

Office of the
Legislative Fiscal Analyst

FY 2001 Budget Recommendations

Joint Appropriations Subcommittee for
Commerce and Revenue

Utah State Tax Commission

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1.0 Utah State Tax Commission

Summary

The Utah State Tax Commission administers the tax laws of the State and collects tax revenue for the State of Utah and its local governments. It collects and distributes revenue from more than 40 taxes, surcharges and fees, registers automobiles and regulates the automobile industry.

Department Mission Statement

The mission of the Utah State Tax Commission is to collect revenue for the State and local governments and to equitably administer tax and assigned motor vehicle laws.

| | Analyst FY 2001 Base | Analyst FY 2001 Changes | Analyst FY 2001 Total |
|------------------------------------|-------------------------------------|--|--------------------------------------|
| Financing | | | |
| General Fund | \$21,368,600 | | \$21,368,600 |
| Uniform School Fund | 15,920,300 | | 15,920,300 |
| Transportation Fund | 4,857,400 | | 4,857,400 |
| Federal Funds | 516,200 | | 516,200 |
| Dedicated Credits Revenue | 4,101,200 | | 4,101,200 |
| GFR - Sales and Use Tax Admin Fees | 4,706,600 | | 4,706,600 |
| Beginning Nonlapsing | 4,527,800 | | 4,527,800 |
| Closing Nonlapsing | (2,527,800) | | (2,527,800) |
| Total | <u>\$53,470,300</u> | | <u>\$53,470,300</u> |
| Programs | | | |
| Administration | \$6,870,700 | | \$6,870,700 |
| Auditing Division | 7,814,500 | | 7,814,500 |
| Multi-State Tax Compact | 180,400 | | 180,400 |
| Technology Management | 8,823,000 | | 8,823,000 |
| Tax Processing | 6,920,700 | | 6,920,700 |
| Seasonal Employees | 717,700 | | 717,700 |
| Tax Collection | 7,478,000 | | 7,478,000 |
| Property Tax Division | 3,964,200 | | 3,964,200 |
| Customer Service | 8,831,900 | | 8,831,900 |
| Motor Vehicle Enforcement | 1,869,200 | | 1,869,200 |
| Total | <u>\$53,470,300</u> | | <u>\$53,470,300</u> |
| FTE | 882.0 | | 882.0 |

Key Measurement

The overall agency revenue collections summarized below result from the combined work of all programs within the Department.

| Fiscal Year | State Sales/Use | Individual Income Tax | Local Sales/Use | Motor Fuel | Corporate Franchise |
|--------------------|------------------------|----------------------------------|------------------------|-------------------|--------------------------------|
| 1985 | \$555.4 | \$435.5 | \$108.0 | \$89.3 | \$65.9 |
| 1986 | 558.6 | 454.3 | 109.3 | 92.2 | 84.0 |
| 1987 | 559.0 | 533.3 | 110.7 | 100.0 | 68.9 |
| 1988 | 617.6 | 569.9 | 110.7 | 129.4 | 78.8 |
| 1989 | 667.4 | 615.6 | 120.2 | 131.2 | 93.0 |
| 1990 | 707.4 | 647.6 | 130.7 | 132.5 | 99.7 |
| 1991 | 740.3 | 717.6 | 147.2 | 131.2 | 87.8 |
| 1992 | 802.4 | 784.4 | 157.9 | 136.4 | 80.9 |
| 1993 | 881.9 | 842.3 | 173.1 | 141.3 | 79.5 |
| 1994 | 978.2 | 925.3 | 188.5 | 150.4 | 121.1 |
| 1995 | 1,055.1 | 1,026.9 | 212.6 | 155.5 | 153.5 |
| 1996 | 1,162.5 | 1,139.1 | 225.6 | 163.2 | 168.4 |
| 1997 | 1,252.1 | 1,237.3 | 258.2 | 168.4 | 182.9 |
| 1998 | 1,251.8 | 1,377.6 | 263.5 | 217.7 | 189.0 |
| 1999 | 1,316.4 | 1,469.9 | 284.5 | 225.2 | 184.3 |

* The FY 1988 Individual Income Tax number includes a \$71 million accrual adjustment to reflect the income tax refund mandated by a 1988 special session of the Utah Legislature.

** Beginning July 1, 1997, this excluded the annual amount of Sales & Use Tax generated by an 1/8th of a percent tax rate for water and transportation projects as prescribed by statute.

The taxes listed above are a portion of the total taxes collected. The dollars in the chart above are listed in millions. The Tax Commission is responsible to collect both current tax liabilities, as well as delinquent taxes that are due. The total revenues collected in FY99 were in excess of \$4.087 billion dollars. Of that amount, \$130 million was collected from delinquent taxpayers. This is less than three percent of total collections. In addition to the Tax Commission’s Collection Division employees, statute authorizes the Tax Commission to out-source delinquent accounts to private collectors on accounts older than 24 months. Out-sourcing can result in additional resources to work on the state’s most delinquent account balances. The Tax Commission is currently working towards outsourcing more of these delinquent accounts. An interim study item recommended that the Tax Commission be authorized to out-source delinquent accounts sooner.

2.0 Issues: Utah State Tax Commission

2.1 UTAX

UTAX is the Utah State Tax Commission's effort to update its tax and motor vehicle systems. A portion of the project is currently on hold due to contractor performance concerns. The Collection System has been implemented and the Motor Vehicle System development is in process. The Analyst recommends reporting requirements be continued. Intent language on page 8 outlines the reporting requirements. The Analyst also recommends no new resources for UTAX in FY 2001.

The Capital Facilities Appropriation Subcommittee reviews all major technology projects and requests. They have sent a letter to the Commerce and Revenue Appropriations Subcommittee recommending that no new FY 2001 funds be appropriated for the UTAX project. The Tax Commission is authorized to use available unobligated cash balances to complete the current phase of the project. The Capital Facilities Appropriation Subcommittee also recommended intent language. (See Section 3.1)

2.2 Operation and Maintenance Costs For CACSG

The Computer Assisted Collection System for Government (CACSG) has been implemented. The system has increased functionality, which has resulted in additional mainframe and system maintenance fees. New costs related to the system are ITS charges of \$300,000 and hardware and software maintenance fees of \$161,000. The system is producing increased revenues to the State. The Tax Commission reported that this was approximately \$8.2 million in FY 99. A portion of this revenue could be appropriated to offset the ongoing cost increases that support the collection of additional delinquent revenue. The requested funding is less than the amount the Commission will be reduced by the technology internal service fund reduction. The Analyst recommends that ongoing funding of \$461,000 be considered for the priority list.

