohol related convictions;
- 20 % to cities, counties and towns based on the number of liquor stores;
- 25 % to counties for facilities based on population.

4.0 Additional Information

4.1 Funding History

	2001	2002	2003	2004	2005
Financing	Actual	Actual	Actual	Estimated*	Analyst
General Fund	23,926,400	23,622,200	19,697,000	21,149,800	19,437,500
General Fund, One-time				(2,036,800)	
Uniform School Fund	16,580,800	17,335,800	15,479,600	16,712,900	16,712,900
Uniform School Fund, One-time				59,200	
Transportation Fund	4,857,400	4,859,900	5,857,400	5,857,400	5,857,400
General Fund Restricted	5,723,100	5,949,400	6,520,100	7,496,900	6,821,000
Transportation Fund Restricted	283,800	133,800	133,800	133,800	133,800
Federal Funds	570,400	625,000	514,500	455,600	455,600
Dedicated Credits	6,796,600	7,625,700	7,851,100	10,863,000	11,863,000
Restricted Revenue				2,712,500	3,133,700
Transfers	85,100	82,000	170,100	60,300	60,300
Beginning Balance	10,806,800	7,239,400	6,254,800	6,899,600	5,627,600
Closing Balance	(7,239,400)	(6,254,800)	(6,899,600)	(5,627,600)	(3,680,000)
Lapsing Balance	(153,600)		(352,000)	(600,000)	
Total	\$62,237,400	\$61,218,400	\$55,226,800	\$64,136,600	\$66,422,800
Programs					
Tax Administration	57,862,300	56,459,500	53,411,300	59,408,600	61,273,600
License Plates Production	2,096,200	2,302,300	1,815,500	2,015,500	2,015,500
Liquor Profit Distribution	2,278,900	2,456,600		2,712,500	3,133,700
Total	\$62,237,400	\$61,218,400	\$55,226,800	\$64,136,600	\$66,422,800
Expenditures					
Personal Services	39,635,600	40,980,300	40,643,900	42,591,700	42,513,900
In-State Travel	197,000	249,900	168,900	196,400	196,400
Out of State Travel	480,100	485,000	421,900	459,200	459,200
Current Expense	10,745,100	11,221,700	10,186,900	13,640,500	14,650,900
DP Current Expense	4,804,100	3,700,800	3,489,300	4,005,600	4,088,000
DP Capital Outlay	4,087,500	2,083,200	165,300	495,900	845,900
Capital Outlay	9,100	40,900	150,600	34,800	534,800
Other Charges/Pass Thru	2,278,900	2,456,600		2,712,500	3,133,700
Total	\$62,237,400	\$61,218,400	\$55,226,800	\$64,136,600	\$66,422,800
FTE/Other					
Total FTE	884	866	843	848	849

*Non-state funds as estimated by agency.

4.2 State Tax Commission – Federal Funds

Program		FY 2003 Actual	FY 2004 Estimated	FY 2005 Analyst
Auditing	Federal	\$474,400	\$450,000	\$450,000
Mineral Management Service	Required State Match			
	Total	474,400	450,000	450,000
Auditing	Federal	7,500	5,600	5,600
Federal Highway Admin.	Required State Match			
	Total	7,500	5,600	5,600
Motor Vehicle Enforcement	Federal	32,500	0	0
Department of Justice	Required State Match			
	Total	32,500	0	0
	Federal	514,400	455,600	455,600
	Required State Match	0	0	0
	Total	514,400	455,600	455,600

