

Office of the
Legislative Fiscal Analyst

FY 2003 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 nearly 900 individuals, operates 12 offices across the state, collects more than \$4.5 billion and spends more than \$60 million annually.

	Analyst FY 2003 Base	Analyst FY 2003 Changes	Analyst FY 2003 Total
Financing			
General Fund	21,633,200	(110,000)	21,523,200
Uniform School Fund	17,147,100	(68,300)	17,078,800
Transportation Fund	4,857,400		4,857,400
Federal Funds	499,300		499,300
Dedicated Credits Revenue	4,917,700		4,917,700
GFR - Sales and Use Tax Admin Fees	5,993,500		5,993,500
TFR - Uninsured Motorist I.D.	133,800		133,800
Transfers	64,000		64,000
Beginning Nonlapsing	1,261,600		1,261,600
Closing Nonlapsing	(1,061,600)		(1,061,600)
Total	\$55,446,000	(\$178,300)	\$55,267,700
Programs			
Administration Division	5,273,800	(125,000)	5,148,800
Auditing Division	8,146,700	(13,400)	8,133,300
Multi-State Tax Compact	179,600		179,600
Technology Management	9,328,700	(24,000)	9,304,700
Tax Processing Division	7,266,400	(4,900)	7,261,500
Seasonal Employees	680,900		680,900
Tax Payer Services	7,715,700	(1,900)	7,713,800
Property Tax Division	4,163,400	(5,300)	4,158,100
Motor Vehicles	10,572,300	(3,300)	10,569,000
Motor Vehicle Enforcement Division	2,118,500	(500)	2,118,000
Total	\$55,446,000	(\$178,300)	\$55,267,700
FTE/Other			
Total FTE	884		884
Vehicles	57	0	57

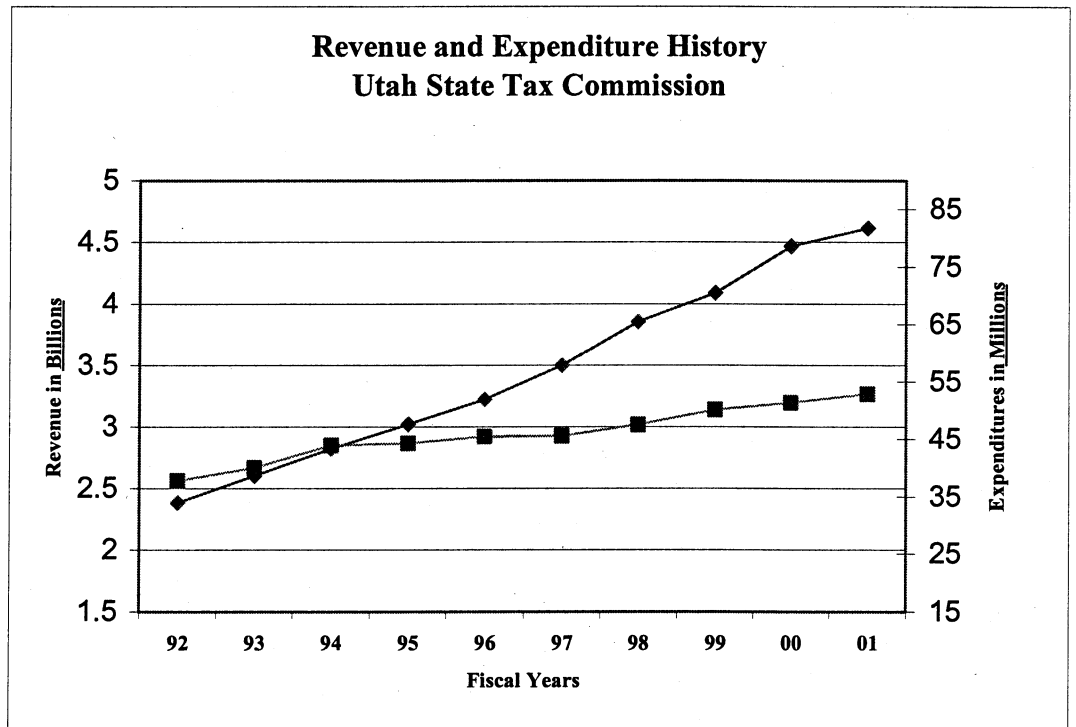
The *Analyst FY 2003 Base* budget recommendation includes the *Revised Estimate* from FY 2002 as approved by the Executive Appropriations Committee and the following items:

- Adjustment for FY 2002 one-time programs;
- Payroll cost of an extra day in FY 2003;
- Transfers of Market Comparability Adjustments; and,
- Net changes for Internal Service Fund rates.