3.1 Program: Utah State Tax Commission - UTAX Project

Recommendation The Analyst recommends no new funding in FY 2001 for the UTAX system. The Analyst recommends that the Tax Commission use efficiency savings to fund enhancements to the Motor Vehicle system requested by local governments. The recommendation of \$2,000,000 is from Nonlapsing Balances.

| | FY 1999 | FY 2000 | FY 2001 | Est/Analyst |
|---------------------------|---------------------|--------------------|--------------------|----------------------|
| Financing | Actual | Estimated | Analyst | Difference |
| General Fund, One-time | \$2,000,000 | | | |
| Dedicated Credits - GO Bt | 15,650,000 | \$7,000,000 | | (\$7,000,000) |
| Beginning Nonlapsing | 3,560,600 | 9,835,800 | \$11,527,800 | 1,692,000 |
| Closing Nonlapsing | (9,835,800) | (11,527,800) | (9,527,800) | 2,000,000 |
| Total | \$11,374,800 | \$5,308,000 | \$2,000,000 | (\$3,308,000) |
| Expenditures | | | | |
| DP Capital Outlay | \$11,374,800 | \$5,308,000 | \$2,000,000 | (\$3,308,000) |
| Total | \$11,374,800 | \$5,308,000 | \$2,000,000 | (\$3,308,000) |

Purpose The Utah State Tax Commission currently operates multiple separate computerized tax systems that do not effectively communicate with one another. The UTAX project may enable the Commission to integrate the state's tax systems, allowing the commission to more efficiently collect delinquent taxes, more readily identify vehicles for law enforcement purposes, and more easily reconcile ledgers and maintain audit trails. UTAX consists of a delinquent collections module known as Computer Assisted Collections System for Government (CACSG), a motor vehicle tax system for vehicle registration and titling (MVA), and an integrated tracking system for all tax types known as ADVANTAGE Revenue.

CACSG collections Module 1, the Computer Assisted Collection System for Government (CACSG) was implemented in March, 1998 at a cost of \$7.4 million. In the first fiscal quarter of FY 2000, collections were nearly \$2 million below what was originally forecast without CACSG. Subsequent collections are positive. To date, the Tax Commission has collected \$9.8 million more in delinquent taxes than was projected without CACSG.

MVA is behind schedule and will require upgrades Module 2, the Motor Vehicle Registration System (MVA), originally scheduled for completion in October, 1999, is currently behind schedule due to poor contractor performance. The Tax Commission has no firm delivery date. It is projected to cost \$12.9 million for functionality included in the original contract. However, the Tax Commission has informed the Legislature that counties have requested further functionality in MVA at a cost of about one-half million dollars. The Analyst recommends that the Commission use nonlapsing balances created by operational efficiencies to cover the cost of added MVA functionality.

ADVR has been indefinitely postponed after costing \$3.6 million

Module 3, ADVANTAGE Revenue, was scheduled for completion in early 2001 at a cost of \$19.7 million. However, due to delays and problems experienced by other states using the system, Tax has decided to delay implementation of ADVANTAGE Revenue indefinitely. About \$3.6 million has been spent on “functional fit” and “implementation” planning for ADVANTAGE Revenue to date.

\$7 million in bonding authority has not been issued

A total of \$34.5 million (plus carry-forward balances) has been authorized for UTAX to date. Of that amount, \$31.4 million is from General Obligations Bonds. For FY 2000, the Legislature authorized \$7 million in bonding for UTAX. These bonds will not be issued in FY 2000, and, as such, the Legislature may choose to redirect the bonds without increasing overall bonding authority for the current year. . However, this amount is likely to be required in future years if Tax is to complete UTAX. Of the outstanding bond authority, Tax had \$2.2 million in cash available for expenditure at the beginning of FY 2000.

In addition to bonding proceeds, the Tax Commission has received \$3.3 million in General Fund appropriations. It has also received authority to carry forward any unexpended year-end balances for use on UTAX. At the beginning of FY 2000, Tax had a \$7,619,800 beginning non-lapsing balance. Tax estimates that it will carry-forward \$4,527,800 into FY 2001. Of that amount, \$2,527,800 will remain available at the end of FY 2001 for use on ADVR or its alternative.

Intent Language

The Annual Appropriations Act (House Bill 1, 1999 General Session) contained the following intent language in Item 96:

It is the intent of the Legislature that the Utah State Tax Commission carry forward year end balances during the term of the UTAX project, for costs directly related to UTAX, and that FY 2000 funding availability is contingent upon the Utah State Tax Commission demonstrating to the Executive Appropriations Committee three consecutive months of observed positive net monthly benefits for all tax types when compared with agreed upon benchmark revenue projections as a result of the Computer Assisted Collections System for Government module.

As mentioned above, the Tax Commission will carry forward \$4.5 million into FY 2001. In May, 1999, the Commission reported three consecutive months of positive net monthly benefits related to UTAX. In fact, Tax experienced five months of positive net benefits for all tax types combined before experiencing a quarter of negative net benefits beginning in July, 1999.

It is the intent of the Legislature to appropriate funding to the Tax Commission for the UTAX project for the collection of out-sourced accounts receivables. The Appropriation will be limited to the amount of funds recovered, not to exceed \$6,600,000.

The Tax Commission has not requested, nor does the Analyst recommend, an appropriation from out-sourced accounts receivable for UTAX in FY 2001.

It is the intent of the Legislature that the Utah Tax Commission shall continue to track additional revenues that are a result of the modernization of tax and motor vehicle systems and related processes (UTAX). The amount of these additional revenues shall be reported to the Legislative Fiscal Analyst, the Governor's Office of Planning and Budget, and the Division of Finance on a quarterly basis.

The UTAX Executive Review Committee continues to meet on a quarterly basis to discuss the status of UTAX. The Analyst recommends that this intent language be included again in the Appropriations Act for FY 2001.

Due to concerns regarding ADVANTAGE Revenue, the Analyst recommends that the following intent language be included in the FY 2001 Appropriations Act:

It is the intent of the Legislature that the Utah State Tax Commission report to the Executive Appropriations Committee before expending further resources in pursuit of ADVANTAGE Revenue or its alternative.

3.2 Program: Utah State Tax Commission - Administration Division

Recommendation The Analyst recommends an Administration Division budget of \$6,870,700. The major changes are because of personal service adjustments for retirement rate reduction and two less work days. There is also an adjustment for internal service funds reflected in the current expense.

| | FY 1999 | FY 2000 | FY 2001 | Est/Analyst |
|----------------------------|--------------------|--------------------|--------------------|----------------------|
| Financing | Actual | Estimated | Analyst | Difference |
| General Fund | \$4,253,900 | \$2,404,600 | \$2,397,300 | (\$7,300) |
| Uniform School Fund | 1,708,000 | 1,438,800 | 1,429,900 | (8,900) |
| Transportation Fund | 613,800 | 613,800 | 613,800 | |
| Dedicated Credits Revenue | 155,800 | 119,700 | 119,200 | (500) |
| GFR - Sales and Use Tax | 2,302,000 | 312,300 | 310,500 | (1,800) |
| ET - Petroleum Storage Tax | 70,000 | | | |
| Beginning Nonlapsing | 1,704,900 | 7,619,800 | 4,527,800 | (3,092,000) |
| Closing Nonlapsing | (7,619,800) | (4,527,800) | (2,527,800) | 2,000,000 |
| Lapsing Balance | (70,000) | | | |
| Total | <u>\$3,118,600</u> | <u>\$7,981,200</u> | <u>\$6,870,700</u> | <u>(\$1,110,500)</u> |
| Expenditures | | | | |
| Personal Services | \$3,947,900 | \$4,263,000 | \$4,218,700 | (\$44,300) |
| In-State Travel | 10,000 | 91,500 | 11,500 | (80,000) |
| Out of State Travel | 45,400 | 48,000 | 40,000 | (8,000) |
| Current Expense | 600,900 | 604,200 | 588,700 | (15,500) |
| DP Current Expense | 1,036,900 | 1,290,500 | 11,800 | (1,278,700) |
| DP Capital Outlay | 10,911,500 | 3,900,000 | 2,000,000 | (1,900,000) |
| Other Charges/Pass Thru | (13,434,000) | (2,216,000) | | 2,216,000 |
| Total | <u>\$3,118,600</u> | <u>\$7,981,200</u> | <u>\$6,870,700</u> | <u>(\$1,110,500)</u> |
| FTE | 75.0 | 74.0 | 74.0 | |

Purpose The Administration Division is comprised of the Commissioner’s Office and the Office of the Executive Director. Both offices provide direction and leadership to the revenue processes of the State, as organized within eight divisions of the Utah State Tax Commission.