4.3 Tax Commission – Fees

Fees for Administration Division:	Old Fee	New Fee	Fee Change
Temporary Permit	6.00	6.00	
Liquor Profit Distribution Fee	6.00	6.00	
Microfilm Research Fee	6.50		-6.50
Record Research Fee		6.50	6.50
Data Processing Set-Up	55.00	55.00	
Lien Subordination (not to exceed)	300.00	300.00	
Motor Vehicle Information	3.00	3.00	
Motor Vehicle Information via the Internet	1.00	1.00	
Salvage Vehicle Inspection Fee	50.00	50.00	
IFTA Reinstatement Fee	100.00	100.00	
Special Group License Plate Fee Decal Program (plus Standard Plate fee-5.00)	5.50		-5.50
Special Group Plate Fee (plus Standard Plate fee-\$5.00)-Existing Programs		5.50	5.50
Special Group Plate Programs -New Programs:			
New Program start-up or significant program changes -per program	3,900.00	3,900.00	
Extra Plate Costs (per decal set ordered)	2.92	2.92	
Extra Handling Cost for Special Group Plates (per decal set ordered)	2.40	2.40	
Postage charge per decal set ordered and to be mailed (for centralized distribution)	2.20	2.20	
Special Group Logo Decals (cost depends on # of colors and quantity ordered)-.29-6.76 per set			
Special Group Slogan Decals (cost depends on quantity ordered)-.19-2.20 set			
Custom Programming Fee / Hour	85.00	85.00	
Research Fee (Special Requests) / Hour	20.00	20.00	
Photocopies (over 10 copies) / Page	.10	.10	
Faxed Document Processing Fee / Page	1.00	1.00	
Dismantlers Retitling Inspection Fee	50.00	50.00	
Certified Document Fee	5.00	5.00	
IFTA Decal Fee / Set	4.00	4.00	
Sample License Plates	5.00	5.00	
Motor Carrier Unit Cost Report	10.00	10.00	
Tax Clearance Fee	50.00	50.00	
Aircraft Registration Fee	7.00	7.00	
Motor Fuel Reports	55.00	55.00	
Electronic Processing Fee for select transactions (not to exceed \$3.00)	3.00		-3.00
Electronic Payment Fee for authorized Motor Vehicle Transactions	2.00	2.00	
Motor Vehicle Transaction Fee - per Standard Unit	1.12	1.14	.02
Decal Replacement Fee - Parks & Recreation	4.00	4.00	
Decal Replacement Fee - M.V.	1.00	1.00	
In-transit Permit fee (96-hour)	2.50	2.50	
Motor Fuel License	30.00	30.00	
Special Fuel License	30.00	30.00	
Motor Carrier Cab Card	3.00	3.00	
Motor Carrier Duplicate Registration	3.00	3.00	
Special Fuel Trip Permit (96 hour)	20.00		-20.00
Cigarette Tax License	30.00	30.00	
Motor Vehicle Manufacturer's Plates - Purchase	10.00	10.00	
Motor Vehicle Manufacturer's Plate - Renewal	8.50	8.50	
Motor Vehicle Dealer Plates - Purchase	12.00	12.00	
Motor Vehicle Dealer Plate - Renewal	10.50	10.50	
Motor Vehicle Dismantler's Plates - Purchase	10.00	10.00	
Motor Vehicle Dismantler's Plate - Renewal	8.50	8.50	
Motor Vehicle Transporter's Plates - Purchase	10.00	10.00	
Motor Vehicle Transporters Plate - Renewal	8.50	8.50	
Motor Vehicle Manufacturer's/Remanufacturer's License	102.00	102.00	
Motor Vehicle Dealer License	127.00	127.00	
Motor Vehicle Transporter's License	51.00	51.00	
Small Trailer Dealer License	51.00	51.00	
Motor Vehicle Body Shop License	112.00	112.00	
Used Motor Vehicle Dealer License	127.00	127.00	
Motor Vehicle Dismantler's License	102.00	102.00	
Motor Vehicle Salesman's License	31.00	31.00	
Motor Vehicle Salesman's License Transfer	5.00	5.00	
Motor Vehicle Crusher's License	102.00	102.00	
Used Motor Cycle Dealer License	51.00	51.00	
New Motor Cycle Dealer License	51.00	51.00	
Representative License	26.00	26.00	
Motor Vehicle Dealer additional place of business	26.00	26.00	
Distributor's License	61.00	61.00	

Convenience Fee for Tax Payments and other authorized transactions-not to exceed 3%