FY 2003 changes reflect the incremental costs of across the board reductions and annualization of partial budget cuts approved for FY 2002.

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.



3.0 Programs: Tax Commission

3.1 Administration

Recommendation The Analyst recommends \$5,148,800.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
General Fund	3,326,400	2,434,600	2,406,200	(28,400)
General Fund, One-time		(62,200)		62,200
Uniform School Fund	1,739,000	1,718,500	1,417,300	(301,200)
Uniform School Fund, One-time		(72,400)		72,400
Transportation Fund	613,800	613,800	613,800	
Dedicated Credits Revenue	97,100	97,600	97,600	
GFR - Sales and Use Tax Admin Fees	327,400	410,400	413,900	3,500
Transfers - Utah State Tax Commission		16,100		(16,100)
Beginning Nonlapsing	8,105,800	4,211,000	1,261,600	(2,949,400)
Closing Nonlapsing	(4,211,000)	(1,261,600)	(1,061,600)	200,000
Total	\$9,998,500	\$8,105,800	\$5,148,800	(\$2,957,000)
Expenditures				
Personal Services	4,360,000	4,908,600	4,525,300	(383,300)
In-State Travel	31,100	19,600	15,600	(4,000)
Out of State Travel	44,900	49,300	49,300	
Current Expense	620,100	602,100	275,400	(326,700)
DP Current Expense	993,900	183,200	83,200	(100,000)
DP Capital Outlay	3,948,500	2,343,000	200,000	(2,143,000)
Total	\$9,998,500	\$8,105,800	\$5,148,800	(\$2,957,000)
FTE/Other				
Total FTE	73	73	73	
Vehicles	3	3	3	

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 \$8,133,300.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
General Fund	2,908,100	3,342,800	3,342,800	
General Fund, One-time		(28,700)		28,700
Uniform School Fund	2,506,000	2,579,100	2,590,200	11,100
Uniform School Fund, One-time		(22,300)		22,300
Transportation Fund	535,500	535,500	535,500	
Federal Funds	501,500	499,200	499,200	
GFR - Sales and Use Tax Admin Fees	1,052,900	1,082,300	1,101,600	19,300
Transfers	85,100	140,000	64,000	(76,000)
Total	\$7,589,100	\$8,127,900	\$8,133,300	\$5,400
Expenditures				
Personal Services	6,822,000	7,293,400	7,289,300	(4,100)
In-State Travel	67,800	68,900	68,900	
Out of State Travel	336,300	400,500	400,500	
Current Expense	327,300	342,100	351,600	9,500
DP Current Expense	35,700	23,000	23,000	
Total	\$7,589,100	\$8,127,900	\$8,133,300	\$5,400
FTE/Other				
Total FTE	133	133	133	

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.

Auditing has established three primary goals against which it measures its performance:

1. Number of Audits Completed:

Number of Audits		
Fiscal Year	Completed	% Change
1995	18,011	
1996	27,746	54.1%
1997	31,325	12.9%
1998	23,670	-24.4%
1999	27,447	16.0%
2000	33,288	21.3%
2001	39,597	19.0%

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

Result: Satisfaction is reported at an average of 4.37 out of 5.00 compared to 4.23 for the previous year.

3. Consistently provide division staff with clear, accurate and timely communication of relevant information as measured survey results.

Result: The last survey reflects a 3.79 on a scale of 5.00.