The Tax Commissioners’ sections and functions include:

- The Commissioners develop tax policy, rules and provide an appeals process for tax matters.
- The Appeals Section coordinates all appeals brought before the Commission and most appeals are heard by administrative law judges.
- An Internal Audit Section assures agency operation are efficient and comply with the law.
- Public Relations provides news releases and tax bulletins on changes in tax rules and laws.

- The Commissioner's Economic and Statistical Unit forecasts state revenues and provides economic and statistical analyses from Tax Commission data.

The Executive Director's section and functions include:

- The Executive Director's Office directs and coordinates the day to day operation of the Department.
- Human Resource Management provides employee recruitment, classification, training, and payroll functions.
- The Planning and Budget function provides direction and oversight of the agency's budget processes, training, and coordination of agency goal setting and performance measurement.
- Legislation/Rules/Bulletins provide coordination of legislative issues, and drafts legislation, rules, and bulletins.
- General Services provides support to the agency for facility and security.
- Financial Accounting provides accounting for the state's revenue collections, including distribution of tax dollars to local governments. It also provides the Department's internal accounting processes.
- Disclosure and IRS liaison functions are managed within this division.
- Legal section is addressing legal enforcement in criminal tax evasion cases.

3.3 Program: Utah State Tax Commission - Auditing Division

Recommendation The Analyst recommends an ongoing budget of \$7,814,500. The General Fund makes up 43.0 percent of the recommendation. The Uniform School Fund is 30.8 percent of the total program appropriation.

| | FY 1999 | FY 2000 | FY 2001 | Est/Analyst |
|-------------------------|--------------------|--------------------|--------------------|--------------------|
| Financing | Actual | Estimated | Analyst | Difference |
| General Fund | \$2,824,700 | \$3,388,000 | \$3,354,000 | (\$34,000) |
| Uniform School Fund | 2,352,600 | 2,432,000 | 2,407,800 | (24,200) |
| Transportation Fund | 535,500 | 535,500 | 535,500 | |
| Federal Funds | 548,600 | 512,000 | 516,200 | 4,200 |
| GFR - Sales and Use Tax | 978,100 | 1,011,000 | 1,001,000 | (10,000) |
| Total | \$7,239,500 | \$7,878,500 | \$7,814,500 | (\$64,000) |
| Expenditures | | | | |
| Personal Services | \$6,402,500 | \$6,959,100 | \$6,887,300 | (\$71,800) |
| In-State Travel | 74,300 | 74,000 | 74,000 | |
| Out of State Travel | 408,800 | 420,000 | 422,500 | 2,500 |
| Current Expense | 329,500 | 385,700 | 391,000 | 5,300 |
| DP Current Expense | 24,400 | 39,700 | 39,700 | |
| Total | \$7,239,500 | \$7,878,500 | \$7,814,500 | (\$64,000) |
| FTE | 134.0 | 134.0 | 134.0 | |

Purpose Auditing enhances voluntary taxpayer compliance through selective audit examination of taxpayer returns and supporting records. The examination of tax returns determines that taxes due have been properly reported. The Division has auditing, educational and customer service aspects to help taxpayers report future taxes properly.

The Auditing Division is responsible for auditing all taxes except property tax, and conducts audits in-house and at the taxpayers' place of business. It also conducts compliance audits and investigates suspected fraud and tax evasion.

Performance Measures Three primary goals have been established by the Auditing Division.

- 1) Complete the number of audits goal established for the year.

| Fiscal Year | Number of Audits | |
|--------------------|-------------------------|-----------------------|
| | Completed | Percent Change |
| FY 1995 | 18,011 | |
| FY 1996 | 27,746 | 54.05% |
| FY 1997 | 31,325 | 12.90% |
| FY 1998 | 23,670 | (24.44%) |
| FY 1999 | 27,447 | 15.96% |

Starting in FY 1996, auditor resources were shifted from performing withholding audits in the field to doing individual income tax audits in the office. Office audits can be completed considerably faster. Change in emphasis and retention of audit staff can cause numbers to vary between years.

2) Obtain a high level of taxpayer satisfaction with the audit process as measured through ongoing surveys.

Feedback is sought from taxpayers and the results are being incorporated into the action plans for improving division performance. An example improvement is providing more specific training on issues raised in the questionnaire feedback. There has been a slightly upward trend the last couple of years.

3) Consistently provide division staff with clear, accurate and timely communication of relevant information as measured through survey results. Yearly survey input is sought from division staff and results are being incorporated into the action plans for improving division performance. Examples of improvements are division communication of new rules and bulletins and training on conducting opening and closing conferences.

3.4 Program: Utah State Tax Commission - Multistate Compact

Recommendation The Analyst recommends a budget of \$180,400. This is the membership dues and auditing fees paid to the Multistate Tax Commission. This national organization provides data to its subscribers and performs auditing services on issues which traverse State lines.

| | FY 1999 | FY 2000 | FY 2001 | Est/Analyst |
|---------------------|------------------|------------------|------------------|--------------------|
| Financing | Actual | Estimated | Analyst | Difference |
| General Fund | \$88,000 | \$88,000 | \$88,000 | |
| Uniform School Fund | 92,400 | 92,400 | 92,400 | |
| Total | \$180,400 | \$180,400 | \$180,400 | \$0 |
| Expenditures | | | | |
| Out of State Travel | \$8,100 | \$6,000 | \$6,000 | |
| Current Expense | 172,300 | 174,400 | 174,400 | |
| Total | \$180,400 | \$180,400 | \$180,400 | \$0 |

Purpose The MultiState Tax Commission (MTC) is an agency 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 of the MultiState Tax Commission are the joint audit program and the Nexus Program.

The MultiState Tax Commission maintains a joint program that audits businesses for several States at the same time for both sales and corporate income taxes. Accordingly, the Commission 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.

States participate in the National Nexus Program to help encourage voluntary disclosure and discover businesses that are not filing returns with States. The program facilitates an exchange of information between States to identify business reporting or filing inconsistencies with these States.

