

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

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2017-19 legislative appropriations</b>	<b>133.00</b>	<b>\$51,264,499</b>	<b>\$125,000</b>	<b>\$51,389,499</b>
2017-19 base budget	136.00	54,912,488	125,000	55,037,488
Legislative increase (decrease) to base budget	(3.00)	(\$3,647,989)	\$0	(\$3,647,989)

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2017-19 legislative appropriations</b>	<b>\$51,264,499</b>	<b>\$0</b>	<b>\$51,264,499</b>
2015-17 adjusted legislative appropriations	54,912,488	8,000	54,920,488
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$3,647,989)	(\$8,000)	(\$3,655,989)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(6.6%)	(100.0%)	(6.7%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS**

**Salaries and Wages**

The Legislative Assembly did not include funding for employee salary increases.

**Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes, including the removal of 3 FTE positions.	(3.00)	\$25,020		\$25,020
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		353,067		353,067
Reduced funding for salaries and wages related to a vacant FTE position.		(182,218)		(182,218)
Reduced funding for operating expenses, primarily related to Multistate Tax Commission audit and National Nexus Program fees, professional services, postage, information technology equipment, and office furniture and equipment.		(878,967)		(878,967)

Reduced funding for capital assets, from \$16,000 to \$6,000.	(10,000)	(10,000)
Reduced funding for the homestead tax credit program by \$3,890,000, from \$18,690,000 to \$14,800,000 and increased funding for the disabled veterans' tax credit program by \$935,109, from \$7,175,091 to \$8,110,200.	(2,954,891)	(2,954,891)
Total	<u>(3.00)</u>	<u>(\$3,647,989)</u>
		<u>\$0</u>
		<u>(\$3,647,989)</u>

#### FTE Changes

The Legislative Assembly approved 133 FTE positions for the Tax Commissioner for the 2017-19 biennium, a decrease of 3 FTE positions from the 2015-17 biennium authorized level of 136 FTE positions. The Legislative Assembly removed 1 FTE tax services position, 1 FTE office assistant position, and 1 FTE document imaging position, the same as the agency's budget request.

#### Other Sections in House Bill No. 1006

**Health insurance increase** - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

**Line item transfers** - Sections 4 and 5 allow the Tax Commissioner to transfer funding between the homestead tax credit and the disabled veterans' tax credit line items during the 2015-17 and 2017-19 bienniums. Section 9 provides an emergency clause for the transfers during the 2015-17 biennium.

**Motor vehicle fuel taxes** - Section 6 provides for a transfer of \$2,016,120 from motor vehicle fuel tax collections to the general fund for the 2017-19 biennium related to the Tax Commissioner's expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and the administration of these taxes.

**Sales tax audit position funding** - Section 7 provides an exemption to allow up to \$75,000 of unspent 2015-17 biennium appropriation authority to continue in the 2017-19 biennium for a sales tax auditor position. Legislative action also provided \$150,000 from the general fund during the 2017-19 biennium for total funding of \$225,000 to restore funding for 2 FTE sales tax audit positions.

**Multistate tax audit fund** - Section 8 creates a multistate tax audit fund. The collections from the Multistate Tax Commission audit and National Nexus Program are deposited in the fund, and the related program expenses are paid from the fund pursuant to a continuing appropriation. Excess collections are transferred to the general fund at the end of each fiscal year. Creation of this fund is anticipated to reduce general fund revenues by \$450,000 for the 2017-19 biennium.

#### Related Legislation

**House Bill No. 1354** - Upon written request from the Chairman of the Legislative Management, the Tax Department is required to disclose the amount of tax incentives claimed or earned by taxpayers for tax incentives awarded after July 31, 2017.

**Senate Bill No. 2032** - Section 3 repeals the homestead income tax credit, which was available for tax years 2007 and 2008.

**Senate Bill No. 2112** - Updates the terminology in the streamlined sales and use tax agreement to provide consistency with the other member states.

**Senate Bill No. 2129** - Provides technical corrections for clarity and consistency relating to background checks for Tax Department employees, the alcoholic beverage gross receipts tax, and claims for refunds.