3.3 Multi-State Tax Compact

Recommendation The Analyst recommends \$179,600.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
General Fund	85,600	87,600	87,600	
Uniform School Fund	92,000	92,000	92,000	
Total	<u>\$177,600</u>	<u>\$179,600</u>	<u>\$179,600</u>	<u>\$0</u>
Expenditures				
Current Expense	177,600	179,600	179,600	
Total	<u>\$177,600</u>	<u>\$179,600</u>	<u>\$179,600</u>	<u>\$0</u>
FTE/Other				

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 \$9,304,700.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
General Fund	5,279,900	5,422,500	5,219,500	(203,000)
General Fund, One-time		(168,800)		168,800
Uniform School Fund	2,023,000	2,324,600	2,322,900	(1,700)
Uniform School Fund, One-time		(18,700)		18,700
Transportation Fund	558,400	558,400	558,400	
Dedicated Credits Revenue	13,500	1,000	1,000	
GFR - Sales and Use Tax Admin Fees	1,204,000	1,221,100	1,202,900	(18,200)
Transfers		42,600		(42,600)
Total	\$9,078,800	\$9,382,700	\$9,304,700	(\$78,000)
Expenditures				
Personal Services	4,980,400	5,411,700	5,443,000	31,300
In-State Travel	2,900	5,000	5,000	
Out of State Travel	23,900	28,000	28,000	
Current Expense	301,400	307,000	285,400	(21,600)
DP Current Expense	3,649,700	3,495,100	3,407,400	(87,700)
DP Capital Outlay	120,500	135,900	135,900	
Total	\$9,078,800	\$9,382,700	\$9,304,700	(\$78,000)
FTE/Other				
Total FTE	80	80	79	(1)
Vehicles	1	1	1	

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."

Technology Management's performance goals are:

1. Resolve 85% of help desk calls without referral or routing.
Results: Target met.
2. Complete assigned programming service requests in a timely and efficient manner.
Results: Target met.
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.
Results: No major system failures or data lost.

3.5 Tax Processing Division

Recommendation The Analyst recommends \$7,261,500.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
General Fund	617,600	688,600	698,700	10,100
General Fund, One-time		(3,200)		3,200
Uniform School Fund	4,538,100	4,673,200	4,650,400	(22,800)
Uniform School Fund, One-time		(52,500)		52,500
Transportation Fund	630,600	630,600	630,600	
Dedicated Credits Revenue	13,400	13,800	13,800	
GFR - Sales and Use Tax Admin Fees	1,227,400	1,256,500	1,268,000	11,500
Transfers		31,500		(31,500)
Total	\$7,027,100	\$7,238,500	\$7,261,500	\$23,000
Expenditures				
Personal Services	4,358,400	4,542,900	4,593,300	50,400
In-State Travel	900	1,000	1,000	
Out of State Travel	9,200	14,700	14,700	
Current Expense	2,629,400	2,624,800	2,597,400	(27,400)
DP Current Expense	29,200	30,300	30,300	
Capital Outlay		24,800	24,800	
Total	\$7,027,100	\$7,238,500	\$7,261,500	\$23,000
FTE/Other				
Total FTE	127	127	127	
Vehicles	2	2	2	

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.

Processing measures its performance with:

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

Fiscal Year	Income	Withhold	Fuel	Common/ Sales	Corporate	Fiduciary	Misc.	Motor Vehicle
1996	1,072,554	336,274	39,333	478,486	94,933	15,488	14,800	2,064,015
1997	1,200,205	375,696	31,845	513,836	101,321	16,593	16,094	2,189,843
1998	1,237,172	391,482	26,226	520,092	100,080	17,226	17,226	2,258,642
1999	1,158,849	402,826	23,340	535,170	109,849	16,324	16,324	1,262,346
2000	1,262,981	393,995	24,010	526,798	92,224	11,224	12,677	444,739
2001	1,362,883	424,022	22,326	514,493	134,865	22,091	12,732	383,652

* Variances between years can be impacted by timing differences at fiscal year's end

- The Motor Vehicle division took over processing of a large number of motor vehicle renewals in FY 1999. Processing still handles mail and Internet renewals
2. Deposit revenues received at the Tax Commission within 24 hours of receipt.

Results: All deposits during the year were made within 24 hours, except as noted in goal 3.

3. Income Tax return checks are deposited within 10 working days after receipt. All return information to be entered by June 30.

Results: 90% of Income Tax payments were deposited within 24 hours. The remainder of those payments (received between April 14-17) were deposited within 10 working days of receipt. All returns were entered by June 30th.