3.5 Program: Utah State Tax Commission - Technology Management Division

Recommendation The Analyst recommends funding of \$8,823,000 of which \$5,103,900 is from the General Fund and \$1,977,200 is from the Uniform School Fund.

| | FY 1999 | FY 2000 | FY 2001 | Est/Analyst |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|
| Financing | Actual | Estimated | Analyst | Difference |
| General Fund | \$5,005,700 | \$5,487,700 | \$5,103,900 | (\$383,800) |
| Uniform School Fund | 2,087,300 | 2,125,000 | 1,977,200 | (147,800) |
| Uniform School Fund, One-time | | 100,000 | | (100,000) |
| Transportation Fund | 558,400 | 558,400 | 558,400 | |
| Federal Funds | 80,100 | | | |
| Dedicated Credits Revenue | 25,400 | 10,000 | 9,300 | (700) |
| GFR - Sales and Use Tax | 1,516,700 | 1,300,000 | 1,174,200 | (125,800) |
| Total | \$9,273,600 | \$9,581,100 | \$8,823,000 | (\$758,100) |
| Expenditures | | | | |
| Personal Services | \$4,598,900 | \$4,999,900 | \$4,947,700 | (\$52,200) |
| In-State Travel | 5,800 | 8,000 | 8,000 | |
| Out of State Travel | 28,700 | 30,000 | 30,000 | |
| Current Expense | 293,700 | 297,000 | (308,900) | (605,900) |
| DP Current Expense | 3,975,000 | 4,008,100 | 3,908,100 | (100,000) |
| DP Capital Outlay | 371,500 | 238,100 | 238,100 | |
| Total | \$9,273,600 | \$9,581,100 | \$8,823,000 | (\$758,100) |
| FTE | 75.0 | 79.0 | 79.0 | |

Purpose The Technology Management Division operates and maintains the agency’s existing computer systems. The Division develops and installs new automated systems to meet specialized demands. It also provides service to internal customers through a system-wide "help desk.”

There are over 40 different tax systems. Many of these require separate software packages and hardware systems. These are supported by the Technology Management Division.

Performance Measures Technology Management provides support services to the rest of the agency’s divisions enabling them to more efficiently complete their revenue collecting functions. Performance goals include the following:

- 1) Resolve or route help desk calls by resolving 85 percent of calls on first contact.
 - a. Resolved 90 percent of help desk calls internally.
- 2) Complete assigned programming service requests in a timely and efficient manner.
 - a. Service requests are provided as needed.

- 3) Provide reliable system back-up on a daily basis to support the various tax and Motor Vehicle systems enabling Tax Commission employees to efficiently respond to taxpayer inquiries.
 - a. This support meets the needs of system users most of the time.

3.6 Program: Utah State Tax Commission - Tax Processing Division

Recommendation The Analyst funding recommendation for the Tax Processing Division is \$6,920,700.

| | FY 1999 | FY 2000 | FY 2001 | Est/Analyst |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|
| Financing | Actual | Estimated | Analyst | Difference |
| General Fund | \$1,802,200 | \$775,300 | \$759,200 | (\$16,100) |
| Uniform School Fund | 4,695,200 | 4,440,000 | 4,344,500 | (95,500) |
| Transportation Fund | 630,600 | 630,600 | 630,600 | |
| Dedicated Credits Revenue | 26,800 | 15,000 | 14,700 | (300) |
| GFR - Sales and Use Tax | 1,175,000 | 1,203,500 | 1,171,700 | (31,800) |
| Transfers - Utah Tax Commission | | 180,000 | | (180,000) |
| Total | \$8,329,800 | \$7,244,400 | \$6,920,700 | (\$323,700) |
| Expenditures | | | | |
| Personal Services | \$4,903,600 | \$4,189,500 | \$4,140,600 | (\$48,900) |
| In-State Travel | 1,600 | 1,000 | 1,000 | |
| Out of State Travel | 8,300 | 18,000 | 18,000 | |
| Current Expense | 3,010,400 | 2,762,600 | 2,667,800 | (94,800) |
| DP Current Expense | 54,200 | 73,300 | 73,300 | |
| Capital Outlay | 351,700 | 200,000 | 20,000 | (180,000) |
| Total | \$8,329,800 | \$7,244,400 | \$6,920,700 | (\$323,700) |
| FTE | 154.0 | 161.0 | 161.0 | |

Purpose The Tax Processing Division provides the resources to gather and process tax payments. This is done by providing tax forms, instructions, and publications to the citizens. The Division is responsible for the recording of taxpayer information, processing the paper and electronic tax documents, and providing an archiving process for future retrieval. It deposits billions of dollars of tax revenue each year.

Remittance Equipment Replacement Tax payments made to the State are processed through equipment called Remittance Processors. The 1998 Legislature appropriated \$360,000 to purchase two new remittance processors with the understanding that this would accommodate the work of the three old machines. The 1999 Legislature appropriated another \$180,000 from nonlapsing funds for another remittance processor. This updates the processing section and ensured Year 2000 compliance, at least for the processing function. All the processors have been purchased and are in full operation.

Performance Measures

Processing deals with both paper and electronic filings, deposits and archival of documents. The following measures have been reported by the Division:

- 1) Efficiently process the large number of documents received at the Tax Commission each year.

| Tax Type | FY 1996 | FY 1997 | FY 1998 | FY 1999 |
|-----------------|--------------------|--------------------|--------------------|--------------------|
| Income | \$1,072,554 | \$1,200,205 | \$1,237,172 | \$1,158,849 |
| Withholding | 336,274 | 375,696 | 391,482 | 402,826 |
| Fuel | 39,333 | 31,845 | 26,226 | 23,340 |
| Common/Se | 478,486 | 513,836 | 520,092 | 535,170 |
| Corporate | 94,933 | 101,321 | 100,080 | 109,849 |
| Fiduciary | 15,488 | 16,593 | 17,226 | 16,324 |
| Miscellaneous | 14,800 | 16,094 | 14,662 | 13,632 |
| Motor Vehicle | 2,064,015 | 2,189,843 | 2,258,642 | 1,262,346 |
| TOTAL | \$4,115,883 | \$4,445,433 | \$4,565,582 | \$3,522,336 |

* The FY 1999 Motor Vehicle number was low because the Division of Motor Vehicles took over part of the processing function that year.

- 2) Deposit revenues received at the Tax Commission within 24 hours of receipt.
 - a.) This goal is being met with few exceptions.
- 3) Income Tax return checks are deposited within 10 working days after receipt. All return information to be entered by June 30.
 - a.) Check deposit targets were met for the past three years.
 - b.) Return information target was met in FY 1996, was 6 days behind the target for 1997, and on target for FY 1998. In 1999, it was met eleven days ahead of the scheduled target date.

3.7 Program: Utah State Tax Commission - Seasonal Employees

Recommendation The Analyst recommends funding of \$717,700 for the Seasonal Employees. There is little change from FY 1999.

| | FY 1999 | FY 2000 | FY 2001 | Est/Analyst |
|-------------------------|------------------|------------------|------------------|--------------------|
| Financing | Actual | Estimated | Analyst | Difference |
| General Fund | \$520,700 | \$615,400 | \$615,400 | |
| Uniform School Fund | 65,100 | 67,000 | 67,000 | |
| GFR - Sales and Use Tax | 34,300 | 35,300 | 35,300 | |
| Total | <u>\$620,100</u> | <u>\$717,700</u> | <u>\$717,700</u> | <u>\$0</u> |
| Expenditures | | | | |
| Personal Services | \$620,100 | \$717,700 | \$717,700 | |
| Total | <u>\$620,100</u> | <u>\$717,700</u> | <u>\$717,700</u> | <u>\$0</u> |
| FTE | 29.0 | 29.0 | 29.0 | |

Purpose Seasonal employees are an important factor in the efficient operation of the Utah State Tax Commission. Workloads vary sharply throughout the year. 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.

3.8 Program: Utah State Tax Commission - Taxpayer Services Division

Recommendation The Analyst recommends base budget funding of \$7,478,000 for FY 2001.

| | FY 1999 | FY 2000 | FY 2001 | Est/Analyst |
|---------------------------|--------------------|--------------------|--------------------|--------------------|
| Financing | Actual | Estimated | Analyst | Difference |
| General Fund | \$2,196,700 | \$5,136,200 | \$5,085,500 | (\$50,700) |
| Uniform School Fund | 1,675,800 | 1,731,200 | 1,714,200 | (17,000) |
| Transportation Fund | 330,000 | 330,000 | 330,000 | |
| Dedicated Credits Revenue | 17,600 | 34,500 | 34,300 | (200) |
| GFR - Sales and Use Tax | 307,900 | 318,100 | 314,000 | (4,100) |
| Total | \$4,528,000 | \$7,550,000 | \$7,478,000 | (\$72,000) |
| Expenditures | | | | |
| Personal Services | \$4,156,800 | \$6,818,300 | \$6,764,400 | (\$53,900) |
| In-State Travel | 7,200 | 10,000 | 10,000 | |
| Out of State Travel | 7,300 | 5,500 | 5,500 | |
| Current Expense | 349,000 | 694,600 | 676,500 | (18,100) |
| DP Current Expense | 7,700 | 21,600 | 21,600 | |
| Total | \$4,528,000 | \$7,550,000 | \$7,478,000 | (\$72,000) |
| FTE | 105.0 | 126.5 | 126.5 | |

Purpose The Taxpayer Services Division promotes customer service through voluntary compliance to Utah tax statutes, outreach and education programs. The Division responds to written, phone, or in-person requests from taxpayers, assisting in resolving tax issues by providing them timely and accurate information. The Taxpayer Service Division can provide effective reduction of accounts receivables by conducting workload campaigns utilizing CACSG. The Division responsibilities also include management of claims, motions and pleadings filed in U.S. Bankruptcy Court, as well as administration of offer-in-compromise and waiver programs.

Performance Measures As a result of enhanced technology, effective training programs and staff efficiencies, the Taxpayer Services Division has provided consistent and quality customer service. A result has been the Division’s success in increasing delinquent revenue collections. The performance measures listed below for the Division include:

- 1) Efficiently handling the number of telephone calls.

| Taxpayer Calls To | | |
|--------------------------|--------------------|-----------------------|
| Fiscal Year | Call Center | Percent Change |
| FY 1997 | 191,961 | |
| FY 1998 | 196,838 | 2.54% |
| FY 1999 | 194,091 | (1.40%) |

2) Efficiently processing and closing delinquent accounts.

| Collection Accounts | | |
|----------------------------|-----------------|-----------------------|
| Fiscal Year | Resolved | Percent Change |
| FY 1996 | 14,652 | |
| FY 1997 | 17,808 | 21.54% |
| FY 1998 | 27,877 | 56.54% |
| FY 1999 | 45,654 | 63.77% |

* Note – The accounts resolved measurement has changed with the new collection system. FY 1998 was a partial year with the new processes. The 1999 data is the new baseline for future comparison.

3) Increased delinquent collections as a result of the CACSG system:

| Fiscal Year | CACSG Revenue | Percent Change |
|--------------------|----------------------|-----------------------|
| FY 1999 | \$8,224,437 | |

4) Maintain a low ratio of Division expense per Dollar of Revenue collected:

| Fiscal Year | TPS Expense Ratio Compared To Delinquent Revenue Collected |
|--------------------|---|
| FY 1996 | 0.09 |
| FY 1997 | 0.08 |
| FY 1998 | 0.07 |
| FY 1999 | 0.06 |

3.9 Program: Utah State Tax Commission - Property Tax Division

Recommendation The Analyst recommendation of \$3,964,200 is a flat base budget recommendation. Funding is primarily from the Uniform School Fund.

| | FY 1999 | FY 2000 | FY 2001 | Est/Analyst |
|---------------------------|--------------------|--------------------|--------------------|--------------------|
| Financing | Actual | Estimated | Analyst | Difference |
| Uniform School Fund | \$3,471,000 | \$3,939,000 | \$3,887,300 | (\$51,700) |
| Dedicated Credits Revenue | 80,500 | 78,000 | 76,900 | (1,100) |
| Total | \$3,551,500 | \$4,017,000 | \$3,964,200 | (\$52,800) |
| Expenditures | | | | |
| Personal Services | \$3,153,600 | \$3,293,200 | \$3,258,900 | (\$34,300) |
| In-State Travel | 43,400 | 50,000 | 51,000 | 1,000 |
| Out of State Travel | 40,200 | 54,400 | 52,400 | (2,000) |
| Current Expense | 289,400 | 566,100 | 567,600 | 1,500 |
| DP Current Expense | 24,900 | 33,300 | 34,300 | 1,000 |
| DP Capital Outlay | | 20,000 | | (20,000) |
| Total | \$3,551,500 | \$4,017,000 | \$3,964,200 | (\$52,800) |
| FTE | 61.0 | 61.0 | 61.0 | |

Purpose The Property Tax Division appraises and audits the natural resource properties as well as the companies whose properties cross county or State lines, such as airlines, motor carriers, railroads, and utilities.

The Division works with local officials who have direct statutory responsibilities for operating local property tax systems to assure equitable and accurate assessment and taxation. The Division also administers the Truth-in-Taxation law.

Performance Measures The three top performance measures used by the Commission to evaluate the Property Tax Division are:

- 1) Timely completion of 100 percent of Centrally Assessed valuations, Sales Ratio study and Personal Property audits as required by law.
- 2) Provide high quality service to elected county offices as measured through survey results.
- 3) Yearly survey input is sought from county officials and results are being incorporated into action plans for improving division performance. An example is providing counties with increased training on specific issues raised in questionnaire feedback. Achieved an overall satisfaction of 4.0 on 1997 survey on a 1-5 scale, 3.6 on the 1998 survey, and 3.8 on the 1999 survey.

- 4) Provide responsive, competent and courteous service to taxpayers as measured through ongoing surveys of those served.

Yearly survey input is sought from county officials and results are being incorporated into action plans for improving division performance. An example is improved monitoring of assignments on specific issues raised in questionnaire feedback. Achieved an overall satisfaction of 3.8 on 1997 survey on a 1-5 scale, 3.9 on the 1998 survey and 3.9 on the 1999 survey.