3.6 Seasonal Employees

Recommendation The Analyst recommends \$680,900.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
General Fund	518,100	565,900	568,100	2,200
General Fund, One-time		(50,100)		50,100
Uniform School Fund	70,000	72,900	73,200	300
GFR-Sales and Use Tax Admin Fees	37,700	39,400	39,600	200
Total	\$625,800	\$628,100	\$680,900	\$52,800
Expenditures				
Personal Services	625,700	628,100	680,900	52,800
Current Expense	100			
Total	\$625,800	\$628,100	\$680,900	\$52,800
FTE/Other				
Total FTE	29	29	29	

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 \$7,713,800.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
General Fund	4,078,600	4,337,000	4,310,000	(27,000)
General Fund, One-time		(178,300)		178,300
Uniform School Fund	1,788,100	1,868,100	1,871,000	2,900
Uniform School Fund, One-time		(17,800)		17,800
Transportation Fund	330,000	330,000	330,000	
Dedicated Credits Revenue	32,000	32,000	32,000	
GFR - Sales and Use Tax Admin Fees	1,126,900	1,160,500	1,170,800	10,300
Transfers		18,300		(18,300)
Total	\$7,355,600	\$7,549,800	\$7,713,800	\$164,000
Expenditures				
Personal Services	6,692,000	7,075,500	6,991,400	(84,100)
In-State Travel	8,800	9,200	9,200	
Out of State Travel	4,700	5,000	3,100	(1,900)
Current Expense	612,600	443,500	693,500	250,000
DP Current Expense	19,000	16,600	16,600	
DP Capital Outlay	18,500			
Total	\$7,355,600	\$7,549,800	\$7,713,800	\$164,000
FTE/Other				
Total FTE	161	161	161	
Vehicles	7	7	7	

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

The Division uses these performance measures:

1. Number of telephone calls handled.

Fiscal Year	Call Center Inquiries	% Change
1997	191,961	
1998	196,838	2.5%
1999	194,091	-1.4%
2000	188,764	-2.7%
2001	180,633	-4.3%

2. Number of delinquent accounts closed.

Fiscal Year	Accts. Resolved	% Change
1996	14,652	
1997	17,808	21.5%
1998	27,877	56.5%
1999	45,654	63.8%
2000	39,403	-13.7%
2001	50,064	27.1%

3. Maintain a low ratio of Division expense per dollar of revenue collected.

Fiscal Year	Cost / \$ Collected
1996	0.09
1997	0.08
1998	0.07
1999	0.06
2000	0.04
2001	0.04

3.8 Property Tax

Recommendation The Analyst recommends \$4,158,100.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Uniform School Fund	3,824,600	4,046,600	4,061,800	15,200
Uniform School Fund, One-time		(100,100)		100,100
Dedicated Credits Revenue	96,000	96,000	96,300	300
Transfers		20,100		(20,100)
Total	<u>\$3,920,600</u>	<u>\$4,062,600</u>	<u>\$4,158,100</u>	<u>\$95,500</u>
Expenditures				
Personal Services	3,394,100	3,466,400	3,499,800	33,400
In-State Travel	68,500	72,800	72,800	
Out of State Travel	34,000	45,000	45,000	
Current Expense	394,400	442,200	504,300	62,100
DP Current Expense	29,600	36,200	36,200	
Total	<u>\$3,920,600</u>	<u>\$4,062,600</u>	<u>\$4,158,100</u>	<u>\$95,500</u>
FTE/Other				
Total FTE	60	60	61	1
Vehicles	13	13	13	

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.

The top three performance measures used to evaluate the Division are:

1. Timely completion of all Centrally Assessed valuations, Sales Ratio study and Personal Property audits as required by law.
Results: The valuations, studies, and audits were performed according to county requests.
2. High quality service to elected county offices as measured through survey results.
Results: Surveys were conducted with the officials in 29 counties. The overall survey results were 3.8 on a scale of 5.
3. Responsive, competent and courteous service to taxpayers as measured through ongoing surveys of those served.
Results: 2001 survey shows an overall satisfaction rating of 3.9 on a scale of 5.

3.9 Motor Vehicle**Recommendation**

The Analyst recommends \$10,569,000.