3.10 Program: Utah State Tax Commission - Motor Vehicles

Recommendation The Analyst budget recommendation for the Motor Vehicles Division is \$8,831,900. Transportation Funds make up 24.8 percent of the recommendation. The amount stays the same. It is limited by the State Constitution.

| | FY 1999 | FY 2000 | FY 2001 | Est/Analyst |
|---------------------------|--------------------|--------------------|--------------------|--------------------|
| Financing | Actual | Estimated | Analyst | Difference |
| General Fund | \$3,937,300 | \$3,219,700 | \$3,190,500 | (\$29,200) |
| Transportation Fund | 2,189,100 | 2,189,100 | 2,189,100 | |
| Dedicated Credits Revenue | 2,550,400 | 2,766,300 | 2,752,400 | (13,900) |
| GFR - Sales and Use Tax | 679,600 | 706,700 | 699,900 | (6,800) |
| Total | <u>\$9,356,400</u> | <u>\$8,881,800</u> | <u>\$8,831,900</u> | <u>(\$49,900)</u> |
| Expenditures | | | | |
| Personal Services | \$6,422,900 | \$6,192,000 | \$6,120,700 | (\$71,300) |
| In-State Travel | 11,400 | 14,000 | 14,000 | |
| Out of State Travel | 5,200 | 6,000 | 6,000 | |
| Current Expense | 2,899,600 | 2,658,600 | 2,680,000 | 21,400 |
| DP Current Expense | 14,500 | 11,200 | 11,200 | |
| Capital Outlay | 2,800 | | | |
| Total | <u>\$9,356,400</u> | <u>\$8,881,800</u> | <u>\$8,831,900</u> | <u>(\$49,900)</u> |
| FTE | 180.0 | 187.5 | 187.5 | |

Purpose The Division of Motor Vehicles (DMV) administers statewide vehicle title, registration, and related functions. The DMV implements motor vehicle policy and procedure, maintains the State’s motor vehicle computer system, and is currently implementing a new Statewide, on-line computer system. The Division provides training to all users, manages a telephone section for Statewide assistance, and manages vehicle related appeals. Additionally, the DMV administers the International Registration Plan and the International Fuel Tax Administration Plan.

Motor Vehicle County and Branch Operations 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, and others have the State perform the motor vehicle 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.”

**Motor Vehicle
Branch Operations**

No new county operations are expected to be turned over to the State in the next fiscal year.

Fees – New and Old

The one fee increase listed is in accordance with UCA 59-2-406-3-c . The Commission is required to adjust the Motor Vehicle Transaction Fee’s standard unit cost by the prior year’s CPI. This is a 2.1 percent increase from 1.016 to 1.037.

The NEW fee is an Electronic Processing Fee for Select Motor Vehicle Transactions. The cost is \$3.00. The Department requests immediate approval of this fee.

**Performance
Measures**

The performance measures for the Customer Service Division are:

- 1) Title delivery: 6 weeks average
- 2) Mail renewal turnaround: 3 days (remittance); 5 day (exceptions).
- 3) Motor Vehicle Telephone calls answered:

| Fiscal Year | Calls | Increase/Decrease |
|--------------------|--------------|--------------------------|
| FY 1997 | 347,704 | |
| FY 1998 | 393,332 | 13.12% |
| FY 1999 | 394,681 | 0.34% |

3.11 Program: Utah State Tax Commission - Motor Vehicle Enforcement Division

Recommendation The Analyst recommends funding of \$1,869,200. Most of the funding is from Dedicated Credit Revenue. Approximately 40 percent is from the General Fund.

| | FY 1999 | FY 2000 | FY 2001 | Est/Analyst |
|---------------------------|--------------------|--------------------|--------------------|--------------------|
| Financing | Actual | Estimated | Analyst | Difference |
| General Fund | \$715,400 | \$785,700 | \$774,800 | (\$10,900) |
| Federal Funds | 42,700 | | | |
| Dedicated Credits Revenue | 1,078,300 | 1,103,200 | 1,094,400 | (8,800) |
| Total | \$1,836,400 | \$1,888,900 | \$1,869,200 | (\$19,700) |
| Expenditures | | | | |
| Personal Services | \$1,475,900 | \$1,521,000 | \$1,503,000 | (\$18,000) |
| In-State Travel | 4,900 | 6,500 | 6,500 | |
| Out of State Travel | 23,800 | 6,500 | 6,500 | |
| Current Expense | 329,900 | 345,700 | 344,000 | (1,700) |
| DP Current Expense | 1,900 | 4,200 | 4,200 | |
| Capital Outlay | | 5,000 | 5,000 | |
| Total | \$1,836,400 | \$1,888,900 | \$1,869,200 | (\$19,700) |
| FTE | 30.0 | 30.0 | 30.0 | |

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

Growing Crime Trends Concern is growing about enforcement of the Motor Vehicle section of Utah Code. The Division is charged with the requirement to police the motor vehicle industry. A growing population and in migration are contributing factors to the challenge. Automobile thefts have increased from 2.14 thefts per thousand in 1988 to over 4.2 per thousand in 1997. Technology alone cannot solve the problem. The Subcommittee may want to explore some alternatives.

Performance Measures Performance for the Motor Vehicle Division is measured by:

- 1) Efficiently issuing licenses, conducting investigations and processing revenue related to the enforcement of Motor Vehicle laws.

| Measurement | FY 1996 | FY 1997 | FY 1998 | FY 1999 | % Change |
|---|----------------|----------------|----------------|----------------|-----------------|
| Number of M.V. Related Business Licenses Issued | 7,954 | 8,494 | 8,195 | 8,441 | 2.9% |
| Number of Investigations | 5,389 | 6,380 | 5,965 | 5,513 | (7.5%) |
| Total Revenues | 3,131,595, | 2,850,717 | 3,169,325 | 3,250,614 | 2.5% |

2) Number of Investigations by category:

| Investigation Type | Cases Investigated | Criminal Counts | Citations | Summons Served | Traffic Stops | Impounds | Recovered Stolen |
|---------------------------|---------------------------|------------------------|------------------|-----------------------|----------------------|-----------------|-------------------------|
| FY 1996 | 2,242 | 313 | 1,123 | 68 | 1,311 | 124 | 93 |
| FY 1997 | 2,197 | 232 | 1,727 | 28 | 1,610 | 138 | 200 |
| FY 1998 | 1,686 | 309 | 1,536 | 24 | 1,938 | 153 | 224 |
| FY 1999 | 1,464 | 176 | 1,533 | 39 | 1,887 | 109 | 209 |

3.12 Program: Utah State Tax Commission - License Plate Production

Recommendation The Analyst recommends a budget of \$2,506,600. The recommendation is from Dedicated Credits and Nonlapsing Balances. Funding is separated from the rest of the Tax Commission budget though a separate line item.

| | FY 1999 | FY 2000 | FY 2001 | Est/Analyst |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|
| Financing | Actual | Estimated | Analyst | Difference |
| Dedicated Credits Revenue | \$2,196,200 | \$2,196,200 | \$2,196,200 | |
| Transfers - Utah Tax Commission | | (180,000) | | 180,000 |
| Beginning Nonlapsing | 2,939,900 | 2,629,500 | 2,139,100 | (490,400) |
| Closing Nonlapsing | (2,629,500) | (2,139,100) | (1,828,700) | 310,400 |
| Total | <u>\$2,506,600</u> | <u>\$2,506,600</u> | <u>\$2,506,600</u> | <u>\$0</u> |
| Expenditures | | | | |
| Current Expense | <u>\$2,506,600</u> | <u>\$2,506,600</u> | <u>\$2,506,600</u> | |
| Total | <u>\$2,506,600</u> | <u>\$2,506,600</u> | <u>\$2,506,600</u> | <u>\$0</u> |

Purpose This program pays for materials and labor for the State Prison license plate production operation. The process includes stamping the plates, application of reflective materials, and sorting. Funding comes from the fee paid when acquiring license plates. The funds are Nonlapsing by Utah Code Annotated 41-1-43.

3.13 Program: Utah State Tax Commission - Liquor Profit Distribution

Recommendation The Analyst recommends a flat budget of \$2,609,000 for Liquor Profit Distribution. This appropriation is recommended as a separate line item.

| | FY 1999 | FY 2000 | FY 2001 | Est/Analyst |
|-------------------------|--------------------|--------------------|--------------------|--------------------|
| Financing | Actual | Estimated | Analyst | Difference |
| General Fund | \$2,609,000 | \$2,609,000 | \$2,609,000 | |
| Total | \$2,609,000 | \$2,609,000 | \$2,609,000 | \$0 |
| Expenditures | | | | |
| Other Charges/Pass Thru | \$2,609,000 | \$2,609,000 | \$2,609,000 | |
| Total | \$2,609,000 | \$2,609,000 | \$2,609,000 | \$0 |

Purpose Current statute 32a-1-115 Utah Code Annotated 1953 provides that:

“The Legislature shall provide an appropriation from the General Fund from liquor control profits to cities, towns, and counties and from the proceeds of the beer excise tax... in an amount not exceeding \$4,350,000. 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...”.

Distribution Formula

The distribution formula is:
 25 percent to cities, counties and towns based on population;
 30 percent to cities, counties and towns based on alcohol related convictions;
 20 percent to cities, counties and towns based on the number of liquor stores;
 25 percent to counties for facilities based on population.

The distribution is approximately:
 Salt Lake County - 39 percent
 Utah County - 14 percent
 Davis County - 10 percent
 Weber County - 9 percent
 Other Counties - 28 percent

4.0 Additional Information: Utah State Tax Commission

4.1 (a) Funding History

| | FY 1997 | FY 1998 | FY 1999 | FY 2000 | FY 2001 |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Financing | Actual | Actual | Actual | Estimated | Analyst |
| General Fund | \$19,645,300 | \$20,185,100 | \$21,344,600 | \$21,900,600 | \$21,368,600 |
| Uniform School Fund | 14,905,800 | 15,265,600 | 16,147,400 | 16,265,400 | 15,920,300 |
| Uniform School Fund, One-time | | | | 100,000 | |
| Transportation Fund | 4,851,000 | 4,857,400 | 4,857,400 | 4,857,400 | 4,857,400 |
| Federal Funds | 601,400 | 522,600 | 671,400 | 512,000 | 516,200 |
| Dedicated Credits Revenue | 3,007,900 | 3,315,000 | 3,934,800 | 4,126,700 | 4,101,200 |
| GFR - Sales and Use Tax Admin Fees | 4,578,700 | 5,101,100 | 6,993,600 | 4,886,900 | 4,706,600 |
| ET - Petroleum Storage Tank | | | 70,000 | | |
| Transfers - Utah Tax Commission | | 8,760,900 | | 180,000 | |
| Beginning Nonlapsing | 1,800,000 | 2,728,200 | 1,704,900 | 7,619,800 | 4,527,800 |
| Closing Nonlapsing | (2,728,200) | (1,704,900) | (7,619,800) | (4,527,800) | (2,527,800) |
| Lapsing Balance | | (5,700) | (70,000) | | |
| Total | \$46,661,900 | \$59,025,300 | \$48,034,300 | \$55,921,000 | \$53,470,300 |
| % Change | | 26.5% | -18.6% | 16.4% | -4.4% |
| Programs | | | | | |
| Administration | \$5,297,900 | \$15,973,700 | \$3,118,600 | \$7,981,200 | \$6,870,700 |
| Auditing Division | 6,420,600 | 7,181,200 | 7,239,500 | 7,878,500 | 7,814,500 |
| Multi-State Tax Compact | 172,600 | 168,000 | 180,400 | 180,400 | 180,400 |
| Technology Management | 8,379,400 | 8,961,900 | 9,273,600 | 9,581,100 | 8,823,000 |
| Tax Processing | 7,166,900 | 7,616,000 | 8,329,800 | 7,244,400 | 6,920,700 |
| Seasonal Employees | 593,400 | 637,000 | 620,100 | 717,700 | 717,700 |
| Tax Collection | 5,442,700 | 4,733,100 | 4,528,000 | 7,550,000 | 7,478,000 |
| Property Tax Division | 3,673,000 | 3,604,400 | 3,551,500 | 4,017,000 | 3,964,200 |
| Customer Service | 7,887,400 | 8,447,200 | 9,356,400 | 8,881,800 | 8,831,900 |
| Motor Vehicle Enforcement | 1,628,000 | 1,702,800 | 1,836,400 | 1,888,900 | 1,869,200 |
| Total | \$46,661,900 | \$59,025,300 | \$48,034,300 | \$55,921,000 | \$53,470,300 |
| Expenditures | | | | | |
| Personal Services | \$32,097,400 | \$33,754,000 | \$35,682,200 | \$38,953,700 | \$38,559,000 |
| In-State Travel | 134,000 | 137,000 | 158,600 | 255,000 | 176,000 |
| Out of State Travel | 477,000 | 537,000 | 575,800 | 594,400 | 586,900 |
| Current Expense | 9,692,000 | 8,996,400 | 8,274,700 | 8,488,900 | 7,781,100 |
| DP Current Expense | 3,854,700 | 5,287,500 | 5,139,500 | 5,481,900 | 4,104,200 |
| DP Capital Outlay | 395,500 | 10,313,400 | 11,283,000 | 4,158,100 | 2,238,100 |
| Capital Outlay | 11,300 | | 354,500 | 205,000 | 25,000 |
| Other Charges/Pass Thru | | | (13,434,000) | (2,216,000) | |
| Total | \$46,661,900 | \$59,025,300 | \$48,034,300 | \$55,921,000 | \$53,470,300 |
| FTE | 791.5 | 806.0 | 843.0 | 882.0 | 882.0 |

4.1 (b) Funding History: Utah State Tax Commission - License Plate Production

| | FY 1997 | FY 1998 | FY 1999 | FY 2000 | FY 2001 |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Actual | Actual | Actual | Estimated | Analyst |
| Financing | | | | | |
| Dedicated Credits Revenue | \$2,066,900 | \$2,300,600 | \$2,196,200 | \$2,196,200 | \$2,196,200 |
| Transfers - Utah Tax Commission | | | | (180,000) | |
| Beginning Nonlapsing | 2,640,400 | 2,765,900 | 2,939,900 | 2,629,500 | 2,139,100 |
| Closing Nonlapsing | <u>(2,765,900)</u> | <u>(2,939,900)</u> | <u>(2,629,500)</u> | <u>(2,139,100)</u> | <u>(1,828,700)</u> |
| Total | <u>\$1,941,400</u> | <u>\$2,126,600</u> | <u>\$2,506,600</u> | <u>\$2,506,600</u> | <u>\$2,506,600</u> |
| % Change | | 9.5% | 17.9% | 0.0% | 0.0% |
| Programs | | | | | |
| License Plate Production | <u>\$1,941,400</u> | <u>\$2,126,600</u> | <u>\$2,506,600</u> | <u>\$2,506,600</u> | <u>\$2,506,600</u> |
| Total | <u>\$1,941,400</u> | <u>\$2,126,600</u> | <u>\$2,506,600</u> | <u>\$2,506,600</u> | <u>\$2,506,600</u> |
| Expenditures | | | | | |
| Current Expense | <u>\$1,941,400</u> | <u>\$2,126,600</u> | <u>\$2,506,600</u> | <u>\$2,506,600</u> | <u>\$2,506,600</u> |
| Total | <u>\$1,941,400</u> | <u>\$2,126,600</u> | <u>\$2,506,600</u> | <u>\$2,506,600</u> | <u>\$2,506,600</u> |