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
General Fund	3,723,800	4,324,200	3,943,300	(380,900)
General Fund, One-time		(120,800)		120,800
Transportation Fund	2,189,100	2,189,100	2,189,100	
Dedicated Credits Revenue	3,287,800	3,494,700	3,506,100	11,400
GFR - Sales and Use Tax Admin Fees	746,800	779,200	796,700	17,500
TFR - Uninsured Motorist I.D.	283,800	133,800	133,800	
Transfers		79,300		(79,300)
Lapsing Balance	(153,600)			
Total	\$10,077,700	\$10,879,500	\$10,569,000	(\$310,500)
Expenditures				
Personal Services	6,821,800	7,400,400	7,510,500	110,100
In-State Travel	9,600	10,000	10,000	
Out of State Travel	5,100	5,800	5,800	
Current Expense	3,204,500	3,251,200	2,834,600	(416,600)
DP Current Expense	36,700	212,100	208,100	(4,000)
Total	\$10,077,700	\$10,879,500	\$10,569,000	(\$310,500)
FTE/Other				
Total FTE	191	191	192	1
Vehicles	3	3	3	

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."

Measures used by the Division of Motor Vehicles include:

1. Title delivery: Down to 5 days from 6 weeks because of the new MV system.
2. Mail renewal turnaround: 5 days
3. Motor Vehicle Telephone calls answered:

Fiscal Year	Calls	% Change
1997	347,704	
1998	393,332	13.1%
1999	394,681	0.3%
2000	394,017	-0.2%
2001	422,127	7.1%

3.10 Motor Vehicle Enforcement

Recommendation The Analyst recommends \$2,118,000.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
General Fund	779,300	869,800	947,000	77,200
General Fund, One-time		(3,700)		3,700
Federal Funds	68,900	138,000	100	(137,900)
Dedicated Credits Revenue	1,163,300	1,164,000	1,170,900	6,900
Transfers		6,200		(6,200)
Total	<u>\$2,011,500</u>	<u>\$2,174,300</u>	<u>\$2,118,000</u>	<u>(\$56,300)</u>
Expenditures				
Personal Services	1,581,200	1,701,000	1,674,500	(26,500)
In-State Travel	7,400	16,800	6,500	(10,300)
Out of State Travel	22,000	26,400	8,400	(18,000)
Current Expense	381,500	425,600	424,100	(1,500)
DP Current Expense	10,300	4,500	4,500	
Capital Outlay	9,100			
Total	<u>\$2,011,500</u>	<u>\$2,174,300</u>	<u>\$2,118,000</u>	<u>(\$56,300)</u>
FTE/Other				
Total FTE	31	31	30	(1)
Vehicles	28	28	28	

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.

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

Fiscal Year	M.V.	Investigations	Total Revenues
	Business Licenses Issued		
1996	7,954	5,389	3,131,595
1997	8,494	6,380	2,850,717
1998	8,195	5,965	3,169,325
1999	8,441	5,513	3,250,614
2000	8,933	8,312	3,654,149
2001	9,448	8,535	3,220,052

2. Number of investigations by category.

Fiscal Year	Cases Investigated	Criminal Counts	Citations	Summons Surved	Traffic Stops	Impounds	Recovered Stolen
1996	2,242	313	1,123	68	1,311	124	93
1997	2,197	232	1,727	28	1,610	138	200
1998	1,686	309	1,536	24	1,938	153	224
1999	1,464	176	1,533	39	1,887	109	209
2000	2,129	377	2,438	35	2,782	212	226
2001	3,201	323	2,233	25	2,512	110	226

3. State's vehicle theft rate: 3.2/1,000 vs. the national rate of 4.2/1,000

3.11 License Plate Production

Recommendation

The Analyst recommends \$2,096,200.

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Dedicated Credits Revenue	2,093,500	2,096,200	2,096,200	
Beginning Nonlapsing	2,673,500	2,670,800	2,670,800	
Closing Nonlapsing	(2,670,800)	(2,670,800)	(2,670,800)	
Total	<u>\$2,096,200</u>	<u>\$2,096,200</u>	<u>\$2,096,200</u>	<u>\$0</u>
Expenditures				
Current Expense	2,096,200	2,096,200	2,096,200	
Total	<u>\$2,096,200</u>	<u>\$2,096,200</u>	<u>\$2,096,200</u>	<u>\$0</u>
FTE/Other				

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 \$1,530,100.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
General Fund	2,609,000	2,609,000	1,530,100	(1,078,900)
General Fund, One-time		(1,078,900)		1,078,900
Beginning Nonlapsing	27,500	357,600		(357,600)
Closing Nonlapsing	(357,600)	(200,000)		200,000
Total	<u>\$2,278,900</u>	<u>\$1,687,700</u>	<u>\$1,530,100</u>	<u>(\$157,600)</u>
Expenditures				
Other Charges/Pass Thru	2,278,900	1,687,700	1,530,100	(157,600)
Total	<u>\$2,278,900</u>	<u>\$1,687,700</u>	<u>\$1,530,100</u>	<u>(\$157,600)</u>
FTE/Other				

Purpose Utah Code Annotated 32a-1-115:

“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...”

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

	1999	2000	2001	2002	2003
Financing	Actual	Actual	Actual	Estimated	Analyst
General Fund	21,344,600	20,872,400	21,317,400	22,073,000	21,523,200
General Fund, One-time				(615,800)	
Uniform School Fund	16,147,400	16,238,300	16,580,800	17,375,000	17,078,800
Uniform School Fund, One-time				(283,800)	
Transportation Fund	4,857,400	4,857,400	4,857,400	4,857,400	4,857,400
Federal Funds	671,400	590,300	570,400	637,200	499,300
Dedicated Credits Revenue	3,934,800	4,036,200	4,703,100	4,899,100	4,917,700
GFR - Sales and Use Tax Admin Fees	6,993,600	5,617,000	5,723,100	5,949,400	5,993,500
TFR - Uninsured Motorist I.D.			283,800	133,800	133,800
ET - Petroleum Storage Tank	70,000				
Transfers		14,800	85,100	338,000	64,000
Transfers - Utah State Tax Commission				16,100	
Beginning Nonlapsing	1,704,900	9,835,900	8,105,800	4,211,000	1,261,600
Closing Nonlapsing	(7,619,800)	(9,405,800)	(4,211,000)	(1,261,600)	(1,061,600)
Lapsing Balance	(70,000)		(153,600)		
Total	\$48,034,300	\$52,656,500	\$57,862,300	\$58,328,800	\$55,267,700
Programs					
Administration Division	3,118,600	6,113,700	9,998,500	8,105,800	5,148,800
Auditing Division	7,239,500	7,360,500	7,589,100	8,127,900	8,133,300
Multi-State Tax Compact	180,400	185,600	177,600	179,600	179,600
Technology Management	9,273,600	9,145,200	9,078,800	9,382,700	9,304,700
Tax Processing Division	8,329,800	7,053,000	7,027,100	7,238,500	7,261,500
Seasonal Employees	620,100	635,700	625,800	628,100	680,900
Tax Payer Services	4,528,000	7,182,700	7,355,600	7,549,800	7,713,800
Property Tax Division	3,551,500	3,931,200	3,920,600	4,062,600	4,158,100
Motor Vehicles	9,356,400	9,134,300	10,077,700	10,879,500	10,569,000
Motor Vehicle Enforcement Division	1,836,400	1,914,600	2,011,500	2,174,300	2,118,000
Total	\$48,034,300	\$52,656,500	\$57,862,300	\$58,328,800	\$55,267,700
Expenditures					
Personal Services	35,682,200	37,797,800	39,635,600	42,428,000	42,208,000
In-State Travel	158,600	150,900	197,000	203,300	189,000
Out of State Travel	575,800	544,500	480,100	574,700	554,800
Current Expense	8,274,700	8,460,300	8,648,900	8,618,100	8,145,900
DP Current Expense	5,139,500	4,525,600	4,804,100	4,001,000	3,809,300
DP Capital Outlay	11,283,000	1,002,500	4,087,500	2,478,900	335,900
Capital Outlay	354,500	174,900	9,100	24,800	24,800
Other Charges/Pass Thru	(13,434,000)				
Total	\$48,034,300	\$52,656,500	\$57,862,300	\$58,328,800	\$55,267,700
FTE/Other					
Total FTE	843	882	884	884	884
Vehicles			57	57	57