4.1 (c) Funding History: Utah State Tax Commission - Liquor Profit Distribution

| | FY 1997 | FY 1998 | FY 1999 | FY 2000 | FY 2001 |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Actual | Actual | Actual | Estimated | Analyst |
| Financing | | | | | |
| General Fund | \$3,909,000 | \$2,609,000 | \$2,609,000 | \$2,609,000 | \$2,609,000 |
| Total | <u>\$3,909,000</u> | <u>\$2,609,000</u> | <u>\$2,609,000</u> | <u>\$2,609,000</u> | <u>\$2,609,000</u> |
| % Change | | -33.3% | 0.0% | 0.0% | 0.0% |
| Programs | | | | | |
| Liquor Profits Distribution | \$3,909,000 | \$2,609,000 | \$2,609,000 | \$2,609,000 | \$2,609,000 |
| Total | <u>\$3,909,000</u> | <u>\$2,609,000</u> | <u>\$2,609,000</u> | <u>\$2,609,000</u> | <u>\$2,609,000</u> |
| Expenditures | | | | | |
| Other Charges/Pass Thru | \$3,909,000 | \$2,609,000 | \$2,609,000 | \$2,609,000 | \$2,609,000 |
| Total | <u>\$3,909,000</u> | <u>\$2,609,000</u> | <u>\$2,609,000</u> | <u>\$2,609,000</u> | <u>\$2,609,000</u> |

4.2 Federal Funds: Utah State Tax Commission

| Program | | FY 1999 Actual | FY 2000 Estimated | FY 2001 Analyst |
|------------------------------------|-----------------------------|---------------------------|------------------------------|----------------------------|
| Auditing | Federal | \$548,600 | \$512,000 | \$516,200 |
| Mineral Management Service | Required State Match | | | |
| | Total | 548,600 | 512,000 | 516,200 |
| Technology Mgt Division | Federal | 80,100 | | |
| International Fuel Tax Agreement | Required State Match | | | |
| | Total | 80,100 | 0 | 0 |
| Motor Vehicle Enforcement Division | Federal | 42,700 | | |
| | Required State Match | | | |
| | Total | 42,700 | 0 | 0 |
| TOTAL | Federal | 671,400 | 512,000 | 516,200 |
| | Required State Match | 0 | 0 | 0 |
| | Total | \$671,400 | \$512,000 | \$516,200 |

4.3 Program: Utah State Tax Commission - Fees

| Fee Title | FY 2000 Current Rate | FY 2001 Proposed Rate | Rate Difference | Projected Revenue Change |
|---|----------------------------|-----------------------------|--------------------|--------------------------------|
| Temporary Permit | 6.00 | 6.00 | | |
| Liquor Profit Distribution Fee | 6.00 | 6.00 | | |
| Microfilm 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 | 2.00 | 2.00 | | |
| Salvage Vehicle Inspection Fee | 50.00 | 50.00 | | |
| IFTA ReinStatement Fee | 100.00 | 100.00 | | |
| Special Group L.P. Fee - Decal Program (plus Standard Plate fee-\$5.00) | 2.50 | 2.50 | | |
| Special Group L.P. Fee - Plate Program | 3.50 | 3.50 | | |
| Custom Programming Fee / Hour | 85.00 | 85.00 | | |
| Research Fee (Special Requests) / Hour | 20.00 | 20.00 | | |
| Photocopies (over 10 copies) / Page | 0.10 | 0.10 | | |
| 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 | | |
| CD Rom Tax Law Library | 60.00 | 60.00 | | |
| Microfiche - MV Records (public) | 200.00 | 200.00 | | |
| Microfiche - MV Records (government.) | 85.00 | 85.00 | | |
| Sample License Plates | 5.00 | 5.00 | | |
| Olympic Sample License Plates (including \$17.00 donation) | 22.00 | 22.00 | | |
| Motor Carrier Unit Cost Report | 10.00 | 10.00 | | |
| Tax Clearance Fee | 50.00 | 50.00 | | |
| Aircraft Registration Fee | 25.00 | 25.00 | | |
| Motor Fuel Reports | 55.00 | 55.00 | | |
| Motor Vehicle Transaction Fee - per Standard Unit | 1.016 | 1.037 | 0.021 | 21,500 |
| Electronic Processing Fee for select motor vehicle transactions | | 3.00 | 3.00 | Net 0 |
| CD of Motor Vehicle Information (public record) | 110.00 | 110.00 | | |
| Motor Fuel License | 30.00 | 30.00 | | |
| Special Fuel License | 30.00 | 30.00 | | |
| Disabled Placard Replacement | 0.00 | 0.00 | | |
| Motor Carrier Cab Card | 3.00 | 3.00 | | |
| Motor Carrier Duplicate Registration | 3.00 | 3.00 | | |
| Special Fuel Trip Permit (96 hr) | 20.00 | 20.00 | | |
| Cigarette Tax License | 30.00 | 30.00 | | |
| Motor Vehicle Manufacturer's Plates | 8.00 | 8.00 | | |
| Motor Vehicle Dealer Plates | 10.00 | 10.00 | | |
| Motor Vehicle Dismantler's Plates | 8.00 | 8.00 | | |
| Motor Vehicle Transporters Plates | 8.00 | 8.00 | | |
| Motor Vehicle Manufacturer's License | 100.00 | 100.00 | | |
| Motor Vehicle Dealer License | 125.00 | 125.00 | | |

| Fee Title | FY 2000 | FY 2001 | Rate Difference | Percent Change |
|---|-----------------|------------------|--------------------|-------------------|
| | Current Rate | Proposed Rate | | |
| Motor Vehicle Transporters License | 50.00 | 50.00 | | |
| Small Trailer - Dealer License | 50.00 | 50.00 | | |
| Motor Vehicle Body Shop License | 110.00 | 110.00 | | |
| Used Motor Vehicle Dealer License | 125.00 | 125.00 | | |
| Motor Vehicle Dismantler's License | 100.00 | 100.00 | | |
| Mtr Vehicle Salesman's License | 30.00 | 30.00 | | |
| Mtr Vehicle Salesman's License Transfer | 5.00 | 5.00 | | |
| Motor Vehicle Crusher's License | 100.00 | 100.00 | | |
| Motor Vehicle Remanufacturer's License | 100.00 | 100.00 | | |
| Used Motor Cycle Dealer License | 50.00 | 50.00 | | |
| New Motor Cycle Dealer License | 50.00 | 50.00 | | |
| Representative License | 25.00 | 25.00 | | |
| M.V. Dealer addl place of business | 25.00 | 25.00 | | |
| Distributor's License | 60.00 | 60.00 | | |